

**Town of Holland**  
Financial Audit Report  
Year ended December 31, 2010

Town of Holland  
December 31, 2010

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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, 2010 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, 2010 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 1, 2011

Town of Holland  
Statement of Assets, Liabilities and Fund Balance - Cash Basis  
December 31, 2010

Assets

	<u>2010</u>	<u>(Memorandum Only)</u> <u>2009</u>
Cash and investments		
Petty cash	\$ -	\$ 250
General checking	7,943	4,157
General money market	6,816	2,216
General prime investment	611,706	620,296
Tax checking	-	(148)
Tax money market	100	11
Park fund savings	14	14
Park fund certificates of deposit	<u>14,804</u>	<u>14,369</u>
Total cash and investments	\$641,383	\$641,165
Delinquent receivables		
Personal property taxes	<u>9,862</u>	<u>9,226</u>
Total assets	<u>\$651,245</u>	<u>\$650,391</u>

Liabilities and Fund Balance

Liabilities		
Advance tax collections	\$347,963	\$395,514
Severance/yield/withdrawal taxes due County	<u>34</u>	<u>-</u>
Total liabilities	<u>\$347,997</u>	<u>\$395,514</u>
Fund balance		
Reserved for capital projects	\$ 18,607	\$ -
Unreserved - Designated	139,591	115,747
- Undesignated	<u>145,050</u>	<u>139,130</u>
Total fund balance	<u>\$303,248</u>	<u>\$254,877</u>
Total liabilities and fund balance	<u>\$651,245</u>	<u>\$650,391</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, 2010

	<u>2010</u>	<u>(Memorandum Only)</u> <u>2009</u>
Revenues		
Taxes	\$606,304	\$589,006
Intergovernmental revenues	181,620	225,826
Licenses and permits	17,204	15,820
Fines, forfeits and penalties	1,285	1,333
Public charges for services	7,073	19,215
Intergovernmental charges for services	976	2,198
Miscellaneous	<u>13,562</u>	<u>14,563</u>
Total revenues	<u>\$828,024</u>	<u>\$867,961</u>
Expenses		
Current		
General government	\$116,086	\$118,416
Public safety	126,692	125,152
Public works	227,855	277,230
Culture, recreation and education	3,621	3,246
Conservation and development	26,069	25,280
Capital outlay	322,969	262,290
Debt service		
Principal	63,445	61,300
Interest	<u>2,916</u>	<u>4,366</u>
Total expenses	<u>\$889,653</u>	<u>\$877,280</u>
Excess revenues over (under) expenses	\$(61,629)	\$ (9,319)
Other financing sources (uses)		
Debt proceeds	<u>110,000</u>	<u>-</u>
Excess revenues and other sources over (under) expenses and other uses	\$ 48,371	\$ (9,319)
Fund balance, January 1	<u>254,877</u>	<u>264,196</u>
Fund balance, December 31	<u>\$303,248</u>	<u>\$254,877</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, 2010

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$606,304	\$605,213	\$ 1,091
Intergovernmental revenues	181,620	176,538	5,082
Licenses and permits	17,204	11,900	5,304
Fines, forfeits and penalties	1,285	760	525
Public charges for services	7,073	6,110	963
Intergovernmental charges for services	976	1,500	(524)
Miscellaneous	<u>13,562</u>	<u>18,557</u>	<u>(4,995)</u>
Total revenues	<u>\$828,024</u>	<u>\$820,578</u>	<u>\$ 7,446</u>
Expenses			
Current			
General government	\$116,086	\$121,230	\$ 5,144
Public safety	126,692	128,282	1,590
Public works	227,855	234,400	6,545
Health and human services	-	100	100
Culture, recreation and education	3,621	2,000	(1,621)
Conservation and development	26,069	19,500	(6,569)
Capital outlay	322,969	249,400	(73,569)
Debt service			
Principal	63,445	63,445	-
Interest	<u>2,916</u>	<u>2,221</u>	<u>(695)</u>
Total expenses	<u>\$889,653</u>	<u>\$820,578</u>	<u>\$(69,075)</u>
Excess revenues over (under) expenses	\$(61,629)	\$ -	\$(61,629)
Other financing sources (uses)			
Debt proceeds	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Excess revenues and other sources over (under) expenses and other uses	\$ 48,371	\$ -	\$ 48,371
Fund balance, January 1	<u>254,877</u>	<u>254,877</u>	<u>-</u>
Fund balance, December 31	<u>\$303,248</u>	<u>\$254,877</u>	<u>\$ 48,371</u>

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

Town of Holland  
Notes to Financial Statements  
December 31, 2010

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, 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 - 2009 tax roll collect 2010

Levy date	December 2009
Tax bills mailed	December 2009
Real property taxes	
Payment in full or	January 31, 2010
First installment due	January 31, 2010
Second installment due	July 31, 2010
Personal property taxes	
Payment in full	January 31, 2010

Town of Holland  
Notes to Financial Statements  
December 31, 2010

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) Reserved fund balance indicates that portion of fund balance which has been legally segregated for specific purposes.
- (b) Designated fund balance indicates that portion of fund balance for which the Town has made tentative plans.
- (c) 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 for interest bearing accounts and unlimited coverage for noninterest bearing accounts at participating FDIC insured institutions. 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, 2010

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, 2010, the Town's bank balance of \$643,819 was not exposed to custodial credit risk.

