

**Town of Holland**  
Financial Audit Report  
Year ended December 31, 2008

Town of Holland  
December 31, 2008

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# CORSON, PETERSON & HAMANN S.C.

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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, 2008, 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, 2008 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, 2009

Town of Holland  
Statement of Assets, Liabilities and Fund Balance - Cash Basis  
December 31, 2008

Assets	(Memorandum Only)	
	<u>2008</u>	<u>2007</u>
Cash and investments		
Petty cash	\$ 250	\$ 250
General checking	1,960	2,691
General money market	5,111	32,396
General prime investment	708,192	274,463
Tax checking	126	8,489
Tax money market	11,957	227,604
Tax certificates of deposit	-	330,000
Park fund savings	14	14
Park fund certificates of deposit	<u>13,992</u>	<u>13,431</u>
Total cash and investments	\$741,602	\$889,338
Delinquent receivables		
Personal property taxes	<u>6,894</u>	<u>5,017</u>
Total assets	<u>\$748,496</u>	<u>\$894,355</u>
Liabilities and Fund Balance		
Liabilities		
Advance tax collections	\$469,966	\$565,844
Dog licenses due others	382	229
Road expense due County	<u>13,952</u>	<u>-</u>
Total liabilities	<u>\$484,300</u>	<u>\$566,073</u>
Fund balance		
Unreserved - Designated	\$128,755	\$184,348
- Undesignated	<u>135,441</u>	<u>143,934</u>
Total fund balance	<u>\$264,196</u>	<u>\$328,282</u>
Total liabilities and fund balance	<u>\$748,496</u>	<u>\$894,355</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, 2008

	<u>2008</u>	<u>(Memorandum Only)</u> <u>2007</u>
Revenues		
Taxes	\$572,188	\$562,021
Intergovernmental revenues	208,183	173,711
Licenses and permits	22,992	21,151
Fines, forfeits and penalties	365	1,187
Public charges for services	12,361	7,013
Intergovernmental charges for services	10,786	1,855
Miscellaneous	<u>29,368</u>	<u>45,035</u>
Total revenues	<u>\$856,243</u>	<u>\$811,973</u>
Expenses		
Current		
General government	\$117,576	\$114,729
Public safety	131,476	121,778
Public works	274,205	213,851
Health and human services	343	440
Culture, recreation and education	2,251	1,756
Conservation and development	30,741	13,725
Capital outlay	298,071	326,904
Debt service		
Principal	59,210	73,009
Interest	<u>6,456</u>	<u>8,771</u>
Total expenses	<u>\$920,329</u>	<u>\$874,963</u>
Excess revenues over (under) expenses	\$(64,086)	\$(62,990)
Fund balance, January 1	<u>328,282</u>	<u>391,272</u>
Fund balance, December 31	<u>\$264,196</u>	<u>\$328,282</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, 2008

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$572,188	\$571,469	\$ 719
Intergovernmental revenues	208,183	196,405	11,778
Licenses and permits	22,992	18,869	4,123
Fines, forfeits and penalties	365	2,010	(1,645)
Public charges for services	12,361	8,350	4,011
Intergovernmental charges for services	10,786	1,750	9,036
Miscellaneous	<u>29,368</u>	<u>27,457</u>	<u>1,911</u>
Total revenues	<u>\$856,243</u>	<u>\$826,310</u>	<u>\$29,933</u>
Expenses			
Current			
General government	\$117,576	\$120,055	\$ 2,479
Public safety	131,476	123,491	(7,985)
Public works	274,205	281,713	7,508
Health and human services	343	100	(243)
Culture, recreation and education	2,251	1,650	(601)
Conservation and development	30,741	30,435	(306)
Capital outlay	298,071	291,200	(6,871)
Debt service			
Principal	59,210	59,210	-
Interest	<u>6,456</u>	<u>6,456</u>	<u>-</u>
Total expenses	<u>\$920,329</u>	<u>\$914,310</u>	<u>\$(6,019)</u>
Excess revenues over (under) expenses	\$(64,086)	\$(88,000)	\$23,914
Fund balance, January 1	<u>328,282</u>	<u>328,282</u>	<u>-</u>
Fund balance, December 31	<u>\$264,196</u>	<u>\$240,282</u>	<u>\$23,914</u>

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

Town of Holland  
Notes to Financial Statements  
December 31, 2008

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 and amount due to the County for 2008 road improvements. 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 the State, Sheboygan County, Cedar Grove-Belgium Area School District, School District of Oostburg, School District of Random Lake and Lakeshore Technical College. Sheboygan County began collecting the property taxes for the Town beginning with the 2008 collect 2009 tax roll. Property taxes attach an enforceable lien as of January 1.

