

LINCOLN COUNTY, WISCONSIN
Merrill, Wisconsin

BASIC FINANCIAL STATEMENTS
December 31, 2010



Schenck^{SC}

CPAs AND SO MUCH MORE.

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Independent Auditors' Report

Members of the Lincoln County
Board of Supervisors
Merrill, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Wisconsin, as of and for the year ended December 31, 2010, which collectively comprise the Lincoln County, Wisconsin's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lincoln County, Wisconsin's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pine Crest Nursing Home, an enterprise fund, which statements reflect total assets of \$8,981,590 as of December 31, 2010, and total revenues of \$11,584,418 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for PineCrest Nursing Home, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Wisconsin, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2011, on our consideration of Lincoln County, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other



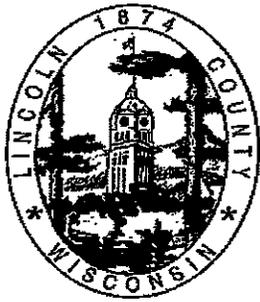
matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budget comparison information on pages 3 through 12 and 51 through 58 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lincoln County, Wisconsin's financial statements as a whole. The combining nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Green Bay, Wisconsin
July 15, 2011



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Management's Discussion and Analysis

As management of Lincoln County, we offer the readers of Lincoln County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2010.

Financial Highlights

- The assets of Lincoln County exceeded liabilities at the close of the most recent fiscal year by \$70,406,774 (net assets). Of this amount, \$20,774,535 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$4,906,339.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$13,448,806, an increase of \$2,084,208 in comparison with the prior year. Eighty-one percent of this total amount, \$10,935,981, is available for spending at the government's discretions (unreserved fund balance).
- At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$900,252, or 6.6% of total general fund expenditures.
- In 2010 Lincoln County expended \$1,830,133 on capital projects as the County nears completion on its long planned for building project.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to Lincoln County's basic financial statements. The County's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

The *statement of net assets* reports what a government owns (assets) and owes (liabilities), as well as the net difference between the two (net assets). This statement reports the financial position of Lincoln County at December 31, 2010. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the *statement of net assets* and the *statement of activities*, the County has two kinds of activities:

- **Governmental Activities** - Most of the County's programs and services are reported here, including general government, public safety, public works, health and human services, culture recreation and education, and conservation and development.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all or most of the services provided. The County's Nursing Home, Solid Waste Landfill, and Forestry are reported here.

Infrastructure assets (which include roads, bridges, curbs and gutters, street and sidewalks, drainage systems, and lighting systems) are reported at historical cost, or estimated historical cost, in the governmental activities column in the government-wide financial statements. They are part of the County Roads and Bridges governmental fund and were not required to have been reported before the implementation of GASB Statement Number 34.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. The County's major governmental funds are the General Fund, County Roads and Bridges Fund, Social Services Fund, Capital Project Fund and Developmental Disabilities Fund.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the county roads and bridges special revenue fund, social services special revenue fund, and developmental disabilities special revenue fund, and additionally the capital project fund all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these seven nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for all of its governmental funds except and the capital project fund. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget.

Proprietary Funds - When the County charges customers for the services it provides - whether to outside customers or to other units of the County - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Assets* and the *Statement of Activities*. In fact, the County's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The County uses enterprise funds to account for its PineCrest Nursing Home, Solid Waste Landfill, and Forestry Department. The County uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the County's other programs and activities. The County uses internal service funds to account for its Health Insurance Trust Fund and the Highway Department.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The County's fiduciary funds include its employees' benefit cafeteria plan and clerk of courts collection fund. All of the County's fiduciary activities are reported in a separate *Statement of Fiduciary Net Assets*. We exclude these net assets from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining fund statements are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. At the close of 2010, the County's assets exceeded liabilities by \$70,803,016.

By far the largest portion of the County's net assets, \$48,937,729 (69%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Lincoln County's Net Assets						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 36,006,589	\$ 34,368,167	\$ 13,661,031	\$ 12,530,313	\$ 49,667,620	\$ 46,030,370
Capital assets	<u>54,950,482</u>	<u>57,745,673</u>	<u>8,878,910</u>	<u>9,237,226</u>	<u>63,829,392</u>	<u>66,982,899</u>
Total assets	<u>90,957,071</u>	<u>92,113,840</u>	<u>22,539,941</u>	<u>21,767,539</u>	<u>113,497,012</u>	<u>113,881,379</u>
Long-term liabilities outstanding	14,688,477	12,586,036	5,710,096	5,530,771	20,398,573	18,116,807
Other liabilities	<u>19,737,902</u>	<u>18,722,231</u>	<u>2,953,763</u>	<u>1,729,228</u>	<u>22,691,665</u>	<u>20,451,459</u>
Total liabilities	<u>34,426,379</u>	<u>31,308,267</u>	<u>8,663,859</u>	<u>7,259,999</u>	<u>43,090,238</u>	<u>38,568,266</u>
Net assets:						
Invested in capital assets, net of related debt	42,239,237	45,065,287	6,698,492	6,711,991	48,937,729	51,777,278
Restricted	671,962	798,294	22,548	350,830	694,510	1,149,124
Unrestricted	<u>13,619,493</u>	<u>14,941,992</u>	<u>7,155,042</u>	<u>7,444,719</u>	<u>20,774,535</u>	<u>22,386,711</u>
Total net assets	\$ 56,530,692	\$ 60,805,573	\$ 13,876,082	\$ 14,507,540	\$ 70,406,774	\$ 75,313,113

An additional portion of the County's net assets, \$694,510 (1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$20,774,535) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Lincoln County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities. Governmental activities decreased the County's net assets by \$4,906,339. Key elements of this decrease are as follows:

Lincoln County's Change in Net Assets						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 3,222,476	\$ 6,412,646	\$ 14,420,816	\$ 13,746,159	\$ 17,643,292	\$ 20,158,805
Operating grants and contributions	13,564,209	10,436,607	210,768	242,285	14,171,219	10,678,892
Capital grants and contributions	29,226	-	-	-	29,226	-
General revenues:						
Property taxes	12,439,990	11,714,361	347,250	423,140	12,787,240	12,137,501
Other taxes	1,951,092	1,956,983	-	-	1,951,092	1,956,983
Grants and contributions not restricted to specific programs	1,250,670	1,267,240	-	-	1,250,670	1,267,240
Other	<u>205,796</u>	<u>273,624</u>	<u>1,075</u>	<u>1,462</u>	<u>206,871</u>	<u>275,086</u>
Total revenues	<u>32,663,459</u>	<u>32,061,461</u>	<u>14,979,909</u>	<u>14,413,046</u>	<u>47,643,368</u>	<u>46,474,507</u>
Expenses:						
General government	5,430,146	5,216,801	-	-	5,430,146	5,216,801
Public safety	8,124,606	7,968,407	-	-	8,124,606	7,968,407
Public works	9,344,436	6,000,169	-	-	9,344,436	6,000,169
Health and human services	11,871,676	11,378,400	-	-	11,871,676	11,378,400
Culture and recreation	822,249	816,212	-	-	822,249	816,212
Conservation and development	855,570	1,274,429	-	-	855,570	1,274,429
Interest on long-term debt	575,374	524,246	-	-	575,374	524,246
Nursing home	-	-	12,374,747	11,209,676	12,374,747	11,209,676
Forestry	-	-	863,289	907,716	863,289	907,716
Landfill	-	-	<u>2,287,614</u>	<u>2,051,782</u>	<u>2,287,614</u>	<u>2,051,782</u>
Total expenses	<u>37,024,057</u>	<u>33,178,664</u>	<u>15,525,650</u>	<u>14,169,174</u>	<u>52,549,707</u>	<u>47,347,838</u>
Increase (decrease) in net assets before transfers	(4,360,598)	(1,117,203)	(545,741)	243,872	(4,906,339)	(873,331)
Transfers	<u>85,717</u>	<u>731,820</u>	<u>(85,717)</u>	<u>(731,820)</u>	-	-
Increase (Decrease) in net assets	(4,274,881)	(385,383)	(631,458)	(489,948)	(4,906,339)	(873,331)
Net assets - January 1	<u>60,805,573</u>	<u>61,190,956</u>	<u>14,507,540</u>	<u>14,995,488</u>	<u>75,313,113</u>	<u>76,186,444</u>
Net assets - December 31	\$ <u>56,530,692</u>	\$ <u>60,805,573</u>	\$ <u>13,876,082</u>	\$ <u>14,507,540</u>	\$ <u>70,406,774</u>	\$ <u>75,313,113</u>

Interest revenue showed a negative variance of \$145,486 when compared to the 2010 budget. The Highway operation lost \$708,144 due to a shortfall in equipment revenues. In addition to the Highway decrease in capital assets, governmental activities capital assets decreased \$2,087,047 due to depreciation and losses incurred by the removal of capital assets. Additionally, the County's self funded health insurance program lost \$1,525,598 due an unexpected increase in claims.

In addition, the County's efforts in expenditure restraint in the general fund and several of the special revenue funds which showed operating expenditures less than budgeted or revenues greater than budgeted and resulted in transfers of funds (\$462,335) to the general fund offset some of the fore mentioned shortfalls.

Business-type Activities Business-type activities decreased Lincoln County's net assets by \$631,458. The key element of this decrease is the decrease in the Solid Waste net assets of \$640,212 due to a transfer to the general fund of \$200,000 to offset tax levy and future closing cost expenses incurred in 2010.

Financial Analysis of the Government's Funds

As noted earlier, Lincoln County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Lincoln County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Lincoln County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At the end of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$13,448,806, an increase of \$2,084,208 in comparison with the prior year. Approximately 81 percent of this total amount, \$10,935,981, constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) \$230,701 for prepaid items that benefit periods beyond the end of the current year, 2) \$58,983 for insurance deposits, 3) \$1,320,926 for non-liquid delinquent taxes, 4) \$581,333 for grant and program fees, 5) \$31,646 for jail assessment, and 6) \$289,236 a long-term advance made to the Highway Fund from the General Fund.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$8,186,760, while the total fund balance was \$10,268,540. Of the \$8,186,760 unreserved fund balance, \$3,892,426 has been designated by the County for the 2011 budget or for future capital improvement projects and \$3,394,082 has been designated for future cash flow leaving \$900,252 as undesignated unreserved. As a measure of the general fund's liquidity, it may be useful to compare the total unreserved fund balance, undesignated unreserved fund balance, and total fund balance to total fund expenditures. Total general fund unreserved fund balances represent 60% of total general fund expenditures, undesignated unreserved fund balance represents 6% of total general fund expenditures.

The fund balance of Lincoln County's general fund decreased by \$111,736 during the current fiscal year. Key factors in this decrease are as follows:

- The County transferred an additional \$668,000 into the Capital Projects Fund from the General Fund due to cost increases from concerns of the State Historical Society.
- Revenues fell short of budgeted amounts by \$334,960 which included an interest revenue shortfall of \$145,486 and an outside housing shortfall of \$290,592.
- Expenditures fell below budgeted levels by \$1,513,754 due to fiscal restraint, vacant positions, and delayed projects.

The County Roads and Bridges Fund has a fund balance of \$566,929 at December 31, 2010 an increase of \$275,309 when compared to the previous year. The increase is due to Highway work not completed in 2010.

The Social Services fund has a total fund balance of \$672,699. The fund balance of the Social Services fund decreased by \$27,969 during the current year. The key factor in this decrease was the equity transfer made to the General Fund in the amount of \$114,908 based on 2009 results.

Developmental Disabilities fund has a total fund balance of \$177,269 at December 31, 2010. This is a result of net change of \$127,269 over the fund balance at December 31, 2009 due to prior year revenue received in the amount of \$180,177.

The Capital Project fund has a total fund balance of \$507,285 on December 31, 2009. This is an increase of \$1,563,790 during 2010. The key factor in this increase is the final debt offering in the county building project for proceeds of \$2,696,697. The project will be completed in 2011.

Proprietary funds. The County's proprietary funds provide the same type of information found in the business-type activities of the County's government-wide financial statements, but in more detail.

Unrestricted net assets of PineCrest Nursing Home operations at the end of the year amounted to \$3,042,826, those of Solid Waste Landfill amounted to \$2,536,128, and those of Forestry amounted to \$1,576,088. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights.

In the course of the year, the Finance and Insurance Committee and the County Board of Supervisors revised the budget. The budget amendments fell into three main categories. The first category included amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts that we estimated during the budget process in October 2009). The second category included several increases in appropriations to prevent budget overruns. The third included grants or purchases that were not anticipated and budgeted for originally. Other budget amendments were not made for variances in revenue lines unless it was for a grant.

