

Town of Holland
Financial Audit Report
Year ended December 31, 2009

Town of Holland
December 31, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Town Board
Town of Holland, Wisconsin

We have audited the accompanying financial statements of the Town of Holland, Wisconsin, as of and for the year ended December 31, 2009 as listed in the table of contents. These financial statements are the responsibility of the Town of Holland, Wisconsin management. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the financial statements are prepared on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. In addition, management has elected not to implement the provisions of GASB 34. The amount by which this departure would affect the financial statements is not reasonably determinable.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, the financial position of the Town of Holland, Wisconsin, as of December 31, 2009 and the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary financial information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Town of Holland, Wisconsin. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion is fairly presented in all material respects in relation to the financial statements taken as a whole.

Corson, Peterson & Hamann S.C.

Sheboygan, Wisconsin
April 2, 2010

Town of Holland
Statement of Assets, Liabilities and Fund Balance - Cash Basis
December 31, 2009

Assets

	<u>2009</u>	<u>(Memorandum Only)</u> <u>2008</u>
Cash and investments		
Petty cash	\$ 250	\$ 250
General checking	4,157	1,960
General money market	2,216	5,111
General prime investment	620,296	708,192
Tax checking	(148)	126
Tax money market	11	11,957
Park fund savings	14	14
Park fund certificates of deposit	<u>14,369</u>	<u>13,992</u>
Total cash and investments	\$641,165	\$741,602
Delinquent receivables		
Personal property taxes	<u>9,226</u>	<u>6,894</u>
Total assets	<u>\$650,391</u>	<u>\$748,496</u>

Liabilities and Fund Balance

Liabilities		
Advance tax collections	\$395,514	\$469,966
Dog licenses due others	-	382
Road expense due County	<u>-</u>	<u>13,952</u>
Total liabilities	<u>\$395,514</u>	<u>\$484,300</u>
Fund balance		
Unreserved - Designated	\$115,747	\$128,755
- Undesignated	<u>139,130</u>	<u>135,441</u>
Total fund balance	<u>\$254,877</u>	<u>\$264,196</u>
Total liabilities and fund balance	<u>\$650,391</u>	<u>\$748,496</u>

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

Town of Holland
Statement of Revenues, Expenses and Changes in Fund Balance - Cash Basis
Year ended December 31, 2009

	<u>2009</u>	<u>(Memorandum Only)</u> <u>2008</u>
Revenues		
Taxes	\$589,006	\$572,188
Intergovernmental revenues	225,826	208,183
Licenses and permits	15,820	22,992
Fines, forfeits and penalties	1,333	365
Public charges for services	19,215	12,361
Intergovernmental charges for services	2,198	10,786
Miscellaneous	<u>14,563</u>	<u>29,368</u>
Total revenues	<u>\$867,961</u>	<u>\$856,243</u>
Expenses		
Current		
General government	\$118,416	\$117,576
Public safety	125,152	131,476
Public works	277,230	274,205
Health and human services	-	343
Culture, recreation and education	3,246	2,251
Conservation and development	25,280	30,741
Capital outlay	262,290	298,071
Debt service		
Principal	61,300	59,210
Interest	<u>4,366</u>	<u>6,456</u>
Total expenses	<u>\$877,280</u>	<u>\$920,329</u>
Excess revenues over (under) expenses	\$ (9,319)	\$(64,086)
Fund balance, January 1	<u>264,196</u>	<u>328,282</u>
Fund balance, December 31	<u>\$254,877</u>	<u>\$264,196</u>