Property tax calendar - 2007 tax roll collect 2008

Levy date	December 2007
Tax bills mailed	December 2007
Real property taxes	
Payment in full or	January 31, 2008
First installment due	January 31, 2008
Second installment due	July 31, 2008
Personal property taxes	
Payment in full	January 31, 2008

Town of Holland  
Notes to Financial Statements  
December 31, 2008

Note 1. Summary of Significant Accounting Policies - Continued

(d) Property taxes - Continued

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 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 \$100,000 for interest bearing accounts and \$100,000 for noninterest bearing accounts (\$250,000 each for the period October 3, 2008 through December 31, 2009). 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, 2008

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, 2008, \$263,266 of the Town's bank balance of \$913,392 was exposed to custodial credit risk. The entire \$263,266 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, 2008 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, 2008 are summarized as follows:

Cash on deposit with financial institutions	\$741,352
Petty cash	<u>250</u>
Total cash and investments	<u>\$741,602</u>

Note 3. Long-Term Debt

Long-term debt of the Town is as follows:

<u>Type</u>	<u>Balance 01-01-08</u>	<u>Payments</u>	<u>Balance 12-31-08</u>
State trust fund loan*	<u>\$183,955</u>	<u>\$59,210</u>	<u>\$124,745</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, 2008 is comprised of the following issue:

<u>Description</u>	<u>Issue Date</u>	<u>Interest Rate (%)</u>	<u>Date of Maturity</u>	<u>Balance 12-31-08</u>
State trust fund loan*	07-20-05	3.50%	03-15-10	<u>\$124,745</u>

Town of Holland  
Notes to Financial Statements  
December 31, 2008

Note 3. Long-Term Debt - Continued

General Obligation Debt Limit Calculation

The 2008 equalized valuation of the Town as certified by the Wisconsin Department of Revenue is \$349,450,100. The legal debt limit and margin of indebtedness as of December 31, 2008, in accordance with Section 67.03(1) of the Wisconsin statutes follows:

Debt limit (5% of \$349,450,100)	\$17,472,505
Deduct long-term debt applicable to debt margin*	<u>(124,745)</u>
Margin of indebtedness	<u>\$17,347,760</u>

Maturities of Long-Term Debt

Aggregate cash flow requirements for the retirement of long-term principal and interest as of December 31, 2008 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 61,300	\$4,366	\$ 65,666
2010	<u>63,445</u>	<u>2,221</u>	<u>65,666</u>
Total	<u>\$124,745</u>	<u>\$6,587</u>	<u>\$131,332</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	\$114,749
Park development	<u>14,006</u>
Total	<u>\$128,755</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, 2008.

<u>Department</u>	<u>Excess Expenses</u>
Public safety	\$7,985
Health and human services	243
Culture, recreation and education	601
Conservation and development	306
Capital outlay	6,871

Town of Holland  
Notes to Financial Statements  
December 31, 2008

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 2008 were \$2,863.

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, 2008

Taxes		
General property taxes	\$571,469	
Managed forest land taxes	346	
Use-value penalties	<u>373</u>	\$572,188
Intergovernmental revenues		
Shared revenues	\$ 61,772	
Fire insurance tax	7,099	
Exempt computer aid	345	
General transportation aid	106,993	
FEMA/flood aid	5,268	
Local road improvement program	20,380	
Recycling grant	3,734	
Natural resources aid	28	
Managed forest land aid	64	
County stewardship grant	<u>2,500</u>	208,183
Licenses and permits		
Beer and liquor licenses	\$ 300	
Operator licenses	250	
Cigarette licenses	50	
Cable TV franchise fee	8,931	
Dog licenses retained	382	
Building permits	8,075	
Utility and driveway permits	1,029	
Zoning permits and hearing fees	3,900	
Fireworks permits	<u>75</u>	22,992
Fines, forfeits and penalties		
Law and ordinance violations	\$ 355	
Dog license penalties	<u>10</u>	365
Public charges for services		
Tax letters	\$ 760	
Restrictive covenant fees	39	
Fire protection fees	5,010	
Road materials and services	4,810	
Disposal fees	<u>1,742</u>	12,361
Intergovernmental charges for services		
Road materials and services		10,786
Miscellaneous		
Interest income	\$ 23,506	
Town hall rent	2,720	
Land rent	1,027	
Sale of recyclable materials	1,028	
I-43 memorial donations	972	
Patronage dividends	29	
Miscellaneous	<u>86</u>	<u>29,368</u>
Total revenues		<u>\$856,243</u>