During the year, the budget for expenditures was *increased* by \$970,046. Those amendments are briefly summarized below:

- \$387,455 - The actual amount of grant and designated funds spent down in 2009 was less than the amount estimated as designated for non-lapsing appropriations when the budget was prepared.
- \$215,900 – funds in the Roads Fund balance that were utilized to complete projects in 2010.
- \$110,500 – Increases in IT related expenditures for the building project during 2010 not originally budgeted.
- \$137,895 – Increases in revenues during 2010 not originally budgeted.

Actual expenditures were \$1,513,754 *less* than the amended budget. Explanations not already provided elsewhere in this report are summarized below:

- \$231,343– Savings in the corrections budget due to reduced inmate population.
- \$392,883 – Unused contingency funds.
- \$145,863 – Lower and expected fuel costs and delayed equipment purchases in the Sheriff Department.
- \$57,235 – Lower than expected jury costs and attorney fees.
- \$56,124 – Delayed IT projects in the courthouse.
- \$180,334 – Delayed projects in Land Records.
- \$44,233 – Unspent remonumentation budget.
- \$65,846 – Unspent maintenance budget due to lower than anticipated utility costs.

On the revenue side, the original budget was *increased* by \$99,226 with budget amendments. Significant amendments are summarized as follows:

- \$98,992 – Increase in grant and program revenues used to cover 2010 expenditures.
- \$19,643 – Decrease in zoning grants received.
- \$38,903 – Increase in interest recovered on delinquent taxes.

Actual revenues were \$334,960 *lower* than budgeted. Significant variances are as follows:

- Outside housing revenue in Sheriff Department was less than anticipated by \$290,592.
- Interest revenue fell short of budget expectations by \$145,486.

Capital Asset and Debt Administration

Capital assets. Lincoln County's investment in capital assets for its governmental and business-type activities as of December 31, 2010, amounted to \$63,829,392 (net of accumulated depreciation) compared to \$66,982,899 in 2009. This investment in capital assets includes land, land improvements, infrastructure, buildings and improvements, equipment and vehicles, intangible assets, and work in progress. The net decrease in the County's investment in capital assets for the current fiscal year was \$3,153,507 or five percent.

Major capital asset events during the current fiscal year included the following:

- \$9,640,474 (net) was removed from work in progress due to the completion of the safety building and road work.
- Infrastructure decreased \$310,353 due to an adjustment of an overstatement in 2009.
- Equipment decreased \$228,633 (net) largely due to the sale of a hot mix plant in the Highway Department.
- Depreciation expense totaled \$3,540,129 in 2010.

Lincoln County's Capital Assets (net of accumulated depreciation)						
	Governmental		Governmental		Business-Type	
	Activities	Activities	Activities	Activities	Total	Total
	2010	2009	2010	2009	2010	2009
Land	\$ 181,075	\$ 206,075	\$ 2,600,475	\$ 2,600,485	\$ 2,781,550	\$ 2,806,560
Land improvements	330,628	337,882	1,844,474	2,087,070	2,175,102	2,424,952
Infrastructure	28,396,154	30,041,986	-	-	28,396,154	30,041,986
Buildings and improvements	17,669,768	8,552,537	3,533,256	3,710,636	21,203,024	12,263,173
Equipment and vehicles	4,523,751	5,114,429	818,710	839,035	5,342,461	5,953,464
Work in progress	3,849,106	13,489,580	81,995	-	3,931,101	13,489,580
Intangible assets	-	3,184	-	-	-	3,184
Total	\$ 54,950,482	\$ 57,745,673	\$ 8,878,910	\$ 9,237,226	\$ 63,829,392	\$66,982,899

Additional information on Lincoln County's capital assets can be found in Note 6.

Long-term debt. At the end of the current fiscal year, Lincoln County had a total general obligation debt outstanding of \$16,325,000 which is an increase of \$1,990,000. In 2009 the total general obligation debt outstanding was \$14,335,000. All Lincoln County general obligation debt is backed by the full faith and credit of the County. Lincoln County maintains a Moody's Rating of A2 for general obligation debt.

Lincoln County's Outstanding Long-Term Obligations						
	Governmental	Governmental	Business-	Business-Type	Total	Total
	Activities	Activities	Type	Activities		
	2010	2009	2010	2009	2010	2009
Bonds	\$ 14,190,000	\$ 11,835,000	\$ 2,135,000	\$ 2,500,000	\$ 16,325,000	\$ 14,335,000
Capital lease	256,245	306,803	-	-	256,245	306,803
Compensated absences	<u>1,642,705</u>	<u>1,657,335</u>	<u>438,987</u>	<u>399,742</u>	<u>2,081,692</u>	<u>2,057,077</u>
Total general long-term obligations	\$ 16,088,950	\$ 13,799,138	\$ 2,573,987	\$ 2,899,742	\$ 18,662,937	\$ 16,698,880

Wisconsin statutes limit the amount of general obligation debt a government entity may issue to 5 percent of its total equalized valuation. Lincoln County's available debt capacity is \$102,745,035, which is significantly in excess of Lincoln County's outstanding general obligation debt.

Additional information on Lincoln County's long-term debt can be found in Note 7.

Economic Factors and Next Year's Budget Rates

- The unemployment rate for Lincoln County in April 2011 was 11.1 percent as compared to 7.4 percent for the State of Wisconsin. The April 2011 rate for Lincoln County 2.8 percent higher than the April 2010 rate (10.8%).
- The general economic condition and outlook for the County is poor with few employers planning to hire additional employees or expand in the next year. The economic condition is expected to improve early in 2012.
- Inflationary trends in our region compare to national indices.

These factors were considered in preparing the County's budget for the 2011 fiscal year.

Request for information

This financial report is designed to provide a general overview of Lincoln County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Lincoln County, 801 North Sales Street, Merrill, WI 54452.

BASIC FINANCIAL STATEMENTS

LINCOLN COUNTY, WISCONSIN
STATEMENT OF NET ASSETS
December 31, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 16,198,605	\$ 8,161,385	\$ 24,359,990
Receivables, net:			
Property taxes	12,975,967	359,610	13,335,577
Tax certificates and deeds	1,710,715	-	1,710,715
Assessments	44,205	-	44,205
Accounts	1,303,725	1,143,240	2,446,965
Loans	257,932	-	257,932
Due from other governments	1,952,632	-	1,952,632
Inventories, at cost	1,049,329	276,755	1,326,084
Prepaid expenses	230,971	58,200	289,171
Total current assets	<u>35,724,081</u>	<u>9,999,190</u>	<u>45,723,271</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	<u>58,983</u>	<u>3,661,841</u>	<u>3,720,824</u>
Unamortized debt issue costs	<u>223,525</u>	<u>-</u>	<u>223,525</u>
Capital assets:			
Land and construction in progress	4,030,181	2,682,470	6,712,651
Other capital assets, net of depreciation	<u>50,920,301</u>	<u>6,196,440</u>	<u>57,116,741</u>
Total capital assets	<u>54,950,482</u>	<u>8,878,910</u>	<u>63,829,392</u>
Total noncurrent assets	<u>55,232,990</u>	<u>12,540,751</u>	<u>67,773,741</u>
Total assets	<u>90,957,071</u>	<u>22,539,941</u>	<u>113,497,012</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,168,379	768,021	2,936,400
Accrued expenses	589,874	137,707	727,581
Compensated absences payable	894,471	357,491	1,251,962
Accrued claims	1,070,590	-	1,070,590
Deposits and advances	212,162	81,889	294,051
Due to other governments	1,203,219	135,895	1,339,114
Current portion of long-term obligations	506,002	385,000	891,002
Unearned revenue	<u>13,093,205</u>	<u>1,087,760</u>	<u>14,180,965</u>
Total current liabilities	<u>19,737,902</u>	<u>2,953,763</u>	<u>22,691,665</u>
Noncurrent liabilities:			
Future closure payable	-	3,833,182	3,833,182
Compensated absences payable	748,234	81,496	829,730
Noncurrent portion of long-term obligations	<u>13,940,243</u>	<u>1,795,418</u>	<u>15,735,661</u>
Total noncurrent liabilities	<u>14,688,477</u>	<u>5,710,096</u>	<u>20,398,573</u>
Total liabilities	<u>34,426,379</u>	<u>8,663,859</u>	<u>43,090,238</u>
NET ASSETS			
Invested in capital assets, net of related debt	42,239,237	6,698,492	48,937,729
Restricted	671,962	22,548	694,510
Unrestricted	<u>13,619,493</u>	<u>7,155,042</u>	<u>20,774,535</u>
TOTAL NET ASSETS	<u>\$ 56,530,692</u>	<u>\$ 13,876,082</u>	<u>\$ 70,406,774</u>

These financial statements should be read only in connection with
the accompanying notes to basic financial statements.

LINCOLN COUNTY, WISCONSIN
STATEMENT OF ACTIVITIES
Year Ended December 31, 2010

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Sales and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:						
General government	\$ 5,430,146	\$ 453,171	\$ 29,226	\$ (4,729,743)	\$ -	\$ (4,729,743)
Public safety	8,124,606	1,891,804	-	(6,013,645)	-	(6,013,645)
Public works	9,344,436	2,413,478	-	(5,822,995)	-	(5,822,995)
Health and human services	11,871,676	8,415,413	-	(2,049,522)	-	(2,049,522)
Culture, recreation, and education	822,249	9,363	-	(803,088)	-	(803,088)
Conservation and development	855,570	380,980	-	(213,779)	-	(213,779)
Interest on long-term debt	575,374	-	-	(575,374)	-	(575,374)
Total governmental activities	37,024,057	13,564,209	29,226	(20,208,146)	-	(20,208,146)
BUSINESS-TYPE ACTIVITIES:						
Nursing home	12,374,747	-	-	-	(788,656)	(788,656)
Forestry	863,289	210,768	-	-	348,318	348,318
Solid waste landfill	2,287,614	-	-	-	(537,122)	(537,122)
Total business-type activities	15,525,650	210,768	-	-	(977,460)	(977,460)
TOTAL PRIMARY GOVERNMENT	\$ 52,549,707	\$ 13,774,977	\$ 29,226	(20,208,146)	(977,460)	(21,185,606)

GENERAL REVENUES:

Taxes:

Property taxes, levied for general purposes	12,439,990
Private forest cropland/managed forest land taxes	84,873
County sales tax	1,452,866
Real estate transfer taxes	41,618
Payment in lieu of taxes	86,743
Interest and penalties on taxes	284,992
Grants and contributions not restricted to specific programs	1,250,670
Unrestricted investment earnings	205,796
Transfers	85,717
Total general revenues and transfers	15,933,265

CHANGE IN NET ASSETS

NET ASSETS - BEGINNING

NET ASSETS - ENDING

Change in net assets	(4,274,881)	347,250	12,787,240
NET ASSETS - BEGINNING	60,805,573	-	84,873
NET ASSETS - ENDING	56,530,692	13,876,082	1,452,866

These financial statements should be read only in connection with the accompanying notes to basic financial statements.

LINCOLN COUNTY, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	General	County Roads and Bridges	Social Services	Developmental Disabilities	Capital Project	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 8,474,737	\$ 566,929	\$ 845,700	\$ 489,457	\$ 742,779	\$ 1,375,161	\$ 12,494,763
Receivables, net:							
Property taxes	8,318,452	2,153,218	392,846	33,139	-	2,078,312	12,975,967
Tax certificates and deeds	1,710,715	-	-	-	-	-	1,710,715
Assessments	44,205	-	-	-	-	-	44,205
Accounts	495,244	-	9,172	187,586	-	366,073	1,058,075
Loans	-	-	-	-	-	257,932	257,932
Due from other governments	243,328	-	100,925	986,956	-	155,381	1,486,590
Due from other funds	56,501	-	-	-	-	-	56,501
Prepaid items	229,190	-	-	569	-	942	230,701
Advances	289,236	-	-	-	-	-	289,236
Restricted assets:							
Cash and cash equivalents	58,983	-	-	-	-	-	58,983
TOTAL ASSETS	\$ 19,920,591	\$ 2,720,147	\$ 1,348,643	\$ 1,697,707	\$ 742,779	\$ 4,233,801	\$ 30,663,668
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 264,660	\$ -	\$ 183,683	\$ 354,448	\$ 235,494	\$ 582,139	\$ 1,620,424
Accrued liabilities	352,954	-	19,158	21,358	-	24,775	418,245
Deposits and advances	86,835	-	9,172	116,155	-	-	212,162
Due to other governments	135,940	-	71,085	995,338	-	856	1,203,219
Deferred revenue	8,811,662	2,153,218	392,846	33,139	-	2,369,947	13,760,812
Total liabilities	9,652,051	2,153,218	675,944	1,520,438	235,494	2,977,717	17,214,862
Fund balances							
Reserved for:							
Prepaid items	229,190	-	-	569	-	942	230,701
Insurance deposits	58,983	-	-	-	-	-	58,983
Delinquent property taxes	1,320,926	-	-	-	-	-	1,320,926
Long-term Advance	289,236	-	-	-	-	-	289,236
Grant and program fees	183,445	-	-	-	-	397,888	581,333
Jail assessment	-	-	-	-	-	31,646	31,646
Unreserved, reported in:							
General fund	8,186,760	-	-	-	-	-	8,186,760
Special revenue funds	-	566,929	672,699	176,700	-	785,423	2,201,751
Debt service fund	-	-	-	-	-	40,185	40,185
Capital project fund	-	-	-	-	507,285	-	507,285
Total fund balances	10,268,540	566,929	672,699	177,269	507,285	1,256,084	13,448,806
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,920,591	\$ 2,720,147	\$ 1,348,643	\$ 1,697,707	\$ 742,779	\$ 4,233,801	\$ 30,663,668

These financial statements should be read only in connection with
the accompanying notes to basic financial statements.

