

LINCOLN COUNTY, WISCONSIN
Merrill, Wisconsin

BASIC FINANCIAL STATEMENTS
December 31, 2007



Wisconsin Department of Information Technology
Government & Not-For-Profit Solutions

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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, 2007, 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 PineCrest Nursing Home, an enterprise fund, which represents 40 percent and 82 percent, respectively, of the assets and revenues of the County's business-type activities. 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 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, 2007, 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 29, 2008, 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.

The management's discussion and analysis on pages 3 through 13 and the budgetary comparison information on 50 through 57 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lincoln County, Wisconsin's basic financial statements. The combining fund statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Schenck SC
Stevens Point, Wisconsin
July 29, 2008

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, 2007.

Financial Highlights

- The assets of Lincoln County exceeded liabilities at the close of the most recent fiscal year by \$76,366,797 (net assets). Of this amount, \$24,218,192 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$843,124.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$25,319,907, an increase of \$9,227,990 in comparison with the prior year. Forty-four percent of this total amount, \$11,126,683, 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 \$1,964,592, or 36% of total general fund expenditures.
- Lincoln County received proceeds from long-term debt in the amount of \$9,965,000 as the County began a long awaited 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, 2007. 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 the jail assessment special revenue fund 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 2007, the County's assets exceeded liabilities by \$76,366,797.

By far the largest portion of the County's net assets (66%) 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
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 46,152,511	\$ 34,263,879	\$ 12,141,539	\$ 11,978,774	\$ 58,294,050	\$ 46,242,653
Capital assets	<u>44,968,004</u>	<u>44,363,555</u>	<u>9,601,535</u>	<u>10,016,304</u>	<u>54,569,539</u>	<u>54,379,859</u>
Total assets	<u>91,120,515</u>	<u>78,627,434</u>	<u>21,743,074</u>	<u>21,995,078</u>	<u>112,863,589</u>	<u>100,622,512</u>
Long-term liabilities outstanding	12,622,398	2,829,954	5,325,340	5,381,451	17,947,738	8,211,405
Other liabilities	<u>16,530,272</u>	<u>14,798,603</u>	<u>2,018,782</u>	<u>2,088,831</u>	<u>18,549,054</u>	<u>16,887,434</u>
Total liabilities	<u>29,152,670</u>	<u>17,628,557</u>	<u>7,344,122</u>	<u>7,470,282</u>	<u>36,496,792</u>	<u>25,098,839</u>
Net assets:						
Invested in capital assets, net of related debt	43,979,742	44,294,454	6,436,669	6,556,623	50,416,411	50,851,077
Restricted	1,109,126	691,772	623,068	770,552	1,732,194	1,462,324
Unrestricted	<u>16,878,977</u>	<u>16,012,651</u>	<u>7,339,215</u>	<u>7,197,621</u>	<u>24,218,192</u>	<u>23,210,272</u>
Total net assets	\$ 61,967,845	\$ 60,998,877	\$ 14,398,952	\$ 14,524,796	\$ 76,366,797	\$ 75,523,673

An additional portion of the County's net assets (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$24,218,192) 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 increased the County's net assets by \$968,968, thereby accounting for 100% of the total growth in net assets of the County. Key elements of this increase are as follows:

Lincoln County's Change in Net Assets						
	Governmental Activities 2007	Governmental Activities 2006	Business-Type Activities 2007	Business-Type Activities 2006	Total 2007	Total 2006
Revenues:						
Program revenues:						
Charges for services	\$ 6,958,697	\$ 7,418,029	\$ 12,298,153	\$ 12,378,738	\$ 19,256,850	\$ 19,796,767
Operating grants and contributions	9,861,812	9,976,976	268,385	320,176	10,130,197	10,297,152
Capital grants and contributions	-	241,861	-	8,050	-	249,911
General revenues:						
Property taxes	10,652,603	10,480,095	450,000	406,592	11,102,603	10,886,687
Other taxes	2,017,687	1,946,404	-	-	2,017,687	1,946,404
Grants and contributions not restricted to specific programs	1,295,686	1,294,241	-	-	1,295,686	1,294,241
Other	<u>1,235,122</u>	<u>1,828,271</u>	<u>2,022</u>	<u>1,881</u>	<u>1,237,144</u>	<u>1,830,152</u>
Total revenues	<u>32,021,607</u>	<u>33,185,877</u>	<u>13,018,560</u>	<u>13,115,437</u>	<u>45,040,167</u>	<u>46,301,314</u>
Expenses:						
General government	4,562,490	4,829,605	-	-	4,562,490	4,829,605
Public safety	7,405,150	6,567,347	-	-	7,405,150	6,567,347
Public works	7,007,418	5,985,312	-	-	7,007,418	5,985,312
Health and human services	10,845,351	11,267,586	-	-	10,845,351	11,267,586
Culture and recreation	804,839	839,380	-	-	804,839	839,380
Conservation and development	839,669	966,514	-	-	839,669	966,514
Interest on long-term debt	202,978	47,964	-	-	202,978	47,964
Nursing home	-	-	10,179,001	9,825,078	10,179,001	9,825,078
Forestry	-	-	982,486	1,035,922	982,486	1,035,922
Landfill	-	-	1,367,661	1,366,238	1,367,661	1,366,238
Total expenses	<u>31,667,895</u>	<u>30,503,708</u>	<u>12,529,148</u>	<u>12,227,238</u>	<u>44,197,043</u>	<u>42,730,946</u>
Increase in net assets before transfers	353,712	2,682,169	489,412	888,199	843,124	3,570,368
Transfers	<u>615,256</u>	<u>(154,725)</u>	<u>(615,256)</u>	<u>154,725</u>	-	-
Change in net assets	968,968	2,527,444	(125,844)	1,042,924	843,124	3,570,368
Net assets - January 1	<u>60,998,877</u>	<u>58,471,433</u>	<u>14,524,796</u>	<u>12,481,872</u>	<u>75,523,673</u>	<u>71,953,305</u>
Net assets - December 31	\$ 61,967,845	\$ 60,998,877	\$ 14,398,952	\$ 14,524,796	\$ 76,366,797	\$ 75,523,673

Interest revenue exceeded expectations by \$186,225. Additionally, \$534,856 of contingency funds were not required to cover unexpected expenditures in 2007. An increase of ambulance runs in the Emergency Medical fund (\$119,856 or a 13% increase) also accounted for the positive change in net assets.

In addition, the increase in net assets for governmental activities resulted from 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 and resulted in transfers of funds to the general fund.

Business-type Activities Business-type activities decreased Lincoln County's net assets by \$125,844. Key elements of this decrease are as follows:

- Net assets for Solid Waste decreased by \$33,100 due to large depletion and depreciation recorded in 2007.
- Net assets for Forestry decreased by \$107,842. This was largely as a result of a transfer of residual funds in the amount of \$393,420 to the General Fund per County Ordinance.

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 \$25,319,907, an increase of \$9,227,990 in comparison with the prior year. Approximately 44 percent of this total amount, \$11,126,683 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) \$192,725 for prepaid items that benefit periods beyond the end of the current year, 2) \$92,032 for insurance deposits, 3) \$1,004,130 for non-liquid delinquent taxes, 4) \$398,929 for grant and program fees, 5) \$108,531 for jail assessment, and 6) \$12,396,877 for the County building project.

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 \$9,506,878, while the total fund balance was \$10,887,221. Of the \$9,506,878 unreserved fund balance, \$2,382,503 has been designated by the County for the 2007 budget or for future capital improvement projects and \$5,159,783 has been designated for future cash flow leaving \$1,964,592 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 84% of total general fund expenditures, undesignated unreserved fund balance represents 15% of total general fund expenditures.

The fund balance of Lincoln County's general fund decreased by \$2,746,616 during the current fiscal year. Key factors in this decrease are as follows:

- Transfers were made from special revenue funds to the general fund in accordance with Chapters 3.07 and 3.25 of the Lincoln County Ordinance, which limited maximum unreserved fund balances in special revenue funds to 15 percent of expenditures and net assets in proprietary funds to 75 percent of expenses. Transfers were as follows: Social Services \$172,940, Forestry \$316,881 and Health Department \$11,602 for a total of \$214,382.
- County investments outperformed the budget by \$186,225. This was due to conservative projections on interest rates.
- A transfer of \$4,000,000 to the Capital Project Fund for the County building project.

The County Roads and Bridges Fund has a fund balance of \$(110,255) at December 31, 2007 a decrease of \$190,415 when compared to the previous year. The Highway Department completed a project in 2007 that was planned to be carried over into 2008. The deficit balance will be covered by the 2008 budget which included funds for the project that was completed in 2007.

The Social Services fund has a total fund balance of \$781,134. The fund balance of the Social Services fund increased by \$46,554 during the current year. Key factors in this increase are as follows:

- Transfer to the general fund per Lincoln County Ordinance 3.07 in the amount of \$172,940.
- Revenues exceeded budget by \$405,823 and expenditures exceeded budgeted projections by \$136,832.

Developmental Disabilities fund has a total fund balance of \$236,467 at December 31, 2007. Of this fund balance, \$234,209 is unreserved and \$2,258 is reserved for prepaid items. Unreserved fund balance represents 5 percent of total developmental disabilities fund expenditures.

The fund balance of the Developmental Disabilities fund decreased by \$332,102 during the current year. Key factor in this decrease was the 2006 audit finding which sharply reduced the billing rate the County was able to bill for services. A liability of \$662,429 was set up to reflect the change in the billing rate for 2007.

The Capital Project fund has a total fund balance of \$12,396,877 on December 31, 2007. This is an increase of \$12,446,086 during 2007. The County has begun a building project for which the County transferred \$4,000,000 from the General Fund and issued bond anticipation notes of \$9,965,000. The project will be completed by the end of 2010.

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 \$3,421,273, those of Solid Waste Landfill amounted to \$2,590,911, and those of Forestry amounted to \$1,327,031. 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 2006). 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 \$503,468. Those amendments are briefly summarized below:

- \$262,995 - The actual amount of grant and designated funds not spent down in 2006 exceeded the amount estimated as designated for non-lapsing appropriations when the budget was prepared.
- \$59,076 - CIP funds for a grandstand handicapped seating area was not originally budgeted.

