

**LINCOLN COUNTY, WISCONSIN**  
**Merrill, Wisconsin**

**BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**



**Schenck**

**CPAs AND SO MUCH MORE.**

## TABLE OF CONTENTS

	PAGE
<b>INDEPENDENT AUDITORS' REPORT .....</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>	<b>3</b>
<b>BASIC FINANCIAL STATEMENTS .....</b>	<b>14</b>
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets .....	15
Statement of Activities .....	16
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds .....	17
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Assets .....	18
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Net Assets - Proprietary Funds .....	21
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds .....	22
Statement of Cash Flows - Proprietary Funds .....	23
Statement of Fiduciary Net Assets - Fiduciary Funds .....	25
Notes to Basic Financial Statements .....	26
<b>REQUIRED SUPPLEMENTARY INFORMATION .....</b>	<b>50</b>
Budgetary Comparison Schedule - General Fund .....	51
Budgetary Comparison Schedule - County Roads and Bridges .....	55
Budgetary Comparison Schedule - Social Services Fund .....	56
Budgetary Comparison Schedule - Developmental Disabilities Fund .....	57
Note to Required Supplementary Information .....	58
<b>COMBINING FUND STATEMENTS .....</b>	<b>59</b>
Combining Balance Sheet - Nonmajor Governmental Funds .....	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -	
Nonmajor Governmental Funds .....	61
Combining Statement of Net Assets - Internal Service Funds .....	62
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets -	
Internal Service Funds .....	63
Combining Statement of Cash Flows - Internal Service Funds .....	64
Combining Statement of Fiduciary Net Assets .....	65

## 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, 2009, 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 statements reflect total assets of \$8,407,318 as of December 31, 2009, and total revenues of \$11,215,533 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for PineCrest Nursing Home, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, 2009, 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 23, 2010, 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*

Green Bay, Wisconsin  
July 23, 2010

## 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, 2009.

### Financial Highlights

- The assets of Lincoln County exceeded liabilities at the close of the most recent fiscal year by \$75,313,113 (net assets). Of this amount, \$19,978,128 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$873,331.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$11,364,598, a decrease of \$1,812,290 in comparison with the prior year. Seventy eight percent of this total amount, \$8,870,917, 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 \$554,869, or 7% of total general fund expenditures.
- In 2009 Lincoln County expended \$2,840,660 on capital projects as the County moved forward in its long planned for building project.

### Overview of the Basic Financial Statements

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

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

The *statement of net assets* reports what a government owns (assets) and owes (liabilities), as well as the net difference between the two (net assets). This statement reports the financial position of Lincoln County at December 31, 2009. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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

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

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

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

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

The County maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund,

the county roads and bridges special revenue fund, social services special revenue fund, and developmental disabilities special revenue fund, and additionally the capital project fund all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these seven nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. At the close of 2009, the County's assets exceeded liabilities by \$75,313,113.

By far the largest portion of the County's net assets (72%) 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
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 34,368,167	\$ 36,860,491	\$ 12,530,313	\$ 13,022,292	\$ 46,030,370	\$ 49,882,783
Capital assets	57,745,673	55,495,453	9,237,226	9,263,482	66,982,899	64,758,935
Total assets	92,113,840	92,355,944	21,767,539	22,285,774	113,881,379	114,641,718
Long-term liabilities outstanding	12,586,036	12,636,880	5,530,771	5,246,316	18,116,807	17,883,196
Other liabilities	18,722,231	18,528,108	1,729,228	2,043,970	20,451,459	20,572,078
Total liabilities	31,308,267	31,164,988	7,259,999	7,290,286	38,568,266	38,455,274
Net assets:						
Invested in capital assets, net of related debt	47,473,870	45,413,492	6,711,991	6,408,431	54,185,861	51,821,923
Restricted	798,294	504,263	350,830	554,947	1,149,124	1,059,210
Unrestricted	12,533,409	15,273,201	7,444,719	8,032,110	19,978,128	23,305,311
Total net assets	\$ 60,805,573	\$ 61,190,956	\$ 14,507,540	\$ 14,995,488	\$ 75,313,113	\$ 76,186,444

An additional portion of the County's net assets (1.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$19,978,128) may be used to meet the County's ongoing obligations to citizens and creditors.

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



**Governmental Activities.** Governmental activities decreased the County's net assets by \$385,383. Key elements of this decrease are as follows:

Lincoln County's Change in Net Assets						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 6,412,646	\$ 7,659,247	\$ 13,746,159	\$ 13,405,484	\$ 20,158,805	\$ 21,064,731
Operating grants and contributions	10,436,607	10,865,599	242,285	311,423	10,678,892	11,177,022
Capital grants and contributions	-	-	-	-	-	-
<b>General revenues:</b>						
Property taxes	11,714,361	11,406,352	423,140	510,000	12,137,501	11,916,352
Other taxes	1,956,983	1,990,919	-	-	1,956,983	1,990,919
Grants and contributions not restricted to specific programs	1,267,240	1,276,527	-	-	1,267,240	1,276,527
Other	273,624	758,683	1,462	1,916	275,086	760,599
<b>Total revenues</b>	<b>32,061,461</b>	<b>33,957,327</b>	<b>14,413,046</b>	<b>14,228,823</b>	<b>46,474,507</b>	<b>48,186,150</b>
<b>Expenses:</b>						
General government	5,216,801	5,968,795	-	-	5,216,801	5,968,795
Public safety	7,968,407	8,146,524	-	-	7,968,407	8,146,524
Public works	6,000,169	6,912,933	-	-	6,000,169	6,912,933
Health and human services	11,378,400	11,615,557	-	-	11,378,400	11,615,557
Culture and recreation	816,212	818,143	-	-	816,212	818,143
Conservation and development	1,274,429	886,918	-	-	1,274,429	886,918
Interest on long-term debt	524,246	520,820	-	-	524,246	520,820
Nursing home	-	-	11,209,676	10,901,014	11,209,676	10,901,014
Forestry	-	-	907,716	990,643	907,716	990,643
Landfill	-	-	2,051,782	1,605,156	2,051,782	1,605,156
<b>Total expenses</b>	<b>33,178,664</b>	<b>34,869,690</b>	<b>14,169,174</b>	<b>13,496,813</b>	<b>47,347,838</b>	<b>48,366,503</b>
Increase (decrease) in net assets before transfers	(1,117,203)	(912,363)	243,872	732,010	(873,331)	(180,353)
Transfers	731,820	135,474	(731,820)	(135,474)	-	-
Increase (Decrease) in net assets	(385,383)	(776,889)	(489,948)	596,536	(873,331)	(180,353)
Net assets - January 1, 2009	61,190,956	61,967,845	14,995,488	14,398,952	76,186,444	76,366,797
Net assets - December 31, 2009	\$ 60,805,573	\$ 61,190,956	\$ 14,507,540	\$ 14,995,488	\$ 75,313,113	\$ 76,186,444

Interest revenue showed a negative variance of \$543,216 when compared to the 2009 budget. The Sheriff Department fell short \$417,169 in projected outside housing revenue. Additionally the County applied \$996,521 of fund balance to 2009 expenditures. A major portion of this (\$601,259) was used to fund the County's Capital Improvement Projects (CIP) in 2009 which consisted of an ambulance purchase, election equipment, phone upgrades, and road work.

In addition, the County's efforts in expenditure restraint in the general fund and several of the special revenue funds which showed operating expenditures less than budgeted or revenues greater than budgeted and resulted in transfers of funds (975,392) to the general fund offset some of the fore mentioned shortfalls.

**Business-type Activities** Business-type activities decreased Lincoln County's net assets by \$487,948. Key elements of this decrease are as follows:

- Net assets for Pine Crest nursing home increased by \$381,600 due in large part to Supplemental Program revenues exceeding budget by \$545,296.
- Net assets for Forestry decreased by \$304,568. This was largely due to a transfer of \$476,863 to the General Fund for increases in 2008 required by Ordinance 3.26.
- Net assets for Solid Waste Landfill decreased by \$564,980. This is due to a transfer of \$200,000 to offset tax levy and increased closing cost expenses due to the opening of the final phase of the landfill.

#### **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 \$11,364,598, a decrease of \$1,812,290 in comparison with the prior year. Approximately 78 percent of this total amount, \$8,870,917, 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) \$204,450 for prepaid items that benefit periods beyond the end of the current year, 2) \$55,422 for insurance deposits, 3) \$1,145,506 for non-liquid delinquent taxes, 4) \$345,431 for long-term advances; 5) \$732,262 for grant and program fees, and 6) \$10,610 for jail assessment.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$8,428,980, while the total fund balance was \$10,380,276. Of the \$8,428,980 unreserved fund balance, \$2,362,347 has been designated by the County for the 2009 budget or for future capital improvement projects and \$5,511,764 has been designated for future cash flow leaving \$554,869 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 61% of total general fund expenditures, undesignated unreserved fund balance represents 4% of total general fund expenditures.

The fund balance of Lincoln County's general fund increased by \$540,191 during the current fiscal year. Key factors in this decrease are as follows:

- Net transfers into the General Fund totaled \$867,019 in large part due to end-of-year equity transfers of \$975,392.
- Even though revenues fell short of budgeted amounts by \$1,133,690, in anticipation expenditures were cut and fell below budget by \$1,697,564.

The County Roads and Bridges Fund has a fund balance of 291,620 at December 31, 2009 an increase of \$369,708 when compared to the previous year. The increase is due to the creation of a reserve (\$150,000) to be used to even out winter maintenance variances and \$233,500 to complete Highway work not completed in 2009.

The Social Services fund has a total fund balance of \$700,668. The fund balance of the Social Services fund decreased by \$288,188 during the current year. The key factor in this decrease was the equity transfer made to the General Fund in the amount of \$411,038 based on 2008 results.

Developmental Disabilities fund has a total fund balance of \$50,000 at December 31, 2008. The fund balance of the Developmental Disabilities fund remained at \$50,000 at the end of 2009. The County increased the tax levy from the contingency fund in the amount of \$240,892 in the Developmental Disabilities fund in part to cover the final payment to the State for an audit finding in 2006 of \$167,398.

The Capital Project fund has a total fund balance of \$(1,056,505) on December 31, 2009. This is a decrease of \$2,412,998 during 2009. The County is continuing a building project budgeted at \$16,190,795. The project is anticipated to be completed in March of 2011. The deficit will be covered by a final bond offering in 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 \$3,313,926, those of Solid Waste Landfill amounted to \$2,597,391, and those of Forestry amounted to \$1,533,402. 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 2008). 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 \$844,626. Those amendments are briefly summarized below:

- \$157,062 - The actual amount of grant and designated funds spent down in 2008 was less than the amount estimated as designated for non-lapsing appropriations when the budget was prepared.
- \$187,237 - CIP funds for soft costs in the jail were not originally budgeted.
- \$477,800 - Increases in grant revenues during 2009 not originally budgeted.