**LINCOLN COUNTY WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2010**

Total fund balances for governmental funds \$ 13,448,806

Total net assets used in governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$	145,535	
Construction in progress		3,849,106	
Land improvements, net of \$36,059 accumulated depreciation		183,467	
Buildings, net of \$8,208,966 accumulated depreciation		16,907,242	
Machinery and equipment, net of \$1,830,346 accumulated depreciation		1,250,392	
Infrastructure, net of \$21,254,485 accumulated depreciation		<u>28,396,154</u>	
Total capital assets			50,731,896

Internal service funds are used by the County to charge the cost of health insurance and County road work to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. Internal service fund's net assets are:

Health insurance fund	\$	2,342,011	
Highway fund		<u>4,537,966</u>	
Total internal service funds			6,879,977

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities (current and long-term) are reported in the statement of net assets. Balances on 12/31/10 are:

Accrued interest on notes	\$	(126,568)	
Notes payable		(14,190,000)	
Capital lease payable		(1,920)	
Vacation payable		(649,881)	
Banked sick		(722)	
Vested sick leave		(220,347)	
Accrued sick		(346,002)	
Comp time		<u>(14,904)</u>	
Total long-term liabilities			(15,550,344)

Debt issue costs are recorded as expenditures in the current period in governmental funds. Debt issue costs are recorded as unamortized debt issue costs on the statement of net assets and are amortized over the life of the bond. Unamortized debt issue costs on 12/31/10 are:

223,525

Accounts receivable are recorded when they become measurable and available in governmental funds. On 12/31/10 correction receivables were not available and consequently not recorded. Under full accrual accounting, revenues are recorded when earned. Consequently the accounts receivable is recorded and revenue recognized.

129,225

On 12/31/10 deferred revenue was recorded in the governmental funds for citation revenue and loan receivable that was not considered a current financial resource, but is an economic resource. Consequently, this revenue is recognized.

Citation revenue	\$	328,613	
Interest on delinquent taxes		81,062	
Loan receivable		<u>257,932</u>	
Total deferred revenue			<u>667,607</u>

Total net assets of governmental activities \$ 56,530,692

These financial statements should be read only in connection with the accompanying notes to basic financial statements.

LINCOLN COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2010

	<u>General</u>	<u>County Roads and Bridges</u>	<u>Social Services</u>	<u>Developmental Disabilities</u>	<u>Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Taxes	\$ 9,637,455	\$ 2,141,951	\$ 450,785	\$ 216,410	\$ -	\$ 1,915,735	\$ 14,362,336
Intergovernmental revenues	2,200,154	1,097,606	3,149,346	4,369,118	29,226	665,594	11,511,044
Licenses and permits	113,363	-	-	-	-	28,757	142,120
Fines, forfeits, and penalties	164,709	-	-	-	-	42,645	207,354
Public charges for service	966,053	-	300	859,731	-	1,541,482	3,367,566
Intergovernmental charges for service	64,753	-	-	30,875	-	330,191	425,819
Miscellaneous revenues	394,656	-	142	-	-	23,957	418,755
Total revenues	13,541,143	3,239,557	3,600,573	5,476,134	29,226	4,548,361	30,434,994
EXPENDITURES							
Current:							
General government	4,537,640	-	-	-	-	-	4,537,640
Public safety	5,826,888	-	-	-	-	1,693,797	7,520,685
Public works	10,357	3,214,248	-	-	-	-	3,224,605
Health and human services	1,007,777	-	3,513,634	5,348,865	-	1,660,459	11,530,735
Culture, recreation, and education	817,958	-	-	-	-	-	817,958
Conservation and development	766,624	-	-	-	-	-	766,624
Capital outlay	589,083	-	-	-	1,402,471	-	1,991,554
Debt service:							
Principal	-	-	-	-	427,662	345,000	772,662
Interest and other charges	-	-	-	-	-	543,527	543,527
Total expenditures	13,576,327	3,214,248	3,513,634	5,348,865	1,830,133	4,242,783	31,725,990
Excess (deficiency) of revenues over (under) expenditures	(35,184)	25,309	86,939	127,269	(1,800,907)	305,578	(1,290,996)
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	-	-	-	-	2,700,000	-	2,700,000
Discount on long-term debt	-	-	-	-	(3,303)	-	(3,303)
Transfers in	841,448	250,000	-	-	668,000	66,051	1,825,499
Transfers out	(918,000)	-	(114,908)	-	-	(114,084)	(1,146,992)
Total other financing sources and uses	(76,552)	250,000	(114,908)	-	3,364,697	(48,033)	3,375,204
Net change in fund balances	(111,736)	275,309	(27,969)	127,269	1,563,790	257,545	2,084,208
FUND BALANCES DEFICIT - BEGINNING	10,380,276	291,620	700,668	50,000	(1,056,505)	998,539	11,364,598
FUND BALANCES - ENDING	\$ 10,268,540	\$ 566,929	\$ 672,699	\$ 177,269	\$ 507,285	\$ 1,256,084	\$ 13,448,806

These financial statements should be read only in connection with
the accompanying notes to basic financial statements.

LINCOLN COUNTY, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2010

Net change in fund balances - total governmental funds \$ 2,084,208

The change in net assets reported for governmental activities in the statement of activities is different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. Additionally, the sale of a capital asset is recorded as a revenue in the governmental funds. However on the accrual basis, a gain or loss must be recognized. The net changes are as follows:

Capital outlay	\$ 347,899	
Depreciation expense	<u>(2,403,138)</u>	
Excess of depreciation expense over capital outlay		(2,055,239)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, this amount consisted of: 772,662

Proceeds from long-term debt is reported as a revenue in governmental funds, but the proceeds increase long-term liabilities in the statement of net assets. In the current year, this amount consisted of: (2,696,697)

Bond issue costs are reported as expenditures in governmental funds, but are amortized over the life of the bond issue in the statement of net assets. In the current year this consisted of: 712

Internal service funds are used by the County to charge the costs of health insurance and County road work to individual funds. The net revenue of the internal service funds is reported with governmental activities as follows:

Health insurance fund	(1,525,598)	
Highway fund	<u>(708,144)</u>	
Total internal service funds		(2,233,742)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when the financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following balances:

Accrued interest on notes	(31,847)	
Vacation	(29,759)	
Banked sick leave	3,264	
Vested sick leave	(11,873)	
Accrued sick	20,682	
Comp time	<u>11,458</u>	
Combined adjustment		(38,075)

Revenue had accrued on 12/31/10 but was not available. Consequently this revenue was either deferred or not accrued in governmental funds, but is recorded as a receivable on the statement of net assets and recognized as revenue on the statement of activities.

The net revenue consists of:

Loans receivable	(198,121)	
Interest on delinquent taxes	28,746	
Corrections	94,126	
Citations	<u>(33,461)</u>	
Combined adjustment		<u>(108,710)</u>

Change in net assets of governmental activities \$ (4,274,881)

These financial statements should be read only in connection with
the accompanying notes to basic financial statements.

LINCOLN COUNTY, WISCONSIN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2010

	<u>Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>PineCrest Nursing Home</u>	<u>Solid Waste Landfill</u>	<u>Forestry</u>	<u>Total</u>	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 3,544,255	\$ 2,768,537	\$ 1,848,593	\$ 8,161,385	\$ 3,703,842
Receivables, net:					
Property taxes	359,610	-	-	359,610	-
Accounts	896,563	231,169	15,508	1,143,240	116,120
Due from other governments	-	-	-	-	466,042
Inventories, at cost	40,643	236,112	-	276,755	1,049,329
Prepaid items	57,075	1,125	-	58,200	270
Total current assets	<u>4,898,146</u>	<u>3,236,943</u>	<u>1,864,101</u>	<u>9,999,190</u>	<u>5,335,603</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	13,572	3,648,269	-	3,661,841	-
Capital assets:					
Land	13,833	84,605	2,502,037	2,600,475	35,540
Construction work in progress	81,995	-	-	81,995	-
Improvements other than buildings	399,150	6,786,055	9,603	7,194,808	244,869
Buildings	7,912,992	300,049	295,367	8,508,408	1,853,669
Machinery and equipment	1,399,804	950,456	555,191	2,905,451	9,556,596
Less accumulated depreciation and depletion	(5,737,902)	(5,974,507)	(699,818)	(12,412,227)	(7,472,088)
Total capital assets	<u>4,069,872</u>	<u>2,146,658</u>	<u>2,662,380</u>	<u>8,878,910</u>	<u>4,218,586</u>
Total noncurrent assets	<u>4,083,444</u>	<u>5,794,927</u>	<u>2,662,380</u>	<u>12,540,751</u>	<u>4,218,586</u>
Total assets	<u>8,981,590</u>	<u>9,031,870</u>	<u>4,526,481</u>	<u>22,539,941</u>	<u>9,554,189</u>
LIABILITIES					
Current liabilities:					
Accounts payable	305,508	449,683	12,830	768,021	547,955
Accrued expenses	124,331	4,739	8,637	137,707	45,061
Compensated absences payable	296,317	24,604	36,570	357,491	228,964
Accrued claims	-	-	-	-	1,070,590
Due to other funds	-	-	-	-	56,195
Due to other governments	-	-	135,895	135,895	-
Unearned revenue	1,087,760	-	-	1,087,760	-
Current maturities of long-term debt	385,000	-	-	385,000	30,403
Deposits and advances	41,404	-	40,485	81,889	-
Total current liabilities	<u>2,240,320</u>	<u>479,026</u>	<u>234,417</u>	<u>2,953,763</u>	<u>1,979,168</u>
Noncurrent liabilities:					
Noncurrent maturities of long-term debt	1,795,418	-	-	1,795,418	223,923
Advance due other funds	-	-	-	-	289,236
Compensated absences payable	-	36,876	44,620	81,496	181,885
Future closure payable	-	3,833,182	-	3,833,182	-
Total noncurrent liabilities	<u>1,795,418</u>	<u>3,870,058</u>	<u>44,620</u>	<u>5,710,096</u>	<u>695,044</u>
Total liabilities	<u>4,035,738</u>	<u>4,349,084</u>	<u>279,037</u>	<u>8,663,859</u>	<u>2,674,212</u>
NET ASSETS					
Invested in capital assets, net of related debt	1,889,454	2,146,658	2,662,380	6,698,492	4,415,869
Restricted	13,572	-	8,976	22,548	-
Unrestricted	3,042,826	2,536,128	1,576,088	7,155,042	2,464,108
TOTAL NET ASSETS	<u>\$ 4,945,852</u>	<u>\$ 4,682,786</u>	<u>\$ 4,247,444</u>	<u>\$ 13,876,082</u>	<u>\$ 6,879,977</u>

These financial statements should be read only in connection with
the accompanying notes to basic financial statements.

