

**SAUK COUNTY**  
Baraboo, Wisconsin

FINANCIAL STATEMENTS

December 31, 2006

# SAUK COUNTY

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## INDEPENDENT AUDITORS' REPORT

To the County Board of Supervisors  
Sauk County  
Baraboo, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sauk County, Wisconsin, as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sauk County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Sauk County Housing Authority, the discretely presented component unit of Sauk County. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Sauk County Housing Authority, is based 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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sauk County, Wisconsin, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the County Board of Supervisors  
Sauk County, Wisconsin

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of Sauk County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 and budgetary comparison information on pages iii through xiii and 51 through 55 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors 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 Sauk County's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Virehow, Kraus & Company, CP*

Madison, Wisconsin  
September 6, 2007

# SAUK COUNTY

## MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2006

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As management of Sauk County, we offer readers of Sauk County's financial statements this narrative overview and analysis of the financial activities of Sauk County for the fiscal year ending December 31, 2006. This section should be read in conjunction with the financial statements and the accompanying notes that follow. It should also be noted that the information contained herein will provide information on both the governmental operations and the business-type activities of the County.

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### FINANCIAL HIGHLIGHTS

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- The County's primary government total net assets increased by \$4.58 million, or 4.91%, from the prior year. The County's investment in capital assets net of related debt increased by \$5.5 million with continuing major upgrades to the County's communication infrastructure. This increase in assets was offset by an increase in accrued liabilities from employees becoming vested in retirement and other benefits.
- The County's primary government operating expenses in 2006 were \$819,000 lower than in 2005. This is a 1.22% decrease in operating expenses from the prior year. Although most functional areas had decreases in expenses, there was a \$1.23 million increase in health and human services expenses. The largest offsetting decreases were in highway and public works activities, \$1.26 million.
- General revenues increased by \$1.7 million, \$700,000 of which was interest on investments and \$845,000 was from increased property taxes. Charges for services decreased \$1.47 million, largely in general government and nursing home operations. Operating and capital grants decreased \$435,000, with large decreases in conservation and highway funding and increases in health and human services funding. As grant funding is contracting from the State and Federal governments, the County has chosen to supplant with property tax levy as a funding source for existing core programs.
- The County's primary government total debt decreased by \$2.8 million during the current fiscal year, reflecting scheduled debt service payments.

# SAUK COUNTY

## MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2006

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### **OVERVIEW OF FINANCIAL STATEMENTS**

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Sauk County's financial statements consist of four parts:

1. Management Discussion and Analysis - This discussion and analysis is intended to serve as an introduction to Sauk County's basic financial statements.
2. Basic Financial Statements - The basic financial statements have three components:
  - Government-wide financial statements provide both long-term and short-term information about the County's overall financial status.
  - Fund financial statements focus on individual parts of County government and report on the County's operations in more detail than the government-wide statements.
  - Notes to financial statements explain some of the information in the financial statements and provide more detailed data.
3. Required Supplementary Information - The required supplementary information further explains and supports the information in the financial statements.
4. Supplementary Information - The supplementary information contains combining statements that provide details about the non-major governmental funds. The non-major funds are aggregated and presented in a single column in the basic financial statements.

#### ***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

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

The statement of net assets presents information on all of Sauk County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of Sauk County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities.) The governmental activities of Sauk County include public safety; public works; health and social services; culture, education and recreation; conservation and development; and general government. The business-type activities of Sauk County include a highway operation, nursing home and solid waste facility.

# SAUK COUNTY

## MANAGEMENT DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2006

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### **OVERVIEW OF FINANCIAL STATEMENTS (cont.)**

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#### ***GOVERNMENT-WIDE FINANCIAL STATEMENTS (cont.)***

The government-wide financial statements include not only Sauk County itself (known as the primary government), but also a legally separate housing authority for which the County may have a legal responsibility. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

#### ***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 objectives. Sauk County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Sauk County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*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 the near-term inflows and outflows of spendable resources, as well as on going balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for the governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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.

Sauk County maintains 16 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, Human Services Fund, Debt Service Fund and Building Projects Fund, of which all are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Sauk County adopts an annual budget for all its governmental funds. A budgetary comparison schedule has been provided for the General and Human Services funds to demonstrate compliance with these budgets.

## SAUK COUNTY

### MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2006

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#### **OVERVIEW OF FINANCIAL STATEMENTS (cont.)**

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##### *FUND FINANCIAL STATEMENTS (cont.)*

*Proprietary Funds:* Services that Sauk County charges customers a fee to provide are reported in proprietary funds. Sauk County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Sauk County uses enterprise funds to account for its Highway, Health Care Center and Solid Waste facility. Internal service funds are an accounting device used to accumulate and allocate costs internally among Sauk County's various functions. Sauk County uses an internal service fund to account for its self-insurance deductible payments in the County Insurance Fund. The services provided by this fund benefit the business-type and governmental functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Highway, Health Care Center, and Solid Waste, all of which are considered major funds of Sauk County. The County Insurance Fund is reported as an internal service fund in the proprietary fund financial statements.

*Fiduciary Funds:* Fiduciary funds are used to account for resources held in trust for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Sauk County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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#### **FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE GOVERNMENT-WIDE PRESENTATION**

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An analysis of the County's financial position begins with a review of the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets. These two statements report the County's net assets and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

## SAUK COUNTY

### MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2006

#### **FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE GOVERNMENT-WIDE PRESENTATION (cont.)**

##### Sauk County Condensed Statements of Net Assets

	Governmental Activities 2005	Governmental Activities 2006	Business-Type Activities 2005	Business-Type Activities 2006
Current and other assets	\$ 50,243,809	\$ 50,892,617	\$ 14,762,478	\$ 14,662,630
Capital assets, net of Depreciation	86,142,441	88,847,202	6,964,072	6,866,348
<b>Total Assets</b>	<b>136,386,250</b>	<b>139,739,819</b>	<b>21,726,550</b>	<b>21,528,978</b>
Current and other liabilities	27,647,141	28,512,216	8,044,872	8,175,349
Non-current liabilities	26,162,500	23,841,426	2,964,630	2,868,830
<b>Total Liabilities</b>	<b>53,809,641</b>	<b>52,353,642</b>	<b>11,009,502</b>	<b>11,044,179</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	58,319,238	63,868,681	6,964,072	6,866,348
Restricted	574,637	916,631	50,122	51,259
Unrestricted	23,682,734	22,600,865	3,702,854	3,567,192
<b>TOTAL NET ASSETS</b>	<b>\$ 82,576,609</b>	<b>\$ 87,386,177</b>	<b>\$ 10,717,048</b>	<b>\$ 10,484,799</b>

Non-capital governmental assets increased only slightly by \$648,808, or 1.29%. The largest increases were in taxes receivable of \$905,782 and internal balances of \$701,631. These increases were offset by decreases in cash and investments of \$942,708 as funds were spent for communications upgrades. Governmental capital assets net of depreciation increased by \$2,704,761, reflecting increases from the County's major upgrade to its communications infrastructure. Total governmental liabilities decreased by \$1,455,999 due mainly to scheduled repayments on general obligation debt. Finally, total governmental net assets have increased \$4,809,568, most of which relates to capital assets acquired without the use of debt and the positive impact of the County's conservative budget practices.