Actual expenditures were \$1,697,564 *less* than the amended budget. Explanations not already provided elsewhere in this report are summarized below:

- \$163,910 - Election equipment project was delayed due to delay of State approval.
- \$256,756 - Unused contingency funds.
- \$444,908 - Reduced payroll costs in Sheriff Department due to open positions in jail and reduced overtime.
- \$161,820 - Land Conservation projects that have not been completed.
- \$57,182 - Unspent retained fees in Land Records.
- \$65,100 - Unspent remonumentation budget.
- \$54,885 - Unspent maintenance budget due to lower than anticipated utility costs.

On the revenue side, the original budget was *increased* by \$505,170 with budget amendments. Significant amendments are summarized as follows:

- \$546,848 – Increase in grant and program revenues used to cover 2009 expenditures.
- \$69,995 – Increase in insurance recovery budget.

Actual revenues were \$1,113,690 *lower* than budgeted. Significant variances are as follows:

- Outside housing revenue in Sheriff Department was less than anticipated by \$505,203.
- Interest revenue fell short of budget expectations by \$543,216.
- Land Conservation grant revenues fell short of budget by \$143,083.

#### **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, 2009, amounted to \$66,982,899 (net of accumulated depreciation) compared to \$64,758,935 in 2008. 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 \$10,189,396 or three percent.

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

- Work in progress increased \$2,833,530 primarily due to the County building project.
- Infrastructure increased \$1,915,154 due to a large County road project being completed.
- Land improvements increased \$565,071 due to completion of the final phase of the landfill.
- The County increased equipment and vehicles by \$1,070,694 in 2009.

Lincoln County's Capital Assets (net of accumulated depreciation)						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2009	2008	2009	2008	2009	2008
Land	\$ 206,075	206,075	\$ 2,600,485	\$ 2,600,485	\$ 2,806,560	\$2,806,560
Land improvements	337,882	353,196	2,087,070	2,016,548	2,424,952	2,369,744
Infrastructure	30,041,986	29,892,449	-	-	30,041,986	29,892,449
Buildings and improvements	8,552,537	9,139,523	3,710,636	3,882,097	12,263,173	13,021,620
Equipment and vehicles	5,114,429	5,241,503	839,035	764,352	5,953,464	6,005,855
Work in progress	13,489,580	10,656,050	-	-	13,489,580	10,656,050
Intangible assets	<u>3,184</u>	<u>6,657</u>	<u>-</u>	<u>-</u>	<u>3,184</u>	<u>6,657</u>
Total	\$ 57,745,673	\$ 55,495,453	\$ 9,237,226	\$ 9,263,482	\$ 66,982,899	\$64,758,935

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 \$14,335,000 which is a decrease of \$480,000. In 2008 the total general obligation debt outstanding was \$14,815,000. 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
	2009	2008	2009	2008	2009	2008
Bonds	\$ 11,835,000	\$ 11,965,000	\$ 2,500,000	\$ 2,850,000	\$ 14,335,000	\$ 14,815,000
Notes	-	-	-	-	-	-
Total general obligation debt	11,835,000	11,965,000	2,500,000	2,850,000	14,335,000	14,815,000
Capital lease	306,803	116,963	-	-	306,803	116,963
Compensated absences	<u>1,657,335</u>	<u>1,525,895</u>	<u>399,742</u>	<u>388,346</u>	<u>2,057,077</u>	<u>1,914,241</u>
Total general long-term obligations	\$ 13,799,138	\$ 13,607,858	\$ 2,899,742	\$ 3,238,346	\$ 16,698,880	\$ 16,846,204

Wisconsin statutes limit the amount of general obligation debt a government entity may issue to 5 percent of its total equalized valuation. Lincoln County's available debt capacity is \$107,555,589, 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 2010 was 9.9 percent as compared to 7.7 percent for the State of Wisconsin. The May 2010 rate for Lincoln County 15.4 percent lower than the May 2008 rate (11.7%).
- Even though the unemployment rate has dropped substantially, the general economic condition and outlook for the County is poor with few employers planning to hire additional employees or expand in the next year.
- Inflationary trends in our region compare to national indices.

These factors were considered in preparing the County's budget for the 2010 fiscal year.

#### **Request for information**

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

## **BASIC FINANCIAL STATEMENTS**



**LINCOLN COUNTY, WISCONSIN**  
**STATEMENT OF NET ASSETS**  
**December 31, 2009**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 15,358,374	\$ 6,407,517	\$ 21,765,891
Receivables, net:			
Property taxes	12,439,990	347,250	12,787,240
Tax certificates and deeds	1,516,650	-	1,516,650
Assessments	56,665	-	56,665
Accounts	856,955	1,823,337	2,680,292
Loans	456,053	-	456,053
Due from other governments	2,132,315	23,990	2,156,305
Inventories, at cost	1,069,659	275,900	1,345,559
Prepaid expenses	206,573	59,142	265,715
Total current assets	34,093,234	8,937,136	43,030,370
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	55,422	3,593,177	3,648,599
Unamortized debt issue costs	219,511	-	219,511
Capital assets:			
Land and construction in progress	13,695,655	2,600,485	16,296,140
Other capital assets, net of depreciation	44,050,018	6,636,741	50,686,759
Total capital assets	57,745,673	9,237,226	66,982,899
Total noncurrent assets	58,020,606	12,830,403	70,851,009
Total assets	92,113,840	21,767,539	113,881,379
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,533,362	356,560	1,889,922
Accrued expenses	748,202	121,567	869,769
Compensated absences payable	871,335	330,052	1,201,387
Accrued claims	708,611	-	708,611
Deposits and advances	272,258	84,786	357,044
Due to other governments	1,301,104	124,013	1,425,117
Current portion of long-term obligations	858,228	365,000	1,223,228
Deferred revenue	12,517,930	347,250	12,865,180
Total current liabilities	18,811,030	1,729,228	20,540,258
Noncurrent liabilities:			
Future closure payable	-	3,300,846	3,300,846
Compensated absences payable	786,000	69,690	855,690
Noncurrent portion of long-term obligations	11,711,237	2,160,235	13,871,472
Total noncurrent liabilities	12,497,237	5,530,771	18,028,008
Total liabilities	31,308,267	7,259,999	38,568,266
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	47,473,870	6,711,991	54,185,861
Restricted	798,294	350,830	1,149,124
Unrestricted	12,533,409	7,444,719	19,978,128
<b>TOTAL NET ASSETS</b>	<b>\$ 60,805,573</b>	<b>\$ 14,507,540</b>	<b>\$ 75,313,113</b>

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, 2009

Functions / Programs GOVERNMENTAL ACTIVITIES:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Sales and Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
General government	\$ 5,216,801	\$ 511,521	\$ 220,771	\$ (4,484,509)	\$ -	\$ (4,484,509)
Public safety	7,968,407	1,693,920	252,926	(6,021,561)	-	(6,021,561)
Public works	6,000,169	2,352,208	1,201,504	(2,446,457)	-	(2,446,457)
Health and human services	11,378,400	1,420,138	8,081,031	(1,877,231)	-	(1,877,231)
Culture, recreation, and education	816,212	9,508	9,645	(797,059)	-	(797,059)
Conservation and development	1,274,429	425,351	670,730	(178,348)	-	(178,348)
Interest on long-term debt	524,246	-	-	(524,246)	-	(524,246)
Total governmental activities	33,178,664	6,412,646	10,436,607	(16,329,411)	-	(16,329,411)
<b>BUSINESS-TYPE ACTIVITIES:</b>						
Nursing home	11,209,676	11,215,533	-	-	5,857	5,857
Forestry	907,716	843,036	241,085	-	176,405	176,405
Solid waste landfill	2,051,782	1,687,590	1,200	-	(362,992)	(362,992)
Total business-type activities	14,169,174	13,746,159	242,285	-	(180,730)	(180,730)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 47,347,838</b>	<b>\$ 20,158,805</b>	<b>\$ 10,678,892</b>	<b>(16,329,411)</b>	<b>(180,730)</b>	<b>(16,510,141)</b>
<b>GENERAL REVENUES:</b>						
Taxes:						
Property taxes, levied for general purposes				11,714,361	423,140	12,137,501
Private forest cropland/managed forest land taxes				78,319	-	78,319
County sales tax				1,485,181	-	1,485,181
Real estate transfer taxes				49,924	-	49,924
Payment in lieu of taxes				79,454	-	79,454
Interest and penalties on taxes				264,105	-	264,105
Grants and contributions not restricted to specific programs				1,267,240	-	1,267,240
Unrestricted investment earnings				273,624	1,462	275,086
Transfers				731,820	(731,820)	-
Total general revenues and transfers				15,944,028	(307,218)	15,636,810
<b>CHANGE IN NET ASSETS</b>				(385,383)	(487,948)	(873,331)
<b>NET ASSETS - BEGINNING</b>				61,190,956	14,995,488	76,186,444
<b>NET ASSETS - ENDING</b>				\$ 60,805,573	\$ 14,507,540	\$ 75,313,113

