

**TOWN OF NEW DENMARK
BROWN COUNTY, WISCONSIN**

**FINANCIAL STATEMENTS WITH
ACCOUNTANTS' REVIEW REPORT**

DECEMBER 31, 2010

TOWN OF NEW DENMARK
BROWN COUNTY, WISCONSIN
December 31, 2010

Table of Contents

	<u>Page No.</u>
ACCOUNTANTS' REVIEW REPORT ON BASIC FINANCIAL STATEMENTS	1
BASIC FINANCIAL STATEMENTS	
Statement of Assets, Liabilities and Fund Balances Arising from Cash Transactions - General Fund	2
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - General Fund	3
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - General Fund - Budget and Actual	4
Notes to Basic Financial Statements	5 - 9
SUPPLEMENTAL INFORMATION	
Detailed Schedule of Revenues Collected - General Fund	10
Detailed Schedule of Expenditures Paid - General Fund	11

INDEPENDENT ACCOUNTANTS' REVIEW REPORT ON BASIC FINANCIAL STATEMENTS

To the Town Board
Town of New Denmark
Brown County, Wisconsin

We have reviewed the accompanying cash basis financial statements of the general fund of the Town of New Denmark, Brown County, Wisconsin, as of and for the year ended December 31, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Town of New Denmark, Brown County, Wisconsin. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Town of New Denmark, Brown County, Wisconsin is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, with the exceptions of the matters described in the following paragraphs, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting as described in Note A.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Town's governmental activities are not reasonably determinable.

Management has not presented the management's discussion that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

The accompanying financial information listed in the table of contents as supplemental information is presented only for additional analysis purposes and has been subjected to the inquiry and analytical review procedures applied in the review of the financial statements.

Scheuch SC

Certified Public Accountants
Green Bay, Wisconsin
February 26, 2011

BASIC FINANCIAL STATEMENTS

**TOWN OF NEW DENMARK
BROWN COUNTY, WISCONSIN**

Statement of Assets, Liabilities and Fund Balances Arising from Cash Transactions - General Fund

December 31, 2010

(With Comparative Actual Amounts for December 31, 2009)

"See Accountants' Review Report"

	2010	2009
ASSETS		
Cash and investments	\$ 788,982	\$ 1,015,403
LIABILITIES AND FUND BALANCE		
Liabilities		
Advanced tax collections	\$ 344,938	\$ 578,391
Fund Balance		
Unreserved		
Designated for subsequent years' budget	138,300	138,300
Undesignated	305,744	298,712
Total Fund Balance	444,044	437,012
TOTAL LIABILITIES AND FUND BALANCE	\$ 788,982	\$ 1,015,403

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF NEW DENMARK
BROWN COUNTY, WISCONSIN**

Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - General Fund
Year Ended December 31, 2010
(With Comparative Actual Amounts for the Year Ended December 31, 2009)
"See Accountants' Review Report"

	2010	2009
Revenues		
Taxes	\$ 417,510	\$ 409,245
Intergovernmental	190,855	181,602
Licenses and permits	6,826	8,586
Law and ordinance violations	-	123
Public charges for services	62,991	60,801
Miscellaneous	3,564	2,974
Total Revenues	<u>681,746</u>	<u>663,331</u>
Expenditures		
Current		
General government	158,650	156,100
Public safety	53,844	54,619
Public works	456,662	473,909
Health and human services	263	301
Culture and recreation	2,200	2,500
Conservation and development	3,095	3,623
Total Expenditures	<u>674,714</u>	<u>691,052</u>
Net Change in Fund Balance	7,032	(27,721)
Fund Balance - January 1	<u>437,012</u>	<u>464,733</u>
Fund Balance - December 31	<u>\$ 444,044</u>	<u>\$ 437,012</u>

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF NEW DENMARK
BROWN COUNTY, WISCONSIN**

Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance - General Fund
Budget and Actual

Year Ended December 31, 2010

(With Comparative Actual Amounts for the Year Ended December 31, 2009)

"See Accountants' Review Report"

	2010			Actual Prior Year
	Original & Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	
Revenues				
Taxes	\$ 412,747	\$ 417,510	\$ 4,763	\$ 409,245
Intergovernmental	173,726	190,855	17,129	181,602
Licenses and permits	1,500	6,826	5,326	8,586
Law and ordinance violations	-	-	-	123
Public charges for services	62,563	62,991	428	60,801
Miscellaneous	12,000	3,564	(8,436)	2,974
Total Revenues	662,536	681,746	19,210	663,331
Expenditures				
Current				
General government	156,136	158,650	(2,514)	156,100
Public safety	52,500	53,844	(1,344)	54,619
Public works	584,200	456,662	127,538	473,909
Health and human services	-	263	(263)	301
Culture and recreation	3,500	2,200	1,300	2,500
Conservation and development	4,000	3,095	905	3,623
Total Expenditures	800,336	674,714	125,622	691,052
Net Change in Fund Balance	(137,800)	7,032	144,832	(27,721)
Fund Balance - January 1	437,012	437,012	-	464,733
Fund Balance - December 31	\$ 299,212	\$ 444,044	\$ 144,832	\$ 437,012

The notes to the basic financial statements are an integral part of this statement.