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

Town of Holland
Statement of Revenues, Expenses and Changes in Fund Balance
Budget and Actual - Cash Basis
Year ended December 31, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$589,006	\$587,673	\$ 1,333
Intergovernmental revenues	225,826	210,355	15,471
Licenses and permits	15,820	12,750	3,070
Fines, forfeits and penalties	1,333	410	923
Public charges for services	19,215	7,350	11,865
Intergovernmental charges for services	2,198	1,750	448
Miscellaneous	<u>14,563</u>	<u>20,857</u>	<u>(6,294)</u>
Total revenues	<u>\$867,961</u>	<u>\$841,145</u>	<u>\$26,816</u>
Expenses			
Current			
General government	\$118,416	\$120,605	\$ 2,189
Public safety	125,152	128,488	3,336
Public works	277,230	276,600	(630)
Health and human services	-	100	100
Culture, recreation and education	3,246	1,700	(1,546)
Conservation and development	25,280	25,820	540
Capital outlay	262,290	293,500	31,210
Debt service			
Principal	61,300	61,300	-
Interest	<u>4,366</u>	<u>4,366</u>	<u>-</u>
Total expenses	<u>\$877,280</u>	<u>\$912,479</u>	<u>\$35,199</u>
Excess revenues over (under) expenses	\$ (9,319)	\$(71,334)	\$62,015
Fund balance, January 1	<u>264,196</u>	<u>264,196</u>	<u>-</u>
Fund balance, December 31	<u>\$254,877</u>	<u>\$192,862</u>	<u>\$62,015</u>

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

Town of Holland
Notes to Financial Statements
December 31, 2009

Note 1. Summary of Significant Accounting Policies

The Town of Holland, 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, sanitation, health and human services, culture, recreation and education, public improvements, zoning and general administrative services.

The following is a summary of the more significant policies.

(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 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. 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. Sheboygan County collects the taxes for the Town and also taxes for the State, Sheboygan County, Cedar Grove-Belgium Area School District, School District of Oostburg, School District of Random Lake and Lakeshore Technical College. Property taxes attach an enforceable lien as of January 1.

Property tax calendar - 2008 tax roll collect 2009

Levy date	December 2008
Tax bills mailed	December 2008
Real property taxes	
Payment in full or	January 31, 2009
First installment due	January 31, 2009
Second installment due	July 31, 2009
Personal property taxes	
Payment in full	January 31, 2009

Town of Holland
Notes to Financial Statements
December 31, 2009

Note 1. Summary of Significant Accounting Policies - Continued

(d) Property taxes - Continued

Property taxes are collected by the County which assumes all responsibility for delinquent real property taxes. 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 and postponed 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 deferred revenue 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.

(f) Fund balance designations

The Town classifies its fund balance as follows:

- (a) Designated fund balance indicates that portion of fund balance for which the Town has made tentative plans.
- (b) Undesignated fund balance indicates that portion of fund balance which is available for use in future periods.

(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 had no significant type of cash and investments during the year not included above.

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per depositor, per bank. On January 1, 2014, the standard insurance amount will return to \$100,000 per depositor. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

Town of Holland
Notes to Financial Statements
December 31, 2009

Note 2. Cash and Investments - Continued

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, 2009, \$3,907 of the Town's bank balance of \$653,907 was exposed to custodial credit risk. The entire \$3,907 is uninsured and uncollateralized.

For cash and investments shown below, 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, 2009 balance detailed below. This means that the Town's risk and exposure could be higher at these times.

The Town's cash and investments at December 31, 2009 are summarized as follows:

Cash on deposit with financial institutions	\$640,915
Petty cash	<u>250</u>
Total cash and investments	<u>\$641,165</u>

Note 3. Long-Term Debt

Long-term debt of the Town is as follows:

<u>Type</u>	<u>Balance</u> <u>01-01-09</u>	<u>Payments</u>	<u>Balance</u> <u>12-31-09</u>
State trust fund loan*	<u>\$124,745</u>	<u>\$61,300</u>	<u>\$63,445</u>

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the Town. The general obligation debt is expected to be repaid with general property taxes. General obligation debt at December 31, 2009 is comprised of the following issue:

<u>Description</u>	<u>Issue</u> <u>Date</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Date of</u> <u>Maturity</u>	<u>Balance</u> <u>12-31-09</u>
State trust fund loan*	07-20-05	3.50%	03-15-10	<u>\$63,445</u>