Actual expenditures were \$1,167,362 *less* than the amended budget. Explanations not already provided elsewhere in this report are summarized below:

- \$68,461 - Cost of upgrading and maintaining the computer network was less than anticipated.
- \$29,119 - Cost of Child Support was reduced by a decrease in staffing levels.
- \$263,342 - Land Records projects that have not been completed.
- \$56,661 - Cost of UW Extension services was reduced due to staff reductions.

On the revenue side, the original budget was *increased* by \$256,295 with budget amendments. Significant amendments are summarized as follows:

- \$107,508 - Increase in grants received in the Sheriff's Department.
- \$28,291 - Increase in Huber fees collected in 2007.
- \$19,321 - Increase in Emergency Management grants received in 2007.

Actual revenues were \$162,342 *greater* than budgeted. Significant variances are as follows:

- Public charges for service in Sheriff Department was less than anticipated by \$66,993.
- Interest revenue exceeded the budget by \$186,225.
- Interest on taxes exceeded the budget by \$71,587.
- State shared revenues fell short of budgeted projections by \$50,728.
- Clerk of Courts fines and fees exceeded budget by \$67,501.

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, 2007, amounted to \$54,569,539 (net of accumulated depreciation) compared to \$54,379,859 in 2006. This investment in capital assets includes land, land improvements, infrastructure, buildings and improvements, equipment and vehicles, intangible assets, and work in progress. The net increase in the County's investment in capital assets for the current fiscal year was \$189,680 or less than one percent.

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

- Work in progress increased \$1,636,511 due to the County building project.
- Sheriff Department purchased \$184,603 of vehicles per the vehicle replacement policy.

Lincoln County's Capital Assets (net of accumulated depreciation)						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2007	2006	2007	2006	2007	2006
Land	\$ 206,075	\$ 206,075	\$ 2,600,485	\$ 2,530,478	\$ 2,806,560	\$ 2,736,553
Land improvements	242,274	277,004	2,508,926	2,860,716	2,751,200	3,137,720
Infrastructure	31,228,546	32,578,465	-	-	31,228,546	32,578,465
Buildings and improvements	3,788,032	3,626,398	3,576,031	3,744,773	7,364,063	7,371,171
Equipment and vehicles	5,806,124	5,786,525	836,247	880,337	6,642,371	6,666,862
Work in progress	3,696,953	1,889,088	79,846	-	3,776,799	1,889,088
Intangible assets	-	-	-	-	-	-
Total	\$ 44,968,004	\$ 44,363,555	\$ 9,601,535	\$ 10,016,304	\$ 54,569,539	\$ 54,379,859

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 \$15,301,645 which is an increase of \$9,500,071. In 2006 the total general obligation debt outstanding was \$5,801,574. The increase is due to the issuance of bond anticipation notes issued on October 1, 2007 of 9,965,000. 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 Activities	Governmental Activities	Business- Type Activities	Business-Type Activities	Total	Total
	2007	2006	2007	2006	2007	2006
Bonds	\$ 2,125,000	\$ 2,245,000	\$ 3,180,000	\$ 3,495,000	\$ 5,305,000	\$ 5,740,000
Notes	<u>9,996,645</u>	<u>61,574</u>	<u>-</u>	<u>-</u>	<u>9,996,645</u>	<u>61,574</u>
Total general obligation debt	12,121,645	2,306,574	3,180,000	3,495,000	15,301,645	5,801,574
Capital lease	10,947	18,474	-	-	10,947	18,474
Compensated absences	<u>1,419,157</u>	<u>1,405,161</u>	<u>415,352</u>	<u>369,969</u>	<u>1,834,509</u>	<u>1,775,130</u>
Total general long-term obligations	\$ 13,551,749	\$ 3,730,209	\$ 3,595,352	\$ 3,864,969	\$ 17,147,101	\$ 7,595,178

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 allowable debt capacity is \$116,366,295, 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 May 2008 was 5 percent as compared to 4.4 percent for the State of Wisconsin. The May 2008 rate for Lincoln County was lower than the May 2007 rate (5.5%).
- The general economic condition and outlook for the County is guarded with employers not planning to hire additional employees or expand in the next year.
- Inflationary trends in our region compare to national indices.

These factors were considered in preparing the County's budget for the 2008 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased \$2,762,616. Lincoln County had been planning to apply a portion of unreserved fund balance for capital improvement projects that began in 2007. It is intended that this use of available fund balance will reduce the need to raise taxes or borrow to complete the capital project.

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, 1104 East First Street, Merrill, WI 54452.

BASIC FINANCIAL STATEMENTS

LINCOLN COUNTY, WISCONSIN
STATEMENT OF NET ASSETS
December 31, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 29,471,532	\$ 6,650,259	\$ 36,121,791
Receivables, net:			
Property taxes	11,406,352	510,000	11,916,352
Tax certificates and deeds	1,267,871	-	1,267,871
Assessments	41,212	-	41,212
Accounts	1,045,826	1,665,873	2,711,699
Loans	432,414	-	432,414
Due from other governments	1,207,687	12,424	1,220,111
Inventories, at cost	930,663	263,263	1,193,926
Prepaid expenses	193,300	56,449	249,749
Total current assets	45,996,857	9,158,268	55,155,125
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	92,032	2,983,271	3,075,303
Unamortized debt issue costs	63,622	-	63,622
Capital assets:			
Land and construction in progress	3,903,028	2,680,331	6,583,359
Other capital assets, net of depreciation	41,064,976	6,921,204	47,986,180
Total capital assets	44,968,004	9,601,535	54,569,539
Total noncurrent assets	45,123,658	12,584,806	57,708,464
Total assets	91,120,515	21,743,074	112,863,589
LIABILITIES			
Current liabilities:			
Accounts payable	1,508,898	255,800	1,764,698
Accrued expenses	825,277	304,732	1,130,009
Compensated absences payable	768,715	337,470	1,106,185
Accrued claims	700,863	-	700,863
Deposits and advances	317,450	148,701	466,151
Due to other governments	783,854	132,079	915,933
Current portion of long-term obligations	160,636	330,000	490,636
Unearned revenue	11,464,579	510,000	11,974,579
Total current liabilities	16,530,272	2,018,782	18,549,054
Noncurrent liabilities:			
Future closure payable	-	2,412,592	2,412,592
Compensated absences payable	650,442	77,882	728,324
Noncurrent portion of long-term obligations	11,971,956	2,834,866	14,806,822
Total noncurrent liabilities	12,622,398	5,325,340	17,947,738
Total liabilities	29,152,670	7,344,122	36,496,792
NET ASSETS			
Invested in capital assets, net of related debt	43,979,742	6,436,669	50,416,411
Restricted	1,109,126	623,068	1,732,194
Unrestricted	16,878,977	7,339,215	24,218,192
TOTAL NET ASSETS	\$ 61,967,845	\$ 14,398,952	\$ 76,366,797

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, 2007

Functions / Programs GOVERNMENTAL ACTIVITIES:	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Sales and Charges for Services	Primary Government		Total
			Operating Grants and Contributions	Governmental Activities	
General government	\$ 4,562,490	\$ 747,812	\$ 260,894	\$ (3,553,784)	\$ (3,553,784)
Public safety	7,405,150	1,670,689	226,881	(5,507,580)	(5,507,580)
Public works	7,007,418	2,819,002	1,269,376	(2,919,040)	(2,919,040)
Health and human services	10,845,351	1,260,622	7,709,886	(1,874,843)	(1,874,843)
Culture, recreation, and education	804,839	18,053	9,920	(776,866)	(776,866)
Conservation and development	839,669	442,519	384,855	(12,295)	(12,295)
Interest on long-term debt	202,978	-	-	(202,978)	(202,978)
Total governmental activities	31,667,895	6,958,697	9,861,812	(14,847,386)	(14,847,386)
BUSINESS-TYPE ACTIVITIES:					
Nursing home	10,179,001	9,939,935	-	(239,066)	(239,066)
Forestry	982,486	1,017,274	268,385	-	303,173
Solid waste landfill	1,367,661	1,340,944	-	-	(26,717)
Total business-type activities	12,529,148	12,298,153	268,385	-	37,390
TOTAL PRIMARY GOVERNMENT	\$ 44,197,043	\$ 19,256,850	\$ 10,130,197	(14,847,386)	(14,809,996)
GENERAL REVENUES:					
Taxes:					
Property taxes, levied for general purposes				10,652,603	11,102,603
Private forest cropland/managed forest land taxes				69,697	69,697
County sales tax				1,514,389	1,514,389
Real estate transfer taxes				69,387	69,387
Payment in lieu of taxes				74,091	74,091
Interest and penalties on taxes				290,123	290,123
Grants and contributions not restricted to specific programs				1,295,686	1,295,686
Unrestricted investment earnings				1,208,017	1,210,039
Gain on sale of land				27,105	27,105
Transfers				615,256	-
Total general revenues and transfers				15,816,354	15,653,120
CHANGE IN NET ASSETS				(125,844)	843,124
NET ASSETS - BEGINNING				60,998,877	75,523,673
NET ASSETS - ENDING				\$ 61,967,845	\$ 76,366,797