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, 2009**

	<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>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 7,848,211	\$ 220,485	\$ 766,712	\$ 595,445	\$ -	\$ 986,518	\$ 10,417,371
Receivables, net:							
Property taxes	7,715,109	2,141,951	450,785	216,410	-	1,915,735	12,439,990
Tax certificates and deeds	1,516,650	-	-	-	-	-	1,516,650
Assessments	56,665	-	-	-	-	-	56,665
Accounts	466,732	-	6,155	46,487	-	207,196	726,570
Loans	-	-	-	-	-	456,053	456,053
Due from other governments	203,474	71,135	133,726	957,395	-	246,938	1,612,668
Due from other funds	1,320,914	-	-	-	-	-	1,320,914
Prepaid items	203,951	-	-	-	-	499	204,450
Advances	345,431	-	-	-	-	-	345,431
Restricted assets:							
Cash and cash equivalents	55,422	-	-	-	-	-	55,422
<b>TOTAL ASSETS</b>	<b>\$ 19,732,559</b>	<b>\$ 2,433,571</b>	<b>\$ 1,357,378</b>	<b>\$ 1,815,737</b>	<b>\$ -</b>	<b>\$ 3,812,939</b>	<b>\$ 29,152,184</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 323,640	\$ -	\$ 181,548	\$ 260,563	\$ 90	\$ 329,925	\$ 1,095,766
Accrued liabilities	558,985	-	15,772	22,055	240	15,274	612,326
Deposits and advances	128,425	-	8,605	135,228	-	-	272,258
Due to other funds	-	-	-	-	1,056,175	61,584	1,117,759
Due to other governments	168,744	-	-	1,131,481	-	879	1,301,104
Deferred revenue	8,172,489	2,141,951	450,785	216,410	-	2,406,738	13,388,373
<b>Total liabilities</b>	<b>9,352,283</b>	<b>2,141,951</b>	<b>656,710</b>	<b>1,765,737</b>	<b>1,056,505</b>	<b>2,814,400</b>	<b>17,787,586</b>
<b>Fund balances</b>							
Reserved for:							
Prepaid items	203,951	-	-	-	-	499	204,450
Insurance deposits	55,422	-	-	-	-	-	55,422
Delinquent property taxes	1,145,506	-	-	-	-	-	1,145,506
Long-term advance	345,431	-	-	-	-	-	345,431
Grant and program fees	200,986	-	77,463	-	-	453,813	732,262
Jail assessment	-	-	-	-	-	10,610	10,610
Unreserved, reported in:							
General fund	8,428,980	-	-	-	-	-	8,428,980
Special revenue funds	-	291,620	623,205	50,000	-	489,293	1,454,118
Debt service fund	-	-	-	-	-	44,324	44,324
Capital project fund	-	-	-	-	(1,056,505)	-	(1,056,505)
<b>Total fund balances</b>	<b>10,380,276</b>	<b>291,620</b>	<b>700,668</b>	<b>50,000</b>	<b>(1,056,505)</b>	<b>998,539</b>	<b>11,364,598</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 19,732,559</b>	<b>\$ 2,433,571</b>	<b>\$ 1,357,378</b>	<b>\$ 1,815,737</b>	<b>\$ -</b>	<b>\$ 3,812,939</b>	<b>\$ 29,152,184</b>

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, 2009**

Total fund balances for governmental funds \$ 11,364,598

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		13,489,580	
Land improvements, net of \$27,102 accumulated depreciation		184,334	
Buildings, net of \$7,550,278 accumulated depreciation		7,703,540	
Machinery and equipment, net of \$1,675,551 accumulated depreciation		1,194,521	
Intangible assets, net of \$104,511 accumulated depreciation		3,184	
Infrastructure, net of \$20,222,026 accumulated depreciation		<u>30,041,986</u>	
Total capital assets			52,787,680

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	\$	3,867,609	
Highway fund		<u>5,246,110</u>	
Total internal service funds			9,113,719

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 12/31/09 are:

Accrued interest on notes	\$	(94,721)	
Bonds payable		(12,262,662)	
Capital lease payable		(2,465)	
Vacation payable		(620,122)	
Banked sick		(3,986)	
Vested sick leave		(208,474)	
Accrued sick		(366,684)	
Comp time		<u>(26,362)</u>	
Total long-term liabilities			(13,585,476)

Debt issue costs are recorded as expenditures in the current period in governmental funds. Debt issue costs are recorded as unamortized debt issue costs on the statement of net assets and are amortized over the life of the bond. Unamortized debt issue costs on 12/31/09 are:

219,511

Accounts receivable are recorded when they become measurable and available in governmental funds. On 12/31/09 correction receivables were not available and consequently not recorded. Under full accrual accounting, revenues are recorded when earned. Consequently the accounts receivable is recorded and revenue recognized.

35,098

On 12/31/09 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	\$	362,074	
Interest on delinquent taxes		52,316	
Loan receivable		<u>456,053</u>	
Total deferred revenue			<u>870,443</u>

Total net assets of governmental activities \$ 60,805,573

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, 2009**

	<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>
<b>REVENUES</b>							
Taxes	\$ 9,119,410	\$ 2,237,207	\$ 446,138	\$ 274,031	\$ -	\$ 1,603,182	\$ 13,679,968
Intergovernmental revenues	2,633,699	1,148,007	3,064,537	4,188,881	-	646,223	11,681,347
Licenses and permits	103,904	-	-	-	-	29,856	133,760
Fines, forfeits, and penalties	201,378	-	-	-	-	53,145	254,523
Public charges for service	754,232	-	362	881,795	-	1,383,491	3,019,880
Intergovernmental charges for service	57,733	-	-	43,373	-	354,973	456,079
Miscellaneous revenues	582,226	-	457	1	-	24,691	607,375
Total revenues	<u>13,452,582</u>	<u>3,385,214</u>	<u>3,511,494</u>	<u>5,388,081</u>	<u>-</u>	<u>4,095,561</u>	<u>29,832,932</u>
<b>EXPENDITURES</b>							
Current:							
General government	4,638,279	-	-	-	-	-	4,638,279
Public safety	5,747,135	-	-	-	-	1,750,745	7,497,880
Public works	30,997	3,265,506	-	-	-	-	3,296,503
Health and human services	919,470	-	3,388,644	5,388,081	-	1,559,990	11,256,185
Culture, recreation, and education	817,147	-	-	-	-	-	817,147
Conservation and development	1,188,873	-	-	-	-	75,000	1,263,873
Capital outlay	437,509	-	-	-	2,840,660	156,742	3,434,911
Debt service:							
Principal	-	-	-	-	-	130,000	130,000
Interest and other charges	-	-	-	-	-	482,806	482,806
Total expenditures	<u>13,779,410</u>	<u>3,265,506</u>	<u>3,388,644</u>	<u>5,388,081</u>	<u>2,840,660</u>	<u>4,155,283</u>	<u>32,817,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(326,828)</u>	<u>119,708</u>	<u>122,850</u>	<u>-</u>	<u>(2,840,660)</u>	<u>(59,722)</u>	<u>(2,984,652)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Long-term debt issued	-	-	-	-	427,662	-	427,662
Transfers in	1,226,575	250,000	-	-	-	177,393	1,653,968
Transfers out	(359,556)	-	(411,038)	-	-	(138,674)	(909,268)
Total other financing sources and uses	<u>867,019</u>	<u>250,000</u>	<u>(411,038)</u>	<u>-</u>	<u>427,662</u>	<u>38,719</u>	<u>1,172,362</u>
Net change in fund balances	<u>540,191</u>	<u>369,708</u>	<u>(288,188)</u>	<u>-</u>	<u>(2,412,998)</u>	<u>(21,003)</u>	<u>(1,812,290)</u>
<b>FUND BALANCES (DEFICIT) - BEGINNING</b>	<u>9,840,085</u>	<u>(78,088)</u>	<u>988,856</u>	<u>50,000</u>	<u>1,356,493</u>	<u>1,019,542</u>	<u>13,176,888</u>
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 10,380,276</u>	<u>\$ 291,620</u>	<u>\$ 700,668</u>	<u>\$ 50,000</u>	<u>\$ (1,056,505)</u>	<u>\$ 998,539</u>	<u>\$ 11,364,598</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, 2009**

Net change in fund balances - total governmental funds \$ (1,812,290)

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	\$ 4,626,446	
Depreciation expense	<u>(2,217,863)</u>	
Excess of capital outlay over depreciation expense		2,408,583

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: 130,000

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: (427,662)

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: (13,165)

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	\$ 8,713	
Highway fund	<u>(516,430)</u>	
Total internal service funds		(507,717)

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	\$ (41,440)	
Vacation	(37,206)	
Banked sick leave	(3,986)	
Vested sick leave	(21,038)	
Accrued sick	(28,951)	
Comp time	<u>(5,590)</u>	
Combined adjustment		(138,211)

Revenue had accrued on 12/31/09 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	\$ 10,827	
Interest on delinquent taxes	(8,624)	
Corrections	7,624	
Citations	<u>(34,748)</u>	
Combined adjustment		<u>(24,921)</u>

Change in net assets of governmental activities \$ (385,383)

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, 2009**

	<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>	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,142,040	\$ 2,442,364	\$ 1,823,113	\$ 6,407,517	\$ 4,941,003
Receivables, net:					
Property taxes	347,250	-	-	347,250	-
Accounts	1,699,416	109,732	14,189	1,823,337	89,123
Due from other governments	-	23,990	-	23,990	519,647
Inventories, at cost	39,787	236,113	-	275,900	1,069,659
Prepaid items	58,017	1,125	-	59,142	2,123
Total current assets	<u>4,286,510</u>	<u>2,813,324</u>	<u>1,837,302</u>	<u>8,937,136</u>	<u>6,621,555</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	<u>12,469</u>	<u>3,580,708</u>	<u>-</u>	<u>3,593,177</u>	<u>-</u>
Capital assets:					
Land	13,833	84,605	2,502,047	2,600,485	35,540
Improvements other than buildings	377,655	6,783,606	9,603	7,170,864	244,869
Buildings	7,889,069	300,049	295,367	8,484,485	1,853,669
Machinery and equipment	1,376,523	936,156	553,179	2,865,858	10,276,943
Less accumulated depreciation and depletion	<u>(5,548,741)</u>	<u>(5,658,671)</u>	<u>(677,054)</u>	<u>(11,884,466)</u>	<u>(7,453,028)</u>
Total capital assets	<u>4,108,339</u>	<u>2,445,745</u>	<u>2,683,142</u>	<u>9,237,226</u>	<u>4,957,993</u>
Total noncurrent assets	<u>4,120,808</u>	<u>6,026,453</u>	<u>2,683,142</u>	<u>12,830,403</u>	<u>4,957,993</u>
Total assets	<u>8,407,318</u>	<u>8,839,777</u>	<u>4,520,444</u>	<u>21,767,539</u>	<u>11,579,548</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	196,094	156,856	3,610	356,560	437,596
Accrued expenses	111,213	3,560	6,794	121,567	41,155
Compensated absences payable	277,122	20,858	32,072	330,052	224,851
Accrued claims	-	-	-	-	708,611
Due to other funds	-	-	-	-	196,991
Due to other governments	-	-	124,013	124,013	-
Deferred revenue	347,250	-	-	347,250	-
Current maturities of long-term debt	365,000	-	-	365,000	85,021
Deposits and advances	<u>40,905</u>	<u>-</u>	<u>43,881</u>	<u>84,786</u>	<u>-</u>
Total current liabilities	<u>1,337,584</u>	<u>181,274</u>	<u>210,370</u>	<u>1,729,228</u>	<u>1,694,225</u>
Noncurrent liabilities:					
Noncurrent maturities of long-term debt	2,160,235	-	-	2,160,235	219,317
Advance due other funds	-	-	-	-	345,431
Compensated absences payable	-	34,659	35,031	69,690	206,856
Future closure payable	<u>-</u>	<u>3,300,846</u>	<u>-</u>	<u>3,300,846</u>	<u>-</u>
Total noncurrent liabilities	<u>2,160,235</u>	<u>3,335,505</u>	<u>35,031</u>	<u>5,530,771</u>	<u>771,604</u>
Total liabilities	<u>3,497,819</u>	<u>3,516,779</u>	<u>245,401</u>	<u>7,259,999</u>	<u>2,465,829</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	1,583,104	2,445,745	2,683,142	6,711,991	4,653,655
Restricted	12,469	279,862	58,499	350,830	-
Unrestricted	<u>3,313,926</u>	<u>2,597,391</u>	<u>1,533,402</u>	<u>7,444,719</u>	<u>4,460,064</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 4,909,499</u>	<u>\$ 5,322,998</u>	<u>\$ 4,275,043</u>	<u>\$ 14,507,540</u>	<u>\$ 9,113,719</u>