Town of Holland
Notes to Financial Statements
December 31, 2009

Note 3. Long-Term Debt - Continued

General Obligation Debt Limit Calculation

The 2009 equalized valuation of the Town as certified by the Wisconsin Department of Revenue is \$363,866,000. The legal debt limit and margin of indebtedness as of December 31, 2009, in accordance with Section 67.03(1) of the Wisconsin statutes follows:

Debt limit (5% of \$363,866,000)	\$18,193,300
Deduct long-term debt applicable to debt margin*	<u>(63,445)</u>
Margin of indebtedness	<u>\$18,129,855</u>

Maturities of Long-Term Debt

Aggregate cash flow requirements for the retirement of long-term principal and interest as of December 31, 2009 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	<u>\$63,445</u>	<u>\$2,221</u>	<u>\$65,666</u>

Note 4. Designated Fund Balance

Portions of fund balance have been designated to include the Town's current plans for accumulating funds for use in subsequent periods as follows:

Road improvements	\$101,364
Park development	<u>14,383</u>
Total	<u>\$115,747</u>

Note 5. Excess of Actual Expenses Over Budget

The following departments had an excess of actual expenses over budget for the year ended December 31, 2009.

<u>Department</u>	<u>Excess Expenses</u>
Public works	\$ 630
Culture, recreation and education	1,546

Town of Holland
Notes to Financial Statements
December 31, 2009

Note 6. Simple IRA Contributions

The Town sponsors a Simple IRA plan that is available to all employees who receive at least \$5,000 in compensation and are employed by the Town for at least 2 years. The plan permits salary deferrals to be made by the employees and an employer matching contribution up to 3% of compensation. Town contributions to the plan for 2009 were \$2,543.

Note 7. Risk Management

The Town of Holland 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.

Supplementary Financial Information

Town of Holland
Detailed Schedule of Revenues - Cash Basis
Year ended December 31, 2009

Taxes			
General property taxes	\$587,673		
Managed forest land taxes	341		
Use-value penalties	973		
Interest on delinquent taxes	<u>19</u>		\$589,006
Intergovernmental revenues			
Shared revenues	\$ 61,447		
Fire insurance tax	7,282		
Exempt computer aid	338		
General transportation aid	110,221		
FEMA/flood aid	316		
Local road improvement program	24,121		
Recycling grant	3,361		
Natural resources aid	28		
Managed forest land aid	64		
Election aid	200		
Smart growth grant	<u>18,448</u>		225,826
Licenses and permits			
Beer and liquor licenses	\$ 300		
Operator licenses	250		
Cigarette licenses	50		
Cable TV franchise fee	6,184		
Dog licenses retained	167		
Building permits	7,094		
Utility and driveway permits	500		
Zoning permits and hearing fees	1,200		
Fireworks permits	<u>75</u>		15,820
Fines, forfeits and penalties			
Law and ordinance violations	\$ 1,323		
Dog license penalties	<u>10</u>		1,333
Public charges for services			
Tax letters	\$ 970		
Fire protection fees	11,873		
Road materials and services	4,875		
Disposal fees	<u>1,497</u>		19,215
Intergovernmental charges for services			
Election expense reimbursement	\$ 722		
Fire protection fees	1,000		
Road materials and services	<u>476</u>		<u>2,198</u>
Forward to page 11			<u>\$853,398</u>

Town of Holland
Detailed Schedule of Revenues - Cash Basis
Year ended December 31, 2009

Brought forward		\$853,398
Miscellaneous		
Interest income	\$ 8,546	
Town hall rent	2,080	
Land rent	759	
Sale of road equipment	770	
Sale of recyclable materials	881	
Insurance recoveries	829	
Patronage dividends	27	
Tax chargebacks	444	
Insurance dividends and refunds	<u>227</u>	<u>14,563</u>
Total revenues		<u>\$867,961</u>

Town of Holland
Detailed Schedule of Expenses - Cash Basis
Year ended December 31, 2009