Business-type total assets decreased \$197,572, or 0.91%. Most asset categories had relatively minor changes, with taxes and accounts receivable having the highest increases and internal balances having the largest decreases. Capital assets net of depreciation decreased by \$97,724, due to little investment being made in nursing home infrastructure pending construction of a replacement facility. Business-type liabilities increased \$34,667, or 0.31%, with no changes of note. Finally, total business-type net assets decreased \$232,249, reflective of the decrease in net capital assets.

# SAUK COUNTY

## MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2006

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE GOVERNMENT-WIDE PRESENTATION (cont.)

#### Sauk County's Changes in Net Assets

	<u>Governmental Activities 2005</u>	<u>Governmental Activities 2006</u>	<u>Business-Type Activities 2005</u>	<u>Business-Type Activities 2006</u>
<b>REVENUES</b>				
Program Revenues:				
Charges for services	\$ 5,769,003	\$ 4,995,233	\$ 10,829,193	\$ 10,129,306
Operating grants and contributions	18,085,554	18,370,933	2,806,050	2,007,960
Capital grants and contributions	505,603	601,470	73,576	55,370
General Revenues:				
Property taxes	18,247,752	19,020,819	5,430,596	5,502,329
Sales taxes	6,544,630	6,842,798	-	-
Other taxes	403,518	373,040	-	-
Intergovernmental revenues not restricted to specific programs	1,032,105	1,033,202	-	-
Other	1,368,760	1,985,042	267,254	232,802
Total Revenues	<u>51,956,925</u>	<u>53,222,537</u>	<u>19,406,669</u>	<u>17,927,767</u>
<b>EXPENSES</b>				
General government	5,866,444	5,937,271	-	-
Public safety	14,425,656	14,899,210	-	-
Public works	2,385,071	1,940,821	-	-
Health and social services	23,189,811	24,417,037	-	-
Culture, education and recreation	1,910,458	1,612,783	-	-
Conservation and development	2,196,262	1,785,227	-	-
Interest and fiscal charges	1,578,194	1,076,531	-	-
Highway	-	-	6,141,403	5,327,909
Health Care Center	-	-	9,142,513	8,736,487
Solid Waste	-	-	556,096	839,709
Total Expenses	<u>51,551,896</u>	<u>51,668,880</u>	<u>15,840,012</u>	<u>14,904,105</u>
Increase in Net Assets Before Transfers	405,029	1,553,657	3,566,657	3,023,662
Transfers	3,798,093	3,255,911	(3,798,093 )	(3,255,911 )
Increase (Decrease) in Net Assets	4,203,122	4,809,568	(231,436 )	(232,249 )
<b>NET ASSETS - Beginning</b>	<u>78,373,487</u>	<u>82,576,609</u>	<u>10,948,484</u>	<u>10,717,048</u>
<b>NET ASSETS - Ending</b>	<u>\$ 82,576,609</u>	<u>\$ 87,386,177</u>	<u>\$ 10,717,048</u>	<u>\$ 10,484,799</u>

# SAUK COUNTY

## MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2006

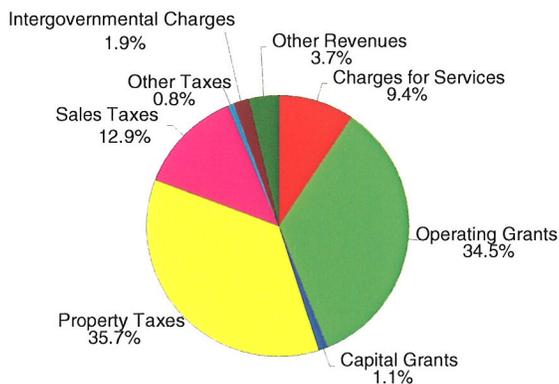
### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE GOVERNMENT-WIDE PRESENTATION (cont.)

The County's governmental activities program revenues decreased by \$392,524, or 1.61%. This decrease consisted primarily of decreased charges for services from Register of Deeds' filing fees (\$126,000), reductions in tax incremental financing overrun receipts (\$95,000), and information systems chargebacks to other departments (\$73,000). Operating grants for conservation and development decreased with lower reimbursements for land conservation programming (\$367,000), Baraboo Range administration (\$125,000) and Community Development Block Grants (\$262,500). Conversely, operating grants for health and human services increased for social services programming. General governmental revenues increased \$1,658,136, or 6.01%. The largest increases in governmental general revenues were in interest earned on investments of \$620,000 and property taxes levied of \$773,000.

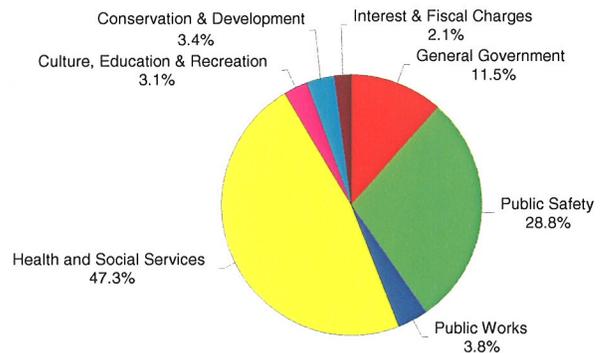
Governmental activities expenses increased by 0.23%, or \$116,984. As labor and benefit costs comprise nearly half of the County's non-capital expenditures, much of the increase relates to staff costs. The largest programmatic increase was in health and social services, \$1.2 million, due to increased program costs in the human services department. There were also decreases in interest and fiscal charges of \$502,000, public works major road project completion of \$444,000 and conservation and development of \$411,000 due to contracting of land conservation programming.

The following graphs show the allocation of Sauk County's governmental activities revenues and expenses.

**2006 Sauk County Governmental Activities Revenues**



**2006 Sauk County Governmental Activities Expenses**



# SAUK COUNTY

## MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2006

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### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE GOVERNMENT-WIDE PRESENTATION (cont.)

