

TOWN OF BARNES, WI
FINANCIAL STATEMENTS - CASH BASIS
DECEMBER 31, 2008

Town of Barnes, WI

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LYNN M. LUTZ

CERTIFIED PUBLIC ACCOUNTANT

Town Board
Town of Barnes
Barnes, Wisconsin

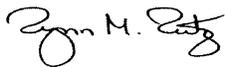
I have audited the accompanying cash basis financial statements of the Town of Barnes, WI as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the Town's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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. I believe that my audit provides a reasonable basis for my 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, 2008. Presentation of that information is required by accounting principles generally accepted in the United States.

In my 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, 2008, and its respective changes in cash basis financial position thereof for the year then ended, on the basis of accounting described in Note 1.



Lynn M. Lutz
Certified Public Accountant
April 1, 2009

Town of Barnes

Statement of Activities and Net Assets - Cash Basis

As of and for the Year Ended December 31, 2008

Functions/Programs	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General Government	183,567	10,334	\$ -	\$ (173,233)
Public Safety	204,737	22,566	8,405	(173,766)
Public Works	568,631	33,431	298,961	(236,239)
Health & human services	3,637	870	-	(2,767)
Culture, recreation, and development	57,113	0	26,172	(30,941)
Debt service	189,089	-	-	(189,089)
Net governmental activity (disbursements) receipts	1,206,774	67,201	333,538	(806,035)
General receipts:				
Property taxes levied for general purposes				666,226
Intergovernmental revenues not restricted to a specific program				147,556
Unrestricted investment earnings				24,052
Miscellaneous unallocated revenues				25,290
Proceeds from LT debt				51,500
Total general receipts				914,624
Change in net assets				108,589
Net assets - beginning of the year				501,839
Net assets - end of year				\$ 610,428
Assets				
Cash				\$ 610,428
Total Assets				\$ 610,428
Net Assets				
Unrestricted				\$ 610,428
Total Net Assets				\$ 610,428

See accompanying notes to financial statements.

Town of Barnes

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

Year Ending December 31, 2008

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Receipts:		
Taxes	\$ 666,226	\$ 666,226
Intergovernmental	481,094	481,094
Regulation and compliance	10,334	10,334
Public charges for services	51,886	51,886
Intergovernmental charges for services	4,981	4,981
Commercial	49,342	49,342
Total receipts	<u>1,263,863</u>	<u>1,263,863</u>
Disbursements:		
General government	177,698	177,698
Public safety	98,181	98,181
Public works	271,218	271,218
Health and human services	3,637	3,637
Culture, recreation and development	49,803	49,803
Capital outlay	417,148	417,148
Debt service	189,089	189,089
Total disbursements	<u>1,206,774</u>	<u>1,206,774</u>
Excess (deficiency) of receipts over disbursements	57,089	57,089
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	108,589	108,589
Cash balance - beginning of year	501,839	501,839
Cash balance - end of year	<u><u>\$ 610,428</u></u>	<u><u>\$ 610,428</u></u>

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, 2008

Advance Tax Collections Fund

Cash Receipts	480,547
Cash Disbursements	582,945
Change in Net Assets	<u>(102,398)</u>
Net Assets - beginning of year	<u>582,945</u>
Net Assets - end of year	<u><u>\$ 480,547</u></u>

Assets	
Cash	<u>480,547</u>
Total Assets	<u><u>\$ 480,547</u></u>

Net Assets	
Reserved Net Assets	<u>480,547</u>
Total Net Assets	<u><u>\$ 480,547</u></u>

Town of Barnes

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

Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Receipts:				
Taxes	\$ 652,276	\$ 652,276	666,226	\$ 13,950
Intergovernmental	412,101	\$ 412,101	481,094	68,993
Regulation and compliance	9,405	9,405	10,334	929
Public charges for services	41,477	41,477	51,886	10,409
Intergovernmental charges for services	4,658	4,658	4,981	323
Commercial	41,150	41,150	49,342	8,192
Total receipts	<u>1,161,067</u>	<u>1,161,067</u>	<u>1,263,863</u>	<u>102,796</u>
Disbursements:				
General government	151,352	151,352	177,698	(26,346)
Public safety	110,179	110,179	98,181	11,998
Public works	281,857	281,857	271,218	10,639
Health and human services	3,426	3,426	3,637	(211)
Culture, recreation and development	76,318	76,318	49,803	26,515
Capital outlay	606,051	606,051	417,148	188,903
Debt service	189,089	189,089	189,089	-
Total disbursements	<u>1,418,272</u>	<u>1,418,272</u>	<u>1,206,774</u>	<u>211,498</u>
Excess (deficiency) of receipts over disbursement:	(257,205)	(257,205)	57,089	314,294
Other Financing Sources (Uses)				
Proceeds from debt	150,000	150,000	51,500	(98,500)
Other sources	196,000	196,000	-	(196,000)
Other uses	(88,795)	(88,795)	-	88,795
Total other financing sources (uses)	<u>257,205</u>	<u>257,205</u>	<u>51,500</u>	<u>(205,705)</u>
Excess (deficiency) of receipts and other sources over disbursements and other uses	-	-	108,589	108,589
Cash balance - beginning of year	501,839	501,839	501,839	-
Cash balance - end of year	<u>\$ 501,839</u>	<u>\$ 501,839</u>	<u>\$ 610,428</u>	<u>\$ 108,589</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, 2008, deposits are summarized as follows:

	Insured	Guaranteed	Uninsured and Uncollateralized	Bank Balance	Carrying Amount
State Bank of Drummond	\$ 1,119,057	\$ -0-	\$ -0-	\$ 1,119,057	\$ 1,090,975

The above cash balance is accounted for at December 31, 2008, as follows:

General Fund	
Unreserved – Undesignated	\$610,428
Fiduciary Fund –Advance tax collection	<u>\$480,547</u>
Total	<u>\$1,090,975</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	\$ 300,118	0	\$155,115	\$ 145,003
Capital lease matures July 1, 2008, 3.69% interest	24,043	0	24,043	0
State Trust Fund note matures March 15, 2013 3.25% interest rate	0	51,500	0	51,500
Total	<u>\$ 324,161</u>	<u>\$ 51,500</u>	<u>\$ 179,158</u>	<u>\$ 196,503</u>

During the year ending December 31, 2008 the Town received a loan approval from the State of Wisconsin Board of Commissioners of Public Lands for \$103,000. On August 15, 2008 the Town drew \$51,500 of the loan leaving a balance of \$51,500 available to be drawn down in 2009.

The 2008 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, 2008, in accordance with Section 67.03 of the Wisconsin Statutes is as follows:

Debt Limit (5% of \$338,810,200)	\$16,940,510
Deduct Debt applicable to Debt Margin	<u>\$ 196,503</u>
Margin of Indebtedness	<u>\$16,744,007</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
2009	155,207	5,753	160,960
2010	9,835	1,342	11,177
2011	10,154	1,023	11,177
2012	10,482	695	11,177
2013	10,825	352	11,177
Total	<u>\$196,503</u>	<u>\$ 9,165</u>	<u>\$ 205,668</u>

NOTE 4 – Advance Tax Collections

At December 31, 2008, the Clerk-Treasurer was holding deposits resulting from tax collections of \$480,547 related to the subsequent year tax levy. In February of 2009, 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, 2008.

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.