General government		
Town board		
Salary	\$22,171	
Social security	1,696	
Publishing and printing	2,057	
Town dues	660	
Web site	780	
Supplies and expense	<u>1,703</u>	\$ 29,067
Legal		
Professional services	\$ 4,695	
Ordinance update	<u>1,939</u>	6,634
Clerk		
Salary	\$13,280	
Clerk assistant salary	1,967	
Social security	1,166	
Simple IRA contribution	407	
Supplies and expense	<u>3,274</u>	20,094
Elections		
Salary	\$ 1,791	
Social security	7	
Supplies and expense	<u>995</u>	2,793
Treasurer		
Salary	\$ 7,400	
Social security	566	
Simple IRA contribution	222	
Supplies and expense	501	
County tax collection expense	<u>2,777</u>	11,466
Accounting and auditing		
Professional services		8,125
Assessment of property		
Board of review salary	\$ 250	
Social security	19	
Professional services	13,800	
Supplies and expense	<u>431</u>	14,500
Town hall		
Salary	\$ 4,680	
Social security	358	
Telephone	613	
Utilities	7,078	
Supplies and expense	<u>859</u>	<u>13,588</u>
Forward to page 13		<u>\$106,267</u>

Town of Holland
Detailed Schedule of Expenses - Cash Basis
Year ended December 31, 2009

General government - Continued			
Brought forward			\$106,267
Insurance			
Property and liability insurance	\$ 6,603		
Workers compensation insurance	4,397		
Employee bonds	<u>600</u>		11,600
Tax refunds and uncollectible taxes			
Losses			<u>549</u>
Total general government			<u>\$118,416</u>
Public safety			
Law enforcement			
Sheriff contract			\$ 18,019
Fire protection			
Cedar Grove fire department	\$67,030		
Oostburg fire department	14,711		
Random Lake fire department	5,763		
Adell fire department	5,000		
Fire inspection services	<u>144</u>		92,648
First responders			
Cedar Grove first responders	\$ 8,375		
Adell first responders	<u>700</u>		9,075
Building inspections			
Salary	\$ 4,601		
Social security	352		
Simple IRA contribution	138		
Supplies and expense	<u>319</u>		<u>5,410</u>
Total public safety			<u>\$125,152</u>

Town of Holland
Detailed Schedule of Expenses - Cash Basis
Year ended December 31, 2009

Public works		
Transportation		
Salary	\$58,007	
Social security	4,438	
Simple IRA contribution	1,516	
Road maintenance and brush control	56,567	
Snow and ice removal	83,502	
Machinery expense and road materials	<u>19,596</u>	\$223,626
Sanitation		
Salary	\$ 6,612	
Social security	506	
Simple IRA contribution	134	
Disposal expense	44,639	
Utilities	301	
Supplies and expense	<u>1,387</u>	53,579
Weed control		
Supplies and expense		<u>25</u>
Total public works		<u>\$277,230</u>
 Culture, recreation and education		
Parks		
Salary		\$ 1,383
Social security		106
Simple IRA contribution		41
Mileage		216
Amsterdam park		<u>1,500</u>
Total culture, recreation and education		<u>\$ 3,246</u>
 Conservation and development		
Planning commission		
Salary		\$ 6,395
Social security		489
Simple IRA contribution		85
Publishing and printing		171
Comprehensive plan		16,017
Legal expense		574
Engineering support		50
Supplies and expense		<u>1,499</u>
Total conservation and development		<u>\$ 25,280</u>