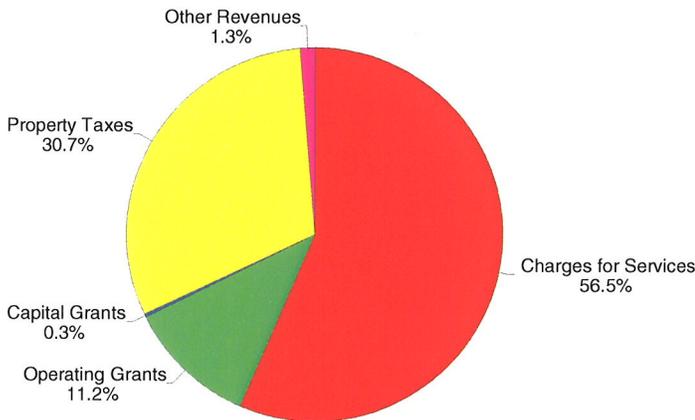
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Business-type program activities revenues have decreased \$1,516,183, or 11.06%, and business-type general revenues have increased \$37,281, or 0.65%. Decreases in Health Care Center charges for services and operating grants of \$626,000 and \$262,000 were in response to decreased resident census and receding state funding. Highway funding also decreased by \$603,000 due to a major reconstruction project being completed in 2005.

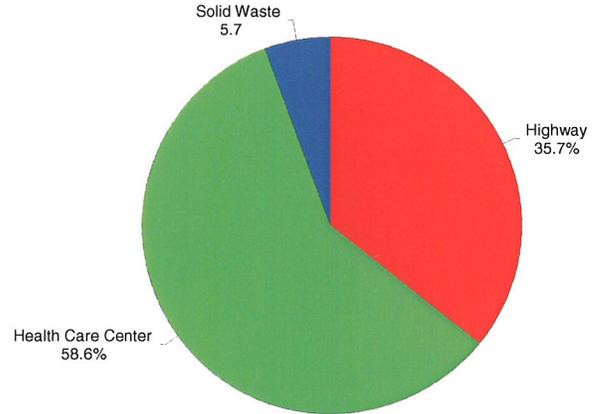
Business-type activities expenses in total decreased \$935,907, or 5.91%. Completion of a major highway road reconstruction project contributed to a decrease in highway expenses of \$813,000. Health Care Center operational costs decreased \$406,000 due to staff reductions related to reduced resident census. Finally, there were increases in landfill expenses from closure of the solid waste site of \$284,000.

The following graphs show the allocation of Sauk County's business-type activities revenues and expenses.

**2006 Sauk County Business-Type Activities Revenues**



**2006 Sauk County Business-Type Activities Expenses**



# SAUK COUNTY

## MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2006

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### **BUDGETARY HIGHLIGHTS**

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Sauk County adopts a budget for all funds of the County at the department level of expenditure. Throughout the year, as additional information becomes available, such as the receipt of funds not originally budgeted or not receiving funds that were anticipated in the original budget, budget amendments can be made. All unspent appropriations lapse to fund balances at year-end unless specifically re-appropriated by County Board action.

#### **SUPPLEMENTARY APPROPRIATIONS**

*General Fund:* Supplementary appropriations totaled \$1,797,291, the majority of which was carryforward of funds previously appropriated in 2005 for projects that were not completed.

*Special Revenue Funds:* Supplementary appropriations totaled \$1,695,238, most of which was appropriation of additional funding for Human Services programs of \$1,002,228. The remainder was carryforward of funds previously appropriated in 2005 for projects that were not completed and return of excess Human Services fund balance to the General Fund.

*Building Projects Fund:* Supplementary appropriations totaled \$59,226, all of which was carryforward of funds previously appropriated in 2005 for projects that were not completed.

*Enterprise Funds:* Supplementary appropriations totaled \$180,669, most of which all was carryforward of funds from 2005 and the remainder of which was funding for the nursing home replacement study.

*Internal Service Funds:* Supplementary appropriations totaled \$164,000, which was the use of accumulated funds for a capital purchase.

*Trust and Agency Funds:* Supplementary appropriations totaled \$685, which was the use of accumulated funds for animal shelter operations.

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### **CAPITAL ASSETS AND DEBT**

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#### **CAPITAL ASSETS**

Sauk County's investment in governmental capital assets as of December 31, 2006 amounted to \$88.8 million (net of depreciation), an increase of \$2.7 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment. Major additions were reconstructed roadways totaling \$1.48 million, \$1.17 million in communications infrastructure upgrades including the final portion of fiber optics loops around the county, and \$777,000 of sheltered workshop expansion.

## SAUK COUNTY

### MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2006

#### **CAPITAL ASSETS AND DEBT (cont.)**

**CAPITAL ASSETS (cont.)**

	<b>Sauk County's Capital Assets</b>			
	<b>(Net of Depreciation)</b>			
	Governmental Activities 2005	Governmental Activities 2006	Business-Type Activities 2005	Business-Type Activities 2006
Land	\$ 924,755	\$ 1,019,918	\$ 291,066	\$ 291,066
Purchased development rights	5,014,410	5,086,437	-	-
Construction in progress	3,061,500	1,076,794	91,381	227,953
Land improvements	384,624	376,574	253,181	232,861
Buildings	39,460,694	40,332,922	1,356,345	1,350,481
Building improvements	4,827,665	4,717,941	182,559	157,663
Machinery, equipment, and vehicles	3,151,596	3,382,289	4,789,540	4,606,325
Infrastructure	29,317,197	32,854,327	-	-
Totals	<u>\$ 86,142,441</u>	<u>\$ 88,847,202</u>	<u>\$ 6,964,072</u>	<u>\$ 6,866,348</u>

More detailed capital asset information can be found in the notes to the financial statements.

**DEBT**

Sauk County had \$25,880,000 in general obligation notes and bonds outstanding as of December 31, 2006.

The County's general obligation bonds and notes ratings by Moody's Investor Services, Inc., are both "Aa3" but were enhanced with bond insurance to "Aaa".

More detailed debt information can be found in the notes to the financial statements.

# SAUK COUNTY

## MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2006

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### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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Sauk County has seen strong steady growth over recent years. This is evidenced in growth in equalized values (exclusive of tax incremental districts' increments) averaging nearly 10 percent over the last ten years. A driving factor of these increases has been considerable growth in the Wisconsin Dells/Lake Delton area, including two major tax incremental financing districts in these municipalities. Also, an artery from Madison to Wisconsin Dells through Sauk County is Highway 12, which is scheduled to be widened and expanded over the next few years. Growth of the Wisconsin Dells/Lake Delton area, as well as along the Highway 12 corridor is likely to provide additional population and tax base. But with this growth comes additional costs for infrastructure maintenance and government services that are provided by the County.

Sauk County's 2007 budget includes a 3.841% increase in property tax dollars levied, from \$23.9 million to \$24.8 million. Total expenditures, for all County funds, are budgeted to be \$93.5 million, including \$15 million for a replacement nursing home. In development of the budget, all known factors were included in the projections. As additional information becomes available throughout the year, the budget will likely be amended by the County Board.

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### **REQUESTS FOR INFORMATION**

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This financial report is designed to provide a general overview of Sauk County's finances and to provide a glimpse at plans for the future and how those plans may affect the financial health of the County. Questions concerning any of the information provided in this report or requests for additional financial information can be directed to the Sauk County Accounting Department, 505 Broadway, Baraboo, WI 53913, 608-355-3237, [www.co.sauk.wi.us](http://www.co.sauk.wi.us).

