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

**FINANCIAL STATEMENTS WITH
ACCOUNTANTS' REVIEW REPORT**

DECEMBER 31, 2011

TOWN OF NEW DENMARK
BROWN COUNTY, WISCONSIN
December 31, 2011

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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 major fund of the Town of New Denmark, Brown County, Wisconsin, as of and for the year ended December 31, 2011, 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 exception of the matter described in the following paragraph, 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.

The Town 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.

As described in Note A, the Town has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the fiscal year ended December 31, 2011.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The budgetary comparison information on page 5 is presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

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The Town has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Certified Public Accountants
Green Bay, Wisconsin
February 27, 2012

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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, 2011
(With Comparative Actual Amounts for December 31, 2010)
"See Independent Accountants' Review Report"

	2011	2010
ASSETS		
Cash and investments	<u>\$ 747,020</u>	<u>\$ 788,982</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Advanced tax collections	<u>\$ 333,309</u>	<u>\$ 344,938</u>
Fund Balance		
Unreserved		
Committed for subsequent year's budget	145,479	138,300
Unassigned	<u>268,232</u>	<u>305,744</u>
Total Fund Balance	<u>413,711</u>	<u>444,044</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 747,020</u>	<u>\$ 788,982</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
Year Ended December 31, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)
"See Independent Accountants' Review Report"

	2011	2010
Revenues		
Taxes	\$ 423,501	\$ 417,510
Intergovernmental	184,727	190,855
Licenses and permits	10,896	6,826
Law and ordinance violations	50	-
Public charges for services	69,285	62,991
Miscellaneous	1,845	3,564
Total Revenues	690,304	681,746
Expenditures		
General government	165,936	158,650
Public safety	87,583	53,844
Public works	461,375	456,662
Health and human services	178	263
Culture and recreation	2,700	2,200
Conservation and development	2,865	3,095
Total Expenditures	720,637	674,714
Net Change in Fund Balance	(30,333)	7,032
Fund Balance - January 1	444,044	437,012
Fund Balance - December 31	\$ 413,711	\$ 444,044

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, 2011

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

"See Independent Accountants' Review Report"

	2011			Actual Prior Year
	Original & Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	
Revenues				
Taxes	\$ 422,031	\$ 423,501	\$ 1,470	\$ 417,510
Intergovernmental	180,155	184,727	4,572	190,855
Licenses and permits	1,350	10,896	9,546	6,826
Law and ordinance violations	-	50	50	-
Public charges for services	65,100	69,285	4,185	62,991
Miscellaneous	5,500	1,845	(3,655)	3,564
Total Revenues	674,136	690,304	16,168	681,746
Expenditures				
General government	166,436	165,936	500	158,650
Public safety	60,800	87,583	(26,783)	53,844
Public works	578,200	461,375	116,825	456,662
Health and human services	-	178	(178)	263
Culture and recreation	2,500	2,700	(200)	2,200
Conservation and development	4,000	2,865	1,135	3,095
Total Expenditures	811,936	720,637	91,299	674,714
Net Change in Fund Balance	(137,800)	(30,333)	107,467	7,032
Fund Balance - January 1	444,044	444,044	-	437,012
Fund Balance - December 31	\$ 306,244	\$ 413,711	\$ 107,467	\$ 444,044

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, 2011

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.

The Town implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011.

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.

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

For the year ended December 31, 2011, the Town implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which fund balance amounts can be spent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the Board. These constraints can only be removed or changed by the Board using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of Town management. The Town Board has not authorized an employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The Town has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

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.

**TOWN OF NEW DENMARK
BROWN COUNTY, WISCONSIN**
Notes to Basic Financial Statements
December 31, 2011

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.

The following expenditure functions of the general fund had actual expenditures in excess of budget appropriations for the years ended December 31, 2011:

Public safety	\$	26,783
Health and human services		178
Culture and recreation		200

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The Town maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

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 \$747,020 on December 31, 2011 and consisted entirely of deposits with financial institutions.

TOWN OF NEW DENMARK
BROWN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2011

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NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Deposits of the Town are subject to custodial credit risk. Presented below is a discussion of the Town's deposits and the related 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.

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 interest bearing 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 for all time accounts, savings accounts and interest bearing demand deposit accounts 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, 2011, \$59,404 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized. Uninsured deposits consist entirely of advance tax collections that will be remitted to other local governments in January of 2012.

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.

3. Long-term Obligations

The Town did not have any long-term obligations on December 31, 2011.