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, 2009**

	<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>	
<b>OPERATING REVENUES</b>					
Public charges for service	\$ 11,195,786	\$ 1,457,947	\$ 838,516	\$ 13,492,249	\$ -
Interdepartmental charges for service	-	293	1,750	2,043	8,431,979
Intergovernmental charges for service	-	185,938	-	185,938	2,341,633
Other	19,747	6,675	2,770	29,192	4,362
Total operating revenues	11,215,533	1,650,853	843,036	13,709,422	10,777,974
<b>OPERATING EXPENSES</b>					
Claims paid	-	-	-	-	4,352,150
Nursing services	4,903,118	-	-	4,903,118	-
Other professional services	539,495	-	-	539,495	-
General services	1,950,973	854,142	846,267	3,651,382	5,313,544
Administrative and fiscal services	3,036,522	-	-	3,036,522	1,130,690
Provider assessment tax	243,000	-	-	243,000	-
Provision for bad debts	87,176	-	-	87,176	-
Future closing costs	-	630,919	-	630,919	-
Depreciation and amortization	268,258	568,709	65,559	902,526	577,879
Total operating expenses	11,028,542	2,053,770	911,826	13,994,138	11,374,263
Operating income (loss)	186,991	(402,917)	(68,790)	(284,716)	(596,289)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Property taxes	423,140	-	-	423,140	-
Interest income	1,462	36,737	-	38,199	66,542
Rental income	-	-	-	-	50
Grant revenue	-	1,200	241,085	242,285	22,500
Salvage revenue	-	-	-	-	3,798
Donations	-	-	-	-	600
Interest expense	(157,749)	-	-	(157,749)	-
Gain on sale of supplies	-	-	-	-	715
Loss on disposal of capital assets	(4,407)	-	-	(4,407)	(5,633)
Total nonoperating revenues (expenses)	262,446	37,937	241,085	541,468	88,572
<b>Income before transfers</b>	449,437	(364,980)	172,295	256,752	(507,717)
Transfer out	(67,837)	(200,000)	(476,863)	(744,700)	-
<b>Change in net assets</b>	381,600	(564,980)	(304,568)	(487,948)	(507,717)
<b>TOTAL NET ASSETS - BEGINNING</b>	4,527,899	5,887,978	4,579,611	14,995,488	9,621,436
<b>TOTAL NET ASSETS - ENDING</b>	\$ 4,909,499	\$ 5,322,998	\$ 4,275,043	\$ 14,507,540	\$ 9,113,719

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, 2009**

	<b>Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>PineCrest Nursing Home</b>	<b>Solid Waste Landfill</b>	<b>Forestry</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
From patients and third party payers	\$ 10,847,288	\$ 1,426,075	\$ -	\$ 12,273,363	\$ -
From other County departments	-	293	1,750	2,043	8,435,007
From government and other parties for sales	-	201,928	893,953	1,095,881	2,295,712
To employees for compensation and fringe benefits	(8,036,248)	(289,270)	(667,293)	(8,992,811)	(3,203,650)
To vendors for goods and services	(2,880,161)	(532,823)	(307,039)	(3,720,023)	(7,868,745)
Other cash received	19,747	6,675	2,770	29,192	-
Net cash provided (used) by operating activities	(49,374)	812,878	(75,859)	687,645	(341,676)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Grant revenue	-	1,200	251,567	252,767	-
Temporary cash advance	-	-	-	-	140,796
Grant revenues and other nonoperating revenues	-	-	-	-	27,663
Transfer out	(67,837)	(200,000)	(476,863)	(744,700)	-
Tax levy appropriations	423,140	-	-	423,140	-
Net cash provided by (used in) noncapital financing activities	355,303	(198,800)	(225,296)	(68,793)	168,459
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	(59,945)	(701,025)	(19,111)	(780,081)	(196,371)
Proceeds from sale of assets	1,687	-	-	1,687	59,364
Advance from general fund	-	-	-	-	(56,195)
Principal payments on long-term debt	(350,000)	-	-	(350,000)	(98,302)
Interest paid on long-term debt	(150,751)	-	-	(150,751)	-
Net cash used in capital and related financing activities	(559,009)	(701,025)	(19,111)	(1,279,145)	(291,504)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	1,462	14,589	-	16,051	85,401
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	(251,618)	(72,358)	(320,266)	(644,242)	(379,320)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	2,406,127	6,095,430	2,143,379	10,644,936	5,320,323
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 2,154,509	\$ 6,023,072	\$ 1,823,113	\$ 10,000,694	\$ 4,941,003
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>					
Unrestricted	\$ 2,142,040	\$ 2,442,364	\$ 1,823,113	\$ 6,407,517	\$ 4,941,003
Restricted	12,469	3,580,708	-	3,593,177	-
	\$ 2,154,509	\$ 6,023,072	\$ 1,823,113	\$ 10,000,694	\$ 4,941,003

LINCOLN COUNTY, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended December 31, 2009

	Enterprise Funds				Governmental Activities - Internal Service Funds
	<u>PineCrest Nursing Home</u>	<u>Solid Waste Landfill</u>	<u>Forestry</u>	<u>Total</u>	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 186,991	\$ (402,917)	\$ (68,790)	\$ (284,716)	\$ (596,289)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Provision for bad debts	87,176	-	-	87,176	-
Depreciation and amortization	268,258	568,709	65,559	902,526	577,879
Future closing costs	-	630,919	-	630,919	-
Change in assets and liabilities:					
Accounts receivable	(271,039)	(31,872)	55,437	(247,474)	(41,149)
Due from other governments	-	15,990	-	15,990	74,712
Inventories	(10,353)	-	-	(10,353)	(67,100)
Prepaid items	(6,532)	-	-	(6,532)	(1,253)
Accounts payable	(11,305)	18,483	(3,710)	3,468	(22,691)
Due to other governments	-	-	(45,216)	(45,216)	-
Accrued expenses	(219,982)	(7,647)	(17,633)	(245,262)	(101,250)
Deferred revenue	(75,890)	-	-	(75,890)	(50,036)
Compensated absences payable	14,199	21,213	(24,016)	11,396	34,669
Deposits and advances	(10,897)	-	(37,490)	(48,387)	-
Claims paid	-	-	-	-	(149,168)
Total adjustments	(236,365)	1,215,795	(7,069)	972,361	254,613
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$ (49,374)	\$ 812,878	\$ (75,859)	\$ 687,645	\$ (341,676)
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Capital asset additions financed by capital lease	\$ -	\$ -	\$ -	\$ -	\$ 288,640

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, 2009**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 26,760
Accounts receivable	<u>735,119</u>
 Total assets	 <u>\$ 761,879</u>
 <b>LIABILITIES</b>	
Deposits and advances	20,596
Due other governments	735,119
Due to Lincoln County	<u>6,164</u>
 Total liabilities	 <u>\$ 761,879</u>

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

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Lincoln County, Wisconsin, have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described below:

**REPORTING ENTITY**

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

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

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

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Government-Wide Financial Statements**

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

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

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**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:

**PineCrest Nursing Home Fund** - Provides a full range of nursing care in a residential facility.

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**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, 2009**

**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, 2009**

**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 2009 tax levy is recorded as receivable with offsetting deferred revenue at December 31, 2009; it will be recognized as revenue in 2010 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 2009 tax roll follows:

Lien date and date levy	December 2009
Tax bills mailed	December 2009
Real estate taxes first installment due	January 31, 2010
Personal property taxes due in full	January 31, 2010
Real estate taxes second installment due	July 31, 2010
Tax sale - 2009 delinquent real estate taxes	October 2013

**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.



**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**DEFERRED REVENUE**

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

**COMPENSATED ABSENCES**

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

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

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

**LONG-TERM OBLIGATIONS**

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

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The County records governmental fund long-term debt at face value as 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.

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**NET ASSETS**

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

**GOVERNMENTAL FUND BALANCE RESERVES**

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

**BUDGETARY ACCOUNTING**

The County follows these procedures in establishing the annual budget:

- County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by the County Board action.
- Budgets are adopted on a basis consistent with generally accepted accounting principles for the governmental funds, except for the application of the prior year fund balance. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- During the year, formal budgetary integration is employed as a management control device for the governmental funds. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each functional area of the County. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the County Board.
- Encumbrance accounting is not used to record commitments related to unperformed contracts for goods or services.

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**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 \$25,441,250 on December 31, 2009, as summarized below:

Petty cash funds	\$ 2,245
Deposits with financial institutions	11,443,565
Investments:	
Wisconsin local government investment pool	6,084,731
Landfill long-term care trust	3,580,708
Health Insurance Trust Fund	4,274,579
Insurance deposits	<u>55,422</u>
	<u>\$ 25,441,250</u>
Presented in the Statement of Net Assets as follows:	
Unrestricted cash and cash equivalents	\$ 21,765,891
Restricted cash and cash equivalents	3,648,599
Fiduciary Fund cash and cash equivalents	<u>26,760</u>
	<u>\$ 25,441,250</u>

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**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 Depositary Insurance (FDIC) in the amount of \$250,000 per official custodian through December 31, 2013. In addition, the County's non-interest bearing transaction accounts are fully insured under the Temporary Liquidity Guarantee Program through December 31, 2010. On January 1, 2014 the coverage limit for all accounts will return to \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member through December 31, 2013. On January 1, 2014, the coverage limit will return to \$100,000 for each member. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

On December 31, 2009, \$8,867,836 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 of other counterparty to an investment will not fulfill its obligations to the County. The County has a formal policy addressing this type of investment risk.

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Investment Rating</u>
Local Government Investment Pool	\$6,084,731	Not Rated
U.S. Treasury Notes	\$3,487,310	Exempt
U.S. Government securities	\$3,225,281	AAA
Money Market Mutual Funds	\$1,142,696	Not Rated
Insurance Deposits	\$ 55,422	Not Rated

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)**

*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, 2009 the County had the following investments and maturities:

Type of Investment	Fair Value	Average Maturities
Local Government Investment Pool	\$6,084,731	Less than 1 year
U.S. Treasury Notes	\$3,487,310	1 to 3 years
U.S. Government securities	\$3,225,281	1 to 3 years
Money Market Mutual Funds	\$1,142,696	Less than 1 year
Insurance Deposits	\$ 55,422	Less than 1 year

Governmental entities including counties, municipalities and school districts may deposit money in the Local Government Investment Pool (LGIP), which holds investments in U.S. Government securities, certificates of deposit, commercial papers, and repurchase agreements. Participants in the fund may withdraw or add to their account balances at 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, 2009, the factor was 100%. As of December 31, 2009 the carrying amount of these investments was \$6,084,731. The annualized interest rate on the LGIP was .21% for the month of December 2009.