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, 2007

	<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>
ASSETS							
Cash and cash equivalents	\$ 9,266,417	\$ -	\$ 843,674	\$ 1,139,299	\$ 12,587,964	\$ 931,225	\$ 24,768,579
Receivables, net:							
Property taxes	7,010,876	2,193,340	587,694	33,139	-	1,581,303	11,406,352
Tax certificates and deeds	1,267,871	-	-	-	-	-	1,267,871
Assessments	41,212	-	-	-	-	-	41,212
Accounts	447,604	-	25	169,366	-	290,301	907,296
Loans	-	-	-	-	-	432,414	432,414
Due from other governments	375,229	26,689	148,249	-	-	47,544	597,711
Due from other funds	372,862	-	-	-	-	-	372,862
Prepaid items	189,770	-	272	2,258	-	425	192,725
Advances	383,453	-	-	-	-	-	383,453
Restricted assets:							
Cash and cash equivalents	92,032	-	-	-	-	-	92,032
TOTAL ASSETS	\$ 19,447,326	\$ 2,220,029	\$ 1,579,914	\$ 1,344,062	\$ 12,587,964	\$ 3,283,212	\$ 40,462,507
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 392,990	\$ -	\$ 142,583	\$ 322,319	\$ 190,430	\$ 74,965	\$ 1,123,287
Accrued liabilities	454,732	-	45,156	53,092	657	38,204	591,841
Deposits and advances	231,684	-	23,326	62,440	-	-	317,450
Due to other funds	-	136,944	-	-	-	-	136,944
Due to other governments	146,315	-	21	636,605	-	913	783,854
Deferred revenue	7,334,384	2,193,340	587,694	33,139	-	2,040,667	12,189,224
Total liabilities	8,560,105	2,330,284	798,780	1,107,595	191,087	2,154,749	15,142,600
Fund balances							
Reserved for:							
Prepaid items	189,770	-	272	2,258	-	425	192,725
Insurance deposits	92,032	-	-	-	-	-	92,032
Delinquent property taxes	1,004,130	-	-	-	-	-	1,004,130
Grant and program fees	94,411	-	-	-	-	304,518	398,929
Jail assessment	-	-	-	-	-	108,531	108,531
Unreserved, reported in:							
General fund	9,506,878	-	-	-	-	-	9,506,878
Special revenue funds	-	(110,255)	780,862	234,209	-	536,074	1,440,890
Debt service fund	-	-	-	-	-	178,915	178,915
Capital project fund	-	-	-	-	12,396,877	-	12,396,877
Total fund balances (deficit)	10,887,221	(110,255)	781,134	236,467	12,396,877	1,128,463	25,319,907
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,447,326	\$ 2,220,029	\$ 1,579,914	\$ 1,344,062	\$ 12,587,964	\$ 3,283,212	\$ 40,462,507

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, 2007

Total fund balances for governmental funds \$ 25,319,907

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	\$ 170,535	
Construction in progress	3,694,744	
Land improvements, net of \$13,317 accumulated depreciation	75,953	
Buildings, net of \$6,953,442 accumulated depreciation	2,847,966	
Machinery and equipment, net of \$1,835,974 accumulated depreciation	1,505,166	
Infrastructure, net of \$18,249,011 accumulated depreciation	<u>31,228,546</u>	
Total capital assets		39,522,910

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	\$ 3,830,938	
Highway fund	<u>5,779,217</u>	
Total internal service funds		9,610,155

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 12/31/07 are:

Accrued interest on notes	\$ (105,821)	
Notes payable	(12,121,645)	
Capital lease payable	(10,947)	
Vacation payable	(566,975)	
Banked sick	(7,708)	
Vested sick leave	(131,842)	
Accrued sick	(346,729)	
Comp time	<u>(18,062)</u>	
Total long-term liabilities		(13,309,729)

Debt issue costs are recorded as expenditures in the current period in governmental funds. Debt issue costs are recored 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 12/31/07 are:

63,622

Accounts receivable are recorded when they become measurable and available in governmental funds. On 12/31/07 correction receivables were not available and consequently not recorded. Under full accrual accounting, revenues are recorded when earned. Consequently the accounts receivable is recored and revenue recognized.

24,910

On 12/31/07 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	\$ 263,308	
Interest on delinquent taxes	40,348	
Loan receivable	<u>432,414</u>	
Total deferred revenue		<u>736,070</u>

Total net assets of governmental activities \$ 61,967,845

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, 2007

	<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	\$ 8,787,346	\$ 2,150,333	\$ 587,694	\$ 33,138	\$ -	\$ 1,123,243	\$ 12,681,754
Intergovernmental revenues	2,297,015	1,222,861	3,029,185	3,900,119	-	708,318	11,157,498
Licenses and permits	135,557	-	-	-	-	30,905	166,462
Fines, forfeits, and penalties	182,883	-	-	-	-	50,847	233,730
Public charges for service	746,963	-	1,884	761,378	5,033	1,270,426	2,785,684
Intergovernmental charges for service	73,425	-	-	41,767	-	312,053	427,245
Miscellaneous revenues	1,473,436	-	3,190	-	112,564	39,478	1,628,668
Total revenues	<u>13,696,625</u>	<u>3,373,194</u>	<u>3,621,953</u>	<u>4,736,402</u>	<u>117,597</u>	<u>3,535,270</u>	<u>29,081,041</u>
EXPENDITURES							
Current:							
General government	4,532,299	-	-	-	-	-	4,532,299
Public safety	5,530,619	-	-	-	-	1,578,123	7,108,742
Public works	46,515	3,563,609	-	-	-	-	3,610,124
Health and human services	897,944	-	3,402,459	5,035,034	-	1,620,928	10,956,365
Culture, recreation, and education	807,853	-	-	-	-	-	807,853
Conservation and development	793,499	-	-	-	-	136,000	929,499
Capital outlay	290,729	-	-	-	1,636,511	102,425	2,029,665
Debt service:							
Principal	-	-	-	-	-	149,929	149,929
Interest and other charges	-	-	-	-	-	108,725	108,725
Total expenditures	<u>12,899,458</u>	<u>3,563,609</u>	<u>3,402,459</u>	<u>5,035,034</u>	<u>1,636,511</u>	<u>3,696,130</u>	<u>30,233,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>797,167</u>	<u>(190,415)</u>	<u>219,494</u>	<u>(298,632)</u>	<u>(1,518,914)</u>	<u>(160,860)</u>	<u>(1,152,160)</u>
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	-	-	-	-	9,965,000	-	9,965,000
Transfers in	599,571	-	-	-	4,000,000	198,554	4,798,125
Transfers out	(4,143,354)	-	(172,940)	(33,470)	-	(33,211)	(4,382,975)
Total other financing sources (uses)	<u>(3,543,783)</u>	<u>-</u>	<u>(172,940)</u>	<u>(33,470)</u>	<u>13,965,000</u>	<u>165,343</u>	<u>10,380,150</u>
Net change in fund balances	<u>(2,746,616)</u>	<u>(190,415)</u>	<u>46,554</u>	<u>(332,102)</u>	<u>12,446,086</u>	<u>4,483</u>	<u>9,227,990</u>
FUND BALANCES (DEFICIT) - BEGINNING	<u>13,633,837</u>	<u>80,160</u>	<u>734,580</u>	<u>568,569</u>	<u>(49,209)</u>	<u>1,123,980</u>	<u>16,091,917</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 10,887,221</u>	<u>\$ (110,255)</u>	<u>\$ 781,134</u>	<u>\$ 236,467</u>	<u>\$ 12,396,877</u>	<u>\$ 1,128,463</u>	<u>\$ 25,319,907</u>

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, 2007

Net change in fund balances - total governmental funds \$ 9,227,990

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	\$ 2,737,104	
Depreciation expense	<u>(2,037,516)</u>	
Excess of capital outlay over depreciation expense		699,588

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:

157,456

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:

(9,965,000)

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:

23,305

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	690,657	
Highway fund	<u>93,415</u>	
Total internal service funds		784,072

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	(94,253)	
Vacation	(16,384)	
Banked sick leave	1,675	
Vested sick leave	92,574	
Accrued sick	(48,903)	
Comp time	<u>3,038</u>	
Combined adjustment		(62,253)

Revenue had accrued on 12/31/07 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:

Notes	123,928	
Interest on delinquent taxes	(11,464)	
Corrections	1,085	
Citations	<u>(9,739)</u>	
Combined adjustment		<u>103,810</u>

Change in net assets of governmental activities \$ 968,968

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, 2007

	Enterprise Funds				Governmental Activities - Internal Service Funds
	<u>PineCrest Nursing Home</u>	<u>Solid Waste Landfill</u>	<u>Forestry</u>	<u>Total</u>	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,667,612	\$ 2,322,470	\$ 1,660,177	\$ 6,650,259	\$ 4,702,953
Receivables, net:					
Property taxes	510,000	-	-	510,000	-
Accounts	1,492,445	102,317	71,111	1,665,873	113,620
Due from other governments	-	12,424	-	12,424	609,976
Inventories, at cost	27,150	236,113	-	263,263	930,663
Prepaid items	55,399	1,050	-	56,449	575
Total current assets	4,752,606	2,674,374	1,731,288	9,158,268	6,357,787
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	13,532	2,969,739	-	2,983,271	-
Capital assets:					
Land	13,833	84,605	2,502,047	2,600,485	35,540
Improvements other than buildings	377,655	6,186,014	9,603	6,573,272	244,869
Buildings	7,323,608	300,049	296,256	7,919,913	1,771,039
Machinery and equipment	1,240,072	868,817	577,303	2,686,192	10,244,063
Construction in progress	79,846	-	-	79,846	2,209
Less accumulated depreciation and depletion	(5,009,552)	(4,682,438)	(566,183)	(10,258,173)	(6,852,626)
Total capital assets	4,025,462	2,757,047	2,819,026	9,601,535	5,445,094
Total noncurrent assets	4,038,994	5,726,786	2,819,026	12,584,806	5,445,094
Total assets	8,791,600	8,401,160	4,550,314	21,743,074	11,802,881
LIABILITIES					
Current liabilities:					
Accounts payable	213,054	35,850	6,896	255,800	385,611
Accrued expenses	276,366	9,260	19,106	304,732	127,615
Compensated absences payable	288,549	18,671	30,250	337,470	183,678
Accrued claims	-	-	-	-	700,863
Due to other funds	-	-	-	-	235,918
Due to other governments	-	-	132,079	132,079	-
Deferred revenue	510,000	-	-	510,000	11,425
Current maturities of long-term debt	330,000	-	-	330,000	-
Deposits and advances	43,364	-	105,337	148,701	-
Total current liabilities	1,661,333	63,781	293,668	2,018,782	1,645,110
Noncurrent liabilities:					
General obligation bonds payable	2,834,866	-	-	2,834,866	-
Advance due other funds	-	-	-	-	383,453
Compensated absences payable	-	19,682	58,200	77,882	164,163
Future closure payable	-	2,412,592	-	2,412,592	-
Total noncurrent liabilities	2,834,866	2,432,274	58,200	5,325,340	547,616
Total liabilities	4,496,199	2,496,055	351,868	7,344,122	2,192,726
NET ASSETS					
Invested in capital assets, net of related debt	860,596	2,757,047	2,819,026	6,436,669	5,013,709
Restricted	13,532	557,147	52,389	623,068	-
Unrestricted	3,421,273	2,590,911	1,327,031	7,339,215	4,596,446
TOTAL NET ASSETS	\$ 4,295,401	\$ 5,905,105	\$ 4,198,446	\$ 14,398,952	\$ 9,610,155