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, 2010 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, 2010 are summarized as follows:

Cash on deposit with financial institutions	<u>\$641,383</u>
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Note 3. Long-Term Debt

Long-term debt of the Town is as follows:

<u>Type</u>	<u>Balance 01-01-10</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12-31-10</u>
Notes*	\$ -	\$110,000	\$ -	\$110,000
State trust fund loans*	<u>63,445</u>	<u>-</u>	<u>63,445</u>	<u>-</u>
Totals	<u>\$63,445</u>	<u>\$110,000</u>	<u>\$63,445</u>	<u>\$110,000</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, 2010 is comprised of the following issue:

<u>Description</u>	<u>Issue Date</u>	<u>Interest Rate (%)</u>	<u>Date of Maturity</u>	<u>Balance 12-31-10</u>
Notes*	10-01-10	2.50%	03-31-12	<u>\$110,000</u>

Town of Holland  
Notes to Financial Statements  
December 31, 2010

Note 3. Long-Term Debt - Continued

General Obligation Debt Limit Calculation

The 2010 equalized valuation of the Town as certified by the Wisconsin Department of Revenue is \$374,683,200. The legal debt limit and margin of indebtedness as of December 31, 2010, in accordance with Section 67.03(1) of the Wisconsin statutes follows:

Debt limit (5% of \$374,683,200)	\$18,734,160
Deduct long-term debt applicable to debt margin*	<u>(110,000)</u>
Margin of indebtedness	<u>\$18,624,160</u>

Maturities of Long-Term Debt

Aggregate cash flow requirements for the retirement of long-term principal and interest as of December 31, 2010 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ -	\$2,750	\$ 2,750
2012	<u>110,000</u>	<u>688</u>	<u>110,688</u>
Total	<u>\$110,000</u>	<u>\$3,438</u>	<u>\$113,438</u>

Note 4. Fund Balance

Unspent debt proceeds, in the amount of \$18,607, are reserved for remaining capital projects.

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

Road improvements	\$124,773
Park development	<u>14,818</u>
Total	<u>\$139,591</u>

Town of Holland  
Notes to Financial Statements  
December 31, 2010

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, 2010.

<u>Department</u>	<u>Excess Expenses</u>
Culture, recreation and education	\$ 1,621
Conservation and development	6,569
Capital outlay	73,569
Debt service	
Interest	695

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 2010 were \$2,299.

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, 2010

Taxes		
General property taxes	\$605,213	
Managed forest land taxes	341	
Use-value penalties	<u>750</u>	\$606,304
Intergovernmental revenues		
Shared revenues	\$ 53,482	
Fire insurance tax	7,922	
Exempt computer aid	41	
General transportation aid	112,409	
FEMA/flood aid	562	
Recycling grant	3,536	
Natural resources aid	28	
Severance/yield/withdrawal taxes	135	
Managed forest land aid	64	
County bridge aid	3,211	
Smart growth grant	<u>230</u>	181,620
Licenses and permits		
Beer and liquor licenses	\$ 300	
Operator licenses	200	
Cigarette licenses	50	
Cable TV franchise fee	6,665	
Dog licenses retained	163	
Building permits	7,526	
Utility and driveway permits	450	
Zoning permits and hearing fees	1,800	
Fireworks permits	<u>50</u>	17,204
Fines, forfeits and penalties		
Law and ordinance violations	\$ 1,200	
Dog license penalties	<u>85</u>	1,285
Public charges for services		
Tax letters	\$ 870	
Road materials and services	4,328	
Disposal fees	<u>1,875</u>	7,073
Intergovernmental charges for services		
Fire protection fees	\$ 500	
Road materials and services	<u>476</u>	<u>976</u>
Forward to page 11		<u>\$814,462</u>

Town of Holland  
Detailed Schedule of Revenues - Cash Basis  
Year ended December 31, 2010

Brought forward		\$814,462
Miscellaneous		
Interest income	\$6,483	
Town hall rent	3,340	
Land rent	2,277	
Sale of recyclable materials	646	
Insurance recoveries/restitution	90	
Patronage dividends	47	
Tax chargebacks	52	
Insurance dividends and refunds	458	
Miscellaneous	<u>169</u>	<u>13,562</u>
Total revenues		<u>\$828,024</u>

