

Town of Holland
Financial Audit Report
Year ended December 31, 2011

Town of Holland
December 31, 2011

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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, 2011 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, 2011 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
March 31, 2012

Town of Holland
Statement of Assets, Liabilities and Fund Balance - Cash Basis
December 31, 2011

Assets

	<u>2011</u>	<u>(Memorandum Only)</u> <u>2010</u>
Cash and investments		
General checking	\$ 1,352	\$ 7,943
General money market	13,877	6,816
General prime investment	1,544,403	611,706
Tax checking	2,067	-
Tax money market	99,074	100
Park fund savings	14	14
Park fund certificate of deposit	<u>15,366</u>	<u>14,804</u>
Total cash and investments	\$1,676,153	\$641,383
Delinquent receivables		
Personal property taxes	<u>3,060</u>	<u>9,862</u>
Total assets	<u>\$1,679,213</u>	<u>\$651,245</u>

Liabilities and Fund Balance

Liabilities		
Advance tax collections	\$1,361,007	\$347,963
Dog licenses due County	126	-
Severance/yield/withdrawal taxes due County	<u>-</u>	<u>34</u>
Total liabilities	<u>\$1,361,133</u>	<u>\$347,997</u>
Fund balance		
Restricted	\$ -	\$ 18,607
Committed	132,025	139,591
Unassigned	<u>186,055</u>	<u>145,050</u>
Total fund balance	<u>\$ 318,080</u>	<u>\$303,248</u>
Total liabilities and fund balance	<u>\$1,679,213</u>	<u>\$651,245</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, 2011

	<u>2011</u>	<u>(Memorandum Only)</u> <u>2010</u>
Revenues		
Taxes	\$623,775	\$606,304
Intergovernmental revenues	188,753	181,620
Licenses and permits	25,047	17,204
Fines, forfeits and penalties	774	1,285
Public charges for services	9,968	7,073
Intergovernmental charges for services	476	976
Miscellaneous	<u>28,129</u>	<u>13,562</u>
Total revenues	<u>\$876,922</u>	<u>\$828,024</u>
Expenses		
Current		
General government	\$125,315	\$116,086
Public safety	130,702	126,692
Public works	237,401	227,855
Health and human services	95	-
Culture, recreation and education	6,801	3,621
Conservation and development	14,272	26,069
Capital outlay	297,473	322,969
Debt service		
Principal	47,500	63,445
Interest	<u>2,531</u>	<u>2,916</u>
Total expenses	<u>\$862,090</u>	<u>\$889,653</u>
Excess revenues over (under) expenses	\$ 14,832	\$(61,629)
Other financing sources (uses)		
Debt proceeds	<u>-</u>	<u>110,000</u>
Excess revenues and other sources over (under) expenses and other uses	\$ 14,832	\$ 48,371
Fund balance, January 1	<u>303,248</u>	<u>254,877</u>
Fund balance, December 31	<u>\$318,080</u>	<u>\$303,248</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, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$623,775	\$623,434	\$ 341
Intergovernmental revenues	188,753	177,931	10,822
Licenses and permits	25,047	10,500	14,547
Fines, forfeits and penalties	774	1,100	(326)
Public charges for services	9,968	6,110	3,858
Intergovernmental charges for services	476	1,500	(1,024)
Miscellaneous	<u>28,129</u>	<u>20,230</u>	<u>7,899</u>
Total revenues	<u>\$876,922</u>	<u>\$840,805</u>	<u>\$ 36,117</u>
Expenses			
Current			
General government	\$125,315	\$120,210	\$ (5,105)
Public safety	130,702	128,745	(1,957)
Public works	237,401	259,150	21,749
Health and human services	95	100	5
Culture, recreation and education	6,801	2,800	(4,001)
Conservation and development	14,272	15,300	1,028
Capital outlay	297,473	264,250	(33,223)
Debt service			
Principal	47,500	47,500	-
Interest	<u>2,531</u>	<u>2,750</u>	<u>219</u>
Total expenses	<u>\$862,090</u>	<u>\$840,805</u>	<u>\$(21,285)</u>
Excess revenues over (under) expenses	\$ 14,832	\$ -	\$ 14,832
Fund balance, January 1	<u>303,248</u>	<u>303,248</u>	<u>-</u>
Fund balance, December 31	<u>\$318,080</u>	<u>\$303,248</u>	<u>\$ 14,832</u>

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

Town of Holland
Notes to Financial Statements
December 31, 2011

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. Beginning December 2011, 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. Property taxes attach an enforceable lien as of January 1. The Town collects the taxes through January 31.