# SAUK COUNTY

## STATEMENT OF NET ASSETS December 31, 2006

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$ 26,940,068	\$ 726,046	\$ 27,666,114	\$ 62,335
Taxes receivable	18,902,688	5,899,662	24,802,350	-
Delinquent taxes receivable	2,223,982	-	2,223,982	-
Accounts receivable	689,262	1,076,539	1,765,801	61,677
Accrued interest receivable	133,760	-	133,760	105,672
Loans receivable	332,500	-	332,500	269,238
Due from other governments	3,059,244	3,869,110	6,928,354	-
Internal balances	(1,643,867)	1,643,867	-	-
Prepaid items and inventories	235,079	1,372,239	1,607,318	15,842
Advances to other governments	16,187	-	16,187	-
Investment in joint venture	-	-	-	209,998
Restricted cash and investments	3,714	75,167	78,881	85,487
Land	1,019,918	291,066	1,310,984	-
Purchased development rights	5,086,437	-	5,086,437	-
Construction in progress	1,076,794	227,953	1,304,747	-
Other capital assets, net of depreciation	<u>81,664,053</u>	<u>6,347,329</u>	<u>88,011,382</u>	<u>2,226,614</u>
Total Assets	<u>139,739,819</u>	<u>21,528,978</u>	<u>161,268,797</u>	<u>3,036,863</u>
<b>LIABILITIES</b>				
Accounts payable	2,466,214	795,931	3,262,145	7,178
Accrued liabilities	2,262,619	196,877	2,459,496	43,761
Due to other governments	555,090	54,460	609,550	-
Deposits	263,434	23,908	287,342	12,620
Unearned revenue	18,902,688	5,899,662	24,802,350	2,293
Noncurrent liabilities due within one year	4,062,171	1,204,511	5,266,682	16,179
Noncurrent liabilities due in more than one year	<u>23,841,426</u>	<u>2,868,830</u>	<u>26,710,256</u>	<u>885,360</u>
Total Liabilities	<u>52,353,642</u>	<u>11,044,179</u>	<u>63,397,821</u>	<u>967,391</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	63,868,681	6,866,348	70,735,029	1,325,075
Restricted				
Trust activities	12,732	-	12,732	-
Loan programs	350,762	-	350,762	-
Aging programs	54,011	-	54,011	-
Baraboo Range land acquisition	295,904	-	295,904	-
Law enforcement activities	203,222	-	203,222	-
Health care activities	-	51,259	51,259	-
Housing programs	-	-	-	85,487
Unrestricted	<u>22,600,865</u>	<u>3,567,192</u>	<u>26,168,057</u>	<u>658,910</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 87,386,177</u>	<u>\$ 10,484,799</u>	<u>\$ 97,870,976</u>	<u>\$ 2,069,472</u>

See accompanying notes to financial statements.

**SAUK COUNTY**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
<i>Governmental Activities</i>				
General government	\$ 5,937,271	\$ 610,099	\$ -	\$ 148,500
Public safety	14,899,210	2,891,309	750,643	-
Health and social services	24,417,037	1,008,150	17,027,545	-
Public works	1,940,821	-	-	-
Culture, education and recreation	1,612,783	108,015	54,331	-
Conservation and development	1,785,227	377,660	538,414	452,970
Interest and fiscal charges	1,076,531	-	-	-
Total Governmental Activities	<u>51,668,880</u>	<u>4,995,233</u>	<u>18,370,933</u>	<u>601,470</u>
<i>Business-type Activities</i>				
Highway	5,327,909	3,567,794	1,361,064	54,816
Health care	8,736,487	6,533,584	646,896	554
Solid waste	839,709	27,928	-	-
Total Business-type Activities	<u>14,904,105</u>	<u>10,129,306</u>	<u>2,007,960</u>	<u>55,370</u>
Total Primary Government	<u>\$ 66,572,985</u>	<u>\$ 15,124,539</u>	<u>\$ 20,378,893</u>	<u>\$ 656,840</u>
<b>Component Unit</b>				
Housing authority	<u>\$ 1,631,107</u>	<u>\$ 1,421,255</u>	<u>\$ -</u>	<u>\$ 46,471</u>
<i>General Revenues and Transfers</i>				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Property taxes, levied for highway purposes				
Property taxes, levied for the health care center				
Sales taxes				
Other taxes				
Intergovernmental revenues not restricted to specific programs				
Public gifts and/or grants				
Investment income				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
<b>Change in Net Assets</b>				
NET ASSETS - Beginning				
<b>NET ASSETS - ENDING</b>				

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	
\$ (5,178,672)	\$ -	\$ (5,178,672)	\$ -
(11,257,258)	-	(11,257,258)	-
(6,381,342)	-	(6,381,342)	-
(1,940,821)	-	(1,940,821)	-
(1,450,437)	-	(1,450,437)	-
(416,183)	-	(416,183)	-
(1,076,531)	-	(1,076,531)	-
<u>(27,701,244)</u>	<u>-</u>	<u>(27,701,244)</u>	<u>-</u>
-	(344,235)	(344,235)	-
-	(1,555,453)	(1,555,453)	-
-	(811,781)	(811,781)	-
-	<u>(2,711,469)</u>	<u>(2,711,469)</u>	<u>-</u>
<u>(27,701,244)</u>	<u>(2,711,469)</u>	<u>(30,412,713)</u>	<u>-</u>
-	-	-	(163,381)
18,770,819	-	18,770,819	-
250,000	-	250,000	-
-	3,135,754	3,135,754	-
-	2,366,575	2,366,575	-
6,842,798	-	6,842,798	-
373,040	-	373,040	-
1,033,202	-	1,033,202	-
13,601	-	13,601	-
1,678,948	199,981	1,878,929	30,290
292,493	32,821	325,314	-
<u>3,255,911</u>	<u>(3,255,911)</u>	<u>-</u>	<u>-</u>
<u>32,510,812</u>	<u>2,479,220</u>	<u>34,990,032</u>	<u>30,290</u>
4,809,568	(232,249)	4,577,319	(133,091)
<u>82,576,609</u>	<u>10,717,048</u>	<u>93,293,657</u>	<u>2,202,563</u>
<u>\$ 87,386,177</u>	<u>\$ 10,484,799</u>	<u>\$ 97,870,976</u>	<u>\$ 2,069,472</u>

See accompanying notes to financial statements.