TOWN OF NEW DENMARK
BROWN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010
"See Accountants' Review Report"

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of New Denmark, Brown County, Wisconsin ("the Town"), have been prepared on a cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under this basis of accounting assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses are recognized when they result from cash transactions. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Town are described below:

1. Reporting Entity

The Town of New Denmark is a municipal corporation governed by an elected board. In accordance with GAAP, the basic financial statements are required to include the Town (the primary government) and any separate component units that have a significant operational or financial relationship with the Town. The Town has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. Fund Financial Statements

Separate financial statements are provided for governmental funds. Governmental funds include the general fund. The major individual governmental fund is reported as a separate column in the fund financial statements.

The Town reports the following major governmental fund:

GENERAL FUND

This is the Town's main operating fund. It accounts for all financial resources of the general government.

3. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by its measurement focus. The general fund financial statements of the Town are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Statement of Assets, Liabilities and Fund Balances. Operating statements of this fund present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The cash basis of accounting is used by the general fund. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. In addition, the costs of any capital assets purchased or constructed are not recorded as assets on the statement of net assets. The amount paid for those assets is reflected as an expenditure in the year paid.

TOWN OF NEW DENMARK
BROWN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010
"See Accountants' Review Report"

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

Cash and investments are combined on the Statement of Assets, Liabilities and Fund Balances. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

b. Fund Equity

Under the provisions of GASB Statement No. 1, a Town may establish reserves for those portions of fund equity not appropriable for expenditure or which are legally segregated for a specific future use. Fund equity designations also may be established to indicate tentative plans for financial resource utilization in a future period.

5. Comparative Data

Summarized financial information for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations.

NOTE B - STEWARDSHIP AND COMPLIANCE

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During November, the Town Board and officials prepare a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.
2. Budgets are adopted on a basis of cash receipts and cash disbursements for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general fund.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity of the Town. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board.
5. Encumbrance accounting is not used by the Town to record commitments related to unperformed contracts for goods or services.

TOWN OF NEW DENMARK
BROWN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010
"See Accountants' Review Report"

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The Town maintains various cash and investment accounts. Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Town's cash and investments totaled \$788,982 on December 31, 2010 and consisted entirely of deposits with financial institutions.

Deposits and investments of the Town are subject to various risks. Presented below is a discussion of the specific risks and the Town's policy related to the risk.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Town does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 per official custodian per depository institution. In addition, the Town's non-interest bearing transaction accounts are fully insured through December 31, 2012. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2010, \$99,557 of the Town's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized. The uninsured deposits are the result of advance tax collections that will be remitted to other local governmental units in January of 2011.

2. Property Taxes

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Town.

TOWN OF NEW DENMARK
BROWN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010
"See Accountants' Review Report"

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

3. Long-term Obligations

The Town did not have any long-term obligations on December 31, 2010.

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2010 was \$6,583,780 as follows:

Equalized valuation of the Town	\$131,675,600
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	6,583,780
Outstanding general obligation debt applicable to debt limitation	<u>-</u>
Legal Margin for New Debt	<u><u>\$ 6,583,780</u></u>

4. Fund Equity

In the fund financial statements, portions of governmental fund balances have been designated to represent tentative management plans that are subject to change. At December 31, 2010 fund balance was designated as follows:

General Fund	
Designated for subsequent year's budget	<u><u>\$ 138,300</u></u>

NOTE D - OTHER INFORMATION

1. County Aid Bridge Fund

The Brown County Highway Department maintains a separate fund for financing bridge construction on the Town's roads. Financing for the fund is provided by annual tax levies from both the County and the Town. Financial transactions of the County aid bridge fund are not included on the Town's basic financial statements.

A summary of transactions in the Town's county aid bridge fund for 2010, as reported by the Brown County Highway Department, shows a balance of \$87,713 in the fund on December 31, 2010 as follows:

Balance - January 1, 2010	\$ 61,048
Tax levies for 2010	
County	19,000
Town	<u>19,000</u>
Total available	99,048
Less: Expenditures by County Highway Department for bridge construction on Town Road	<u>(11,335)</u>
Balance - December 31, 2010	<u><u>\$ 87,713</u></u>