Property tax calendar - 2010 tax roll collect 2011

Levy date	December 2010
Tax bills mailed	December 2010
Real property taxes	
Payment in full or	January 31, 2011
First installment due	January 31, 2011
Second installment due	July 31, 2011
Personal property taxes	
Payment in full	January 31, 2011

Town of Holland
Notes to Financial Statements
December 31, 2011

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) Restricted fund balance - amounts that can be spent only for specific purposes imposed through debt issue provisions.
- (b) Committed fund balance - amounts intended to be used for a specific purpose by placing funds in a segregated account or established through the formal budget process.
- (c) Unassigned fund balance - amounts that are available for any purpose.

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

(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.

Town of Holland
Notes to Financial Statements
December 31, 2011

Note 2. Cash and Investments - Continued

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 non-interest bearing accounts at all 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.

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, 2011, \$1,049,159 of the Town's bank balance of \$1,702,283 was exposed to custodial credit risk. The entire \$1,049,159 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, 2011 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, 2011 are summarized as follows:

Cash on deposit with financial institutions	<u>\$1,676,153</u>
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Note 3. Long-Term Debt

Long-term debt of the Town is as follows:

<u>Type</u>	<u>Balance</u> <u>01-01-11</u>	<u>Payments</u>	<u>Balance</u> <u>12-31-11</u>
Notes*	<u>\$110,000</u>	<u>\$47,500</u>	<u>\$62,500</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, 2011 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>12-31-11</u>
Notes*	10-01-10	2.50%	03-31-12	<u>\$62,500</u>

Town of Holland
Notes to Financial Statements
December 31, 2011

Note 3. Long-Term Debt - Continued

General Obligation Debt Limit Calculation

The 2011 equalized valuation of the Town as certified by the Wisconsin Department of Revenue is \$371,423,300. The legal debt limit and margin of indebtedness as of December 31, 2011, in accordance with Section 67.03(1) of the Wisconsin statutes follows:

Debt limit (5% of \$371,423,300)	\$18,571,165
Deduct long-term debt applicable to debt margin*	<u>(62,500)</u>
Margin of indebtedness	<u>\$18,508,665</u>

Maturities of Long-Term Debt

Aggregate cash flow requirements for the retirement of long-term principal and interest as of December 31, 2011 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	<u>\$62,500</u>	<u>\$395</u>	<u>\$62,895</u>

Note 4. Committed Fund Balance

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

Road improvements	\$116,645
Park development	<u>15,380</u>
Total	<u>\$132,025</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, 2011.

<u>Department</u>	<u>Excess Expenses</u>
General government	\$ 5,105
Public safety	1,957
Culture, recreation and education	4,001
Capital outlay	33,223

Town of Holland
Notes to Financial Statements
December 31, 2011

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 2011 were \$2,420.

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, 2011

Taxes		
General property taxes	\$623,434	
Managed forest land taxes	<u>341</u>	\$623,775
Intergovernmental revenues		
Shared revenues	\$ 53,443	
Fire insurance tax	8,710	
Exempt computer aid	104	
General transportation aid	115,800	
Recycling grant	2,286	
Natural resources aid	28	
Severance/yield/withdrawal taxes	68	
Managed forest land aid	64	
County bridge aid	<u>8,250</u>	188,753
Licenses and permits		
Beer and liquor licenses	\$ 300	
Operator licenses	200	
Cigarette licenses	50	
Cable TV franchise fee	7,281	
Dog licenses retained	149	
Building permits	12,689	
Utility and driveway permits	600	
Zoning permits and hearing fees	3,678	
Fireworks permits	<u>100</u>	25,047
Fines, forfeits and penalties		
Law and ordinance violations	\$ 769	
Dog license penalties	<u>5</u>	774
Public charges for services		
Tax letters	\$ 480	
Road materials and services	4,471	
Disposal fees	2,455	
Development/engineering fees	<u>2,562</u>	9,968
Intergovernmental charges for services		
Road materials and services		476
Miscellaneous		
Interest on investments	\$ 6,355	
Town hall rent	1,280	
Land rent	1,886	
Sale of fire protection equipment	11,625	
Sale of recyclable materials	5,154	
Donations	200	
Patronage dividends	72	
Tax chargebacks	1,080	
Insurance dividends and refunds	<u>477</u>	<u>28,129</u>
Total revenues		<u>\$876,922</u>

Town of Holland
Detailed Schedule of Expenses - Cash Basis
Year ended December 31, 2011