LINCOLN COUNTY, WISCONSIN¹
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2010

	<u>Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>PineCrest Nursing Home</u>	<u>Solid Waste Landfill</u>	<u>Forestry</u>	<u>Total</u>	
OPERATING REVENUES					
Public charges for service	\$ 11,572,995	\$ 1,468,165	\$ 990,034	\$ 14,031,194	\$ -
Interdepartmental charges for service	-	215	1,990	2,205	8,313,258
Intergovernmental charges for service	-	274,529	-	274,529	2,216,913
Other	11,423	7,583	-	19,006	20,249
Total operating revenues	<u>11,584,418</u>	<u>1,750,492</u>	<u>992,024</u>	<u>14,326,934</u>	<u>10,550,420</u>
OPERATING EXPENSES					
Claims paid	-	-	-	-	5,716,847
Nursing services	5,191,404	-	-	5,191,404	-
Other professional services	534,062	-	-	534,062	-
General services	1,965,319	1,402,978	793,511	4,161,808	5,607,693
Administrative and fiscal services	3,251,114	-	-	3,251,114	1,162,341
Provider assessment tax	349,200	-	-	349,200	-
Provision for bad debts	131,890	-	-	131,890	-
Future closing costs	-	532,336	-	532,336	-
Depreciation and amortization	269,556	338,784	33,239	641,579	530,030
Total operating expenses	<u>11,692,545</u>	<u>2,274,098</u>	<u>826,750</u>	<u>14,793,393</u>	<u>13,016,911</u>
Operating income (loss)	<u>(108,127)</u>	<u>(523,606)</u>	<u>165,274</u>	<u>(466,459)</u>	<u>(2,466,491)</u>
NONOPERATING REVENUES (EXPENSES)					
Property taxes	347,250	-	-	347,250	-
Insurance recoveries	-	-	-	-	24,495
Interest income	1,075	83,394	-	84,469	57,033
Rental income	-	-	-	-	50
Grant revenue	-	-	210,768	210,768	-
Salvage revenue	-	-	-	-	33,462
Donations	-	-	5,515	5,515	200
Interest expense	(139,467)	-	-	(139,467)	-
Gain on sale of supplies	1,118	-	-	1,118	465
Gain on disposal of capital assets	555	-	3,300	3,855	117,044
Total nonoperating revenues (expenses)	<u>210,531</u>	<u>83,394</u>	<u>219,583</u>	<u>513,508</u>	<u>232,749</u>
Income (loss) before transfers	102,404	(440,212)	384,857	47,049	(2,233,742)
Transfer out	(66,051)	(200,000)	(412,456)	(678,507)	-
Change in net assets	36,353	(640,212)	(27,599)	(631,458)	(2,233,742)
TOTAL NET ASSETS - BEGINNING	<u>4,909,499</u>	<u>5,322,998</u>	<u>4,275,043</u>	<u>14,507,540</u>	<u>9,113,719</u>
TOTAL NET ASSETS - ENDING	<u>\$ 4,945,852</u>	<u>\$ 4,682,786</u>	<u>\$ 4,247,444</u>	<u>\$ 13,876,082</u>	<u>\$ 6,879,977</u>

These financial statements should be read only in connection with
the accompanying notes to basic financial statements.

**LINCOLN COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2010**

	<u>Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>PineCrest Nursing Home</u>	<u>Solid Waste Landfill</u>	<u>Forestry</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES					
From patients and third party payers	\$ 12,971,628	\$ 1,339,613	\$ 988,715	\$ 15,299,956	\$ -
From other County departments	-	215	1,990	2,205	8,313,258
From government and other parties for sales	-	298,519	-	298,519	2,258,287
To employees for compensation and fringe benefits	(8,036,179)	(282,817)	(519,141)	(8,838,137)	(3,187,213)
To vendors for goods and services	(3,109,402)	(820,191)	(240,734)	(4,170,327)	(8,822,099)
Other cash received	11,423	7,583	-	19,006	-
Net cash provided (used) by operating activities	<u>1,837,470</u>	<u>542,922</u>	<u>230,830</u>	<u>2,611,222</u>	<u>(1,437,767)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grant revenue	-	-	210,768	210,768	-
Donations	-	-	5,515	5,515	-
Transfer out	(66,051)	(200,000)	(412,456)	(678,507)	-
Tax levy appropriations	347,250	-	-	347,250	-
Net cash provided by (used in) noncapital financing activities	<u>281,199</u>	<u>(200,000)</u>	<u>(196,173)</u>	<u>(114,974)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(219,429)	(16,748)	(9,177)	(245,354)	(5,554)
Proceeds from sale of assets	555	-	-	555	141,319
Principal payments on long-term debt	(365,000)	-	-	(365,000)	2,325
Interest paid on long-term debt	(132,552)	-	-	(132,552)	-
Net cash provided (used) by capital and related financing activities	<u>(716,426)</u>	<u>(16,748)</u>	<u>(9,177)</u>	<u>(742,351)</u>	<u>138,090</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	1,075	67,560	-	68,635	62,516
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,403,318</u>	<u>393,734</u>	<u>25,480</u>	<u>1,822,532</u>	<u>(1,237,161)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,154,509</u>	<u>6,023,072</u>	<u>1,823,113</u>	<u>10,000,694</u>	<u>4,941,003</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,557,827</u>	<u>\$ 6,416,806</u>	<u>\$ 1,848,593</u>	<u>\$ 11,823,226</u>	<u>\$ 3,703,842</u>
CASH AND CASH EQUIVALENTS CONSIST OF:					
Unrestricted	\$ 3,544,255	\$ 2,768,537	\$ 1,848,593	\$ 8,161,385	\$ 3,703,842
Restricted	13,572	3,648,269	-	3,661,841	-
	<u>\$ 3,557,827</u>	<u>\$ 6,416,806</u>	<u>\$ 1,848,593</u>	<u>\$ 11,823,226</u>	<u>\$ 3,703,842</u>

**LINCOLN COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2010**

	<u>Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>	
	<u>PineCrest Nursing Home</u>	<u>Solid Waste Landfill</u>	<u>Forestry</u>		<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (108,127)	\$ (523,606)	\$ 165,274	\$ (466,459)	\$ (2,466,491)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Provision for bad debts	131,890	-	-	131,890	-
Depreciation and amortization	269,556	338,784	33,239	641,579	530,030
Future closing costs	-	532,336	-	532,336	-
Change in assets and liabilities:					
Accounts receivable	670,483	(128,552)	(1,319)	540,612	(32,480)
Due from other governments	-	23,990	-	23,990	53,605
Inventories	(856)	1	-	(855)	20,330
Prepaid items	942	-	-	942	1,853
Accounts payable	112,620	292,827	9,220	414,667	110,359
Due to other governments	-	-	11,882	11,882	-
Accrued expenses	13,118	1,179	1,843	16,140	3,906
Deferred revenue	728,150	-	-	728,150	-
Compensated absences payable	19,195	5,963	14,087	39,245	(20,858)
Deposits and advances	499	-	(3,396)	(2,897)	-
Claims paid	-	-	-	-	361,979
Total adjustments	<u>1,945,597</u>	<u>1,066,528</u>	<u>65,556</u>	<u>3,077,681</u>	<u>1,028,724</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,837,470</u>	<u>\$ 542,922</u>	<u>\$ 230,830</u>	<u>\$ 2,611,222</u>	<u>\$ (1,437,767)</u>

These financial statements should be read only in connection with
the accompanying notes to basic financial statements.

**LINCOLN COUNTY, WISCONSIN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2010**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 13,788
Accounts receivable	667,182
Total assets	\$ 680,970
 LIABILITIES	
Deposits and advances	\$ 13,482
Due other governments	667,182
Due to Lincoln County	306
Total liabilities	\$ 680,970

These financial statements should be read only in connection with
the accompanying notes to basic financial statements.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lincoln County, Wisconsin, have been prepared in conformity with generally accepted accounting principles as applied to governmental units. 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 County are described below:

REPORTING ENTITY

Lincoln County was incorporated under the laws of the State of Wisconsin and is governed by an elected 22-member board. The County provides a full range of services, including public safety, public works, health and human services, conservation, culture, recreation, education, and general administrative services. As required by generally accepted accounting principles, these financial statements present the County government and all associated departments. The County has evaluated the following criteria in defining the reporting entity:

- Selection of government authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters
- Scope of public service
- Financial relationships

Based on these criteria, no additional component units were determined to be reportable.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the reporting government as a whole except for fiduciary funds. Fiduciary funds are reported only in the statement of fiduciary net assets. The statements of net assets and activities distinguish between governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are primarily financed by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods or services provided by a specific function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

Financial statements of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- Total assets, liabilities, revenues, or expenditure/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category type, and
- The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- In addition, any other governmental or proprietary fund that the County believes is particularly important to the financial statement users may be reported as a major fund.

The County reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

County Roads and Bridges Fund - Accounts for State transportation aid received by the County and all maintenance and construction for highways and bridges provided by the Highway Department to the County.

Social Services Fund - Evaluates eligibility for and administers a variety of social service and financial support programs (Federal, State, and local) to persons within the County and makes appropriate referrals to other service providers. These services are provided to meet the basic economic needs of dependent persons, alleviate dependency, enhance family functioning, assess/provide services to children and adults in need of protection, and to coordinate supportive care of elderly and disabled persons.

Developmental Disabilities Fund - Administers and accounts for a variety of Federal, State, and local programs for developmentally disabled individuals to promote health, welfare, and quality of life.

Capital Project Fund - Accounts for debt proceeds and other financial resources used for the acquisition or construction of major capital assets.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County reports the following major enterprise funds:

Pine Crest Nursing Home Fund - Provides a full range of nursing care in a residential facility.

Solid Waste Landfill Fund - Provides Lincoln County residents, businesses, and institutions with a solid waste disposal facility, a recycling drop-off facility, construction and demolition site, clean wood/brush disposal area, and fuel contaminated soil treatment capabilities.

Forestry Fund - Manages the natural resources of the County Forest on a sustainable basis, accounts for timber sales, administers trail maintenance aid programs, and provides and maintains recreational opportunities, including parks, within the County.

In addition, the County reports the following fund types:

Internal Service Funds - Internal Service Funds account for financing of goods and services provided by one department to other departments of the County or to other governmental units on a cost-reimbursement basis.

Fiduciary Funds - Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been satisfied.

The business-type activities have elected to follow all pronouncements of the Governmental Accounting Standards Board. The business-type activities follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, the activity from interfund services provided and used between functions is not eliminated in the statement of activities. To do so would misstate both the expenses of the purchasing function and the program revenues of the selling function.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are presented using the flow of current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. With this measurement focus, revenues are recognized when they become susceptible to accrual or when measurable and available. Those revenues susceptible to modified accrual are as follows:

- Property tax collections made during the year;
- Sales tax collected and held by the State of Wisconsin at year-end on behalf of the County;
- Other revenues receivable at year-end if actually collected during the first thirty days after year-end.

State general and categorical aids and other entitlements are recognized as revenue at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenue.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Employee services and payroll-related costs (employee health, life, disability insurance, FICA, Wisconsin Retirement System contributions, annuities) other than compensated absences, termination, and other post-employment benefits are recognized in the fiscal period when incurred. The cost of capital items is recorded as an expenditure when acquired. Interest cost on temporary borrowing is recognized as an expenditure of the fiscal period incurred.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when a liability is incurred regardless of the timing of related cash flows.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAXES

Property taxes are levied prior to December 31 and are due and collectible in the following year. The 2010 tax levy is recorded as receivable with offsetting deferred revenue at December 31, 2010; it will be recognized as revenue in 2011 when used to finance the County's services.

The County is responsible to collect the second installment of current property taxes and all delinquent property taxes levied by local taxing districts within its boundaries, except delinquent personal property taxes which may either be turned over to the County for collection or retained by the local municipal district. Delinquent taxes returned to the County for collection are accounted for in the general fund. As provided in Wisconsin Statutes, the County has purchased the equity in delinquent property taxes from all taxing districts, including the state. These purchased taxes are recorded as tax certificates and deeds and reserved fund balance of the County's general fund.

The property tax calendar for the 2010 tax roll follows:

Lien date and date levy	December 2010
Tax bills mailed	December 2010
Real estate taxes first installment due	January 31, 2011
Personal property taxes due in full	January 31, 2011
Real estate taxes second installment due	July 31, 2011
Tax sale - 2010 delinquent real estate taxes	October 2014

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Cash equivalents 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. For purposes of the statement of cash flows, all cash deposits and highly liquid investments with a maturity of three months or less (including restricted assets) are considered to be cash equivalents.

INTERFUND RECEIVABLES AND PAYABLES

The current portion of lending/borrowing arrangements between funds is identified as "due to/from other funds". The non-current portion of outstanding balances between funds is reported as "advances to/from other funds". Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

INVENTORIES

Inventories are recorded at cost, which approximates market, using the moving average cost basis. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure or as an expense at the time individual inventory items are consumed rather than when purchased.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PREPAID ITEMS

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items of governmental fund types are offset by fund balance reserve accounts to indicate that they do not represent available spendable financial resources.

CAPITAL ASSETS

Capital assets are recorded at cost, when available, or estimated historical cost, when historical records could not be obtained. Donated capital assets are valued at their estimated fair value on the date donated. The County capitalizes all land and work in progress as well as assets with an initial cost of more than the following:

<u>Type of Asset</u>	<u>Amount</u>
Land improvements	\$ 25,000
Infrastructure (per subsystem)	250,000
Buildings	50,000
Equipment and vehicles	2,000-5,000
Intangible assets	5,000

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities. Accumulated depreciation is reported on the statement of net assets. Depreciation has been charged over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Type of Asset</u>	<u>Life in Years</u>
Land improvements	25
Infrastructure (per subsystem)	10-50
Buildings	10-25
Equipment and vehicles	3-15
Intangible assets	3

Capital assets used in the governmental funds type operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED REVENUE

Deferred revenues in the governmental funds arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the County receives resources before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

COMPENSATED ABSENCES

The County records compensated absences pursuant to GASB Statement No. 16, *Accounting for Compensated Absences*. All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements.