**NOTE 3 - RESTRICTED ASSETS**

Restricted assets on December 31, 2009, totaled \$3,648,599 consisting of cash and investments as follows:

General fund	
Insurance deposits	\$ 55,422
Enterprise funds	
Solid waste landfill	
Long-term care and closure deposits	3,580,708
PineCrest Nursing Home	
Donation and special fund	<u>12,469</u>
	<u>\$3,648,599</u>

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 4 – RECEIVABLES AND DEFERRED REVENUE**

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

	General	County Roads and Bridges	Social Services	Develop- mental Disabilities	PineCrest Nursing Home	Solid Waste Landfill	Forestry	Nonmajor and Internal Service Funds	Total
Receivables									
Property taxes	\$7,715,109	\$2,141,951	\$450,785	\$ 216,410	\$347,250	\$ -	\$ -	\$1,915,735	\$12,787,240
Tax									
certificates									
and deeds	1,516,650	-	-	-	-	-	-	-	1,516,650
Assessments	56,665	-	-	-	-	-	-	-	56,665
Accounts	466,732	-	6,155	46,487	1,799,416	109,732	14,189	334,271	2,776,982
Loans	-	-	-	-	-	-	-	456,053	456,053
Due from									
other									
governments	203,474	71,135	133,726	957,395	-	23,990	-	766,585	2,156,305
Gross									
receivables	9,958,630	2,213,086	590,666	1,220,292	2,146,666	133,722	14,189	3,472,644	19,749,895
Less allowance									
for									
uncollectibles	-	-	-	-	(100,000)	-	-	(37,952)	(137,952)
Net total fund									
receivables	<u>\$ 9,958,630</u>	<u>\$ 2,213,086</u>	<u>\$590,666</u>	<u>\$ 1,220,292</u>	<u>\$2,046,666</u>	<u>\$133,722</u>	<u>\$ 14,189</u>	<u>\$ 3,434,692</u>	19,611,943
Correction receivable									35,098
Fiduciary fund									<u>6,164</u>
Net statement of net assets receivables									<u>\$19,653,205</u>

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

On December 31, 2009, the County's general fund showed an investment of \$1,516,650 in delinquent taxes as follows:

Tax certificates	\$1,487,136
Tax deeds	<u>29,514</u>
<b>Total</b>	<u><b>\$1,516,650</b></u>

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 4 - RECEIVABLES AND DEFERRED REVENUE (CONTINUED)**

An aging of the delinquent tax certificate taxes of \$1,487,136 on December 31, 2009, follows:

**Year Acquired**

Prior to 2005	\$ 10,204
2005	6,233
2006	16,945
2007	68,431
2008	383,544
2009	<u>1,001,779</u>
	<u>\$1,487,136</u>

Of the total of \$1,487,136 for delinquent tax certificate taxes, \$371,144 was collected by the County within 90 days after December 31, 2009. The remaining unpaid balance of \$1,115,992 and tax deeds of \$29,514 are recorded as reserved fund balance of \$1,145,506 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:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General fund	\$ 414,390	\$ 7,758,099	\$ 8,172,489
Special revenue funds:			
County roads and bridges	-	2,141,951	2,141,951
Social services	-	450,785	450,785
Development disabilities	-	216,410	216,410
County health	-	529,070	529,070
Commission on aging	-	97,931	97,931
Community Development	456,053	-	456,053
Emergency medical	-	638,083	638,083
Pine Crest	-	347,250	347,250
Debt Service	-	685,601	685,601
<b>Total deferred/unearned revenue</b>	<u>\$ 870,443</u>	<u>\$12,865,180</u>	<u>\$13,735,623</u>



**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At December 31, 2009, interfund receivables and payables were as follows:

	<u>Receivable From Other Funds</u>	<u>Payable To Other Funds</u>
General Fund	\$1,320,914	\$ -
Capital Project	-	1,056,175
Commission on Aging Fund	-	61,584
Highway Fund	-	196,991
Fiduciary Fund:		
Employee Benefit Cafeteria Plan	-	6,164
	<u>\$1,320,914</u>	<u>\$1,320,914</u>

The General Fund's receivable from other funds represents \$61,584 from the Commission on Aging Fund, \$140,796 from the Highway Fund and \$6,164 from the Employee Benefit Cafeteria Plan Fiduciary Fund for operational cash flow purposes. \$56,195, the current portion of the interfund advance, is included in the highway fund balance. \$1,056,175 from the Capital Project Fund is for the County building Project. For the statement of net assets, the \$6,405 due from the Employee Benefit Cafeteria Plan Fiduciary Fund is included with accounts receivable. The long-term portion of the interfund advances between the General Fund and Highway Fund are as follows:

	<u>Advance Receivables</u>	<u>Advance Payables</u>
General Fund	\$ 345,431	\$ -
Highway Fund	-	345,431
	<u>\$ 345,431</u>	<u>\$ 345,431</u>

Transfers were made in the primary government as follows:

<u>Fund</u>	<u>General Fund</u>	<u>Transfer to: Emergency Medical</u>	<u>Debt Service</u>	<u>County Roads</u>
Transfers from:				
General Fund	\$ -	\$ 109,556	\$ -	\$ 250,000
Social Services	411,038	-	-	-
Emergency Medical	96,083	-	-	-
Solid Waste Fund	200,000	-	-	-
Jail Assessment	21,609	-	-	-
County Health	20,982	-	-	-
PineCrest Nursing Home	-	-	67,837	-
Forestry	476,863	-	-	-
<b>Total</b>	<u>\$ 1,226,575</u>	<u>\$ 109,556</u>	<u>\$ 67,837</u>	<u>\$ 250,000</u>

Transfers out on the Statement of Activities total \$731,820 and represent \$744,700 transferred from County enterprise funds, as reported above, less \$12,880 related to internal service fund allocations to enterprise fund expenses for government-wide purposes.

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

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

**NOTE 6 - CAPITAL ASSETS**

Changes in capital assets were as follows:

	<u>Balance</u> <u>1-1-09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-09</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 206,075	\$ -	\$ -	\$ 206,075
Construction in progress	<u>10,656,050</u>	<u>3,129,212</u>	<u>295,682</u>	<u>13,489,580</u>
Total capital assets not depreciated	<u>10,862,125</u>	<u>3,129,212</u>	<u>295,682</u>	<u>13,695,655</u>
Capital assets being depreciated:				
Land improvements	456,305	-	-	456,305
Infrastructure	49,477,557	1,915,154	1,128,699	50,264,012
Buildings and improvements	17,300,768	63,727	257,008	17,107,487
Equipment and vehicles	13,099,017	798,312	750,314	13,147,015
Intangible assets	<u>107,695</u>	<u>-</u>	<u>-</u>	<u>107,695</u>
Total capital assets depreciated	<u>80,441,342</u>	<u>2,777,193</u>	<u>2,136,021</u>	<u>81,082,514</u>
Less accumulated depreciation:				
Land improvements	103,108	15,315	-	118,423
Infrastructure	19,585,108	1,315,899	678,981	20,222,026
Buildings and improvements	8,161,246	617,010	223,306	8,554,950
Equipment and vehicles	7,857,514	844,045	668,973	8,032,586
Intangible assets	<u>101,038</u>	<u>3,473</u>	<u>-</u>	<u>104,511</u>
Total accumulated depreciation	<u>35,808,014</u>	<u>2,795,742</u>	<u>1,571,260</u>	<u>37,032,496</u>
Total capital assets depreciated, net	<u>44,633,328</u>	<u>(18,549)</u>	<u>564,761</u>	<u>44,050,018</u>
Total governmental activities capital assets, net	<u>\$ 55,495,453</u>	<u>\$ 3,110,663</u>	<u>\$ 860,443</u>	<u>57,745,673</u>
Less related long-term debt outstanding				<u>10,271,803</u>
Invested in capital asset, net of related debt				<u>\$ 47,473,870</u>

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 6 - CAPITAL ASSETS (Continued)**

Changes in capital assets were as follows:

	<u>Balance</u> <u>1-1-09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-09</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,600,485	\$ -	\$ -	\$ 2,600,485
Total capital projects not depreciated	<u>2,600,485</u>	<u>-</u>	<u>-</u>	<u>2,600,485</u>
Capital assets being depreciated:				
Land improvements	6,605,793	565,071	-	7,170,864
Buildings and improvements	8,455,269	29,216	-	8,484,485
Equipment and vehicles	<u>2,794,985</u>	<u>273,382</u>	<u>202,509</u>	<u>2,865,858</u>
Total capital assets depreciated	<u>17,856,047</u>	<u>867,669</u>	<u>202,509</u>	<u>18,521,207</u>
Less accumulated depreciation:				
Land improvements	4,589,245	494,549	-	5,083,794
Buildings and improvements	4,573,172	200,677	-	4,773,849
Equipment and vehicles	<u>2,030,633</u>	<u>192,619</u>	<u>196,429</u>	<u>2,026,823</u>
Total accumulated depreciation	<u>11,193,050</u>	<u>887,845</u>	<u>196,429</u>	<u>11,884,466</u>
Total capital assets depreciated, net	<u>6,662,997</u>	<u>(20,176)</u>	<u>6,080</u>	<u>6,636,741</u>
Total business-type activities capital assets, net	<u>\$ 9,263,482</u>	<u>\$ (20,176)</u>	<u>\$ 6,080</u>	<u>9,237,226</u>
Less related long-term debt outstanding				<u>2,525,235</u>
Invested in capital asset, net of related debt				<u>\$ 6,711,991</u>

Depreciation expense was charged to the functions as follows:

<b>Governmental activities</b>	
General government	\$ 499,994
Public safety	293,993
Public works	1,893,777
Health and human services	92,295
Conservation and development	<u>15,683</u>
Total depreciation expense - governmental activities	<u>\$2,795,742</u>
<b>Business-type activities</b>	
Nursing home	\$ 256,603
Forestry	65,559
Solid waste landfill	<u>565,683</u>
Total depreciation expense - business-type activities	<u>\$ 887,845</u>

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

The County has active construction projects as of December 31, 2009. 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:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Residential street construction	\$ 445,364	\$1,279,636
Bridge and approach expansion	709,246	544,010
Building Projects	<u>15,792,307</u>	<u>8,731</u>
<b>Total</b>	<b><u>\$ 16,946,917</u></b>	<b><u>\$1,832,377</u></b>

**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:

	<u>Outstanding 1/1/09</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding 12/31/09</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General Obligation Debt					
Bonds	\$ 11,965,000	\$ -	\$ 130,000	\$ 11,835,000	\$ 345,000
Capital leases	116,963	288,640	98,800	306,803	85,566
Compensated absences	1,525,895	1,100,932	969,492	1,657,335	871,335
Governmental activities Long-term obligations	<u>\$ 13,607,858</u>	<u>\$ 1,389,572</u>	<u>\$ 1,198,292</u>	<u>\$ 13,799,138</u>	<u>\$ 1,301,901</u>
<b>Business-type activities:</b>					
General Obligation Debt					
Bonds	\$ 2,850,000	\$ -	\$ 350,000	\$ 2,500,000	\$ 365,000
Unamortized refunding loss/interest premium	5,051	20,184	-	25,235	-
Compensated absences	388,346	359,881	348,485	399,742	330,052
Business-type activities Long-term obligations	<u>\$ 3,243,397</u>	<u>\$ 380,065</u>	<u>\$ 698,485</u>	<u>\$ 2,924,977</u>	<u>\$ 695,052</u>

Interest paid for the year ended December 31, 2009 totaled \$633,122.