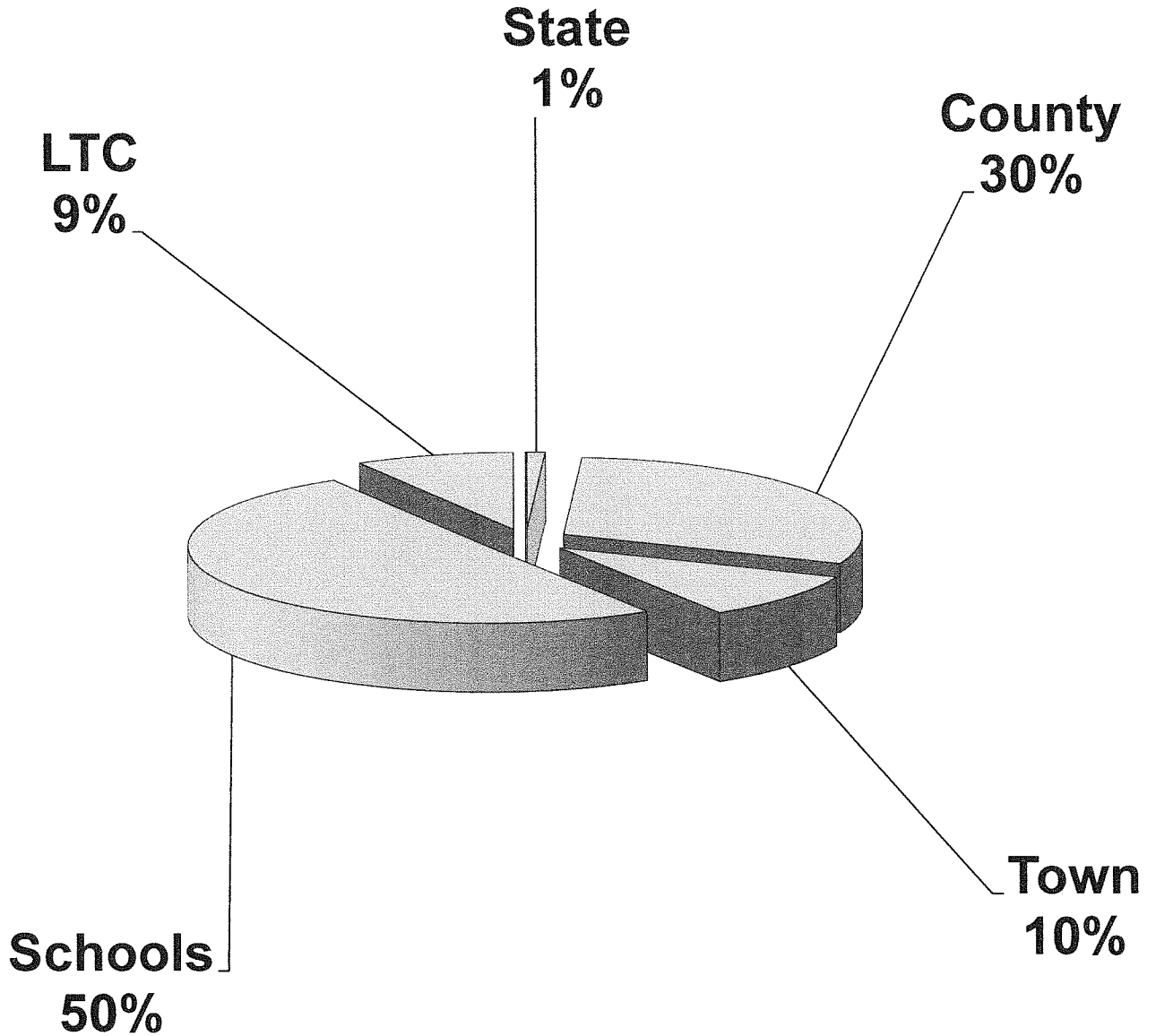
Town of Holland
Detailed Schedule of Expenses - Cash Basis
Year ended December 31, 2009

Capital outlay		
General government		
Town hall improvements		\$ 577
Public works		
Road equipment	\$ 750	
Road improvements	<u>260,963</u>	<u>261,713</u>
Total capital outlay		<u>\$262,290</u>
Debt service		
Principal		\$ 61,300
Interest		<u>4,366</u>
Total debt service		<u>\$ 65,666</u>
Total expenses		<u>\$877,280</u>