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

LINCOLN COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2007

	Enterprise Funds				Governmental Activities - Internal Service Funds
	<u>PineCrest Nursing Home</u>	<u>Solid Waste Landfill</u>	<u>Forestry</u>	<u>Total</u>	
OPERATING REVENUES					
Public charges for service	\$ 9,930,067	\$ 987,052	\$ 995,786	\$ 11,912,905	\$ -
Interdepartmental charges for service	-	357	1,500	1,857	8,481,802
Intergovernmental charges for service	-	158,239	-	158,239	2,691,122
Other	9,836	13,310	-	23,146	19,689
Total operating revenues	9,939,903	1,158,958	997,286	12,096,147	11,192,613
OPERATING EXPENSES					
Claims paid	-	-	-	-	3,803,682
Nursing services	4,391,035	-	-	4,391,035	-
Other professional services	492,596	-	-	492,596	-
General services	1,823,349	713,189	912,082	3,448,620	5,433,626
Administrative and fiscal services	2,850,164	-	-	2,850,164	959,389
Provider assessment tax	162,000	-	-	162,000	-
Provision for bad debts	90,388	-	-	90,388	-
Future closing costs	-	244,757	-	244,757	-
Depreciation and amortization	314,611	416,098	87,999	818,708	638,200
Total operating expenses	10,124,143	1,374,044	1,000,081	12,498,268	10,834,897
Operating income (loss)	(184,240)	(215,086)	(2,795)	(402,121)	357,716
NONOPERATING REVENUES (EXPENSES)					
Property taxes	450,000	-	-	450,000	-
Insurance recoveries	-	-	-	-	19,057
Interest income	2,022	181,986	-	184,008	280,115
Rental income	-	-	-	-	50
Grant revenue	-	-	268,385	268,385	-
Salvage revenue	-	-	-	-	4,824
Donations	-	-	-	-	200
Interest expense	(190,986)	-	-	(190,986)	-
Gain on sale of supplies	-	-	-	-	1,196
Gain on disposal of capital assets	32	-	19,988	20,020	80,914
Total nonoperating revenues (expenses)	261,068	181,986	288,373	731,427	386,356
Income (loss) before transfers	76,828	(33,100)	285,578	329,306	744,072
Transfer in	-	-	-	-	40,000
Transfer out	(61,730)	-	(393,420)	(455,150)	-
Change in net assets	15,098	(33,100)	(107,842)	(125,844)	784,072
TOTAL NET ASSETS - BEGINNING	4,280,303	5,938,205	4,306,288	14,524,796	8,826,083
TOTAL NET ASSETS - ENDING	\$ 4,295,401	\$ 5,905,105	\$ 4,198,446	\$ 14,398,952	\$ 9,610,155

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, 2007

	Enterprise Funds				Governmental Activities - Internal Service Funds
	PineCrest Nursing Home	Solid Waste Landfill	Forestry	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
From patients and third party payers	\$ 9,859,869	\$ 1,080,384	\$ -	\$ 10,940,253	\$ -
From other County departments	-	357	1,500	1,857	8,615,848
From government and other parties for sales	-	159,534	956,397	1,115,931	2,592,538
To employees for compensation and fringe benefits	(7,346,740)	(271,370)	(646,387)	(8,264,497)	(3,023,253)
To vendors for goods and services	(2,328,399)	(468,218)	(409,195)	(3,205,812)	(7,285,245)
Other cash received	9,836	-	-	9,836	-
Net cash provided (used) by operating activities	194,566	500,687	(34,196)	597,568	899,888
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grant revenue	-	-	269,245	269,245	-
Transfer in	-	-	-	-	-
Transfer out	(61,730)	-	(329,931)	(391,661)	-
Tax levy appropriations	450,000	-	-	450,000	-
Net cash provided by (used in) noncapital financing activities	388,270	-	(60,686)	327,584	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	(60,158)	(164,705)	(230,365)	(455,228)	(638,394)
Capital grant	-	-	-	-	9,294
Proceeds from sale of assets	32	-	-	32	179,357
Insurance recovery for damaged equipment	-	-	-	-	24,075
Advance from general fund	-	-	-	-	(34,869)
Principal payments on long-term debt	(315,000)	-	-	(315,000)	-
Interest paid on long-term debt	(183,812)	-	-	(183,812)	-
Net cash used in capital and related financing activities	(558,938)	(164,705)	(230,365)	(954,008)	(460,537)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	2,022	179,691	-	181,713	260,461
CHANGE IN CASH AND CASH EQUIVALENTS	25,920	515,673	(325,247)	152,857	699,812
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,655,224	4,776,536	2,048,913	9,480,673	4,003,141
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,681,144	\$ 5,292,209	\$ 1,723,666	\$ 9,633,530	\$ 4,702,953
CASH AND CASH EQUIVALENTS CONSIST OF:					
Unrestricted	\$ 2,667,612	\$ 2,322,470	\$ 1,660,177	\$ 6,650,259	\$ 4,702,953
Restricted	13,532	2,969,739	-	2,983,271	-
	\$ 2,681,144	\$ 5,292,209	\$ 1,660,177	\$ 9,633,530	\$ 4,702,953

**LINCOLN COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2007**

	<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)	\$ (184,240)	\$ (215,086)	\$ (2,795)	\$ (402,121)	\$ 357,716
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Provision for bad debts	90,388	-	-	90,388	-
Depreciation and amortization	314,611	416,098	87,999	818,708	638,200
Future closing costs	-	244,757	-	244,757	-
Change in assets and liabilities:					
Accounts receivable	(144,254)	80,067	(39,389)	(103,576)	(10,168)
Due from other governments	-	3,331	-	3,331	(177,338)
Inventories	6,061	-	-	6,061	(108,325)
Prepaid items	(4,985)	307	-	(4,678)	2,816
Accounts payable	(13,490)	(33,529)	(2,239)	(49,258)	40,790
Due to other governments	-	-	(14,523)	(14,523)	134,541
Accrued expenses	14,971	1,242	279	16,492	(8,400)
Deferred revenue	60,000	-	-	60,000	(9,303)
Compensated absences payable	41,448	3,500	435	45,383	45,996
Deposits and advances	14,056	-	(63,963)	(49,907)	-
Claims paid	-	-	-	-	(6,637)
Total adjustments	<u>378,806</u>	<u>715,773</u>	<u>(31,401)</u>	<u>1,063,178</u>	<u>542,172</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 194,566</u>	<u>\$ 500,687</u>	<u>\$ (34,196)</u>	<u>\$ 661,057</u>	<u>\$ 899,888</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, 2007

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 26,380
Accounts receivable	<u>534,595</u>
 Total assets	 <u>\$ 560,975</u>
 LIABILITIES	
Deposits and advances	\$ 20,408
Due other governments	534,595
Due to Lincoln County	<u>5,972</u>
 Total liabilities	 <u>\$ 560,975</u>

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

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LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

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 non-exchange 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, 2007

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 financial resources to be used for the acquisition or construction of major capital facilities.

The County reports the following major enterprise funds:

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

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2007

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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

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 2007 tax levy is recorded as receivable with offsetting deferred revenue at December 31, 2007; it will be recognized as revenue in 2008 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 2007 tax roll follows:

Lien date and date levy	December 2007
Tax bills mailed	December 2007
Real estate taxes first installment due	January 31, 2008
Personal property taxes due in full	January 31, 2008
Real estate taxes second installment due	July 31, 2008
Tax sale - 2007 delinquent real estate taxes	October 2011

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, 2007

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 and improvements	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	10 - 50
Buildings and improvements	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.

DEFERRED REVENUE

Deferred revenues arise when 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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 an other 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.

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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2007

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, VTAE district, village, town, or school district of the state.
- 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 \$39,223,474 on December 31, 2007, as summarized below:

Petty cash funds	\$ 2,070
Deposits with financial institutions	14,041,403
Investments	
Wisconsin LGIP	18,136,200
Landfill long-term care trust	2,969,739
Health Insurance Trust Fund	3,982,030
Insurance Deposits	92,032
	<u>\$ 39,223,474</u>
Basic financial statements	
Cash and investments	\$ 36,121,791
Restricted cash and investments	3,075,303
Fiduciary funds	
Cash and investments	26,380
	<u>\$ 39,223,474</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

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 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 are insured by the Federal Depository Insurance (FDIC) and National Credit Union Association (NCUA) in the amount of \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. 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, 2007, \$12,897,651 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.

Credit Risk

Credit risk is the risk that, an issuer or 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. The County's investments in U.S. Government Securities are exempt from disclosure while the Local Government Investment Pool is 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, 2007 the County had the following investments and maturities:

Investment Type	Fair Value	Average Maturities
U.S. Government Securities	\$ 6,951,769	1 to 4.25 years

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

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 part 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, 2007, the factor was 100%. As of December 31, 2007 the carrying amount of these investments was \$18,136,200. The annualized interest rate on the LGIP was 4.28% for the month of December 2007.