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 7 - LONG-TERM OBLIGATIONS (Continued)**

Detail of the above outstanding general obligations debt follows:

**Bonds:**

\$5,310,000	issued April 1, 2000; \$499,000 to \$504,000 due annually through 2015; interest 4.2% to 4.5%.	\$ 365,000
\$2,400,000	issued March 15, 2004; \$115,000 to \$215,000 due annually through 2020; interest 2.2% to 5.23%	1,870,000
\$2,145,000	issued July 15, 2005; \$385,000 to \$445,000 due annually from 2011 through 2015; interest 3.45% to 3.7%	2,135,000
\$9,965,000	issued November 15, 2008; \$384,950 to \$1,202,172 due annually from 2009 through 2028; interest 4% to 4.65%	9,965,000
		<u>\$14,335,000</u>

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2009, are allocated to activities as detailed below:

<b>Due</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2010	\$ 345,000	\$ 526,663	\$ 365,000	\$ 132,552	\$ 710,000	\$ 659,215
2011	395,000	511,814	385,000	113,388	780,000	625,202
2012	450,000	494,440	410,000	89,326	860,000	583,766
2013	500,000	474,568	435,000	63,701	935,000	538,269
2014	215,000	459,239	460,000	35,970	675,000	495,209
2015-2019	1,550,000	2,150,657	445,000	17,800	1,995,000	2,168,457
2020-2024	4,125,000	1,438,915	-	-	4,125,000	1,438,915
2025-2028	4,255,000	407,686	-	-	4,255,000	407,686
<b>Total</b>	<u>\$11,835,000</u>	<u>\$6,463,982</u>	<u>\$2,500,000</u>	<u>\$ 452,737</u>	<u>\$14,335,000</u>	<u>\$6,916,719</u>

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 7 - LONG-TERM OBLIGATIONS (CONTINUED)**

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 value		\$2,436,925,300
Legal debt margin percentage		<u>5%</u>
Legal debt limit		121,846,265
Outstanding general obligation debt	\$ 14,335,000	
Less amount available in debt service	<u>(44,324)</u>	<u>14,290,676</u>
<b>Legal debt margin</b>		<b><u>\$ 107,555,589</u></b>

The County has entered into a lease agreement as lessee for financing the acquisition of a postage machine, two quad axle trucks, and two graders. 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 \$402,640.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009, were as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental</u> <u>Activities</u>
2010	\$ 99,058
2011	42,058
2012	42,059
2013	41,995
2014	41,302
2015	41,303
2016	<u>53,984</u>
Total minimum lease payments	361,759
Less amount representing interest	<u>(54,956)</u>
<b>Present value of minimum lease payments</b>	<b><u>\$ 306,803</u></b>

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

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 8 – SHORT TERM OBLIGATIONS**

Lincoln County established a short term line of credit not to exceed \$1,500,000 due to delays in the final phase of the County building project. The balance as of December 31, 2009 is as follows:

	<u>Balance</u> <u>1-1-09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-09</u>
\$1,500,000 issued May 20, 2009, due				
May 20, 2010, interest of 2.75%	\$ -	\$ 427,662	\$ -	\$ 427,662

The short-term line of credit is included as a financing source in the County's fund financial statements because the County refinanced the obligation in 2010 into a long-term obligation of the County. On the Statement of Net Assets, the amount due is included with the current portion of long-term obligations.

**NOTE 9 - EMPLOYEE RETIREMENT PLAN**

All eligible Lincoln County employees participate in the Wisconsin Retirement System (System), a cost-sharing, multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (440 hours for teachers and 440 hours for Educational Support Staff effective July 1, 2009) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 5.9 percent of their salary (3.0 percent for Executive and Elected Officials, 5.0 percent for Protective Occupations with Social Security, and 3.2 percent for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for Lincoln County employees covered by the System for the year ended December 31, 2009, was \$16,433,727; the employer's total payroll was \$16,993,718. The total required contribution for the year ended December 31, 2009, was \$1,756,852, which consisted of \$939,646 or 5.7 percent of payroll from the employer and \$817,206, or 5.0 percent of payroll from employees. Total contributions for years ended December 31, 2008 and 2007, were \$1,694,218 and \$1,631,614, respectively, equal to the required contributions for each year.

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

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

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 10 - RISK MANAGEMENT**

*Health Insurance*

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

The County also operates a self-insurance program administered by a third party administrator for employee health care benefits. The program is supplemented by stop loss protection, which limits the County's liability to \$90,000 per individual claim or an aggregate limit of \$5,449,667 during the period of January 1, 2009 to December 31, 2009.

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:

	<u>Claims Liability at January 1</u>	<u>Provision Current Year Claims</u>	<u>Claims Paid</u>	<u>Claims Liability at December 31</u>
2009	\$ 1,091,914	\$ 4,352,150	\$ 4,340,701	\$ 1,103,363
2008	941,806	4,516,282	4,366,174	1,091,914

*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 \$55,422. 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, 2009, is not available for presentation.



**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 11 - TRI-COUNTY HUMAN SERVICES BOARD**

Lincoln County is a participating member of a Tri-County Human Services Board along with Marathon and Langlade Counties. The Board is funded through State grant-in-aid, federal grants, fees for services rendered, and County appropriations. The net appropriation for 2009 was \$8,547,073 with Lincoln County's share totaling \$545,431 (6.4%). 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, 2009, and for the year then ended.

Assets	\$ 24,414,569
Liabilities	6,983,915
Equity	17,430,654
Revenues	58,660,400
Expenses	59,826,044
Non-operating gain	187,623
Change in net assets	176,680

Lincoln County's share of net assets for the year ended December 31, 2009 is \$1,030,280.

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

**NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and federal laws and regulations require that Lincoln County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill sites only for forty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. At December 31, 2009, the County has utilized approximately 67.2% of its landfill's capacity, a net increase of 8.2% compared to December 31, 2008. The landfill is estimated to be fully utilized in 2016.

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 12 - 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, 2009, is as follows:

Total estimated costs for construction, closure, and postclosure care	\$ 4,913,072
Estimated costs expensed through December 31, 2009	<u>(3,300,846)</u>

<b>Estimated costs of construction, closure, and postclosure care to be recognized in future years</b>	<b><u>\$ 1,612,226</u></b>
--	----------------------------

The estimated total current cost of the landfill construction, closure, and postclosure care of \$4,913,072 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, 2009. 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, 2009, investments of \$3,580,708 are held for these purposes. These investments are held and managed by the County and are presented on the County's statement of net assets as "Restricted Assets". It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

**NOTE 13 - CONTINGENCIES**

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

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**December 31, 2009**

**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:

	<u>General</u>
<b>Designated as carryover in 2010 budget:</b>	
Phone system	\$ 45,111
IT hardware	1,356
Election equipment	163,910
Union contract negotiations	20,000
Rural Addressing	370
Remonumentation	65,100
Circuit Court postage	614
Veterans grave care	1,000
Veterans donations	500
Veterans Fuel Assistance	2,000
Zoning - Comprehensive Plan Update	6,403
Zoning - operational	10,000
UW- pest application	1,043
UW- LLC program revenue	993
UW- day camp safety	467
Sheriff donation	100
Cash flow purposes	5,511,764
<b>Designated for capital improvement in 2010 budget</b>	
Orthophotos	51,480
Highway Road Work	250,000
<b>Designated for capital improvements</b>	
<b>in future years</b>	<u>1,741,900</u>
	<u>\$7,874,111</u>

Restricted net assets

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

	<u>Governmental</u>	<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
Insurance deposit	\$ 55,422	\$ -
Grant and program fees	732,262	-
Jail assessments	10,610	-
Landfill closure	-	279,862
Nursing home funds	-	12,469
Forestry grants	-	58,499
	<u>\$ 798,294</u>	<u>\$ 350,830</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**LINCOLN COUNTY, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
<b>Taxes</b>				
General property	\$ 7,394,695	\$ 7,153,803	\$ 7,153,803	\$ -
Forest crop	20,000	20,000	30,584	10,584
Managed forest land	45,000	45,000	47,735	2,735
County sales tax	1,546,742	1,546,742	1,485,181	(61,561)
Real estate transfer fees	60,000	60,000	49,924	(10,076)
Interest on taxes	250,000	286,398	272,729	(13,669)
Payment in lieu of taxes	75,000	75,000	79,454	4,454
Total taxes	9,391,437	9,186,943	9,119,410	(67,533)
<b>Intergovernmental</b>				
State shared revenues	1,322,000	1,322,000	1,240,854	(81,146)
Exempt computer aid	28,000	28,000	26,386	(1,614)
Finance Department	500	865	865	-
County Clerk	-	-	1,600	1,600
Clerk of courts	88,952	88,458	89,078	620
Circuit court	77,107	77,107	76,805	(302)
Land information	6,400	6,400	17,820	11,420
Sheriff department	37,500	49,612	114,715	65,103
Emergency management	35,254	35,254	55,284	20,030
Victim witness	31,510	31,510	33,310	1,800
Zoning grants	45,000	45,000	31,422	(13,578)
Veterans service	10,000	10,000	10,000	-
Family court commissioner	1,176	1,176	1,294	118
Child support	114,458	114,458	254,316	139,858
UW extension	4,345	9,645	9,645	-
State acreage payment	71,000	71,000	68,157	(2,843)
Land conservation	215,666	745,231	602,148	(143,083)
Total intergovernmental	2,088,868	2,635,716	2,633,699	(2,017)
<b>Licenses and permits</b>				
County clerk	5,290	5,290	5,642	352
Family court commissioner	3,611	3,611	3,300	(311)
Land information	3,000	3,000	3,305	305
Zoning fees	105,900	105,900	91,657	(14,243)
Total licenses and permits	117,801	117,801	103,904	(13,897)
<b>Fines, forfeits, and penalties</b>				
Clerk of courts	193,576	197,580	197,530	(50)
Circuit court	1,322	1,322	1,678	356
District attorney	6,000	6,000	-	(6,000)
Sheriff department	-	-	2,170	2,170
Total fines, forfeits, and penalties	200,898	204,902	201,378	(3,524)