In governmental funds, compensated absences (unpaid vacation and sick leave) for governmental fund employees are recorded as expenditures in the year paid, as it is the County's policy to liquidate any unpaid vacation or sick leave at year end from future resources rather than currently available expendable resources. Accordingly, the entire unpaid liability for compensated absences for the governmental funds is not recorded in the fund.

Unpaid compensated absences for the proprietary funds are recorded as an expense and a liability in those funds as the vacation and sick leave benefits accrue to the employees.

LONG-TERM OBLIGATIONS

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and notes payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The County records governmental fund long-term debt at face value as another financing source and payments of principal and interest are reported as expenditures. Debt discount and issuance costs are recorded as an expenditure of the fund receiving the proceeds. As required by state statutes, premium and accrued interest received as part of the proceeds are recorded in the Debt Service Fund. The accounting in proprietary funds is the same as it is in the government-wide statements.

INTERFUND TRANSACTIONS

Transactions that would be treated as revenues, expenditures, or expenses if they involved organizations external to the County are similarly treated when involving other funds of the County. Reimbursements from one fund to another are treated as expenditures or expenses of the reimbursing fund and a reduction of expenditures or expenses of the reimbursed fund. All interfund transfers are reported as operating transfers.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets (net of related debt) consist of capital assets (net of accumulated depreciation) reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the County, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

GOVERNMENTAL FUND BALANCE RESERVES

The County reserves those portions of governmental fund balance which are legally segregated for a specific future use or which do not represent available expendable resources. Fund balance reserves have been established for prepaid items, deposits, delinquent property taxes, and grants.

BUDGETARY ACCOUNTING

The County follows these procedures in establishing the annual budget:

- County management submits to the County Board 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 the County Board action.
- Budgets are adopted on a basis consistent with generally accepted accounting principles for the governmental funds, except for the application of the prior year fund balance. 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.
- During the year, formal budgetary integration is employed as a management control device for the governmental funds. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each functional area of the County. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the County Board.
- Encumbrance accounting is not used to record commitments related to unperformed contracts for goods or services.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 2 - CASH AND CASH EQUIVALENTS

The County 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 basic financial statements as "cash and cash equivalents".

Investment of County funds is restricted by state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by local professional baseball park district, local professional football stadium district, local cultural arts district, University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority
- Bonds or securities issued or guaranteed by the Federal government.
- The Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities.
- Securities of open-end management investment companies or investment trusts (mutual funds) if the portfolio is limited to (a) bonds and securities issued by the federal government or a commission, board, or other instrumentality of the federal government, (b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds or securities.

The carrying amount of the County's cash and cash equivalents totaled \$28,094,602 on December 31, 2010, as summarized below

Petty cash fund	\$ 2,245
Deposits with financial institutions	14,564,518
Investments	
Wisconsin local government investment pool	6,097,604
Landfill long-term care trust	3,648,269
Health insurance trust fund	3,722,983
Insurance deposits	58,983
	\$ 28,094,602

Presented in the Statement of Net Assets as follows:

Unrestricted cash and cash equivalents	\$ 24,359,990
Restricted cash and investments	3,720,824
Fiduciary fund cash and cash equivalents	13,788
	\$ 28,094,602

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

Deposits

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the County 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 County has a formal policy addressing this type of deposit risk.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Depository Insurance (FDIC) in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposits per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. In addition, 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.

On December 31, 2010, \$13,409,642 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name).

Investments

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County has a formal policy addressing this type of investment risk.

The Local Government Investment Pool is part of the Wisconsin State Investment Fund. The Investment Fund is administered by the State of Wisconsin Investment Board and includes investments made from the excess cash of the State's operating funds, the State's public retirement funds and the voluntary deposits made by participants of the Local Government Investment Pool.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

Credit Risk

Credit risk is the risk that, an issuer of other counterparty to an investment will not fulfill its obligations to the County. The County has a formal policy addressing this type of investment risk.

<u>Type of Investment</u>	<u>Fair Value at Year End</u>	<u>Investment Rating</u>
Local Government Investment Pool	\$ 6,097,604	Not Rated
U.S. Treasury Notes	3,159,282	Exempt
U.S. Government securities	3,331,461	AAA
Money Market Mutual Funds	880,508	Not Rated
Insurance Deposits	58,983	Not Rated

Interest Rate Risk

Interest rate risk is the risk that, changes in interest rates will adversely affect the fair value of an investment. As of December 31, 2010 the County had the following investments and maturities:

<u>Type of Investment</u>	<u>Fair Value at Year End</u>	<u>Average Maturities</u>
Local Government Investment Pool	\$ 6,097,604	Less than 1 year
U.S. Treasury Notes	3,159,282	1 to 3 years
U.S. Government securities	3,331,461	1 to 3 years
Money Market Mutual Funds	880,508	Less than 1 year
Insurance Deposits	58,983	Less than 1 year

Governmental entities including counties, municipalities and school districts may deposit money in the Local Government Investment Pool (LGIP), which holds investments in U.S. Government securities, certificates of deposit, commercial papers, and repurchase agreements. Participants in the fund may withdraw or add to their account balances at any time. The fair value of this fund may be different from the accounting basis that is reflected in the monthly statements sent to participants. To translate participant's holdings to a fair value amount, a conversion factor must be applied to the County's account balance. The State Investment Fund publishes this conversion factor monthly and as of December 31, 2010, the factor was 100%. As of December 31, 2010 the carrying amount of these investments was \$6,097,604. The annualized interest rate on the LGIP was .19% for the month of December 2010.

**LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010**

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total County investments are as follows:

<u>Type of Investment</u>	<u>Fair Value at Year End</u>	<u>Percentage</u>
U.S. Government securities		
Federal National Mortgage Association	\$ 768,644	6%
Federal Home Loan Banks	1,376,412	10%

NOTE 3 - RESTRICTED ASSETS

Restricted assets on December 31, 2010, totaled \$3,720,824 consisting of cash and investments as follows:

General fund	
Insurance deposits	\$ 58,983
Enterprise Fund	
Solid waste landfill	
Long-term care and closure deposits	3,648,269
Pine Crest Nursing Home	
Donation and special fund	<u>13,572</u>
Total Restricted Assets	<u><u>\$ 3,720,824</u></u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE

Receivables at year-end for the County's individual major, nonmajor, and internal service funds in aggregate, including the applicable allowances for uncollectible accounts as follows:

	General	County Roads and Bridges	Social Services	Develop- mental Disabilities	PineCrest Nursing Home	Solid Waste Landfill	Forestry	Nonmajor and Internal Service Funds	Total
Receivables									
Property taxes	\$ 8,318,452	\$ 2,153,218	\$ 392,846	\$ 33,139	\$ 359,610	\$ -	\$ -	\$ 2,078,312	\$ 13,335,577
Tax certificates and deeds	1,710,715	-	-	-	-	-	-	-	1,710,715
Assessments	44,205	-	-	-	-	-	-	-	44,205
Accounts	495,244	-	9,172	187,586	996,563	231,169	15,508	530,308	2,465,550
Loans	-	-	-	-	-	-	-	257,932	257,932
Due from other governments	243,328	-	100,925	986,956	-	-	-	621,423	1,952,632
Gross receivables	10,811,944	2,153,218	502,943	1,207,681	1,356,173	231,169	15,508	3,487,975	19,766,611
Less allowance for uncollectibles	-	-	-	-	(100,000)	-	-	(48,115)	(148,115)
Net total fund receivables	<u>\$ 10,811,944</u>	<u>\$ 2,153,218</u>	<u>\$ 502,943</u>	<u>\$ 1,207,681</u>	<u>\$ 1,256,173</u>	<u>\$ 231,169</u>	<u>\$ 15,508</u>	<u>\$ 3,439,860</u>	<u>19,618,496</u>
Correction									129,224
Fiduciary fund									<u>306</u>
Net statement of net assets receivables									<u>\$ 19,748,026</u>

Delinquent property taxes of the general fund represent unpaid property taxes on real estate, including state and local government equities therein. Under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax-deeded properties.

On December 31, 2010, the County's general fund showed an investment of \$1,710,715 in delinquent taxes as follows:

Tax certificates	\$ 1,678,063
Tax deeds	<u>32,652</u>
Total	<u>\$ 1,710,715</u>

**LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010**

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE

An aging of the delinquent tax certificate taxes of \$1,678,063 on December 31, 2010, follows:

Year Acquired

Prior to 2006	\$ 10,036
2006	7,660
2007	26,267
2008	99,311
2009	469,433
2010	<u>1,065,356</u>
	<u>\$ 1,678,063</u>

Of the total of \$1,678,063 for delinquent tax certificate taxes, \$389,789 was collected by the County within 90 days after December 31, 2010. The remaining unpaid balance of \$1,288,274 and tax deeds of \$32,652 are recorded as reserved fund balance of \$1,320,926 for the general fund.

The County reports deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The County also defers revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the statement of net assets were as follows:

	Unavailable	Unearned	Total
General fund	\$ 409,675	\$ 8,401,987	\$ 8,811,662
Special revenue funds:			
County roads and bridges	-	2,153,218	2,153,218
Social services	-	392,846	392,846
Development disabilities	-	33,139	33,139
County health	-	549,417	549,417
Community Development	257,932	-	257,932
Emergency medical	-	726,167	726,167
Debt service fund	-	836,431	836,431
Subtotal	<u>667,607</u>	<u>13,093,205</u>	<u>13,760,812</u>
Enterprise fund:			
Pine Crest Nursing Home	-	1,087,760	1,087,760
Total deferred/unearned revenue	<u>\$ 667,607</u>	<u>\$ 14,180,965</u>	<u>\$ 14,848,572</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At December 31, 2010, interfund receivables and payables were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 56,501	\$ -
Highway Fund	-	56,195
Fiduciary Fund		
Employee Benefit Cafeteria Plan	-	306
Totals	\$ 56,501	\$ 56,501

The General Fund's receivable of \$56,195 from the Highway Fund is for operational cash flow purposes. For the statement of net assets, the \$306 due from the Employee Benefit Cafeteria Plan Fiduciary Fund is included with accounts receivable. Additional advances between the General Fund and Highway Fund are as follows:

	Advance Receivables	Advance Payables
General Fund	\$ 289,236	\$ -
Highway Fund	-	289,236
	<u>\$ 289,236</u>	<u>\$ 289,236</u>

Transfers were made in the primary government as follows:

	Transfer to:			
	General Fund	Capital Project	Debt Service	County Roads
Transfers from:				
General fund	\$ -	\$ 668,000	\$ -	\$ 250,000
Social Services	114,908	-	-	-
Solid Waste Landfill	200,000	-	-	-
Jail Assessment	21,609	-	-	-
County Health	92,475	-	-	-
Pine Crest Nursing Home	-	-	66,051	-
Forestry	412,456	-	-	-
Totals	\$ 841,448	\$ 668,000	\$ 66,051	\$ 250,000

Interfund transfers from various funds to the General Fund are primarily performed to comply with Chapter 3.07 Lincoln County Code limiting fund balances. Transfers in to other funds were performed to pay debt out of the Debt Service Fund from Pine Crest Nursing Home, to apply designated capital improvement funds from the General Fund to the Capital Project Fund and County Roads Fund.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 6 - CAPITAL ASSETS

Changes in capital assets were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 206,075	\$ -	\$ 25,000	\$ 181,075
Construction in progress	13,489,580	1,509,317	11,149,791	3,849,106
Total capital assets not depreciated	<u>13,695,655</u>	<u>1,509,317</u>	<u>11,174,791</u>	<u>4,030,181</u>
Capital assets, being depreciated:				
Land improvements	456,305	8,090	-	464,395
Infrastructure	50,264,012	1,130,578	1,743,951	49,650,639
Buildings and improvements	17,107,487	9,862,390	-	26,969,877
Equipment and vehicles	13,147,015	471,957	981,638	12,637,334
Intangible assets	107,695	-	-	107,695
Subtotals	<u>81,082,514</u>	<u>11,473,015</u>	<u>2,725,589</u>	<u>89,829,940</u>
Less accumulated depreciation for:				
Land improvements	118,423	15,344	-	133,767
Infrastructure	20,222,026	1,335,479	303,020	21,254,485
Buildings and improvements	8,554,950	745,159	-	9,300,109
Equipment and vehicles	8,032,586	834,002	753,005	8,113,583
Intangible assets	104,511	3,184	-	107,695
Subtotals	<u>37,032,496</u>	<u>2,933,168</u>	<u>1,056,025</u>	<u>38,909,639</u>
Total capital assets, being depreciated, net	<u>44,050,018</u>	<u>8,539,847</u>	<u>1,669,564</u>	<u>50,920,301</u>
Governmental activities capital assets, net	<u>\$ 57,745,673</u>	<u>\$ 10,049,164</u>	<u>\$ 12,844,355</u>	54,950,482
Less related long-term debt outstanding				<u>12,711,245</u>
Invested in capital assets, net of related debt				<u>\$ 42,239,237</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Changes in capital assets were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,600,485	\$ -	\$ 10	\$ 2,600,475
Construction in progress	-	81,995	-	81,995
Total capital projects not depreciated	<u>2,600,485</u>	<u>81,995</u>	<u>10</u>	<u>2,682,470</u>
Capital assets, being depreciated:				
Land improvements	7,170,864	23,945	-	7,194,809
Buildings	8,484,485	23,922	-	8,508,407
Machinery and equipment	2,865,858	118,803	79,210	2,905,451
Subtotals	<u>18,521,207</u>	<u>166,670</u>	<u>79,210</u>	<u>18,608,667</u>
Less accumulated depreciation for:				
Land improvements	5,083,794	266,541	-	5,350,335
Buildings	4,773,849	201,302	-	4,975,151
Machinery and equipment	2,026,823	139,118	79,200	2,086,741
Subtotals	<u>11,884,466</u>	<u>606,961</u>	<u>79,200</u>	<u>12,412,227</u>
Total capital assets, being depreciated, net	<u>6,636,741</u>	<u>(440,291)</u>	<u>10</u>	<u>6,196,440</u>
Business-type activities capital assets, net	<u>\$ 9,237,226</u>	<u>\$ (358,296)</u>	<u>\$ 20</u>	<u>8,878,910</u>
Less related long-term debt outstanding				<u>2,180,418</u>
Invested in capital assets, net of related debt				<u>\$ 6,698,492</u>