NOTE 3 - RESTRICTED ASSETS

Restricted assets on December 31, 2007, totaled \$3,075,303 consisting of cash and investments as follows:

Funds	Amount
General Fund	
Insurance Deposits	\$ 92,032
Enterprise Funds	
Solid Waste Landfill	
Long Term Care Deposits	2,969,739
Pine Crest Nursing Home	
Donation and Special Fund	13,532
Total	<u>\$ 3,075,303</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

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	Pine Crest Nursing Home
Receivables					
Property taxes	\$ 7,010,876	\$ 2,193,340	\$ 587,694	\$ 33,139	\$ 510,000
Tax certificates and deeds	1,267,871	-	-	-	-
Assessments	41,212	-	-	-	-
Accounts	447,604	-	25	169,366	1,592,445
Loans	-	-	-	-	-
Due from other governments	375,229	26,689	148,249	-	-
Gross receivables	9,142,792	2,220,029	735,968	202,505	2,102,445
Less: Allowance for uncollectibles	-	-	-	-	(100,000)
Net Total Fund Receivables	<u>\$ 9,142,792</u>	<u>\$ 2,220,029</u>	<u>\$ 735,968</u>	<u>\$ 202,505</u>	<u>\$ 2,002,445</u>

	Solid Waste Landfill	Forestry	Nonmajor and internal Service Funds	Total
Receivables (Continued)				
Property taxes	\$ -	\$ -	\$ 1,581,303	\$11,916,352
Tax certificates and deeds	-	-	-	1,267,871
Assessments	-	-	-	41,212
Accounts	102,317	71,111	461,522	2,844,390
Loans	-	-	432,414	432,414
Due from other governments	12,424	-	657,520	1,220,111
Gross receivables	114,741	71,111	3,132,759	17,722,350
Less: Allowance for uncollectibles	-	-	(57,601)	(157,601)
Net Total Fund Receivables	<u>\$ 114,741</u>	<u>\$ 71,111</u>	<u>\$ 3,075,158</u>	<u>\$17,564,749</u>
			Correction receivable	24,910
			Net statement of net assets receivable	<u>\$17,589,659</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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE (CONTINUED)

On December 31, 2007, the County's general fund showed an investment of \$1,267,871 in delinquent taxes as follows:

Tax certificates	\$ 1,261,035
Tax deeds	6,836
Total delinquent certificates and deeds	<u>\$ 1,267,871</u>

An aging of the delinquent taxes of \$1,267,871 on December 31, 2007, follows:

Year Acquired	Total	Tax Certificates	Tax Deeds
Prior to 2003	\$ 13,963	\$ 13,963	\$ -
2003	2,778	2,778	-
2004	14,842	8,006	6,836
2005	41,803	41,803	-
2006	333,334	333,334	-
2007	861,151	861,151	-
	<u>\$ 1,267,871</u>	<u>\$ 1,261,035</u>	<u>\$ 6,836</u>

Of the total of \$1,261,035 for delinquent tax certificate taxes, \$263,741 was collected by the County within 90 days after December 31, 2007. The remaining unpaid balance of \$997,294 and tax deeds of \$6,836 are recorded as reserved fund balance of \$1,004,130 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
Governmental Funds		
Subsequent year tax levy receivable		
General fund	\$ 303,656	\$ 7,030,728
Special revenue fund		
County Roads and Bridges	-	2,193,340
Social services	-	587,694
Developmental Disabilities	-	33,139
County Health	-	551,905
Commission on aging	-	103,690
Community development	432,414	-
Emergency Medical	-	569,005
Debt service fund	-	383,653
Total Governmental Funds	<u>736,070</u>	<u>11,453,154</u>
Internal Service Fund		
Highway department	-	11,425
Total deferred/unearned revenue	<u>\$ 736,070</u>	<u>\$ 11,464,579</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At December 31, 2007, interfund receivables and payables were as follows:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating Cash		
Deficits of Other Funds		
General Fund	\$ 372,862	\$ -
Special Revenue Fund		
County Roads and Bridges	-	136,944
Internal Service Fund		
Highway Fund	-	235,918
Totals	<u>\$ 372,862</u>	<u>\$ 372,862</u>

The General Fund's receivable from other funds represents \$136,944 from the County Roads and Bridges Fund and \$187,986 from the Highway Internal Service Fund for operational cash flow purposes. Additionally, \$47,932 represents cash owed the General Fund from the Highway Fund for a new roof and HVAC system. Additional advances between the General Fund and Highway Fund are as follows:

	Advance Receivables	Advance Payables
Advances		
General Fund	\$ 383,453	\$ -
Internal Service Fund	-	383,453
Highway Fund	<u>\$ 383,453</u>	<u>\$ 383,453</u>

Transfers were made in the primary government as follows:

	Transfer to:					Total
	General Fund	Emergency Medical	Capital Project	Highway	Debt Service	
Transfers from:						
General Fund	\$ -	\$ 103,354	\$ 4,000,000	\$ 40,000	\$ -	\$ 4,143,354
Social Services	172,940	-	-	-	-	172,940
Developmental						
Disabilities	33,470	-	-	-	-	33,470
Jail Assessment	21,609	-	-	-	-	21,609
County Health	11,602	-	-	-	-	11,602
Forestry	298,220	-	-	-	95,200	393,420
Pine Crest Nursing						
Home	61,730	-	-	-	-	61,730
Total	<u>\$ 599,571</u>	<u>\$ 103,354</u>	<u>\$ 4,000,000</u>	<u>\$ 40,000</u>	<u>\$ 95,200</u>	<u>\$ 4,838,125</u>

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 the Developmental Disabilities Fund and Pine Crest Nursing Home, to apply designated capital improvement funds from the General Fund to the Capital Project Fund.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

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	\$ -	\$ -	\$ 206,075
Construction in progress	1,889,088	2,274,119	466,254	3,696,953
Total capital assets, not being depreciated	2,095,163	2,274,119	466,254	3,903,028
Capital assets, being depreciated:				
Land improvements	356,880	7,330	30,071	334,139
Buildings	11,026,805	544,642	-	11,571,447
Machinery and equipment	13,501,076	1,021,205	937,078	13,585,203
Infrastructure	49,477,557	-	-	49,477,557
Intangible Assets	97,275	-	-	97,275
Subtotals	74,459,593	1,573,177	967,149	75,065,621
Less accumulated depreciation for:				
Land improvements	79,876	11,989	-	91,865
Buildings	7,400,407	383,008	-	7,783,415
Machinery and equipment	7,714,551	876,212	811,684	7,779,079
Infrastructure	16,899,092	1,349,919	-	18,249,011
Intangible Assets	97,275	-	-	97,275
Subtotals	32,191,201	2,621,128	811,684	34,000,645
Total capital assets, being depreciated, net	42,268,392	(1,047,951)	155,465	41,064,976
Governmental activities capital assets, net	\$ 44,363,555	\$ 1,226,168	\$ 621,719	44,968,004
Less related long-term debt outstanding				988,262
Invested in capital assets, net of related debt				<u>\$ 43,979,742</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

NOTE 6 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,530,478	\$ 70,007	\$ -	\$ 2,600,485
Construction in progress	-	79,846	-	79,846
Total capital assets, not being depreciated	2,530,478	149,853	-	2,680,331
Capital assets, being depreciated:				
Land improvements	6,573,272	-	-	6,573,272
Buildings	7,849,636	70,277	-	7,919,913
Machinery and equipment	2,547,628	172,138	33,574	2,686,192
Subtotals	16,970,536	242,415	33,574	17,179,377
Less accumulated depreciation for:				
Land improvements	3,712,556	351,790	-	4,064,346
Buildings	4,104,863	239,019	-	4,343,882
Machinery and equipment	1,667,291	216,228	33,574	1,849,945
Subtotals	9,484,710	807,037	33,574	10,258,173
Total capital assets, being depreciated, net	7,485,826	(564,622)	-	6,921,204
Business-type activities capital assets, net	<u>\$ 10,016,304</u>	<u>\$ (414,769)</u>	<u>\$ -</u>	<u>9,601,535</u>
Less related long-term debt outstanding				<u>3,164,866</u>
Invested in capital assets, net of related debt				<u><u>\$ 6,436,669</u></u>

Depreciation expense was charged to the functions as follows:

Governmental activities	
General government	\$ 251,168
Public safety	314,137
Public works	1,933,531
Health and human services	94,279
Culture, recreation and education	5,998
Conservation and development	22,015
Total depreciation expense - governmental activities	<u>\$ 2,621,128</u>
Business-type activities	
Nursing Home	\$ 302,940
Forestry	87,999
Solid Waste Landfill	416,098
Total depreciation expense - business-type activities	<u><u>\$ 807,037</u></u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

NOTE 6 - CAPITAL ASSETS (CONTINUED)

The County has active construction projects as of December 31, 2007. 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:

	Spent to Date	Remaining Commitment
Residential Street Construction	\$ 580,573	\$ 892,427
Bridge and Approach Expansion	1,428,451	479,048
Building Projects	1,636,511	14,553,069
	<u>\$ 3,645,535</u>	<u>\$ 15,924,544</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 1/1/07	Issued	Retired	Outstanding 12/31/07	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 2,245,000	\$ -	\$ 120,000	\$ 2,125,000	\$ 125,000
Notes	61,574	9,965,000	29,929	9,996,645	31,645
Total General Obligation Debt	<u>2,306,574</u>	<u>9,965,000</u>	<u>149,929</u>	<u>12,121,645</u>	<u>156,645</u>
Capital lease	18,474	-	7,527	10,947	3,991
Compensated absences	1,405,161	899,518	885,522	1,419,157	768,715
Governmental activities Long-term obligations	<u>\$ 3,730,209</u>	<u>\$ 10,864,518</u>	<u>\$ 1,042,978</u>	<u>\$ 13,551,749</u>	<u>\$ 929,351</u>
Business-type activities:					
General Obligation Debt					
Bonds	\$ 3,495,000	\$ -	\$ 315,000	\$ 3,180,000	\$ 330,000
Unamortized refunding loss	(35,319)	-	(20,185)	(15,134)	-
Compensated absences	369,969	396,799	351,416	415,352	337,470
Business-type activities Long-term obligations	<u>\$ 3,829,650</u>	<u>\$ 396,799</u>	<u>\$ 646,231</u>	<u>\$ 3,580,218</u>	<u>\$ 667,470</u>

Interest paid for the year ended December 31, 2007 totaled \$293,445.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)

Detail of the above outstanding general obligations debt follows:

Bonds

\$5,310,000 General Obligation Bond issued 04/01/00; \$499,000 to \$504,000 due annually through 2015; interest 4.2% to 4.5%	\$ 1,045,000
\$2,400,000 General Obligation Bond issued 03/15/04; \$115,000 to \$215,000 due annually through 2020; interest 2.2% to 5.23%	2,125,000
\$2,145,000 General Obligation Bond issued 07/15/05; \$385,000 to \$445,000 due annually from 2011 through 2015; interest 3.45% to 3.7%	2,135,000

