

TOWN OF BARNES, WI
FINANCIAL STATEMENTS - CASH BASIS
DECEMBER 31, 2009

Town of Barnes, WI

TABLE OF CONTENTS

Independent Auditor’s Report 1

Financial Statements – Cash Basis

Statement of Activities and Net Assets 2

Statement of Cash Receipts, Disbursements and Changes
in Cash Balances - All Governmental Funds– Cash Basis 3

Statement of Cash Receipts, Disbursements and Changes
In Cash Basis Net Assets – Fiduciary Fund 4

General Fund Statement of Receipts, Disbursements and Changes
In Cash Balance-Budget to Actual – Cash Basis 5

Notes to Financial Statements 6

EAGLE AUDIT & ACCOUNTING, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Town Board
Town of Barnes
Barnes, Wisconsin

We have audited the accompanying cash basis financial statements of the Town of Barnes, WI 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's 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 cash basis 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 described in Note 1, the Town of Barnes, WI prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Wisconsin, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

The Town of Barnes declined to present Management's Discussion and Analysis for the year ended December 31, 2009. Presentation of that information is required by accounting principles generally accepted in the United States.

In our opinion, except that the omission of the Management's Discussion and Analysis results in an incomplete presentation as explained in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective cash basis financial position of the Town of Barnes, WI as of December 31, 2009, and its respective changes in cash basis financial position thereof for the year then ended, on the basis of accounting described in Note 1.



Eagle Audit & Accounting, LLC
Certified Public Accountants

April 13, 2010
Park Falls, Wisconsin

Town of Barnes

Statement of Cash Receipts, Disbursements, and Changes in Cash Balance All Governmental Funds - Cash Basis

Year Ending December 31, 2009

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Receipts:		
Taxes	\$ 506,879	\$ 506,879
Intergovernmental	461,093	461,093
Regulation and compliance	9,624	9,624
Public charges for services	55,241	55,241
Intergovernmental charges for services	7,630	7,630
Commercial	23,666	23,666
Total receipts	<u>1,064,133</u>	<u>1,064,133</u>
Disbursements:		
General government	160,136	160,136
Public safety	101,176	101,176
Public works	296,649	296,649
Health and human services	4,528	4,528
Culture, recreation and development	36,374	36,374
Capital outlay	188,133	188,133
Debt service	160,529	160,529
Total disbursements	<u>947,525</u>	<u>947,525</u>
Excess (deficiency) of receipts over disbursements	116,608	116,608
Other Financing Sources (Uses)		
Proceeds from debt	51,500	51,500
Total other financing sources (uses)	<u>51,500</u>	<u>51,500</u>
Excess (deficiency) of receipts and other sources over disbursements and other uses	168,108	168,108
Cash balance - beginning of year	610,428	610,428
Cash balance - end of year	<u>\$ 778,536</u>	<u>\$ 778,536</u>

See accompanying notes to financial statements.

Town of Barnes

Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Net Assets

Fiduciary Funds

As of and for the Year Ended
December 31, 2009

<u>Advance Tax Collections Fund</u>	
Cash Receipts	677,718
Cash Disbursements	480,547
Change in Net Assets	<u>197,171</u>
Net Assets - beginning of year	<u>480,547</u>
Net Assets - end of year	<u><u>\$ 677,718</u></u>
Assets	
Cash	<u>677,718</u>
Total Assets	<u><u>\$ 677,718</u></u>
Net Assets	
Reserved Net Assets	<u>677,718</u>
Total Net Assets	<u><u>\$ 677,718</u></u>

See accompanying notes to financial statements.

Town of Barnes

General Fund Statement of Receipts, Disbursements and Changes in Cash Balance- Budget and Actual- Cash Basis

Year Ended December 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Receipts:				
Taxes	\$ 497,893	\$ 497,893	506,879	\$ 8,986
Intergovernmental	425,347	430,347	461,093	30,746
Regulation and compliance	9,375	9,375	9,624	249
Public charges for services	45,328	46,078	55,241	9,163
Intergovernmental charges for services	5,205	5,205	7,630	2,425
Commercial	34,750	34,750	23,666	(11,084)
Total receipts	<u>1,017,898</u>	<u>1,023,648</u>	<u>1,064,133</u>	<u>40,485</u>
Disbursements:				
General government	157,080	155,759	160,136	(4,377)
Public safety	117,891	118,641	101,176	17,465
Public works	276,164	354,164	296,649	57,515
Health and human services	4,626	4,626	4,528	98
Culture, recreation and development	43,649	43,649	36,374	7,275
Capital outlay	404,025	339,830	188,133	151,697
Debt service	161,502	161,502	160,529	973
Total disbursements	<u>1,164,937</u>	<u>1,178,171</u>	<u>947,525</u>	<u>230,646</u>
Excess (deficiency) of receipts over disbursement:	(147,039)	(154,523)	116,608	271,131
Other Financing Sources (Uses)				
Proceeds from debt	51,500	51,500	51,500	-
Total other financing sources (uses)	<u>51,500</u>	<u>51,500</u>	<u>51,500</u>	<u>-</u>
Excess (deficiency) of receipts and other sources over disbursements and other uses	(95,539)	(103,023)	168,108	271,131
Cash balance - beginning of year	610,428	610,428	610,428	-
Cash balance - end of year	<u>\$ 514,889</u>	<u>\$ 507,405</u>	<u>\$ 778,536</u>	<u>\$ 271,131</u>

See accompanying notes to financial statements.