**SAUK COUNTY**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2005

	General	Human Services	Debt Service	Building Projects	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>						
Cash and investments	\$ 22,933,242	\$ 190,007	\$ 412,055	\$ 220,536	\$ 3,184,228	\$ 26,940,068
Receivables						
Taxes	11,899,270	6,584,174	250,000	-	169,244	18,902,688
Delinquent taxes	2,223,982	-	-	-	-	2,223,982
Accounts	520,484	153,585	-	-	15,193	689,262
Interest	133,499	-	-	-	261	133,760
Loans	-	-	-	-	332,500	332,500
Due from other funds	741,059	1,152,360	-	972,387	935,009	3,800,815
Due from other governments	1,784,531	1,249,982	-	-	24,731	3,059,244
Inventories	17,676	-	-	-	-	17,676
Prepaid items	202,214	15,189	-	-	-	217,403
Advances to other governments	16,187	-	-	-	-	16,187
Restricted cash	-	-	-	-	3,714	3,714
<b>TOTAL ASSETS</b>	<b>\$ 40,472,144</b>	<b>\$ 9,345,297</b>	<b>\$ 662,055</b>	<b>\$ 1,192,923</b>	<b>\$ 4,664,880</b>	<b>\$ 56,337,299</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 869,624	\$ 1,316,110	\$ -	\$ 238,697	\$ 41,783	\$ 2,466,214
Accrued liabilities	1,833,501	156,308	-	-	22,675	2,012,484
Due to other funds	5,038,943	-	282,885	-	283,060	5,604,888
Due to other governments	549,959	52	-	-	5,079	555,090
Deposits	73,263	186,457	-	-	3,714	263,434
Deferred revenue	12,560,940	6,584,174	250,000	-	502,182	19,897,296
Total Liabilities	<u>20,926,230</u>	<u>8,243,101</u>	<u>532,885</u>	<u>238,697</u>	<u>858,493</u>	<u>30,799,406</u>
Fund Balances						
Reserved for						
Trust activities	-	-	-	-	12,732	12,732
Encumbrances	140,470	-	-	-	-	140,470
Inventories and prepaid items	219,890	15,189	-	-	-	235,079
Long-term receivables	1,356,978	-	-	-	-	1,356,978
Debt service	-	-	129,170	-	-	129,170
Unreserved, reported in						
General fund - designated	9,540,784	-	-	-	-	9,540,784
General fund - undesignated	8,287,792	-	-	-	-	8,287,792
Special revenue funds - undesignated	-	1,087,007	-	-	3,793,655	4,880,662
Capital projects funds - undesignated	-	-	-	954,226	-	954,226
Total Fund Balances	<u>19,545,914</u>	<u>1,102,196</u>	<u>129,170</u>	<u>954,226</u>	<u>3,806,387</u>	<u>25,537,893</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 40,472,144</b>	<b>\$ 9,345,297</b>	<b>\$ 662,055</b>	<b>\$ 1,192,923</b>	<b>\$ 4,664,880</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	88,847,202
Some receivables that are not currently available are reported as unearned revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	994,608
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.	(28,153,732)
Internal service net assets allocated to governmental activities	<u>160,206</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 87,386,177</b>

See accompanying notes to financial statements.

**SAUK COUNTY**

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2006

	General	Human Services	Debt Service	Building Projects	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>						
Taxes	\$ 19,672,060	\$ 6,018,708	\$ 250,000	\$ -	\$ 167,539	\$ 26,108,307
Intergovernmental	4,330,162	14,430,483	-	148,500	938,825	19,847,970
Licenses and permits	319,330	-	-	-	33,948	353,278
Fines, forfeitures and penalties	432,257	117,057	-	-	971	550,285
Public charges for services	1,871,723	470,400	-	-	169,105	2,511,228
Intergovernmental charges for services	2,846,834	-	-	-	78,114	2,924,948
Regulation and compliance	-	-	-	-	138,434	138,434
Investment income	1,275,911	-	119,778	52,445	129,963	1,578,097
Miscellaneous	231,450	10,403	-	-	157,770	399,623
<b>Total Revenues</b>	<u>30,979,727</u>	<u>21,047,051</u>	<u>369,778</u>	<u>200,945</u>	<u>1,814,669</u>	<u>54,412,170</u>
<b>EXPENDITURES</b>						
Current						
General government	4,852,369	-	-	-	44,545	4,896,914
Public safety	14,630,193	-	-	-	17,667	14,647,860
Health and social services	3,142,126	20,761,870	-	-	974,670	24,878,666
Public works	51,821	-	-	-	17,794	69,615
Culture, education and recreation	1,387,787	-	-	-	500	1,388,287
Conservation and development	1,693,993	-	-	-	59,349	1,753,342
Capital Outlay	1,272,185	19,998	-	2,933,516	166,276	4,391,975
Debt Service						
Principal retirement	103,546	-	2,830,000	-	-	2,933,546
Interest and fiscal charges	2,726	-	998,749	-	-	1,001,475
<b>Total Expenditures</b>	<u>27,136,746</u>	<u>20,781,868</u>	<u>3,828,749</u>	<u>2,933,516</u>	<u>1,280,801</u>	<u>55,961,680</u>
Excess (deficiency) of revenues over expenditures	<u>3,842,981</u>	<u>265,183</u>	<u>(3,458,971)</u>	<u>(2,732,571)</u>	<u>533,868</u>	<u>(1,549,510)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,180,212	-	3,518,734	2,800,000	-	7,498,946
Transfers out	<u>(6,212,194)</u>	<u>(369,316)</u>	<u>-</u>	<u>-</u>	<u>(141,540)</u>	<u>(6,723,050)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(5,031,982)</u>	<u>(369,316)</u>	<u>3,518,734</u>	<u>2,800,000</u>	<u>(141,540)</u>	<u>775,896</u>
<b>Net Change in Fund Balances</b>	<b>(1,189,001)</b>	<b>(104,133)</b>	<b>59,763</b>	<b>67,429</b>	<b>392,328</b>	<b>(773,614)</b>
FUND BALANCES - Beginning of Year	<u>20,734,915</u>	<u>1,206,329</u>	<u>69,407</u>	<u>886,797</u>	<u>3,414,059</u>	<u>26,311,507</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 19,545,914</u>	<u>\$ 1,102,196</u>	<u>\$ 129,170</u>	<u>\$ 954,226</u>	<u>\$ 3,806,387</u>	<u>\$ 25,537,893</u>

See accompanying notes to financial statements.

## SAUK COUNTY

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2005

Net change in fund balances - total governmental funds	\$ (773,614)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.</p>	
Capital asset additions are reported as capital outlay in the fund financial statements, but are capitalized in the government-wide financial statements	4,391,975
Some items reported as capital outlay in the fund financial statements are not capitalized in the government-wide statements	(777,957)
Depreciation is reported in the government-wide statements	(3,115,088)
Infrastructure financed by the highway fund	2,480,015
Net book value of assets retired	(274,184)
<p>Receivables not currently available are reported as unearned revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.</p>	
Government grants	95,215
Investment income	93,155
Delinquent taxes	51,674
Other	(5,260)
<p>Debt and lease proceeds provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Principal repaid	2,830,000
Alliant loan repaid	103,546
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Compensated absences	(214,854)
Accrued interest on debt	(75,055)
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 4,809,568</u></b>

See accompanying notes to financial statements.