Notes

\$9,965,000 General Obligation Note issued 10/01/07; \$9,965,000 due 10/01/09; interest 3.85%	9,965,000
\$225,000 General Obligation Note issued 10/14/98; \$31,645 due in 2008; interest 5.75%	31,645

Total General Obligation Debt	\$ 15,301,645
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Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2007, are allocated to activities as detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 156,645	\$ 487,038	\$ 330,000	\$ 167,746	\$ 486,645	\$ 654,784
2009	10,095,000	480,812	350,000	150,751	10,445,000	631,563
2010	135,000	92,312	365,000	132,551	500,000	224,863
2011	140,000	86,763	385,000	113,388	525,000	200,151
2012	145,000	80,589	410,000	89,326	555,000	169,915
2013-2017	835,000	291,770	1,340,000	117,473	2,175,000	409,243
2018-2020	615,000	66,100	-	-	615,000	66,100
	\$ 12,121,645	\$ 1,585,384	\$ 3,180,000	\$ 771,235	\$ 15,301,645	\$ 2,356,619

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	\$ 2,327,325,900
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	116,366,295
Total outstanding general obligation debt applicable to debt limitation	\$ 15,301,645
Less: Amounts available for financing general obligation debt	
Debt service fund	(178,915)
Net outstanding general obligation debt applicable to debt limit	15,122,730
Legal Margin for New Debt	\$ 101,243,565

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

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 copy machine. 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 \$20,638 and \$17,994.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2007, were as follows:

Year Ending	Amount
2008	\$ 4,562
2009	4,211
2010	3,157
Total Minimum Lease Payments	11,930
Less: Amount representing interest	(983)
Present Value of Future Minimum Lease Payments	<u>\$ 10,947</u>

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

NOTE 8 - EMPLOYEE RETIREMENT PLAN

All eligible Lincoln County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 6.0 percent of their salary (3.0 percent for Executive and Elected Officials, 5.1 percent for Protective Occupations with Social Security, and 3.4 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 WRS for the year ended December 31, 2007, was \$14,983,467; the employer's total payroll was \$15,584,955. The total required contribution for the year ended December 31, 2007, was \$1,631,614, which consisted of \$752,624 or 5.0 percent of payroll from the employer and \$878,990, or 5.9 percent of payroll from employees. Total contributions for years ended December 31, 2006 and 2005, were \$1,526,790 and \$1,457,236, respectively, equal to the required contributions for each year.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

NOTE 8 - EMPLOYEE RETIREMENT PLAN (CONTINUED)

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 and submitting application 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.

NOTE 9 - 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 \$80,000 per individual claim or an aggregate limit of \$5,407,359 during the period of January 1, 2007 to December 31, 2007.

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	Claim Payments	Liability December 31
2007	\$ 913,806	\$ 3,793,367	\$ 3,765,738	\$ 941,435
2006	908,194	3,660,835	3,655,223	913,806

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

NOTE 9 - RISK MANAGEMENT (CONTINUED)

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 \$92,032. 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, 2007, is not available for presentation.

NOTE 10 - 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 2007 was \$13,265,952 with Lincoln County's share totaling \$534,736 (4.0%). 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, 2007, and for the year then ended.

Assets	\$ 23,866,144
Liabilities	6,903,733
Equity	16,962,411
Revenues	67,451,362
Expenses	66,695,988
Non-operating gain	299,477
Change in net assets	1,054,851

Lincoln County's share of net assets for the year ended December 31, 2007 is \$1,173,495.

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 11 - 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, 2007, the County has utilized approximately 55.9% of its landfill's capacity, a net increase of 4.0% compared to December 31, 2006. The landfill is estimated to be fully utilized in 2016.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

NOTE 11 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

The estimated liability for landfill closure and postclosure care costs and total future estimated costs as of December 31, 2007, is as follows:

Total estimated costs for construction, closure, and postclosure care	\$ 4,316,103
Estimated costs expensed through December 31, 2007	<u>(2,412,592)</u>

Estimated costs of construction, closure, and postclosure care to be recognized in future years	<u>\$ 1,903,511</u>
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The estimated total current cost of the landfill construction, closure, and postclosure care of \$4,316,103 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, 2007. 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, 2007, investments of \$2,969,739 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 12 - CONTINGENCIES

The County participates in a number of federal and state financial assistance programs. These programs are subject to program compliance audits by the grantors or their representatives. A single audit under the requirements of the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and the State of Wisconsin, "State Single Audit Guidelines", has been conducted and includes an audit finding which may disallow some grant expenditures at a future date. Accordingly, the County's compliance with applicable grant requirements will be established at a later date. The amount, if any, of grant expenditures which may be disallowed by the granting agencies cannot be determined at this time. As a result of the County's 2006 single audit, the County owes the State of Wisconsin \$502,193 payable in three annual installments beginning in 2008.

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.

NOTE 13 - PROPERTY TAX LEVY LIMIT

Wisconsin Act 25, effective July 27, 2005, imposed a limit on the property tax levies for all Wisconsin cities, villages, towns and counties for a two-year period. Wisconsin State Budget bill SB40 continues the limit on the property tax levies through 2009. The budget bill limits the increase in the maximum allowable tax levy to the greater of the percentage change in the County's January 1 equalized value as a result of net new construction or 3.86% in the 2008 budget and 2.0% in the 2009 budget. The actual limit for the County for the 2008 budget was 3.86%. The levy limit

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2007

is applied to both operations and debt service. However, the Act allows the limit to be increased for debt service authorized prior to July 1, 2005 and in certain other situations.

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 Fund	
Hardware	\$ 46,471
District Attorney	9,795
Office Relocation	12,498
Veterans Fuel Assistance	2,000
Land Conservation- tree planter	4,334
Zoning buffer audits	7,709
Zoning operational	7,012
Zoning density allotment	7,103
UW pest application	643
UW LLC program revenue	2,869
UW meal donations	366
UW resource directory	90
Cashflow purposes	5,159,783
Designated for capital improvement in 2008 budget	
Parcel Mapping	25,000
Digital Elevation Data	193,000
Designated for capital improvements in future years	2,110,084
	<u>\$ 7,588,757</u>
Designated for subsequent year	
Social Services	\$ 780,862
Developmental Disabilities	234,209
Other Non- Major Funds	536,074
	<u>\$ 1,551,145</u>

Restricted net assets

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

Governmental Activities	
Insurance Deposits	\$ 92,032
Grant and Program Fees	398,929
Jail Assessments	108,531
Community Development	509,634
Total Governmental Activities	<u>1,109,126</u>
Business-type Activities	
Landfill Closure	557,147
Nursing Home Funds	13,532
Forestry Grants	52,389
Total Business-type Activities	<u>623,068</u>
Total Restricted Assets	<u>\$ 1,732,194</u>

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
General property	\$ 6,758,195	\$ 6,758,195	\$ 6,758,195	\$ -
Forest crop	15,000	15,000	23,478	8,478
Managed forest land	40,000	40,000	46,219	6,219
County sales tax	1,550,980	1,550,980	1,514,389	(36,591)
Real estate transfer fees	47,000	62,000	69,387	7,387
Interest on taxes	230,000	230,000	301,587	71,587
Payment in lieu of taxes	65,000	65,000	74,091	9,091
Total taxes	8,706,175	8,721,175	8,787,346	66,171
Intergovernmental				
State shared revenues	1,321,001	1,321,001	1,270,273	(50,728)
Exempt computer aid	29,000	29,000	25,413	(3,587)
Finance Department	-	-	588	588
County Clerk	-	5,625	5,625	-
Clerk of courts	89,862	89,862	90,587	725
Circuit court	78,023	78,023	78,096	73
Land information	96,500	96,500	53,768	(42,732)
Sheriff department	57,900	165,408	108,342	(57,066)
Emergency management	30,177	49,498	50,896	1,398
Victim witness	30,532	30,532	29,276	(1,256)
Zoning grants	51,500	51,500	46,515	(4,985)
Veterans service	10,000	10,000	10,000	-
Family court commissioner	1,530	1,530	1,316	(214)
Corporation counsel	-	-	1,638	1,638
Child support	238,310	238,310	235,907	(2,403)
UW extension	8,045	8,935	9,920	985
State acreage payment	70,000	70,000	70,452	452
Land conservation	199,168	201,893	208,403	6,510
Total intergovernmental	2,311,548	2,447,617	2,297,015	(150,602)
Licenses and permits				
County clerk	3,700	3,700	6,387	2,687
Family court commissioner	4,000	4,000	3,455	(545)
Land Information	4,950	4,950	4,522	(428)
Zoning fees	114,600	114,600	121,193	6,593
Total licenses and permits	127,250	127,250	135,557	8,307
Fines, forfeits, and penalties				
Clerk of courts	110,000	113,491	180,992	67,501
Circuit court	1,826	1,826	1,473	(353)
Sheriff department	2,500	2,500	418	(2,082)
Total fines, forfeits, and penalties	114,326	117,817	182,883	65,066

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public charges for service				
Clerk of courts	\$ 68,000	\$ 68,000	\$ 78,955	\$ 10,955
Circuit court	11,126	11,126	10,867	(259)
Family court commissioner	3,200	3,200	2,895	(305)
Register of deeds	125,060	125,060	122,963	(2,097)
Land information	41,400	41,400	45,703	4,303
County clerk	300	300	1,516	1,216
Treasurer	550	550	410	(140)
District attorney	1,500	1,500	2,671	1,171
Sheriff department	224,802	259,252	192,259	(66,993)
Coroner	-	-	975	975
Maintenance	3,000	3,000	4,299	1,299
Zoning	2,850	2,850	2,324	(526)
Land conservation	500	500	260	(240)
Administration/personnel	-	-	77	77
Finance	100	100	203	103
Child support	7,900	7,900	5,496	(2,404)
UW extension	5,205	9,741	10,309	568
Forest land revenue	215,833	215,833	264,157	48,324
Other charges for service	700	700	624	(76)
Total public charges for services	712,026	751,012	746,963	(4,049)
Intergovernmental charges for service				
Sheriff department	92,500	92,500	55,676	(36,824)
Land information	1,200	1,200	800	(400)
Clerk of courts	500	500	5,101	4,601
County clerk	5,800	8,131	8,548	417
UW extension	2,700	4,400	3,300	(1,100)
Total intergovernmental charges for services	102,700	106,731	73,425	(33,306)
Miscellaneous				
Interest	1,023,453	1,023,655	1,209,880	186,225
Rent	124,160	124,160	134,184	10,024
Tax Deed Profit	-	-	27,105	27,105
Sale of county property	25,000	39,000	64,318	25,318
Insurance recovery	30,000	72,235	33,505	(38,730)
Private organization donations	1,350	3,631	4,444	813
Total miscellaneous	1,203,963	1,262,681	1,473,436	210,755
Total revenues	13,277,988	13,534,283	13,696,625	162,342