Town of Barnes

Notes to Financial Statements – Cash Basis

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Barnes, WI (the "Town") have been prepared on the cash basis of accounting, which is an other comprehensive basis of accounting (OCBOA) other than generally accepted accounting principles. 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.

Reporting Entity

The Town of Barnes, WI (herein "the Town") is located in Bayfield County, Wisconsin and is incorporated under the provisions of the State of Wisconsin. The Town operates under an elected Board form of government and provides the following services as authorized by its charter: Public safety, roads, and general administrative services.

The Town has no component units and is not included as a component unit in any other government's financial statements.

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which are comprised of each fund's cash, fund equity, receipts, and disbursements, as appropriate. Governmental resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds in the financial statements in this report are as follows:

Governmental Fund Types:

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund.

Town of Barnes

Notes to Financial Statements – Cash Basis

Basis of Presentation

The Town applies restricted resources first when a disbursement is made for a purpose for which both restricted and unrestricted net assets are available.

Basis of Accounting - Cash

The accounts of the Town are maintained, and the accompanying financial statements have been prepared, on the cash basis of accounting. Accordingly, revenues and expenditures are recognized only as cash is received or disbursed, and receivables, inventories, prepaid expenses, accrued expenses and vouchers payable are not reflected in the financial statements. Purchases of property and equipment are recorded as disbursements when paid.

Budgets

The Town prepares annual budgets for its operations as required by its charter. Budget columns in the financial statements represent estimated revenue and authorized appropriations adopted by the Town Board in November of the preceding year. The Board has the authority to amend the budget, including authorizing additional appropriations. All appropriations lapse at year-end.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

State statutes permit the Town to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. The Town has no policy that further limits deposits and investments.

General Fixed Assets

General fixed assets purchased are recorded as expenditures of the period in which purchased.

Town of Barnes

Notes to Financial Statements – Cash Basis

Taxes and Assessments

Personal and real estate property taxes are levied in December by the Town Board in conjunction with the adoption of the annual budget for the ensuing fiscal year beginning January 1. Levies are based on assessed property values certified on January 1 of the prior year and become a lien on the property at the beginning of the fiscal year. Real estate taxes may be paid in two equal installments due the end of January and July 31. Personal property taxes must be paid in full by the end of January. The Town Clerk-Treasurer collects taxes for all purposes on properties within the Township through January. Settlement with other taxing entities is made on or about February 15. The County collects the remaining real estate taxes outstanding. In August the County pays the Township in full for all outstanding real estate taxes due. The Township retains the responsibility for collection of personal property taxes.

NOTE 2 - CASH BALANCE

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time deposits and \$250,000 for demand deposits for each authorized government official. The Town of Barnes maintains 7 authorized government officials as signatories on their accounts. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per institution 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.

At December 31, 2009, deposits are summarized as follows:

	Insured	Guaranteed	Uninsured and Uncollateralized	Bank Balance	Carrying Amount
State Bank of Drummond	\$ 1,471,659	\$ -0-	\$ -0-	\$ 1,471,659	\$ 1,456,254

The above cash balance is accounted for at December 31, 2009, as follows:

General Fund	
Unreserved – Undesignated	\$778,536
Fiduciary Fund –Advance tax collection	<u>\$677,718</u>
Total	<u>\$1,456,254</u>

Town of Barnes

Notes to Financial Statements – Cash Basis

Deposits 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 Town does not have an additional custodial credit risk policy.

NOTE 3 – Long-Term Debt (this is not a required disclosure under the cash basis of accounting, but is presented as additional information)

Long-term obligations of the Town are as follows:

Description	Beginning Balance	New Issuance	Principal Repaid	Ending Balance
State Trust Fund note matures March 15, 2010 3.0% interest rate	\$ 145,003	0	\$145,003	\$ 0
State Trust Fund note matures March 15, 2013 3.25% interest rate	0	51,500	0	51,500
State Trust Fund note matures March 15, 2013 3.25% interest rate	51,500	0	10,204	41,296
Total	<u>\$ 196,503</u>	<u>\$ 51,500</u>	<u>\$ 155,207</u>	<u>\$ 92,796</u>

The 2009 equalized valuation of the Town as certified by the Wisconsin Department of Revenue was \$338,810,200. The legal limit and margin of indebtedness as of December 31, 2009, in accordance with Section 67.03 of the Wisconsin Statutes is as follows:

Debt Limit (5% of \$341,788,300)	\$17,089,415
Deduct Debt applicable to Debt Margin	<u>\$ 92,796</u>
Margin of Indebtedness	<u>\$16,996,619</u>

Town of Barnes

Notes to Financial Statements – Cash Basis

The following represents the cash needed to service debt in future years.

Year ended	Principal	Interest	Total
2010	21,967	3,195	25,162
2011	22,860	2,302	25,162
2012	23,599	1,563	25,162
2013	24,370	792	25,162
Total	<u>\$92,796</u>	<u>\$ 7,852</u>	<u>\$ 100,648</u>

NOTE 4 – Advance Tax Collections

At December 31, 2009, the Clerk-Treasurer was holding deposits resulting from tax collections of \$677,718 related to the subsequent year tax levy. In February of 2010, this will be paid to the county, public school district, vocational school district, and state governments based on the levy apportionment. The Township's share will become part of the bank balance.

NOTE 5 – Stewardship and Accountability – Violations of Finance Related Legal/Contractual Provisions

The Town did not have any violation of legal or contractual provisions for the fiscal year ended December 31, 2009.

NOTE 6 – Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation; and natural disasters. 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 has been no reduction in insurance coverage from that in prior years.

NOTE 7 - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from these estimates. The Town currently has no significant estimates included in the financial statements.