**SAUK COUNTY**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 December 31, 2006

	Business-type Activities				Internal Service Fund
	Enterprise Funds				
	Highway	Health Care Center	Solid Waste	Totals	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and investments	\$ 3,841	\$ 50	\$ -	\$ 3,891	\$ 722,155
Taxes receivable	3,259,556	2,640,106	-	5,899,662	-
Accounts receivable	30,596	1,044,841	1,102	1,076,539	-
Due from other funds	326,235	1,429,364	223,588	1,979,187	-
Due from other governments	487,040	-	-	487,040	-
Prepaid items	205	19,745	-	19,950	-
Inventories	1,248,007	104,282	-	1,352,289	-
Restricted Assets					
Cash and investments	-	33,908	-	33,908	-
Due from other governments	-	-	764,185	764,185	-
Total Current Assets	<u>5,355,480</u>	<u>5,272,296</u>	<u>988,875</u>	<u>11,616,651</u>	<u>722,155</u>
<b>NONCURRENT ASSETS</b>					
Restricted Assets					
Cash and investments	-	41,259	-	41,259	-
Due from other governments	-	-	2,617,885	2,617,885	-
Capital Assets					
Land	67,486	6,627	216,953	291,066	-
Construction in progress	190,254	37,699	-	227,953	-
Other capital assets	12,299,825	7,175,780	1,537,038	21,012,643	-
Less: Accumulated depreciation	<u>(7,151,860)</u>	<u>(5,976,416)</u>	<u>(1,537,038)</u>	<u>(14,665,314)</u>	-
Total Non-Current Assets	<u>5,405,705</u>	<u>1,284,949</u>	<u>2,834,838</u>	<u>9,525,492</u>	-
Total Assets	<u>10,761,185</u>	<u>6,557,245</u>	<u>3,823,713</u>	<u>21,142,143</u>	<u>722,155</u>

	Business-type Activities -				
	Enterprise Funds				Internal Service Fund
	Highway	Health Care Center	Solid Waste	Totals	
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 314,620	\$ 171,544	\$ 309,767	\$ 795,931	\$ -
Accrued liabilities	59,260	129,100	8,517	196,877	-
Due to other funds	-	-	-	-	175,114
Due to other governments	54,460	-	-	54,460	-
Unearned revenue	3,259,556	2,640,106	-	5,899,662	-
Compensated absences	355,543	532,453	-	887,996	-
Liabilities Payable From Restricted Assets					
Deposits	-	23,908	-	23,908	-
Long-term care and postclosure costs	-	-	316,515	316,515	-
<b>Total Current Liabilities</b>	<b>4,043,439</b>	<b>3,497,111</b>	<b>634,799</b>	<b>8,175,349</b>	<b>175,114</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-Term Debt					
Long-term care and postclosure costs	-	-	2,617,885	2,617,885	-
Other Liabilities					
Compensated absences	134,104	116,841	-	250,945	-
<b>Total Non-Current Liabilities</b>	<b>134,104</b>	<b>116,841</b>	<b>2,617,885</b>	<b>2,868,830</b>	<b>-</b>
<b>Total Liabilities</b>	<b>4,177,543</b>	<b>3,613,952</b>	<b>3,252,684</b>	<b>11,044,179</b>	<b>175,114</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	5,405,705	1,243,690	216,953	6,866,348	-
Restricted	-	51,259	-	51,259	-
Unrestricted	1,177,937	1,648,344	354,076	3,180,357	547,041
<b>TOTAL NET ASSETS</b>	<b>\$ 6,583,642</b>	<b>\$ 2,943,293</b>	<b>\$ 571,029</b>	<b>10,097,964</b>	<b>547,041</b>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				386,835	(386,835)
Net Assets of Business-type Activities				<u>\$ 10,484,799</u>	
Net Internal service funds reported in the statement of net assets as governmental activities					<u>\$ 160,206</u>

See accompanying notes to financial statements.

**SAUK COUNTY**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2006

	Highway	Health Care Center	Solid Waste	Totals	Internal Service Fund
<b>OPERATING REVENUES</b>					
Charges for services	\$ 3,528,771	\$ 6,533,584	\$ 27,928	\$ 10,090,283	\$ 39,023
Miscellaneous	-	-	-	-	32,118
Total Operating Revenues	<u>3,528,771</u>	<u>6,533,584</u>	<u>27,928</u>	<u>10,090,283</u>	<u>71,141</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	7,143,459	8,493,964	839,709	16,477,132	82,351
Depreciation	582,114	242,523	-	824,637	-
Total Operating Expenses	<u>7,725,573</u>	<u>8,736,487</u>	<u>839,709</u>	<u>17,301,769</u>	<u>82,351</u>
Operating Income (Loss)	<u>(4,196,802)</u>	<u>(2,202,903)</u>	<u>(811,781)</u>	<u>(7,211,486)</u>	<u>(11,210)</u>
<b>NONOPERATING REVENUES</b>					
General property taxes	3,135,754	2,366,575	-	5,502,329	-
Intergovernmental grants	1,361,064	646,896	-	2,007,960	-
Investment income	-	2,398	163,159	165,557	34,424
Miscellaneous	703	-	-	703	-
Total Nonoperating Revenues	<u>4,497,521</u>	<u>3,015,869</u>	<u>163,159</u>	<u>7,676,549</u>	<u>34,424</u>
Income (Loss) Before Transfers and Contributions	300,719	812,966	(648,622)	465,063	23,214
Capital contributions	54,816	554	-	55,370	-
Transfers in	-	35,000	-	35,000	-
Transfers out	-	(646,896)	-	(646,896)	(164,000)
<b>Change in Net Assets</b>	355,535	201,624	(648,622)	(91,463)	(140,786)
NET ASSETS - Beginning of Year	<u>6,228,107</u>	<u>2,741,669</u>	<u>1,219,651</u>	<u>10,189,427</u>	<u>687,827</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,583,642</u>	<u>\$ 2,943,293</u>	<u>\$ 571,029</u>	<u>\$ 10,097,964</u>	<u>\$ 547,041</u>

See accompanying notes to financial statements.