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General government				
County board chairman	\$ 46,000	\$ 46,000	\$ 43,378	\$ 2,622
County board committees	107,800	107,800	97,110	10,690
Clerk of courts	543,624	547,115	547,095	20
Circuit court	262,700	262,700	240,882	21,818
Family court commissioner	29,303	29,303	33,449	(4,146)
Coroner	47,606	47,606	47,484	122
Law library	4,285	4,285	1,485	2,800
District attorney	176,452	176,452	165,079	11,373
Corporation counsel	169,622	169,622	165,935	3,687
Victim witness	56,539	56,539	55,053	1,486
County clerk	127,974	127,974	124,477	3,497
Administration/personnel	212,421	229,911	229,938	(27)
Information technology	509,598	691,730	623,269	68,461
General administration	9,424	9,424	23,212	(13,788)
Treasurer	143,513	143,513	136,120	7,393
Finance department	362,149	362,149	360,163	1,986
Maintenance	693,609	638,567	634,448	4,119
Surveyor	198,265	217,425	188,383	29,042
Tax description	99,815	99,445	98,615	830
Register of deeds	244,657	259,657	256,023	3,634
Land records	300,781	307,207	249,366	57,841
Tax assessment	68,500	68,870	68,781	89
Insurance	99,736	99,736	111,822	(12,086)
Elections	23,200	31,156	30,732	424
Contingency fund	726,096	534,856	-	534,856
Total general government	5,263,669	5,269,042	4,532,299	736,743
Public safety				
Sheriff department:				
Law enforcement	2,666,336	2,724,563	2,724,563	-
Emergency communication (911)	678,246	807,606	807,606	-
Correction and detention	1,804,445	1,880,876	1,880,876	-
Emergency management	94,517	113,838	110,439	3,399
Civil service commission	-	-	7,135	(7,135)
Total public safety	5,243,544	5,526,883	5,530,619	(3,736)
Public works				
Zoning-sanitation	51,500	51,500	46,515	4,985
Health and human services				
Community organizations	39,500	39,500	39,500	-
Health care center	470,618	470,618	470,618	-
Child support agency	271,805	271,805	242,686	29,119
Veterans services	135,360	149,637	143,826	5,811
Cemetery	1,314	1,314	1,314	-
Total health and human services	918,597	932,874	897,944	34,930

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Culture, recreation, and education				
Public libraries	\$ 547,365	\$ 547,365	\$ 546,811	\$ 554
UW extension	<u>312,573</u>	<u>317,703</u>	<u>261,042</u>	<u>56,661</u>
Total culture, recreation, and education	<u>859,938</u>	<u>865,068</u>	<u>807,853</u>	<u>57,215</u>
Conservation and development				
Economic development	44,200	44,200	44,200	-
Zoning	428,329	437,614	399,235	38,379
Land conservation	<u>355,575</u>	<u>358,513</u>	<u>350,064</u>	<u>8,449</u>
Total conservation and development	<u>828,104</u>	<u>840,327</u>	<u>793,499</u>	<u>46,828</u>
Capital outlay				
Maintenance	15,000	71,574	59,076	12,498
Land records	233,000	310,392	47,050	263,342
Sheriff	<u>150,000</u>	<u>199,160</u>	<u>184,603</u>	<u>14,557</u>
Total capital outlay	<u>398,000</u>	<u>581,126</u>	<u>290,729</u>	<u>290,397</u>
Total expenditures	<u>13,563,352</u>	<u>14,066,820</u>	<u>12,899,458</u>	<u>1,167,362</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(285,364)</u>	<u>(532,537)</u>	<u>797,167</u>	<u>1,329,704</u>
Other financing sources (uses)				
Funds applied	388,718	630,713	630,713	-
Transfer in	-	45,178	599,571	554,393
Transfer out	<u>(103,354)</u>	<u>(143,354)</u>	<u>(4,143,354)</u>	<u>(4,000,000)</u>
Total other financing sources (uses)	<u>285,364</u>	<u>532,537</u>	<u>(2,913,070)</u>	<u>(3,445,607)</u>
Net change in fund balance	-	-	(2,115,903)	(2,115,903)
FUND BALANCE - BEGINNING	<u>14,272,693</u>	<u>14,272,693</u>	<u>14,272,693</u>	-
FUND BALANCE - ENDING	<u>\$ 14,272,693</u>	<u>\$ 14,272,693</u>	<u>\$ 12,156,790</u>	<u>\$ (2,115,903)</u>

RECONCILIATION FROM BUDGET TO GAAP:

Net change in fund balance - budget	\$ (2,115,903)
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>(630,713)</u>
Net change in fund balance - GAAP	<u>\$ (2,746,616)</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - COUNTY ROADS AND BRIDGES
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
General property	\$ 2,150,333	\$ 2,150,333	\$ 2,150,333	\$ -
Intergovernmental	<u>1,082,713</u>	<u>1,212,298</u>	<u>1,222,861</u>	<u>10,563</u>
Total revenues	3,233,046	3,362,631	3,373,194	10,563
 EXPENDITURES				
Public works	<u>3,233,046</u>	<u>3,442,791</u>	<u>3,563,609</u>	<u>(120,818)</u>
Deficiency of revenues over (under) expenditures	-	(80,160)	(190,415)	(110,255)
 OTHER FINANCING SOURCES				
Fund balance applied	<u>-</u>	<u>80,160</u>	<u>80,160</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>80,160</u>	<u>80,160</u>	<u>-</u>
Net change in fund balance	-	-	(110,255)	(110,255)
 FUND BALANCE - BEGINNING	<u>80,160</u>	<u>80,160</u>	<u>80,160</u>	<u>-</u>
 FUND BALANCE - ENDING	<u>\$ 116,341</u>	<u>\$ 116,341</u>	<u>\$ (30,095)</u>	<u>\$ (146,436)</u>
 RECONCILIATION FROM BUDGET TO GAAP:				
Net change in fund balance - budget	\$ (110,255)			
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>80,160</u>			
Net change in fund balance - GAAP	<u>\$ (190,415)</u>			

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SOCIAL SERVICES FUND
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
General property	\$ 587,694	\$ 587,694	\$ 587,694	\$ -
Intergovernmental	2,628,436	2,628,436	3,029,185	400,749
Public charges for service	-	-	1,884	1,884
Miscellaneous revenues	-	-	3,190	3,190
Total revenues	3,216,130	3,216,130	3,621,953	405,823
EXPENDITURES				
Health and human services	3,265,627	3,265,627	3,402,459	(136,832)
Excess (deficiency) of revenues over (under) expenditures	(49,497)	(49,497)	219,494	268,991
OTHER FINANCING SOURCES (USES)				
Fund balance applied	49,497	49,497	49,497	-
Transfer out	-	-	(172,940)	172,940
Total other financing sources (uses)	49,497	49,497	(123,443)	172,940
Net change in fund balance	-	-	96,051	441,931
FUND BALANCE - JANUARY 1	842,774	842,774	842,774	-
FUND BALANCE - DECEMBER 31	<u>\$ 842,774</u>	<u>\$ 842,774</u>	<u>\$ 938,825</u>	<u>\$ 96,051</u>
RECONCILIATION FROM BUDGET TO GAAP:				
Net change in fund balance - budget	\$ 96,051			
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.	(49,497)			
Net change in fund balance - GAAP	<u>\$ 46,554</u>			

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - DEVELOPMENTAL DISABILITIES FUND
Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
General property	\$ 33,138	\$ 33,138	\$ 33,138	\$ -
Intergovernmental	4,205,092	4,205,092	3,900,119	(304,973)
Public charges for service	1,157,000	1,157,000	761,378	(395,622)
Intergovernmental charges for service	-	-	41,767	41,767
Miscellaneous revenues	4	4	-	(4)
Total revenues	5,395,234	5,395,234	4,736,402	(658,832)
EXPENDITURES				
Health and human services	5,400,208	5,400,208	5,035,034	365,174
Excess (deficiency) of revenues over (under) expenditures	(4,974)	(4,974)	(298,632)	(293,658)
OTHER FINANCING SOURCES (USES)				
Fund balance applied	38,444	38,444	38,444	-
Transfer out	(33,470)	(33,470)	(33,470)	-
Net change in fund balance	-	-	(293,658)	(293,658)
FUND BALANCE - JANUARY 1	568,569	568,569	568,569	-
FUND BALANCE - DECEMBER 31	\$ 568,569	\$ 568,569	\$ 274,911	\$ (293,658)
RECONCILIATION FROM BUDGET TO GAAP:				
Net change in fund balance - budget	\$ (293,658)			
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.	38,444			
Net change in fund balance - GAAP	\$ (332,102)			

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LINCOLN COUNTY, WISCONSIN
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2007

NOTE 1 - EXCESS OF ACTUAL EXPENDITURES OVER FINAL BUDGET

For the year ending December 31, 2007, the legally adopted budget line items with actual expenditures over the final budget were as follows:

	Final Budget	Actual
General Fund		
General government		
Family court commissioner	\$ 29,303	\$ 33,449
Administration/personnel	229,911	229,938
General Administration	9,424	23,212
Insurance	99,736	111,822
Public safety		
Civil service commission	-	7,135
County Roads and Bridges Fund		
Public works	3,442,791	3,563,609
Social Services Fund		
Health and human services	3,265,627	3,402,459