Town of Holland  
Detailed Schedule of Expenses - Cash Basis  
Year ended December 31, 2010

General government		
Town board		
Salary	\$22,300	
Social security	1,706	
Publishing and printing	2,313	
Town dues	705	
Web site	735	
Supplies and expense	<u>1,023</u>	\$ 28,782
Legal		
Professional services		4,922
Clerk		
Salary	\$13,337	
Clerk assistant salary	1,774	
Social security	1,147	
Simple IRA contribution	409	
Supplies and expense	<u>3,668</u>	20,335
Elections		
Salary	\$ 2,822	
Social security	27	
Supplies and expense	<u>1,133</u>	3,982
Treasurer		
Salary	\$ 7,400	
Social security	566	
Simple IRA contribution	222	
Supplies and expense	375	
County tax collection expense	<u>2,841</u>	11,404
Accounting and auditing		
Professional services		8,790
Assessment of property		
Board of review salary	\$ 500	
Social security	38	
Professional services	13,800	
Supplies and expense	<u>514</u>	14,852
Town hall		
Salary	\$ 4,680	
Social security	358	
Telephone	608	
Utilities	6,175	
Supplies and expense	<u>917</u>	<u>12,738</u>
Forward to page 13		<u>\$105,805</u>

Town of Holland  
Detailed Schedule of Expenses - Cash Basis  
Year ended December 31, 2010

General government - Continued		
Brought forward		\$105,805
Insurance		
Property and liability insurance	\$ 5,226	
Workers compensation insurance	4,455	
Employee bonds	<u>600</u>	<u>10,281</u>
Total general government		<u>\$116,086</u>
Public safety		
Law enforcement		
Sheriff contract	\$18,236	
Supplies and expense	<u>160</u>	\$ 18,396
Fire protection		
Cedar Grove fire department	\$67,905	
Oostburg fire department	14,421	
Random Lake fire department	5,763	
Adell fire department	5,000	
Fire inspection services	<u>538</u>	93,627
First responders		
Cedar Grove first responders	\$ 8,375	
Adell first responders	<u>625</u>	9,000
Building inspections		
Salary	\$ 4,818	
Social security	369	
Simple IRA contribution	147	
Supplies and expense	<u>335</u>	<u>5,669</u>
Total public safety		<u>\$126,692</u>



Town of Holland  
Detailed Schedule of Expenses - Cash Basis  
Year ended December 31, 2010

Public works		
Transportation		
Salary	\$55,370	
Social security	4,236	
Simple IRA contribution	1,347	
Road maintenance and brush control	39,167	
Snow and ice removal	56,049	
Machinery expense and road materials	<u>17,733</u>	\$173,902
Sanitation		
Salary	\$ 7,078	
Social security	541	
Simple IRA contribution	97	
Disposal expense	44,508	
Utilities	428	
Supplies and expense	<u>1,301</u>	<u>53,953</u>
Total public works		<u>\$227,855</u>
Culture, recreation and education		
Parks		
Salary		\$ 1,698
Social security		130
Mileage		293
Amsterdam park		<u>1,500</u>
Total culture, recreation and education		<u>\$ 3,621</u>
Conservation and development		
Planning commission		
Salary	\$ 5,855	
Social security	448	
Simple IRA contribution	77	
Publishing and printing	288	
Comprehensive plan	13,191	
Legal expense	3,003	
Engineering support	941	
Supplies and expense	<u>1,182</u>	\$ 24,985
Board of appeals		
Salary	\$ 883	
Social security	68	
Supplies and expense	<u>133</u>	<u>1,084</u>
Total conservation and development		<u>\$ 26,069</u>

Town of Holland  
Detailed Schedule of Expenses - Cash Basis  
Year ended December 31, 2010

Capital outlay		
General government		
Office furniture and equipment		\$ 387
Public safety		
Fire truck	\$ 37,500	
911 address signs	<u>29,893</u>	67,393
Public works		
Road equipment	\$ 24,000	
Road improvements	<u>231,189</u>	<u>255,189</u>
Total capital outlay		<u>\$322,969</u>
Debt service		
Principal		\$ 63,445
Interest		<u>2,916</u>
Total debt service		<u>\$ 66,361</u>
Total expenses		<u>\$889,653</u>

Town of Holland  
 Summary Schedule of Expenses by Department - Cash Basis  
 Year ended December 31, 2010

<u>Department</u>	<u>Current</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
General government	\$116,086	\$ 387	\$ -	\$116,473
Public safety	126,692	67,393	535	194,620
Public works	227,855	255,189	65,826	548,870
Culture, recreation and education	3,621	-	-	3,621
Conservation and development	<u>26,069</u>	<u>-</u>	<u>-</u>	<u>26,069</u>
Total expenses	<u>\$500,323</u>	<u>\$322,969</u>	<u>\$66,361</u>	<u>\$889,653</u>