**SAUK COUNTY**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2006

	<u>Highway</u>	<u>Health Care Center</u>	<u>Solid Waste</u>	<u>Totals</u>	<u>Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 3,457,023	\$ 6,097,047	\$ 29,826	\$ 9,583,896	\$ 264,828
Paid to employees and suppliers for goods and services	<u>(7,368,809)</u>	<u>(8,450,390)</u>	<u>(72,668)</u>	<u>(15,891,867)</u>	<u>(82,351)</u>
Net Cash Flows From Operating Activities	<u>(3,911,786)</u>	<u>(2,353,343)</u>	<u>(42,842)</u>	<u>(6,307,971)</u>	<u>182,477</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	-	35,000	-	35,000	-
Transfers out	-	(646,896)	-	(646,896)	(164,000)
Miscellaneous revenues	703	-	-	703	-
General property taxes	3,135,754	2,366,575	-	5,502,329	-
Intergovernmental grants	<u>1,361,064</u>	<u>646,896</u>	<u>-</u>	<u>2,007,960</u>	<u>-</u>
Net Cash Flows From Non-Capital Financing Activities	<u>4,497,521</u>	<u>2,401,575</u>	<u>-</u>	<u>6,899,096</u>	<u>(164,000)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Funds invested with other governments	-	-	(163,159)	(163,159)	-
Investment income	<u>-</u>	<u>2,398</u>	<u>163,159</u>	<u>165,557</u>	<u>34,424</u>
Net Cash Flows From Investing Activities	<u>-</u>	<u>2,398</u>	<u>-</u>	<u>2,398</u>	<u>34,424</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(645,845)	(106,068)	-	(751,913)	-
Capital contributions	54,816	554	-	55,370	-
Salvage on capital asset disposals	<u>-</u>	<u>24,998</u>	<u>-</u>	<u>24,998</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(591,029)</u>	<u>(80,516)</u>	<u>-</u>	<u>(671,545)</u>	<u>-</u>
<b>Change in Cash and Cash Equivalents</b>	<b>(5,294)</b>	<b>(29,886)</b>	<b>(42,842)</b>	<b>(78,022)</b>	<b>52,901</b>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>9,135</u>	<u>105,103</u>	<u>42,842</u>	<u>157,080</u>	<u>669,254</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 3,841</b>	<b>\$ 75,217</b>	<b>\$ -</b>	<b>\$ 79,058</b>	<b>\$ 722,155</b>

	Highway	Health Care Center	Solid Waste	Totals	Internal Service Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (4,196,802)	\$ (2,202,903)	\$ (811,781)	\$ (7,211,486)	\$ (11,210)
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities					
Depreciation expense	582,114	242,523	-	824,637	-
Long-term care and post-closure accrual	-	-	(516,014)	(516,014)	-
Changes in Noncash Components of Working Capital					
Accounts receivable	19,385	(210,420)	1,898	(189,137)	55,377
Due from other funds	(326,235)	(188,866)	1,148,801	633,700	-
Due from other governmental units	233,758	-	-	233,758	-
Inventories	(175,327)	7,748	-	(167,579)	-
Prepaid items	716	454	-	1,170	-
Accounts payable	(32,077)	(20,894)	129,773	76,802	-
Accrued liabilities	(9,905)	(5,175)	4,481	(10,599)	-
Due to other governmental units	(1,016)	-	-	(1,016)	-
Due to other funds	(16,607)	-	-	(16,607)	138,310
Deposits	-	(20,973)	-	(20,973)	-
Unearned revenue	(70,443)	-	-	(70,443)	-
Compensated absences	80,653	45,163	-	125,816	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ (3,911,786)</b>	<b>\$ (2,353,343)</b>	<b>\$ (42,842)</b>	<b>\$ (6,307,971)</b>	<b>\$ 182,477</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>					
Cash and investments - statement of net assets - proprietary fund	\$ 3,841	\$ 50	\$ -	\$ 3,891	\$ 722,155
Restricted cash and investments - statement of net assets - proprietary fund	-	75,167	-	75,167	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 3,841</b>	<b>\$ 75,217</b>	<b>\$ -</b>	<b>\$ 79,058</b>	<b>\$ 722,155</b>

See accompanying notes to financial statements.

**SAUK COUNTY**

STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
December 31, 2006

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 605,286
Property taxes receivable	1,090,367
Due from other governments	<u>8,150</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,703,803</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 25,944
Accrued liabilities	3,041
Deposits	580,631
Due to other governments	<u>1,094,187</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 1,703,803</u></b>

See accompanying notes to financial statements.

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of Sauk County, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### **A. REPORTING ENTITY**

This report includes all of the funds of Sauk County. The reporting entity for the county consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

#### ***Discretely Presented Component Unit***

##### *Sauk County Housing Authority*

The government-wide financial statements include the Sauk County Housing Authority (Housing Authority) as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the county board chairperson. Wisconsin Statutes provide for circumstances whereby the county can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the county. See Note IV.J. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended June 30, 2006. Separately issued financial statements of the Sauk County Housing Authority may be obtained from the Housing Authority's office at 708 Elizabeth Street, Baraboo, WI 53913.

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

##### ***Government-Wide Financial Statements***

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

##### ***Fund Financial Statements***

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. 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.

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Fund Financial Statements (cont.)***

3. In addition, any other governmental or proprietary fund that the county believes is particularly important to financial statement users may be reported as a major fund.

The county reports the following major governmental funds:

General Fund – accounts for the county's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Human Services Fund – accounts for resources legally restricted to supporting expenditures for the human services program.

Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than enterprise fund debt.

Building Projects Fund – accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

The county reports the following major enterprise funds:

Highway Fund – accounts for the maintenance and repair of infrastructure assets in the county.

Health Care Center Fund – accounts for operations of the county's health care facility.

Solid Waste Fund – accounts for solid waste collection operations.

The county reports the following non-major governmental and enterprise funds:

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Commission on Aging

County Jail

Park Land Development

Land Records Modernization

Landfill Remediation

Forest Management

Baraboo Range

Drug Seizures

Community Development Block Grant - Economic Development (CDBG-ED) Revolving Loans

Rental Properties

Alice in Dairyland

Dog License

## SAUK COUNTY

### NOTES TO FINANCIAL STATEMENTS December 31, 2006

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#### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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##### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

###### ***Fund Financial Statements (cont.)***

In addition, the county reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the county, or to other governmental units, on a cost-reimbursement basis.

County Insurance Fund

Agency funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Officers' Range Association  
Tri-County Airport  
Clerk of Courts  
Huber Trust  
Tax Collection

##### ***C. 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 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 imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)**

##### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the county considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for human services reimbursable grants, for which available is defined as 180 days. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the county is entitled to the resources and the amounts are available. Amounts owed to the county which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues. Delinquent special assessments being held for collection by the county are reported as receivables and reserved fund balance in the general fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The county reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, 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 resources are received before the county 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 revenue is recognized.

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### C. *MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION* (cont.)

##### *Fund Financial Statements* (cont.)

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The 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 of the Highway Fund, Health Care Center and Solid Waste Funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### *All Financial Statements*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### D. *ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY*

##### *1. Deposits and Investments*

For purposes of the statement of cash flows, the county considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
- c. Bonds or securities issued or guaranteed by the federal government.

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **1. Deposits and Investments (cont.)**

- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

#### ***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of the failure of the custodian holding the county's deposits and investments, the deposits and investments may not be returned. County policy minimizes this risk by requiring all principal and interest outside the Wisconsin Local Government Investment Pool to be insured or collateralized to their full value. Any bank account including certificates of deposit with a balance greater than the bank's deposit insurance or the State Deposit Guarantee Fund must be collateralized at 100 percent of the collateral's market value by written agreement with the bank.