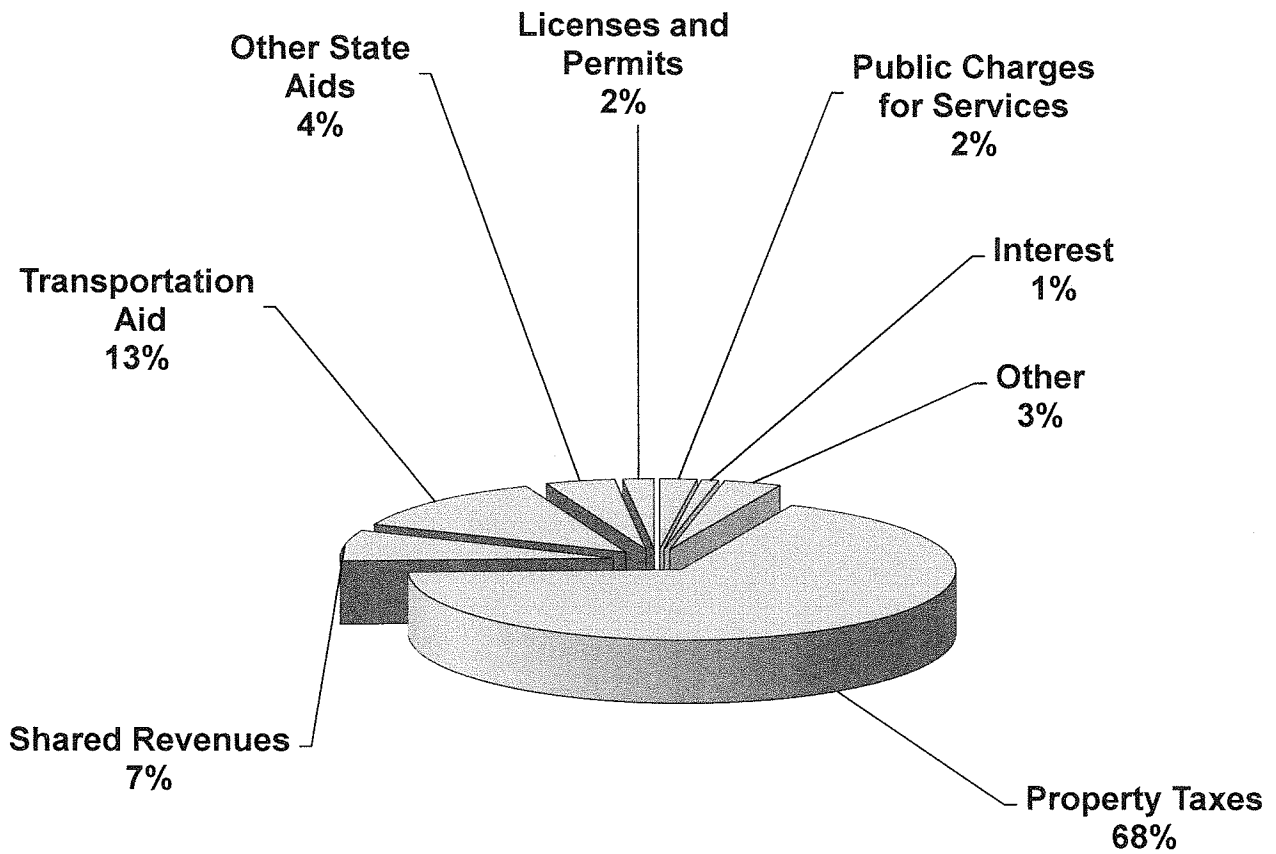
Town of Holland
 Summary Schedule of Expenses by Department - Cash Basis
 Year ended December 31, 2009

<u>Department</u>	<u>Current</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
General government	\$118,416	\$ 577	\$ -	\$118,993
Public safety	125,152	-	-	125,152
Public works	277,230	261,713	65,666	604,609
Culture, recreation and education	3,246	-	-	3,246
Conservation and development	<u>25,280</u>	<u>-</u>	<u>-</u>	<u>25,280</u>
Total expenses	<u>\$549,324</u>	<u>\$262,290</u>	<u>\$65,666</u>	<u>\$877,280</u>

**Town of Holland
Tax Roll
Total Levy \$5,988,868**



Town of Holland Revenues 2009



Town of Holland Expenses 2009