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2011 was \$6,651,700 as follows:

Equalized valuation of the Town	\$ 133,034,000
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	6,651,700
Outstanding general obligation debt applicable to debt limitation	-
Legal Margin for New Debt	\$ 6,651,700

**TOWN OF NEW DENMARK
BROWN COUNTY, WISCONSIN**
Notes to Basic Financial Statements
December 31, 2011

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 2011, as reported by the Brown County Highway Department, shows a balance of \$77,169 in the fund on December 31, 2011 as follows:

Balance - January 1, 2011	\$	87,713
Tax levies for 2011		
County		-
Town		-
Total available		87,713
Less: Expenditures by County Highway Department for bridge construction on Town Road		(10,544)
Balance - December 31, 2011	\$	77,169

2. 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; and natural disasters for which the government carries commercial insurance. The Town completes an annual review of its insurance coverage to ensure adequate coverage.

3. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2011 budget year, the increase in the maximum allowable tax levy is limited to the greater of the percentage change in the Town's January 1 equalized value as a result of net new construction or 3.0% per year. The actual limit for the Town for the 2011 budget was 3.0%. For the 2012 budget year, Wisconsin statutes limit the increase in the maximum allowable tax levy to the change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2012 budget was 0.89%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

4. Contingencies

From time to time, the Town is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Town's financial position or results of operations.

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SUPPLEMENTAL INFORMATION

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

Detailed Schedule of Revenues Collected - General Fund
Year Ended December 31, 2011

(With Comparative Actual Amounts for the Year Ended December 31, 2010)
"See Independent Accountants' Review Report"

	2011	2010
Local Taxes		
General property taxes		
Local levy	\$ 422,030	\$ 393,619
Bridge fund levy	-	19,000
Forest crop tax	207	207
Other taxes	1,264	4,684
Total Taxes	423,501	417,510
Intergovernmental		
State shared taxes		
Shared	40,284	40,352
Fire insurance	4,341	4,033
Exempt computer aid	215	133
State aids		
General highway aid	132,397	128,520
Local road improvement program	-	10,055
Recycling aid	4,869	7,531
Forest crop	41	41
In lieu of taxes on conservation land	72	76
Election	152	114
Other aid		
County - Bridge aid	2,356	-
Total Intergovernmental	184,727	190,855
Licenses and Permits		
Business licenses	1,357	1,349
Dog licenses	519	2,296
Building permits	5,745	2,081
Zoning permits	3,275	1,100
Total Licenses and Permits	10,896	6,826
Law and ordinance violations	50	-
Public Charges for Services		
General government	410	188
Elections	57	-
Highway and street maintenance	5,323	250
Garbage and recycling	63,495	62,553
Total Public Charges for Services	69,285	62,991
Miscellaneous		
Interest income	1,699	2,370
Insurance recoveries	146	1,194
Total Miscellaneous	1,845	3,564
Total Revenues	\$ 690,304	\$ 681,746

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

Detailed Schedule of Expenditures Paid - General Fund
Year Ended December 31, 2011

(With Comparative Actual Amounts for the Year Ended December 31, 2010)
"See Independent Accountants' Review Report"

	2011	2010
General Government		
Town board	\$ 38,022	\$ 38,491
Judicial	2,000	700
Legal	28,895	20,200
General administration	32,719	33,702
Financial administration	51,045	51,933
Town hall	2,237	2,673
Insurance	11,018	10,951
Total General Government	<u>165,936</u>	<u>158,650</u>
Public Safety		
Law enforcement	344	542
Fire protection	53,646	36,186
Ambulance	9,938	14,998
Building inspection	5,116	2,118
Fire protection outlay	18,539	-
Total Public Safety	<u>87,583</u>	<u>53,844</u>
Public Works		
Highway maintenance	372,165	357,583
Highway construction	-	3,100
Bridge fund	-	19,000
Street lighting	4,796	4,712
Garbage and recycling	84,149	72,267
Weed and nuisance control	265	-
Total Public Works	<u>461,375</u>	<u>456,662</u>
Health and Human Services		
Humane society	<u>178</u>	<u>263</u>
Culture and Recreation		
Parks	1,200	1,200
Recreation	1,500	1,000
Total Culture and Recreation	<u>2,700</u>	<u>2,200</u>
Conservation and Development		
Zoning	<u>2,865</u>	<u>3,095</u>
Total Expenditures	<u>\$ 720,637</u>	<u>\$ 674,714</u>