Depreciation expense was charged to the functions as follows:

Governmental activities		
General government		\$ 683,263
Public safety		296,263
Public works		1,865,509
Health and human services		82,905
Conservation and development		5,228
Total depreciation expense - governmental activities		<u>\$ 2,933,168</u>
Business-type activities		
Nursing home		\$ 257,886
Forestry		33,239
Solid waste landfill		315,836
Total depreciation expense - business-type activities		<u>\$ 606,961</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 6 - CAPITAL ASSETS (CONTINUED)

The County has active construction projects as of December 31, 2010. The projects include street construction in areas with newly developed housing and the widening and construction of existing streets and bridges. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Residential street construction	\$ 455,728	\$ 1,795,624
Bridge and approach expansion	764,759	175,444
Building projects	<u>16,973,897</u>	<u>158,127</u>
Total	<u>\$ 18,194,384</u>	<u>\$ 2,129,195</u>

NOTE 7 - LONG-TERM OBLIGATIONS

All general obligations bonds are backed by the full faith and credit of the County. The County's, general long-term obligations are as follows:

	Outstanding 1/1/10	Issued	Retired	Outstanding 12/31/10	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 11,835,000	\$ 2,700,000	\$ 345,000	\$ 14,190,000	\$ 475,000
Capital lease	306,803	-	50,558	256,245	31,002
Compensated absences	<u>1,657,335</u>	<u>972,663</u>	<u>987,293</u>	<u>1,642,705</u>	<u>894,471</u>
Governmental activities Long-term obligations	<u>\$ 13,799,138</u>	<u>\$ 3,672,663</u>	<u>\$ 1,382,851</u>	<u>\$ 16,088,950</u>	<u>\$ 1,400,473</u>
Business-type activities:					
General Obligation Debt					
Bonds	\$ 2,500,000	-	\$ 365,000	\$ 2,135,000	\$ 385,000
Unamortized refunding loss/interest premium	25,235	20,183	-	45,418	-
Compensated absences	<u>399,742</u>	<u>385,152</u>	<u>345,907</u>	<u>438,987</u>	<u>357,491</u>
Business-type activities Long-term obligations	<u>\$ 2,924,977</u>	<u>\$ 405,335</u>	<u>\$ 710,907</u>	<u>\$ 2,619,405</u>	<u>\$ 742,491</u>

Interest paid for the year ended December 31, 2010 totaled \$687,410.

**LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010**

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

Detail of the above outstanding general obligations debt follows:

Bonds:

2,400,000	issued March 15, 2004; \$115,000 to \$215,000 due annually through 2020; interest 2.2% to 5.23%	\$ 1,735,000
2,145,000	issued July 15, 2005; \$385,000 to \$445,000 due annually from 2011 through 2015; interest 3.45% to 3.7%	2,135,000
9,965,000	issued November 15, 2008; \$384,950 to \$1,202,172 due annually from 2009 through 2028; interest 4% to 4.65%	9,755,000
1,810,000	issued August 27, 2010; \$75,000 to \$475,000 due annually from 2011 through 2017; interest 1.5% to 2.25%	1,810,000
890,000	issued August 27, 2010; \$170,000 to \$520,000 due 2018 through 2020, interest 4%	890,000
Total Bonds		\$ 16,325,000

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2010, are allocated to activities as detailed below:

Year Ended December 31	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 475,000	\$ 588,194	\$ 385,000	\$ 113,388	\$ 860,000	\$ 701,582
2012	525,000	563,015	410,000	89,326	935,000	652,341
2013	575,000	542,018	435,000	63,701	1,010,000	605,719
2014	515,000	523,876	460,000	35,970	975,000	559,846
2015	545,000	508,934	445,000	17,800	990,000	526,734
2016-2020	4,065,000	2,194,789	-	-	4,065,000	2,194,789
2021-2025	4,195,000	1,249,470	-	-	4,195,000	1,249,470
2026-2028	3,295,000	234,735	-	-	3,295,000	234,735
	\$ 14,190,000	\$ 6,405,031	\$ 2,135,000	\$ 320,185	\$ 16,325,000	\$ 6,725,216

Pursuant to Section 67.03 Wisconsin Statutes, the total indebtedness of the County for general purposes may not exceed 5% of the value of the taxable property located therein for state purposes.

Equalized valuation of the County	\$ 2,380,597,000
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	119,029,850
Total outstanding general obligation debt applicable to debt limitation	\$ 16,325,000
Less: Amounts available for financing general obligation debt	
Debt service fund	40,185
Net outstanding general obligation debt applicable to debt limitation	16,284,815
Legal Margin for New Debt	\$ 102,745,035

**LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010**

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

The County has entered into a lease agreement as lessee for financing the acquisition of a postage machine and two quad axle trucks. These lease agreements qualify as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through a capital lease are recorded in the governmental activities accounts with an original cost of \$291,640.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2010, were as follows:

<u>Year Ended December 31</u>	<u>Governmental Activities</u>
2011	\$ 42,058
2012	42,059
2013	41,995
2014	41,302
2015	41,303
2016	<u>79,480</u>
Total minimum lease payments	\$ 288,197
Less: Amount representing interest	<u>(31,952)</u>
Present value of minimum lease payments	<u>\$ 256,245</u>

Other long-term debt consists of compensated absences. Compensated absence expenses follow employee payroll expenses, which are expensed to the appropriate funds as incurred.

NOTE 8 - SHORT TERM OBLIGATIONS

Lincoln County established a short term line of credit not to exceed \$1,500,000 due to delays in the final phase of the County building project. The balance as of December 31, 2010 is as follows:

	<u>Outstanding 1/1/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding 12/31/10</u>
\$1,500,000 issued May 20, 2009, due May 20, 2010, interest of 2.75%	\$ 427,662	\$ -	\$ 427,662	\$ -

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 9 - EMPLOYEE RETIREMENT PLAN

All eligible Lincoln County employees participate in the Wisconsin Retirement System (System), a cost-sharing, multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (440 hours for teachers and 440 hours for Educational Support Staff effective July 1, 2009) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 6.2 percent of their salary (3.2 percent for Executive and Elected Officials, 5.5 percent for Protective Occupations with Social Security, and 3.9 percent for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for Lincoln County employees covered by the System for the year ended December 31, 2010, was \$15,725,775; the employer's total payroll was \$16,321,851. The total required contribution for the year ended December 31, 2010, was \$1,781,739, which consisted of \$824,070 or 5.2 percent of payroll from the employer and \$957,669, or 6.1 percent of payroll from employees. Total contributions for years ended December 31, 2009 and 2008, were \$1,756,852 and \$1,694,218, respectively, equal to the required contributions for each year.

Employees who retire at or after the age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of credible service, and (3) a formula factor. Final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment before becoming eligible for retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of the Wisconsin Statutes. The WRS issues an annual financial report, which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, Wisconsin 53707-7931.

**LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010**

NOTE 10 - RISK MANAGEMENT

Health Insurance

The County is exposed to various risks of losses related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; natural disasters, and employee health claims.

The County also operates a self-insurance program administered by a third party administrator for employee health care benefits. The program is supplemented by stop loss protection, which limits the County's liability to \$90,000 per individual claim or an aggregate limit of \$5,842,670 during the period of January 1, 2010 to December 31, 2010.

The provision for current year claims includes paid and unpaid claims and expenses associated with settling claims, including legal fees. The claims liability at year-end is based on claims, adjusters' evaluations of individual claims, and management's evaluation with respect to the probable number and nature of claims arising from losses that have been incurred, but have not yet been reported. The liability represents the estimated ultimate cost of settling the claims, including the effects of inflation and other societal economic factors. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined.

An analysis of claim activities is presented below:

	Liability January 1	Current Year Claims and Changes in Estimates	Claims Paid	Liability December 31
2010	\$ 1,103,363	\$ 5,716,847	\$ 5,460,286	\$ 1,359,924
2009	1,091,914	4,352,150	4,340,701	1,103,363

Liability Insurance

Lincoln County participates with other counties in the Wisconsin County Mutual Insurance Corporation. This joint venture began operation January 1, 1988, and provides liability insurance coverage to the counties. The creation of the mutual insurance corporation required the establishment of capital reserves. Each participating county deposited a portion of the required reserves. Lincoln County's share of the capital reserves is \$58,983. These deposits have been reported in the financial statements as restricted deposits.

The governing body of the mutual insurance corporation is made up of twelve directors elected by the participating counties. The governing body has authority to adopt its own budget and control the financial affairs of the corporation. Financial information as of and for the year ended December 31, 2010, is not available for presentation.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 11 - TRI-COUNTY HUMAN SERVICES BOARD

Lincoln County is a participating member of a Tri-County Human Services Board along with Marathon and Langlade Counties. The Board is funded through State grant-in-aid, federal grants, fees for services rendered, and County appropriations. The net appropriation for 2010 was \$10,893,228 with Lincoln County's share totaling \$556,340 (5.1%). Operations of the Tri-County Human Services Board are not reflected in the financial statements of Lincoln County.

The following audited summary financial information for North Central Health Care Tri-County facilities is as of December 31, 2010, and for the year then ended.

Assets	\$ 24,849,956
Liabilities	6,482,630
Equity	18,367,326
Revenues	56,183,151
Expenses	55,400,695
Non-operating gain	80,130
Change in net assets	936,672

Lincoln County's share of net assets for the year ended December 31, 2010 is \$1,167,736.

Audited financial statements of the North Central Health Care Tri-County facilities are available at its administrative office at 1100 Lake Shore Drive, Wausau, Wisconsin 54401.

NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that Lincoln County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill sites only for forty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. At December 31, 2010, the County has utilized approximately 77.6% of its landfill's capacity, a net increase of 10.4% compared to December 31, 2009. The landfill is estimated to be fully utilized in 2016.

The estimated liability for landfill closure and postclosure care costs and total future estimated costs as of December 31, 2010, is as follows:

Total estimated costs	\$ 4,943,775
Less closure costs accrued	<u>3,833,182</u>
Estimated costs of construction, closure, and postclosure care to be recognized in future years	<u><u>\$ 1,110,593</u></u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010

NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

The estimated total current cost of the landfill construction, closure, and postclosure care of \$4,943,775 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2010. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. With respect to the sanitary landfill, Lincoln County is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care. The County is in compliance with these requirements, and at December 31, 2010, investments of \$3,648,269 are held for these purposes. These investments are held and managed by the County and are presented on the County's statement of net assets as "Restricted Assets". It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

NOTE 13 - CONTINGENCIES

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and the Corporation Counsel that the resolution of these matters will not have a material adverse affect on the financial condition of the County.

**LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2010**

NOTE 14 - FUND EQUITY

Unreserved - designated fund balances

Unreserved fund balances were designated to show the portion segregated from the unreserved spendable (undesignated) resources as follows:

	General
Designated as carryover in 2011 budget:	
County Clerk training	\$ 950
IT hardware	56,124
Rural addressing	630
Remonumentation	33,500
Veterans donations	490
Veterans fuel assistance	2,000
Orthophotoes	39,650
Zoning - comprehensive plan update	6,325
Zoning - vehicle	10,630
UW - CRD	442
UW - pest application	1,243
UW - LLC program revenue	909
UW - day camp safety	182
Sheriff donation	140
Patrol equipment	8,216
911 equipment	20,323
Cash flow purposes	3,394,082
Designated for capital improvement in 2011 budget:	
Ambulance	113,791
Highway road work	350,000
Family Care payment	1,128,771
Designated for capital improvements in future years:	2,118,110
Total	\$ 7,286,508

Restricted net assets

Restricted net assets are reported in the Statement of Net Assets as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Insurance deposit	\$ 58,983	\$ -
Grant and program fees	581,333	-
Jail assessments	31,646	-
Nursing home funds	-	13,572
Forestry grants	-	8,976
	\$ 671,962	\$ 22,548

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
General property	\$ 7,715,109	\$ 7,715,109	\$ 7,715,109	\$ -
Forest crop	20,000	20,000	23,818	3,818
Managed forest land	45,000	45,000	61,055	16,055
County sales tax	1,453,899	1,453,899	1,452,866	(1,033)
Real estate transfer fees	60,000	60,000	41,618	(18,382)
Interest on taxes	225,000	263,902	256,246	(7,656)
Payment in lieu of taxes	79,000	79,000	86,743	7,743
Total taxes	<u>9,598,008</u>	<u>9,636,910</u>	<u>9,637,455</u>	<u>545</u>
Intergovernmental				
State shared revenues	1,220,917	1,220,917	1,216,963	(3,954)
Exempt computer aid	28,000	28,000	33,707	5,707
Finance Department	500	500	931	431
Clerk of courts	88,938	88,938	89,233	295
Circuit court	76,862	76,862	76,265	(597)
Land information	6,400	14,697	14,697	-
Sheriff department	59,361	58,617	80,000	21,383
Emergency management	37,254	56,924	64,180	7,256
Victim witness	31,728	31,728	35,673	3,945
Zoning grants	30,000	10,357	11,125	768
Veterans service	10,000	10,000	10,000	-
Family court commissioner	1,500	1,500	1,208	(292)
Child support	157,808	188,278	296,331	108,053
UW extension	8,345	8,345	9,798	1,453
State acreage payment	71,000	71,000	67,744	(3,256)
Land conservation	195,000	210,969	192,299	(18,670)
Total intergovernmental	<u>2,023,613</u>	<u>2,077,632</u>	<u>2,200,154</u>	<u>122,522</u>
Licenses and permits				
County clerk	5,290	5,290	5,407	117
Family court commissioner	3,000	3,000	2,720	(280)
Land Information	3,000	3,000	3,305	305
Zoning fees	105,000	105,000	101,931	(3,069)
Total licenses and permits	<u>116,290</u>	<u>116,290</u>	<u>113,363</u>	<u>(2,927)</u>
Fines, forfeits, and penalties				
Clerk of courts	213,000	213,000	163,241	(49,759)
Circuit court	1,375	1,375	1,353	(22)
Sheriff department	-	60	115	55
Total fines, forfeits, and penalties	<u>214,375</u>	<u>214,435</u>	<u>164,709</u>	<u>(49,726)</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public charges for service				
Clerk of courts	\$ 85,000	\$ 85,000	\$ 76,110	\$ (8,890)
Circuit court	11,469	11,469	15,549	4,080
Family court commissioner	2,750	3,095	3,095	-
Register of deeds	120,080	120,080	142,910	22,830
Land information	40,550	40,550	45,750	5,200
County clerk	500	500	1,902	1,402
Treasurer	100	100	100	-
District attorney	2,500	2,500	1,175	(1,325)
Sheriff department	680,434	684,882	376,565	(308,317)
Information Technology	-	-	7,340	7,340
Coroner	6,000	6,000	7,575	1,575
Maintenance	5,000	5,000	1,682	(3,318)
Veterans	-	73	75	2
Zoning	1,100	1,100	606	(494)
Land conservation	-	150	349	199
Administration/personnel	-	-	14	14
Finance	150	150	260	110
Child support	7,900	5,642	6,789	1,147
UW extension	5,800	7,750	3,479	(4,271)
Forest land revenue	250,000	250,000	271,791	21,791
Other charges for service	720	720	2,937	2,217
Total public charges for services	<u>1,220,053</u>	<u>1,224,761</u>	<u>966,053</u>	<u>(258,708)</u>
Intergovernmental charges for service				
Sheriff department	36,724	42,384	51,231	8,847
Land information	6,700	6,700	425	(6,275)
Clerk of courts	5,050	5,050	1,055	(3,995)
County clerk	4,116	4,116	9,842	5,726
UW extension	3,500	3,700	2,200	(1,500)
Total intergovernmental charges for services	<u>56,090</u>	<u>61,950</u>	<u>64,753</u>	<u>2,803</u>
Miscellaneous				
Interest	356,248	351,800	206,314	(145,486)
Rent	132,000	132,000	131,917	(83)
Tax Deed Profit	5,000	5,000	15,488	10,488
Sale of county property	42,000	42,000	30,396	(11,604)
Insurance recovery	8,500	8,500	6,817	(1,683)
Private organization donations	4,700	4,825	3,724	(1,101)
Total miscellaneous	<u>548,448</u>	<u>544,125</u>	<u>394,656</u>	<u>(149,469)</u>
Total revenues	<u>13,776,877</u>	<u>13,876,103</u>	<u>13,541,143</u>	<u>(334,960)</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General government				
County board chairman	47,588	40,524	40,524	-
County board committees	98,908	86,580	86,580	-
Clerk of courts	645,042	636,914	579,679	57,235
Circuit court	247,714	248,328	238,071	10,257
Family court commissioner	32,805	35,253	35,253	-
Coroner	49,782	49,782	49,871	(89)
Law library	1,200	1,200	1,107	93
District attorney	194,357	194,357	189,990	4,367
Corporation counsel	179,002	179,002	171,625	7,377
Victim witness	60,932	60,932	59,697	1,235
County clerk	133,097	133,097	114,886	18,211
Administration/personnel	196,405	216,405	187,095	29,310
Information technology	650,948	652,304	644,816	7,488
General administration	5,556	35,986	32,248	3,738
Treasurer	134,734	134,734	133,129	1,605
Finance department	337,072	393,305	392,084	1,221
Maintenance	850,440	837,351	771,505	65,846
Surveyor	155,256	220,356	176,123	44,233
Tax description	108,413	61,411	60,922	489
Register of deeds	213,373	213,373	206,108	7,265
Land records	285,267	335,564	194,880	140,684
Tax assessment	72,176	71,073	70,998	75
Insurance	86,573	95,045	69,422	25,623
Elections	66,523	66,523	51,027	15,496
Contingency fund	412,615	392,883	-	392,883
Total general government	5,265,778	5,392,282	4,557,640	834,642
Public safety				
Sheriff department:				
Law enforcement	3,134,319	3,137,477	2,940,129	197,348
Emergency communication (911)	770,156	812,203	812,203	-
Correction and detention	2,174,102	2,191,627	1,960,284	231,343
Emergency management	99,575	121,745	114,056	7,689
Civil service commission	2,000	2,000	216	1,784
Total public safety	6,180,152	6,265,052	5,826,888	438,164
Public works				
Zoning-sanitation	30,000	10,357	10,357	-
Health and human services				
Community organizations	35,000	36,566	36,566	-
Health care center	556,340	556,340	556,340	-
Child support agency	251,734	279,946	279,948	(2)
Veterans services	134,395	139,681	133,609	6,072
Cemetery	1,314	1,314	1,314	-
Total health and human services	978,783	1,013,847	1,007,777	6,070

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Culture, recreation, and education				
Public libraries	567,863	586,816	586,816	-
UW extension	239,475	262,296	231,142	31,154
Total culture, recreation, and education	<u>807,338</u>	<u>849,112</u>	<u>817,958</u>	<u>31,154</u>
Conservation and development				
Economic development	45,995	45,250	45,250	-
Zoning	355,573	362,576	324,411	38,165
Land conservation	363,124	416,539	396,963	19,576
Total conservation and development	<u>764,692</u>	<u>824,365</u>	<u>766,624</u>	<u>57,741</u>
Capital outlay				
Maintenance	-	8,089	8,089	-
County Clerk	-	163,910	154,025	9,885
Information Technology	-	172,858	116,734	56,124
Land records	90,000	90,000	50,350	39,650
Sheriff	223,000	300,209	259,885	40,324
Total capital outlay	<u>313,000</u>	<u>735,066</u>	<u>589,083</u>	<u>145,983</u>
Total expenditures	<u>14,339,743</u>	<u>15,090,081</u>	<u>13,576,327</u>	<u>1,513,754</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(562,866)</u>	<u>(1,213,978)</u>	<u>(35,184)</u>	<u>1,178,794</u>
Other financing sources (uses)				
Funds applied	433,978	1,727,769	1,727,769	-
Transfer in	378,888	404,209	841,448	437,239
Transfer out	(250,000)	(918,000)	(918,000)	-
Total other financing sources (uses)	<u>562,866</u>	<u>1,213,978</u>	<u>1,651,217</u>	<u>437,239</u>
Net change in fund balance	-	-	1,616,033	1,616,033
FUND BALANCE - BEGINNING	<u>10,380,276</u>	<u>10,380,276</u>	<u>10,380,276</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 10,380,276</u>	<u>\$ 10,380,276</u>	<u>\$ 11,996,309</u>	<u>\$ 1,616,033</u>

RECONCILIATION FROM BUDGET TO GAAP:

Net change in fund balance - budget	\$ 1,616,033
Fund balance applied is reported as an other financing source for budget purposes, but fund balance applied is not reported as an other financing source for GAAP purposes.	<u>(1,727,769)</u>
Net change in fund balance - GAAP	<u>\$ (111,736)</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - COUNTY ROADS AND BRIDGES
Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
General property	\$ 2,141,951	\$ 2,141,951	\$ 2,141,951	\$ -
Intergovernmental	<u>1,093,797</u>	<u>1,097,605</u>	<u>1,097,606</u>	<u>1</u>
Total revenues	3,235,748	3,239,556	3,239,557	1
EXPENDITURES				
Public works	<u>3,485,748</u>	<u>3,705,456</u>	<u>3,214,248</u>	<u>491,208</u>
Deficiency of revenues over (under) expenditures	(250,000)	(465,900)	25,309	491,209
OTHER FINANCING SOURCES				
Transfers in	250,000	250,000	250,000	-
Fund balance applied	<u>-</u>	<u>215,900</u>	<u>215,900</u>	<u>-</u>
Total other financing sources	<u>250,000</u>	<u>465,900</u>	<u>465,900</u>	<u>-</u>
Net change in fund balance	-	-	491,209	491,209
FUND BALANCES - BEGINNING	<u>291,620</u>	<u>291,620</u>	<u>291,620</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 291,620</u>	<u>\$ 291,620</u>	<u>\$ 782,829</u>	<u>\$ 491,209</u>

RECONCILIATION FROM BUDGET TO GAAP:

Net change in fund balance - budget	\$ 491,209
Fund balance applied is reported as an other financing source for budget purposes, but fund balance applied is not reported as an other financing source for GAAP purposes.	<u>(215,900)</u>
Net change in fund balance - GAAP	<u>\$ 275,309</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SOCIAL SERVICES FUND
Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
General property	\$ 450,785	\$ 450,785	\$ 450,785	\$ -
Intergovernmental	2,853,339	2,853,339	3,149,346	296,007
Public charges for service	-	-	300	300
Miscellaneous revenues	-	-	142	142
Total revenues	<u>3,304,124</u>	<u>3,304,124</u>	<u>3,600,573</u>	<u>296,449</u>
EXPENDITURES				
Health and human services	3,298,124	3,298,124	3,513,634	(215,510)
Outlay	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total expenditures	<u>3,304,124</u>	<u>3,304,124</u>	<u>3,513,634</u>	<u>(209,510)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	86,939	86,939
OTHER FINANCING USES				
Transfer out	-	-	<u>(114,908)</u>	<u>(114,908)</u>
Net change in fund balance	-	-	(27,969)	(27,969)
FUND BALANCE - JANUARY 1	<u>700,668</u>	<u>700,668</u>	<u>700,668</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$ 700,668</u>	<u>\$ 700,668</u>	<u>\$ 672,699</u>	<u>\$ (27,969)</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - DEVELOPMENTAL DISABILITIES FUND
Year Ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
General property	\$ 216,410	\$ 216,410	\$ 216,410	\$ -
Intergovernmental	4,725,414	4,725,414	4,369,118	(356,296)
Public charges for service	1,127,900	1,127,900	859,731	(268,169)
Intergovernmental charges for service	41,800	41,800	30,875	(10,925)
Miscellaneous revenues	30	30	-	(30)
Total revenues	<u>6,111,554</u>	<u>6,111,554</u>	<u>5,476,134</u>	<u>(635,420)</u>
EXPENDITURES				
Health and human services	<u>6,111,554</u>	<u>6,111,554</u>	<u>5,348,865</u>	<u>762,689</u>
 Excess (deficiency) of revenues over (under) expenditures	 -	 -	 127,269	 127,269
FUND BALANCE - JANUARY 1	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 177,269</u>	<u>\$ 127,269</u>