COMBINING FUND STATEMENTS

LINCOLN COUNTY, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007

	Special Revenue						Total Nonmajor Governmental Funds
	County Health	Commission on Aging	Dog License	Community Development	Emergency Medical	Jail Assessment	Debt Service
ASSETS							
Cash and cash equivalents	\$ 414,020	\$ 76,720	\$ 29,713	\$ 77,220	\$ 47,011	\$ 107,626	\$ 178,915
Receivables (net of allowances):							\$ 931,225
Property taxes	551,905	103,690	-	-	542,055	-	383,653
Accounts	342	3,038	162	-	286,759	-	-
Loans	-	-	-	432,414	-	-	-
Due from other governments	32,666	5,725	-	-	8,248	905	-
Prepaid items	301	50	-	-	74	-	-
							425
TOTAL ASSETS	\$ 999,234	\$ 189,223	\$ 29,875	\$ 509,634	\$ 884,147	\$ 108,531	\$ 562,568
							\$ 3,283,212
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 8,958	\$ 12,226	\$ 27,962	\$ -	\$ 25,819	\$ -	\$ 74,965
Accrued liabilities	28,167	8,698	-	-	1,339	-	38,204
Due to other governments	-	-	913	-	-	-	913
Deferred revenue	551,905	103,690	-	432,414	569,005	-	383,653
							2,040,667
Total liabilities	589,030	124,614	28,875	432,414	596,163	-	383,653
							2,154,749
Fund balance							
Fund balances:							
Reserved:							
Prepaid items	301	50	-	-	74	-	-
Grants and program fees	239,959	64,539	-	-	-	-	-
Jail assessment	-	-	-	-	-	108,531	-
Unreserved, designated:							
Subsequent years' expenditures	169,944	-	1,000	77,220	287,910	-	178,915
							714,989
Total fund balance	410,204	64,609	1,000	77,220	287,984	108,531	178,915
							1,128,463
TOTAL LIABILITIES AND FUND BALANCES	\$ 999,234	\$ 189,223	\$ 29,875	\$ 509,634	\$ 884,147	\$ 108,531	\$ 562,568
							\$ 3,283,212

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2007

	Special Revenue							Total Nonmajor Governmental Funds
	County Health	Commission on Aging	Dog License	Community Development	Emergency Medical	Jail Assessment	Total	Debt Service
REVENUES								
Taxes	\$ 549,021	\$ 106,739	\$ -	\$ -	\$ 467,483	\$ -	\$ 1,123,243	\$ -
Intergovernmental revenues	154,637	380,039	-	106,000	67,642	-	708,318	-
Licenses and permits	2,620	-	28,285	-	-	-	30,905	-
Fines, forfeits, and penalties	-	-	-	-	-	50,847	50,847	-
Public charges for service	114,406	111,025	-	32,818	1,012,177	-	1,270,426	-
Intergovernmental charges for service	161,081	6,860	-	-	16,496	-	184,437	127,616
Miscellaneous revenues	7,721	14,908	-	16,849	-	-	39,478	-
Total revenues	989,486	619,571	28,285	155,667	1,563,798	50,847	3,407,654	127,616
EXPENDITURES								
Current:								
Public safety	-	-	-	-	1,562,717	15,406	1,578,123	-
Health and human services	904,808	687,835	28,285	-	-	-	1,620,928	-
Conservation and development	-	-	-	136,000	-	-	136,000	-
Capital outlay	-	-	-	-	102,425	-	102,425	-
Debt service:	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	149,929
Interest	-	-	-	-	-	-	-	108,725
Total expenditures	904,808	687,835	28,285	136,000	1,665,142	15,406	3,437,476	258,654
Excess (deficiency) of revenues over (under) expenditures	84,678	(68,264)	-	19,667	(101,344)	35,441	(29,822)	(131,038)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	103,354	-	103,354	95,200
Transfers out	(11,602)	-	-	-	-	(21,609)	(33,211)	-
Total other financing sources (uses)	(11,602)	-	-	-	103,354	(21,609)	70,143	95,200
Net change in fund balances	73,076	(68,264)	-	19,667	2,010	13,832	40,321	(35,838)
FUND BALANCES - BEGINNING	337,128	132,873	1,000	57,553	285,974	94,699	909,227	214,753
FUND BALANCES - ENDING	\$ 410,204	\$ 64,609	\$ 1,000	\$ 77,220	\$ 287,984	\$ 108,531	\$ 949,548	\$ 178,915
								\$ 1,128,463

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2007

	Internal Service Funds		
	Highway	Health Insurance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 200	\$ 4,702,753	\$ 4,702,953
Accounts receivable	40,759	72,861	113,620
Due from other governments	609,976	-	609,976
Inventories, at cost	930,663	-	930,663
Prepaid expenses	575	-	575
Total current assets	<u>1,582,173</u>	<u>4,775,614</u>	<u>6,357,787</u>
Noncurrent assets:			
Capital assets:			
Land	35,540	-	35,540
Improvements other than buildings	244,869	-	244,869
Buildings	1,771,039	-	1,771,039
Machinery and equipment	10,244,063	-	10,244,063
Work in progress	2,209	-	2,209
Less accumulated depreciation	<u>(6,852,626)</u>	<u>-</u>	<u>(6,852,626)</u>
Total capital assets	<u>5,445,094</u>	<u>-</u>	<u>5,445,094</u>
Total assets	<u>7,027,267</u>	<u>4,775,614</u>	<u>11,802,881</u>
LIABILITIES			
Current liabilities:			
Accounts payable	142,159	243,452	385,611
Accrued expenses	127,254	361	127,615
Compensated absences payable	183,678	-	183,678
Due other funds	235,918	-	235,918
Accrued claims	-	700,863	700,863
Deferred revenue	<u>11,425</u>	<u>-</u>	<u>11,425</u>
Total current liabilities	<u>700,434</u>	<u>944,676</u>	<u>1,645,110</u>
Noncurrent liabilities:			
Advance due other funds	383,453	-	383,453
Compensated absences payable	<u>164,163</u>	<u>-</u>	<u>164,163</u>
Total noncurrent liabilities	<u>547,616</u>	<u>-</u>	<u>547,616</u>
Total liabilities	<u>1,248,050</u>	<u>944,676</u>	<u>2,192,726</u>
NET ASSETS			
Invested in capital assets, net of related debt	5,445,094	-	5,445,094
Unrestricted	<u>334,123</u>	<u>3,830,938</u>	<u>4,165,061</u>
TOTAL NET ASSETS	<u>\$ 5,779,217</u>	<u>\$ 3,830,938</u>	<u>\$ 9,610,155</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2007

	Internal Service Funds		
	Highway	Health Insurance	Total
OPERATING REVENUES			
Interdepartmental charges for service	\$ 3,708,912	\$ 4,772,890	\$ 8,481,802
Intergovernmental charges for service	2,691,122	-	2,691,122
Other operating revenue	19,689	-	19,689
Total operating revenues	6,419,723	4,772,890	11,192,613
OPERATING EXPENSES			
Claims paid	-	3,803,682	3,803,682
General services	5,433,626	-	5,433,626
Administrative and fiscal services	400,723	558,666	959,389
Depreciation and amortization	638,200	-	638,200
Total operating expenses	6,472,549	4,362,348	10,834,897
Operating income (loss)	(52,826)	410,542	357,716
NONOPERATING REVENUES			
Rent revenue	50	-	50
Donation revenue	200	-	200
Gain (loss) on disposal of assets	80,914	-	80,914
Salvage revenue	4,824	-	4,824
Gain on sale of supplies	1,196	-	1,196
Insurance recoveries	19,057	-	19,057
Interest income	-	280,115	280,115
Total nonoperating revenues	106,241	280,115	386,356
Income before transfers	53,415	690,657	744,072
Transfer in	40,000	-	40,000
Change in net assets	93,415	690,657	784,072
TOTAL NET ASSETS - BEGINNING	5,685,802	3,140,281	8,826,083
TOTAL NET ASSETS - ENDING	\$ 5,779,217	\$ 3,830,938	\$ 9,610,155

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2007

	Internal Service Funds		
	Highway	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
From other County departments	\$ 3,841,262	\$ 4,774,586	\$ 8,615,848
From government and other parties for sales	2,592,538	-	2,592,538
To employees for compensation and fringe benefits	(2,999,293)	(23,960)	(3,023,253)
To vendors for goods and services	(2,973,970)	(4,311,275)	(7,285,245)
Net cash provided by operating activities	460,537	439,351	899,888
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(638,394)	-	(638,394)
Capital grant	9,294	-	9,294
Insurance recovery for damaged equipment	24,075	-	24,075
Advance from general fund	(34,869)	-	(34,869)
Proceeds from sale of capital assets	179,357	-	179,357
Net cash used for capital and related financing activities	(460,537)	-	(460,537)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	260,461	260,461
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	699,812	699,812
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	200	4,002,941	4,003,141
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 200	\$ 4,702,753	\$ 4,702,953
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (52,826)	\$ 410,542	\$ 357,716
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	638,200	-	638,200
Changes in operating assets and liabilities:			
Accounts receivable	(11,864)	1,696	(10,168)
Due from other governments	(177,338)	-	(177,338)
Prepaid expenses	2,816	-	2,816
Inventories	(108,325)	-	(108,325)
Accounts payable	6,524	34,266	40,790
Due other funds	134,541	-	134,541
Accrued expenses	(7,884)	(516)	(8,400)
Compensated absences	45,996	-	45,996
Deferred revenue	(9,303)	-	(9,303)
Accrued claims	-	(6,637)	(6,637)
Total adjustments	513,363	28,809	542,172
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 460,537	\$ 439,351	\$ 899,888

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2007

	Agency Funds		
	Employee Benefit Cafeteria Plan	Clerk of Court Collection Fund	Total
ASSETS			
Cash and cash equivalents	\$ 26,380	\$ -	\$ 26,380
Accounts receivable	-	534,595	534,595
Total assets	\$ 26,380	\$ 534,595	\$ 560,975
LIABILITIES			
Deposits and advances	20,408	-	20,408
Due other governments	-	534,595	534,595
Due to other funds	5,972	-	5,972
Total liabilities	\$ 26,380	\$ 534,595	\$ 560,975