**LINCOLN COUNTY, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public charges for service				
Clerk of courts	\$ 72,000	\$ 72,606	\$ 84,858	\$ 12,252
Circuit court	10,874	10,874	18,428	7,554
Family court commissioner	3,449	3,449	3,355	(94)
Register of deeds	120,070	120,070	124,926	4,856
Land information	41,350	41,350	42,449	1,099
County clerk	500	500	7,352	6,852
Treasurer	175	175	165	(10)
District attorney	2,500	2,500	2,197	(303)
Sheriff department	699,636	699,636	194,433	(505,203)
Coroner	-	8,659	8,878	219
Maintenance	4,500	4,500	7,845	3,345
Veterans	-	-	500	500
Zoning	2,000	2,000	1,186	(814)
Land conservation	-	250	433	183
Administration/personnel	-	-	17	17
Finance	150	150	149	(1)
Child support	7,900	7,900	5,967	(1,933)
UW extension	7,605	7,605	910	(6,695)
Forest land revenue	250,000	250,000	248,025	(1,975)
Other charges for service	720	720	2,159	1,439
Total public charges for services	<u>1,223,429</u>	<u>1,232,944</u>	<u>754,232</u>	<u>(478,712)</u>
Intergovernmental charges for service				
Sheriff department	48,500	52,220	36,417	(15,803)
Land information	1,000	1,000	520	(480)
Clerk of courts	2,630	1,422	3,081	1,659
County clerk	8,500	13,865	13,865	-
UW extension	-	3,850	3,850	-
Total intergovernmental charges for services	<u>60,630</u>	<u>72,357</u>	<u>57,733</u>	<u>(14,624)</u>
Miscellaneous				
Interest	816,839	816,839	273,623	(543,216)
Rent	131,000	131,000	127,838	(3,162)
Tax Deed Profit	10,000	10,000	-	(10,000)
Sale of county property	35,500	99,800	94,147	(5,653)
Insurance recovery	-	69,995	81,220	11,225
Private organization donations	4,700	7,975	5,398	(2,577)
Total miscellaneous	<u>998,039</u>	<u>1,135,609</u>	<u>582,226</u>	<u>(553,383)</u>
Total revenues	<u>14,081,102</u>	<u>14,586,272</u>	<u>13,452,582</u>	<u>(1,133,690)</u>

**LINCOLN COUNTY, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
General government				
County board chairman	\$ 55,500	\$ 55,500	\$ 42,769	\$ 12,731
County board committees	100,794	100,794	86,613	14,181
Clerk of courts	634,777	637,173	620,339	16,834
Circuit court	259,806	259,665	231,033	28,632
Family court commissioner	31,465	31,606	31,606	-
Coroner	48,058	56,717	53,477	3,240
Law library	1,315	1,315	1,262	53
District attorney	199,954	199,954	177,160	22,794
Corporation counsel	178,512	178,512	169,325	9,187
Victim witness	60,596	60,596	59,284	1,312
County clerk	132,821	131,264	130,070	1,194
Administration/personnel	200,237	200,237	161,259	38,978
Information technology	651,926	651,926	613,336	38,590
General administration	9,000	167,761	177,475	(9,714)
Treasurer	144,306	144,306	140,935	3,371
Finance department	329,889	330,766	330,765	1
Maintenance	847,527	847,527	792,642	54,885
Surveyor	206,156	206,156	124,537	81,619
Tax description	108,472	108,472	105,205	3,267
Register of deeds	213,195	213,195	207,455	5,740
Land records	250,909	296,959	188,388	108,571
Tax assessment	69,830	69,830	69,699	131
Insurance	84,928	96,860	86,923	9,937
Elections	28,200	35,122	36,722	(1,600)
Contingency fund	505,629	256,756	-	256,756
Total general government	5,353,802	5,338,969	4,638,279	700,690
Public safety				
Sheriff department:				
Law enforcement	3,089,149	3,067,356	2,906,705	160,651
Emergency communication (911)	724,837	759,143	759,143	-
Correction and detention	2,251,118	2,271,142	1,986,885	284,257
Emergency management	98,892	98,892	93,370	5,522
Civil service commission	2,000	2,000	1,032	968
Total public safety	6,165,996	6,198,533	5,747,135	451,398
Public works				
Zoning-sanitation	45,000	45,000	30,997	14,003
Health and human services				
Community organizations	35,000	35,000	35,000	-
Health care center	545,431	545,431	545,431	-
Child support agency	215,849	215,849	212,492	3,357
Veterans services	132,007	132,195	125,233	6,962
Cemetery	1,314	1,314	1,314	-
Total health and human services	929,601	929,789	919,470	10,319

**LINCOLN COUNTY, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended December 31, 2009**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Culture, recreation, and education				
Public libraries	\$ 556,100	\$ 556,100	\$ 556,219	\$ (119)
UW extension	280,007	286,819	260,928	25,891
Total culture, recreation, and education	836,107	842,919	817,147	25,772
Conservation and development				
Economic development	45,250	45,250	45,250	-
Zoning	452,023	456,928	428,533	28,395
Land conservation	384,159	916,599	715,090	201,509
Total conservation and development	881,432	1,418,777	1,188,873	229,904
Capital outlay				
County clerk	163,910	163,910	-	163,910
Information technology	-	85,774	77,897	7,877
Land records	25,000	25,460	5,859	19,601
Sheriff	231,500	427,843	353,753	74,090
Total capital outlay	420,410	702,987	437,509	265,478
Total expenditures	14,632,348	15,476,974	13,779,410	1,697,564
Excess (deficiency) of revenues over (under) expenditures	(551,246)	(890,702)	(326,828)	563,874
Other financing sources (uses)				
Funds applied	657,065	996,521	996,521	-
Transfer in	253,737	253,737	1,226,575	972,838
Transfer out	(359,556)	(359,556)	(359,556)	-
Total other financing sources (uses)	551,246	890,702	1,863,540	972,838
Net change in fund balance	-	-	1,536,712	1,536,712
<b>FUND BALANCE - BEGINNING</b>	9,840,085	9,840,085	9,840,085	-
<b>FUND BALANCE - ENDING</b>	\$ 9,840,085	\$ 9,840,085	\$ 11,376,797	\$ 1,536,712

**RECONCILIATION FROM BUDGET TO GAAP:**

Net change in fund balance - budget	\$ 1,536,712
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.	(996,521)
Net change in fund balance - GAAP	\$ 540,191



**LINCOLN COUNTY, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - COUNTY ROADS AND BRIDGES**  
**Year Ended December 31, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
General property	\$ 2,237,207	\$ 2,237,207	\$ 2,237,207	\$ -
Intergovernmental	<u>1,456,985</u>	<u>1,456,985</u>	<u>1,148,007</u>	<u>(308,978)</u>
Total revenues	<u>3,694,192</u>	<u>3,694,192</u>	<u>3,385,214</u>	<u>(308,978)</u>
<b>EXPENDITURES</b>				
Public works	<u>3,964,192</u>	<u>3,960,658</u>	<u>3,265,506</u>	<u>695,152</u>
Deficiency of revenues over (under) expenditures	<u>(270,000)</u>	<u>(266,466)</u>	<u>119,708</u>	<u>386,174</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	250,000	250,000	250,000	-
Fund balance applied	<u>20,000</u>	<u>16,466</u>	<u>16,466</u>	<u>-</u>
Total other financing sources	<u>270,000</u>	<u>266,466</u>	<u>266,466</u>	<u>-</u>
Net change in fund balance	-	-	386,174	386,174
<b>FUND BALANCE (DEFICIT) - BEGINNING</b>	<u>(78,088)</u>	<u>(78,088)</u>	<u>(78,088)</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) - ENDING</b>	<u>\$ (78,088)</u>	<u>\$ (78,088)</u>	<u>\$ 308,086</u>	<u>\$ 386,174</u>
<b>RECONCILIATION FROM BUDGET TO GAAP:</b>				
Net change in fund balance - budget			\$ 386,174	
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>(16,466)</u>	
Net change in fund balance - GAAP			<u>\$ 369,708</u>	

**LINCOLN COUNTY, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - SOCIAL SERVICES FUND**  
**Year Ended December 31, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
General property	\$ 446,138	\$ 446,138	\$ 446,138	\$ -
Intergovernmental	2,895,881	2,895,881	3,064,537	168,656
Public charges for service	-	-	362	362
Miscellaneous revenues	-	-	457	457
Total revenues	<u>3,342,019</u>	<u>3,342,019</u>	<u>3,511,494</u>	<u>169,475</u>
<b>EXPENDITURES</b>				
Health and human services	3,336,019	3,336,019	3,388,644	(52,625)
Outlay	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total expenditures	<u>3,342,019</u>	<u>3,342,019</u>	<u>3,388,644</u>	<u>(46,625)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>122,850</u>	<u>122,850</u>
<b>OTHER FINANCING USES</b>				
Transfer out	<u>-</u>	<u>-</u>	<u>(411,038)</u>	<u>(411,038)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(288,188)</u>	<u>(288,188)</u>
<b>FUND BALANCE - JANUARY 1</b>	<u>988,856</u>	<u>988,856</u>	<u>988,856</u>	<u>-</u>
<b>FUND BALANCE - DECEMBER 31</b>	<u>\$ 988,856</u>	<u>\$ 988,856</u>	<u>\$ 700,668</u>	<u>\$ (288,188)</u>