LINCOLN COUNTY, WISCONSIN
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2010

NOTE 1 - EXCESS OF ACTUAL EXPENDITURES OVER FINAL BUDGET

For the year ending December 31, 2010, the legally adopted budget line items with actual expenditures over the final budget were as follows:

	<u>Final Budget</u>	<u>Actual</u>
General Fund		
General government		
Coroner	\$ 49,782	\$ 49,871
Health and Human Services		
Child Support Agency	279,946	279,948
Social Services Fund		
Health and human services	3,298,124	3,513,634
Transfer out	-	114,908

COMBINING FUND STATEMENTS

LINCOLN COUNTY, WISCONSIN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2010

	Special Revenue							Total	Debt Service	Total Nonmajor Governmental Funds
	County Health	Commission on Aging	Dog License	Community Development	Emergency Medical	Jail Assessment	Total			
ASSETS										
Cash and cash equivalents	\$ 478,460	\$ 48,223	\$ 28,257	\$ 271,451	\$ 477,807	\$ 30,778	\$ 1,334,976	\$ 40,185	\$ 1,375,161	
Receivables (net of allowances):										
Property taxes	543,814	-	-	-	698,067	-	1,241,881	836,431	2,078,312	
Accounts	-	4,688	-	-	361,385	-	366,073	-	366,073	
Loans	-	-	-	257,932	-	-	257,932	-	257,932	
Due from other governments	93,696	60,817	-	-	-	868	155,381	-	155,381	
Prepaid items	623	-	-	-	319	-	942	-	942	
TOTAL ASSETS	\$ 1,116,593	\$ 113,728	\$ 28,257	\$ 529,383	\$ 1,537,578	\$ 31,646	\$ 3,357,185	\$ 876,616	\$ 4,233,801	
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ 9,659	\$ 40,306	\$ 26,401	\$ -	\$ 505,773	\$ -	\$ 582,139	\$ -	\$ 582,139	
Accrued liabilities	13,055	10,956	-	-	764	-	24,775	-	24,775	
Due to other governments	-	-	856	-	-	-	856	-	856	
Deferred revenue	549,417	-	-	257,932	726,167	-	1,533,516	836,431	2,369,947	
Total liabilities	572,131	51,262	27,257	257,932	1,232,704	-	2,141,286	836,431	2,977,717	
Fund balance										
Fund balances:										
Reserved:										
Prepaid items	623	-	-	-	319	-	942	-	942	
Grants and program fees	335,422	62,466	-	-	-	-	397,888	-	397,888	
Jail assessment	-	-	-	-	-	31,646	31,646	-	31,646	
Unreserved, designated:										
Subsequent years' expenditures	208,417	-	1,000	271,451	304,555	-	785,423	40,185	825,608	
Total fund balance	544,462	62,466	1,000	271,451	304,874	31,646	1,215,899	40,185	1,256,084	
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,116,593	\$ 113,728	\$ 28,257	\$ 529,383	\$ 1,537,578	\$ 31,646	\$ 3,357,185	\$ 876,616	\$ 4,233,801	

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2010

	Special Revenue							Total	Debt Service	Total Nonmajor Governmental Funds
	County Health	Commission on Aging	Dog License	Community Development	Emergency Medical	Jail Assessment				
REVENUES										
Taxes	\$ 529,070	\$ 97,931	\$ -	\$ -	\$ 603,133	\$ -	\$ 1,230,134	\$ 685,601	\$ 1,915,735	
Intergovernmental revenues	203,183	387,434	-	-	74,977	-	665,594	-	665,594	
Licenses and permits	2,142	-	26,615	-	-	-	28,757	-	28,757	
Fines, forfeits, and penalties	-	-	-	-	-	42,645	42,645	-	42,645	
Public charges for service	140,063	128,620	-	195,003	1,077,796	-	1,541,482	-	1,541,482	
Intergovernmental charges for service	182,455	15,000	-	-	-	-	197,455	132,736	330,191	
Miscellaneous revenues	295	13,640	-	10,022	-	-	23,957	-	23,957	
Total revenues	<u>1,057,208</u>	<u>642,625</u>	<u>26,615</u>	<u>205,025</u>	<u>1,755,906</u>	<u>42,645</u>	<u>3,730,024</u>	<u>818,337</u>	<u>4,548,361</u>	
EXPENDITURES										
Current:										
Public safety	-	-	-	-	1,693,797	-	1,693,797	-	1,693,797	
Health and human services	948,203	685,641	26,615	-	-	-	1,660,459	-	1,660,459	
Debt service:										
Principal	-	-	-	-	-	-	-	345,000	345,000	
Interest	-	-	-	-	-	-	-	543,527	543,527	
Total expenditures	<u>948,203</u>	<u>685,641</u>	<u>26,615</u>	<u>-</u>	<u>1,693,797</u>	<u>-</u>	<u>3,354,256</u>	<u>888,527</u>	<u>4,242,783</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>109,005</u>	<u>(43,016)</u>	<u>-</u>	<u>205,025</u>	<u>62,109</u>	<u>42,645</u>	<u>375,768</u>	<u>(70,190)</u>	<u>305,578</u>	
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	-	66,051	66,051	
Transfers out	(92,475)	-	-	-	-	(21,609)	(114,084)	-	(114,084)	
Total other financing sources and uses	<u>(92,475)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,609)</u>	<u>(114,084)</u>	<u>66,051</u>	<u>(48,033)</u>	
Net change in fund balances	<u>16,530</u>	<u>(43,016)</u>	<u>-</u>	<u>205,025</u>	<u>62,109</u>	<u>21,036</u>	<u>261,684</u>	<u>(4,139)</u>	<u>257,545</u>	
FUND BALANCES - BEGINNING	<u>527,932</u>	<u>105,482</u>	<u>1,000</u>	<u>66,426</u>	<u>242,765</u>	<u>10,610</u>	<u>954,215</u>	<u>44,324</u>	<u>998,539</u>	
FUND BALANCES - ENDING	<u>\$ 544,462</u>	<u>\$ 62,466</u>	<u>\$ 1,000</u>	<u>\$ 271,451</u>	<u>\$ 304,874</u>	<u>\$ 31,646</u>	<u>\$ 1,215,899</u>	<u>\$ 40,185</u>	<u>\$ 1,256,084</u>	

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2010

	<u>Internal Service Funds</u>		
	<u>Highway</u>	<u>Health Insurance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 26,591	\$ 3,677,251	\$ 3,703,842
Accounts receivable	91,129	24,991	116,120
Due from other governments	466,042	-	466,042
Inventories, at cost	1,049,329	-	1,049,329
Prepaid expenses	270	-	270
Total current assets	<u>1,633,361</u>	<u>3,702,242</u>	<u>5,335,603</u>
Noncurrent assets:			
Capital assets:			
Land	35,540	-	35,540
Improvements other than buildings	244,869	-	244,869
Buildings	1,853,669	-	1,853,669
Machinery and equipment	9,556,596	-	9,556,596
Less accumulated depreciation	<u>(7,472,088)</u>	<u>-</u>	<u>(7,472,088)</u>
Total capital assets	<u>4,218,586</u>	<u>-</u>	<u>4,218,586</u>
Total assets	<u>5,851,947</u>	<u>3,702,242</u>	<u>9,554,189</u>
LIABILITIES			
Current liabilities:			
Accounts payable	258,621	289,334	547,955
Accrued expenses	44,754	307	45,061
Compensated absences payable	228,964	-	228,964
Due other funds	56,195	-	56,195
Accrued claims	-	1,070,590	1,070,590
Current maturities of long-term debt	<u>30,403</u>	<u>-</u>	<u>30,403</u>
Total current liabilities	<u>618,937</u>	<u>1,360,231</u>	<u>1,979,168</u>
Noncurrent liabilities:			
Noncurrent maturities of long-term debt	223,923	-	223,923
Advance due other funds	289,236	-	289,236
Compensated absences payable	<u>181,885</u>	<u>-</u>	<u>181,885</u>
Total noncurrent liabilities	<u>695,044</u>	<u>-</u>	<u>695,044</u>
Total liabilities	<u>1,313,981</u>	<u>1,360,231</u>	<u>2,674,212</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,415,869	-	4,415,869
Unrestricted	<u>122,097</u>	<u>2,342,011</u>	<u>2,464,108</u>
TOTAL NET ASSETS	<u>\$ 4,537,966</u>	<u>\$ 2,342,011</u>	<u>\$ 6,879,977</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2010

	<u>Internal Service Funds</u>		
	<u>Highway</u>	<u>Health Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Interdepartmental charges for service	\$ 3,360,686	\$ 4,952,572	\$ 8,313,258
Intergovernmental charges for service	2,216,913	-	2,216,913
Other operating revenue	<u>20,249</u>	<u>-</u>	<u>20,249</u>
Total operating revenues	<u>5,597,848</u>	<u>4,952,572</u>	<u>10,550,420</u>
OPERATING EXPENSES			
Claims paid	-	5,716,847	5,716,847
General services	5,607,693	-	5,607,693
Administrative and fiscal services	343,985	818,356	1,162,341
Depreciation and amortization	<u>530,030</u>	<u>-</u>	<u>530,030</u>
Total operating expenses	<u>6,481,708</u>	<u>6,535,203</u>	<u>13,016,911</u>
Operating income (loss)	<u>(883,860)</u>	<u>(1,582,631)</u>	<u>(2,466,491)</u>
NONOPERATING REVENUES			
Rent revenue	50	-	50
Gain (loss) on disposal of assets	117,044	-	117,044
Salvage revenue	33,462	-	33,462
Donations	200	-	200
Gain on sale of supplies	465	-	465
Insurance recoveries	24,495	-	24,495
Interest income	<u>-</u>	<u>57,033</u>	<u>57,033</u>
Total nonoperating revenues	<u>175,716</u>	<u>57,033</u>	<u>232,749</u>
Change in net assets	(708,144)	(1,525,598)	(2,233,742)
TOTAL NET ASSETS - BEGINNING	<u>5,246,110</u>	<u>3,867,609</u>	<u>9,113,719</u>
TOTAL NET ASSETS - ENDING	<u>\$ 4,537,966</u>	<u>\$ 2,342,011</u>	<u>\$ 6,879,977</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2010

	<u>Internal Service Funds</u>		
	<u>Highway</u>	<u>Health Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
From other County departments	\$ 3,360,686	\$ 4,952,572	\$ 8,313,258
From government and other parties for sales	2,258,287	-	2,258,287
To employees for compensation and fringe benefits	(3,163,356)	(23,857)	(3,187,213)
To vendors for goods and services	(2,567,316)	(6,254,783)	(8,822,099)
	<u>(111,699)</u>	<u>(1,326,068)</u>	<u>(1,437,767)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(5,554)	-	(5,554)
Insurance recovery for damaged equipment	2,325	-	2,325
Proceeds from sale of capital assets	141,319	-	141,319
	<u>138,090</u>	<u>-</u>	<u>138,090</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	62,516	62,516
	<u>26,391</u>	<u>(1,263,552)</u>	<u>(1,237,161)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,391	(1,263,552)	(1,237,161)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	200	4,940,803	4,941,003
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 26,591	\$ 3,677,251	\$ 3,703,842
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (883,860)	\$ (1,582,631)	\$ (2,466,491)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	530,030	-	530,030
Changes in operating assets and liabilities:			
Accounts receivable	(32,480)	-	(32,480)
Due from other governments	53,605	-	53,605
Prepaid expenses	1,853	-	1,853
Inventories	20,330	-	20,330
Accounts payable	215,777	(105,418)	110,359
Accrued expenses	3,904	2	3,906
Compensated absences	(20,858)	-	(20,858)
Accrued claims	-	361,979	361,979
	<u>772,161</u>	<u>256,563</u>	<u>1,028,724</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (111,699)	\$ (1,326,068)	\$ (1,437,767)

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2010

	<u>Agency Funds</u>		<u>Total</u>
	<u>Employee Benefit Cafeteria Plan</u>	<u>Clerk of Court Collection Fund</u>	
ASSETS			
Cash and cash equivalents	\$ 13,788	\$ -	\$ 13,788
Accounts receivable	<u>-</u>	<u>667,182</u>	<u>667,182</u>
Total assets	<u>\$ 13,788</u>	<u>\$ 667,182</u>	<u>\$ 680,970</u>
LIABILITIES			
Deposits and advances	\$ 13,482	\$ -	\$ 13,482
Due other governments	-	667,182	667,182
Due to Lincoln County	<u>306</u>	<u>-</u>	<u>306</u>
Total liabilities	<u>\$ 13,788</u>	<u>\$ 667,182</u>	<u>\$ 680,970</u>