Town of Holland  
Detailed Schedule of Expenses - Cash Basis  
Year ended December 31, 2008

General government		
Town board		
Salary	\$21,488	
Social security	1,644	
Publishing and printing	1,175	
Town dues	660	
Web site	845	
Supplies and expense	<u>1,141</u>	\$ 26,953
Legal		
Professional services	\$ 4,819	
Ordinance update	<u>2,582</u>	7,401
Clerk		
Salary	\$12,900	
Clerk assistant salary	2,063	
Social security	1,145	
Simple IRA contribution	401	
Supplies and expense	<u>3,191</u>	19,700
Elections		
Salary	\$ 3,210	
Social security	12	
Supplies and expense	<u>1,038</u>	4,260
Treasurer		
Salary	\$ 9,500	
Social security	727	
Simple IRA contribution	285	
Supplies and expense	<u>1,066</u>	11,578
Accounting and auditing		
Professional services		7,900
Assessment of property		
Board of review salary	\$ 250	
Social security	19	
Professional services	13,800	
Supplies and expense	<u>657</u>	14,726
Town hall		
Salary	\$ 4,545	
Social security	348	
Telephone	610	
Utilities	6,888	
Supplies and expense	<u>881</u>	13,272
Insurance		
Property and liability insurance	\$ 6,332	
Workers compensation insurance	5,154	
Employee bonds	<u>300</u>	<u>11,786</u>
Total general government		<u>\$117,576</u>

Town of Holland  
Detailed Schedule of Expenses - Cash Basis  
Year ended December 31, 2008

Public safety			
Law enforcement			
Sheriff contract			\$ 17,211
Fire protection			
Cedar Grove fire department	\$ 72,942		
Oostburg fire department	13,070		
Random Lake fire department	5,437		
Adell fire department	5,000		
Fire inspection services	<u>405</u>		96,854
First responders			
Cedar Grove first responders	\$ 7,608		
Adell first responders	<u>700</u>		8,308
Building inspections			
Salary	\$ 7,914		
Social security	605		
Simple IRA contribution	237		
Supplies and expense	<u>205</u>		8,961
Other public safety			
Abandoned well expense			<u>142</u>
Total public safety			<u>\$131,476</u>
Public works			
Transportation			
Salary	\$ 56,869		
Social security	4,350		
Simple IRA contribution	1,669		
Road maintenance and brush control	27,038		
Snow and ice removal	106,241		
Machinery expense and road materials	<u>19,415</u>		\$215,582
Sanitation			
Salary	\$ 6,418		
Social security	491		
Simple IRA contribution	189		
Disposal expense	50,175		
Utilities	415		
Supplies and expense	<u>935</u>		58,623
Total public works			<u>\$274,205</u>
Health and human services			
Cemetery			
Supplies and expense			<u>\$ 343</u>

Town of Holland  
Detailed Schedule of Expenses - Cash Basis  
Year ended December 31, 2008

Culture, recreation and education

Parks

Mileage		\$ 256
Amsterdam park		1,500
I-43 memorial expenses		<u>495</u>

Total culture, recreation and education \$ 2,251

Conservation and development

Planning commission

Salary	\$ 6,635	
Social security	507	
Simple IRA contribution	82	
Publishing and printing	558	
Comprehensive plan	19,505	
Legal expense	571	
Engineering support	910	
Supplies and expense	<u>1,221</u>	\$ 29,989

Board of appeals

Salary	\$ 600	
Social security	46	
Supplies and expense	<u>106</u>	<u>752</u>

Total conservation and development \$ 30,741

Capital outlay

General government

Office equipment	\$ 1,250	
Town hall improvements	<u>4,201</u>	\$ 5,451

Public works

Road improvements	\$290,391	
Bahr Creek project	<u>2,229</u>	<u>292,620</u>

Total capital outlay \$298,071

Debt service

Principal

Interest

\$ 59,210  
6,456

Total debt service \$ 65,666

Total expenses

\$920,329



Town of Holland  
 Summary Schedule of Expenses by Department - Cash Basis  
 Year ended December 31, 2008

<u>Department</u>	<u>Current</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
General government	\$117,576	\$ 5,451	\$ -	\$123,027
Public safety	131,476	-	-	131,476
Public works	274,205	292,620	65,666	632,491
Health and human services	343	-	-	343
Culture, recreation and education	2,251	-	-	2,251
Conservation and development	<u>30,741</u>	<u>-</u>	<u>-</u>	<u>30,741</u>
Total expenses	<u>\$556,592</u>	<u>\$298,071</u>	<u>\$65,666</u>	<u>\$920,329</u>