**LINCOLN COUNTY, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - DEVELOPMENTAL DISABILITIES FUND**  
**Year Ended December 31, 2009**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
General property	\$ 33,139	\$ 274,031	\$ 274,031	\$ -
Intergovernmental	4,485,414	4,485,414	4,188,881	(296,533)
Public charges for service	1,136,300	1,136,300	881,795	(254,505)
Intergovernmental charges for service	41,800	41,800	43,373	1,573
Miscellaneous revenues	2	2	1	(1)
Total revenues	<u>5,696,655</u>	<u>5,937,547</u>	<u>5,388,081</u>	<u>(549,466)</u>
<b>EXPENDITURES</b>				
Health and human services	<u>5,984,391</u>	<u>5,984,391</u>	<u>5,388,081</u>	<u>596,310</u>
Total expenditures	<u>5,984,391</u>	<u>5,984,391</u>	<u>5,388,081</u>	<u>596,310</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(287,736)</u>	<u>(46,844)</u>	<u>-</u>	<u>46,844</u>
<b>OTHER FINANCING SOURCES</b>				
Fund balance applied	<u>287,736</u>	<u>46,844</u>	<u>46,844</u>	<u>-</u>
Net change in fund balance	-	-	46,844	46,844
<b>FUND BALANCE - JANUARY 1</b>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>FUND BALANCE - DECEMBER 31</b>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 96,844</u>	<u>\$ 46,844</u>
<b>RECONCILIATION FROM BUDGET TO GAAP:</b>				
Net change in fund balance - budget			\$ 46,844	
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>46,844</u>	
Net change in fund balance - GAAP			<u>\$ -</u>	

**LINCOLN COUNTY, WISCONSIN**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2009**

**NOTE 1 - EXCESS OF ACTUAL EXPENDITURES OVER FINAL BUDGET**

For the year ending December 31, 2009, the legally adopted budget line items with actual expenditures over the final budget were as follows:

	<u><b>Final Budget</b></u>	<u><b>Actual</b></u>
General fund:		
General government:		
General Administration	\$ 167,761	\$ 177,475
Elections	35,122	36,722
Culture, recreation and education		
Public libraries	556,100	556,219
Social services fund:		
Health and human services	3,336,019	3,388,644
Transfer out	-	411,038

**COMBINING FUND STATEMENTS**

### Special Revenue

60

LINCOLN COUNTY, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended December 31, 2009

	Special Revenue							Total Nonmajor Governmental Funds
	County Health	Commission on Aging	Dog License	Community Development	Emergency Medical	Jail Assessment	Total	Debit Service
<b>REVENUES</b>								
Taxes	\$ 562,943	\$ 103,690	\$ -	\$ -	\$ 552,896	\$ -	\$ 1,219,529	\$ 383,653
Intergovernmental revenues	173,886	389,410	-	-	82,927	-	646,223	646,223
Licenses and permits	2,562	-	27,294	-	-	-	29,856	29,856
Fines, forfeits, and penalties	-	-	-	-	-	53,145	53,145	53,145
Public charges for service	117,258	120,722	-	64,173	1,081,338	-	1,383,491	1,383,491
Intergovernmental charges for service	191,762	14,500	-	-	8,836	-	215,098	354,973
Miscellaneous revenues	670	12,916	-	10,100	1,005	-	24,691	24,691
Total revenues	1,049,081	641,238	27,294	74,273	1,727,002	53,145	3,572,033	4,095,561
<b>EXPENDITURES</b>								
Current:								
Public safety	-	-	-	-	1,750,745	-	1,750,745	1,750,745
Health and human services	929,418	603,278	27,294	-	-	-	1,559,990	1,559,990
Conservation and development	-	-	-	75,000	-	-	75,000	75,000
Capital outlay	-	-	-	-	107,350	49,392	156,742	156,742
Debt service:	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	130,000
Interest	-	-	-	-	-	-	-	482,806
Total expenditures	929,418	603,278	27,294	75,000	1,858,095	49,392	3,542,477	612,806
Excess (deficiency) of revenues over (under) expenditures	119,663	37,960	-	(727)	(131,093)	3,753	29,556	(89,278)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	109,556	-	109,556	67,837
Transfers out	(20,982)	-	-	-	(96,083)	(21,609)	(138,674)	-
Total other financing sources and uses	(20,982)	-	-	-	13,473	(21,609)	(29,118)	67,837
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	98,681	37,960	-	(727)	(117,620)	(17,856)	438	(21,441)
<b>FUND BALANCES - BEGINNING</b>	429,251	67,522	1,000	67,153	360,385	28,466	953,777	65,765
<b>FUND BALANCES - ENDING</b>	\$ 527,932	\$ 105,482	\$ 1,000	\$ 66,426	\$ 242,765	\$ 10,610	\$ 954,215	\$ 44,324
								\$ 998,539

**LINCOLN COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**December 31, 2009**

	Internal Service Funds		
	<u>Highway</u>	<u>Health Insurance</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 200	\$ 4,940,803	\$ 4,941,003
Accounts receivable	58,649	30,474	89,123
Due from other governments	519,647	-	519,647
Inventories, at cost	1,069,659	-	1,069,659
Prepaid expenses	2,123	-	2,123
Total current assets	<u>1,650,278</u>	<u>4,971,277</u>	<u>6,621,555</u>
Noncurrent assets:			
Capital assets:			
Land	35,540	-	35,540
Improvements other than buildings	244,869	-	244,869
Buildings	1,853,669	-	1,853,669
Machinery and equipment	10,276,943	-	10,276,943
Less accumulated depreciation	<u>(7,453,028)</u>	<u>-</u>	<u>(7,453,028)</u>
Total capital assets	<u>4,957,993</u>	<u>-</u>	<u>4,957,993</u>
Total assets	<u>6,608,271</u>	<u>4,971,277</u>	<u>11,579,548</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	42,844	394,752	437,596
Accrued expenses	40,850	305	41,155
Compensated absences payable	224,851	-	224,851
Due other funds	196,991	-	196,991
Accrued claims	-	708,611	708,611
Current maturities of long-term debt	<u>85,021</u>	<u>-</u>	<u>85,021</u>
Total current liabilities	<u>590,557</u>	<u>1,103,668</u>	<u>1,694,225</u>
Noncurrent liabilities:			
Noncurrent maturities of long-term debt	219,317	-	219,317
Advance due other funds	345,431	-	345,431
Compensated absences payable	<u>206,856</u>	<u>-</u>	<u>206,856</u>
Total noncurrent liabilities	<u>771,604</u>	<u>-</u>	<u>771,604</u>
Total liabilities	<u>1,362,161</u>	<u>1,103,668</u>	<u>2,465,829</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	4,653,655	-	4,653,655
Unrestricted	<u>592,455</u>	<u>3,867,609</u>	<u>4,460,064</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 5,246,110</u>	<u>\$ 3,867,609</u>	<u>\$ 9,113,719</u>



**LINCOLN COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended December 31, 2009**

	<b>Internal Service Funds</b>		
	<b>Highway</b>	<b>Health Insurance</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Interdepartmental charges for service	\$ 3,437,153	\$ 4,994,826	\$ 8,431,979
Intergovernmental charges for service	2,341,633	-	2,341,633
Other operating revenue	4,362	-	4,362
<b>Total operating revenues</b>	<b>5,783,148</b>	<b>4,994,826</b>	<b>10,777,974</b>
<b>OPERATING EXPENSES</b>			
Claims paid	-	4,352,150	4,352,150
General services	5,313,544	-	5,313,544
Administrative and fiscal services	430,185	700,505	1,130,690
Depreciation and amortization	577,879	-	577,879
<b>Total operating expenses</b>	<b>6,321,608</b>	<b>5,052,655</b>	<b>11,374,263</b>
<b>Operating loss</b>	<b>(538,460)</b>	<b>(57,829)</b>	<b>(596,289)</b>
<b>NONOPERATING REVENUES</b>			
Rent revenue	50	-	50
Grant revenue	22,500	-	22,500
Gain (loss) on disposal of assets	(5,633)	-	(5,633)
Salvage revenue	3,798	-	3,798
Donations	600	-	600
Gain on sale of supplies	715	-	715
Interest income	-	66,542	66,542
<b>Total nonoperating revenues</b>	<b>22,030</b>	<b>66,542</b>	<b>88,572</b>
<b>Change in net assets</b>	<b>(516,430)</b>	<b>8,713</b>	<b>(507,717)</b>
<b>TOTAL NET ASSETS - BEGINNING</b>	<b>5,762,540</b>	<b>3,858,896</b>	<b>9,621,436</b>
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$ 5,246,110</b>	<b>\$ 3,867,609</b>	<b>\$ 9,113,719</b>

**LINCOLN COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended December 31, 2009**

	<b>Internal Service Funds</b>		
	<b>Highway</b>	<b>Health Insurance</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
From other County departments	\$ 3,437,153	\$ 4,997,854	\$ 8,435,007
From government and other parties for sales	2,295,712	-	2,295,712
To employees for compensation and fringe benefits	(3,177,834)	(25,816)	(3,203,650)
To vendors for goods and services	(2,852,416)	(5,016,329)	(7,868,745)
Net cash used in operating activities	(297,385)	(44,291)	(341,676)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Temporary cash advance	140,796	-	140,796
Grant revenues and other nonoperating revenues	27,663	-	27,663
Net cash provided by noncapital financing activities	168,459	-	168,459
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(196,371)	-	(196,371)
Insurance recovery for damaged equipment	2,463	-	2,463
Advance from general fund	(56,195)	-	(56,195)
Proceeds from sale of capital assets	56,901	-	56,901
Principal payments on long-term debt	(98,302)	-	(98,302)
Net cash used in capital and related financing activities	(291,504)	-	(291,504)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	-	85,401	85,401
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(420,430)	41,110	(379,320)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	420,630	4,899,693	5,320,323
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 200	\$ 4,940,803	\$ 4,941,003
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>			
Operating loss	\$ (538,460)	\$ (57,829)	\$ (596,289)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation and amortization	577,879	-	577,879
Changes in operating assets and liabilities:			
Accounts receivable	(44,177)	3,028	(41,149)
Due from other governments	74,712	-	74,712
Prepaid expenses	(1,253)	-	(1,253)
Inventories	(67,100)	-	(67,100)
Accounts payable	(183,679)	160,988	(22,691)
Accrued expenses	(99,940)	(1,310)	(101,250)
Compensated absences	34,669	-	34,669
Unearned revenue	(50,036)	-	(50,036)
Accrued claims	-	(149,168)	(149,168)
Total adjustments	241,075	13,538	254,613
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	\$ (297,385)	\$ (44,291)	\$ (341,676)
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital asset additions financed by capital lease	\$ 288,640	\$ -	\$ 288,640

**LINCOLN COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**December 31, 2009**

	Agency Funds		
	Employee Benefit Cafeteria Plan	Clerk of Court Collection Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 26,760	\$ -	\$ 26,760
Accounts receivable	-	735,119	735,119
Total assets	<u>\$ 26,760</u>	<u>\$ 735,119</u>	<u>\$ 761,879</u>
<b>LIABILITIES</b>			
Deposits and advances	20,596	-	20,596
Due other governments	-	735,119	735,119
Due to Lincoln County	<u>6,164</u>	<u>-</u>	<u>6,164</u>
Total liabilities	<u>\$ 26,760</u>	<u>\$ 735,119</u>	<u>\$ 761,879</u>