General government		
Town board		
Salary	\$22,373	
Social security	1,711	
Publishing and printing	916	
Town dues	705	
Web site	865	
Supplies and expense	<u>1,434</u>	\$ 28,004
Legal		
Professional services	\$ 5,358	
Ordinance update	<u>3,116</u>	8,474
Clerk		
Salary	\$13,480	
Clerk assistant salary	2,038	
Social security	1,184	
Simple IRA contribution	419	
Supplies and expense	<u>3,317</u>	20,438
Elections		
Salary	\$ 1,368	
Social security	13	
Supplies and expense	<u>892</u>	2,273
Treasurer		
Salary	\$ 7,400	
Social security	566	
Simple IRA contribution	222	
Supplies and expense	918	
County tax collection expense	<u>4,108</u>	13,214
Accounting and auditing		
Professional services		9,160
Assessment of property		
Board of review salary	\$ 62	
Social security	5	
Professional services	8,983	
Manufacturing property assessment fee	17	
Supplies and expense	<u>484</u>	9,551
Town hall		
Salary	\$ 4,730	
Social security	362	
Telephone	641	
Utilities	6,575	
Supplies and expense	<u>675</u>	<u>12,983</u>
Forward to page 12		<u>\$104,097</u>

Town of Holland
Detailed Schedule of Expenses - Cash Basis
Year ended December 31, 2011

General government - Continued		
Brought forward		\$104,097
Tax refunds and uncollectible taxes		
Losses		9,789
Insurance		
Property and liability insurance	\$ 5,271	
Workers compensation insurance	4,519	
Unemployment compensation	1,039	
Employee bonds	<u>600</u>	<u>11,429</u>
Total general government		<u>\$125,315</u>
Public safety		
Law enforcement		
Sheriff contract	\$18,236	
Supplies and expense	<u>30</u>	\$ 18,266
Fire protection		
Cedar Grove fire department	\$68,792	
Oostburg fire department	14,540	
Random Lake fire department	5,763	
Adell fire department	5,000	
Fire inspection services	<u>546</u>	94,641
First responders		
Cedar Grove first responders	\$ 8,375	
Adell first responders	<u>700</u>	9,075
Building inspections		
Salary	\$ 7,693	
Social security	588	
Simple IRA contribution	239	
Supplies and expense	<u>101</u>	8,621
Other public safety		
911 address signs		<u>99</u>
Total public safety		<u>\$130,702</u>

Town of Holland
Detailed Schedule of Expenses - Cash Basis
Year ended December 31, 2011

Public works		
Transportation		
Salary	\$54,831	
Social security	4,194	
Simple IRA contribution	1,352	
Road maintenance and brush control	41,862	
Snow and ice removal	69,224	
Machinery expense and road materials	<u>21,154</u>	\$192,617
Sanitation		
Salary	\$ 8,011	
Social security	613	
Simple IRA contribution	112	
Disposal expense	33,570	
Utilities	445	
Supplies and expense	<u>2,033</u>	<u>44,784</u>
Total public works		<u>\$237,401</u>
Health and human services		
Cemetery		
Supplies and expense		<u>\$ 95</u>
Culture, recreation and education		
Parks		
Salary	\$ 1,791	
Social security	137	
Mileage	290	
Amsterdam park	<u>2,583</u>	\$ 4,801
Holiday celebrations and events		
Cedar Grove fire department 100 th anniversary celebration		<u>2,000</u>
Total culture, recreation and education		<u>\$ 6,801</u>

Town of Holland
Detailed Schedule of Expenses - Cash Basis
Year ended December 31, 2011

Conservation and development		
Planning commission		
Salary	\$ 6,597	
Social security	505	
Simple IRA contribution	76	
Publishing and printing	246	
Comprehensive plan implementation and zoning	1,001	
Legal expense	1,751	
Planning support	2,243	
Engineering support	225	
Supplies and expense	<u>1,370</u>	\$ 14,014
Board of appeals		
Salary	\$ 240	
Social security	<u>18</u>	<u>258</u>
Total conservation and development		<u>\$ 14,272</u>
Capital outlay		
General government		
Town hall equipment and improvements		\$ 2,495
Public safety		
Fire truck improvements		7,421
Public works		
Road equipment	\$ 1,500	
Road improvements	<u>286,057</u>	<u>287,557</u>
Total capital outlay		<u>\$297,473</u>
Debt service		
Principal		\$ 47,500
Interest		<u>2,531</u>
Total debt service		<u>\$ 50,031</u>
Total expenses		<u>\$862,090</u>

Town of Holland
 Summary Schedule of Expenses by Department - Cash Basis
 Year ended December 31, 2011

<u>Department</u>	<u>Current</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
General government	\$125,315	\$ 2,495	\$ -	\$127,810
Public safety	130,702	7,421	38,524	176,647
Public works	237,401	287,557	11,507	536,465
Health and human services	95	-	-	95
Culture, recreation and education	6,801	-	-	6,801
Conservation and development	<u>14,272</u>	<u>-</u>	<u>-</u>	<u>14,272</u>
Total expenses	<u>\$514,586</u>	<u>\$297,473</u>	<u>\$50,031</u>	<u>\$862,090</u>