#### ***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy limits investments to the unrated Wisconsin Local Government Investment Pool or investments rated in the highest or second highest rating categories as issued by nationally recognized statistical rating organizations, unless properly collateralized or insured.

#### ***Interest Rate Risk***

The county's investment policies seek to ensure preservation of capital in the county's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. County policy limits the county to investments with a remaining maturity of no more than three years. The policy further limits the weighted average maturity of the county's investment portfolio to no more than one year.

#### ***Concentration of Credit Risk***

Concentration of credit risk is the risk associated with a lack of diversification of having significant funds invested in a few individual issuers, thereby exposing the county to greater risks resulting from adverse economic, regulatory, geographic or credit developments. County policy states that the county will generally invest no more than five percent of its funds that are not properly collateralized or insured in a single issuer. Obligations of the U.S. government, mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **1. Deposits and Investments (cont.)**

###### **Foreign Currency Risk**

The county does not invest in securities of foreign issuers or in securities denominated in a currency other than the U.S. dollar.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2006, the fair value of the county's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

##### **2. Receivables**

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the county, taxes are collected for and remitted to the state and municipal governments as well as the local school district and technical college district. Taxes for the state billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of fiduciary net assets.

Property tax calendar – 2006 tax roll:

Lien date and levy date	December 2006
Tax bills mailed	December 2006
Payment in full, or	January 31, 2007
First installment due	January 31, 2007
Second installment due	July 31, 2007
Personal property taxes in full	January 31, 2007
Tax sale – 2006 delinquent real estate taxes	October 2009

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

##### ***2. Receivables (cont.)***

Property taxes are due, in the year subsequent to levy, on the last day of January, and collected by local treasurers through that date, at which time unpaid taxes are assigned to the county and appropriate receivables and payables are recorded. Tax collections become the responsibility of the county and taxes receivable include unpaid taxes levied for all taxing entities within the county. The county makes restitution to local districts in August for payables recorded at the settlement date without regard to collected funds. A lien is placed on all properties for which a portion of the current tax levy remains unpaid as of September 1. The interest and penalties on taxes not paid within 60 days of the end of the current fiscal period is shown as unearned revenue until it is received in cash.

Accounts receivable have been shown net of an allowance for uncollectible accounts. No allowance for uncollectible delinquent taxes has been provided because of the county's demonstrated ability to recover any losses through the sale of the applicable property.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

##### ***3. Inventories and Prepaid Items***

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost using the first-in, first-out method, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### *D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)*

##### **4. Restricted Assets**

Mandatory segregation of assets are presented as restricted assets. Such segregation is required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

##### **5. Capital Assets**

###### **Government-Wide Statements**

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 - \$80,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Prior to January 2003, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. As of December 31, 2006, the county has retroactively reported all network infrastructure acquired by its governmental fund types.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50-150	Years
Building Improvements	5-80	Years
Land Improvements	20-50	Years
Machinery and Equipment	5-50	Years
Vehicles	5-20	Years
Infrastructure	10-100	Years

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

##### ***5. Capital Assets (cont.)***

###### ***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund 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 way as in the government-wide statements.

##### ***6. Other Assets***

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

##### ***7. Compensated Absences***

Under terms of employment, employees are granted sick leave, vacation, executive leave, and comp time in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation, sick, executive, compensatory and holiday pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

The county provides postemployment health insurance benefits for all eligible employees. Eligibility is based on retiring as a county employee. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure in the year of retirement. The entire cost is paid by the county. Funding for those costs is provided out of the current operating budget of the county. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were \$30,056. The number of participants currently eligible to receive benefits is eight. The total amount outstanding at year end to be paid in the future is \$85,523 and is included in accrued liabilities in the general fund.

Payments for vacation, sick, executive, compensatory and holiday leaves will be made at rates in effect when the benefits are used. Accumulated compensated absence liabilities at December 31, 2006 are determined on the basis of 2007 current salary rates and include salary related payments.

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **8. Long-Term Obligations**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the balance sheet.

The county does not engage in conduit debt transactions.

##### **9. Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

##### **10. Equity Classifications**

###### **Government-Wide Statements**

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

##### 10. Equity Classifications (cont.)

##### Government-Wide Statements (cont.)

3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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.

##### Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated”. The balance of unreserved fund balance is labeled “undesignated”, which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

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### NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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#### A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets.

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—both current and long-term—are reported in the statement of net assets.

Bonds and notes payable	\$ 25,880,000
Compensated absences	1,970,850
Alliant shared savings loan	52,747
Accrued interest	<u>250,135</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 28,153,732</u>

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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#### A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

A budget has been adopted for the general fund and all other funds.

The budgeted amounts presented include any amendments made (or the budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year). The finance committee may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by the finance committee or a two-thirds board action, if the transfer exceeds ten percent of the department's budget.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$1,024,005 in the general fund. Budgets are adopted at the department level of expenditure.

#### B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Budgeted expenditures and other financing uses in the following fund (including amendments) exceeded appropriations:

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess</u>
Debt Service	\$ 3,828,734	\$ 3,828,749	\$ 15

The county controls expenditures at the department level. Although the above funds exceeded their budgeted expenditures, they also exceeded their budgeted revenues.

Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the county's year-end budget to actual report.

#### C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2006, there were no individual funds holding a deficit balance.

## SAUK COUNTY

### NOTES TO FINANCIAL STATEMENTS December 31, 2006

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#### **NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

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##### ***D. LIMITATIONS ON THE COUNTY'S TAX LEVY RATE AND ITS ABILITY TO ISSUE NEW DEBT***

As part of Wisconsin's State Budget Bill (1993 Act 16), new legislation was passed that limits the county's future tax levy rates. Generally, the county is limited to its 1992 tax levy rate, based upon current legislation (State Statutes 59.605(2)). However, this limitation does not affect debt authorized prior to August 12, 1993 or refunding bonds.

The county may also exceed the limitation by holding a referendum (according to state statutes) authorizing the county board to approve a higher rate. The county may also exceed the rate if it increases the services it provides due to a transfer of these services from another governmental unit.

The State Budget Bill also imposes restrictions on the county's ability to issue new debt. Generally, referendum approval is required to issue unlimited tax general obligation debt, with the following exceptions:

- Refunding debt issues
- 75% approval by the county board
- A reasonable expectation that the new debt can be accommodated within the existing tax rate
- Other exceptions as listed in State Statutes Section 67.045

The county is in compliance with the limitation.

##### ***E. LIMITATIONS ON THE COUNTY'S TAX LEVY***

As part of Wisconsin's Act 25 (2005), new legislation was passed that limits the county's future tax levies. Generally, the county is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the county's equalized value due to new construction, or 2%. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit begins with the 2005 levy collected in 2006 and is set to expire after the 2006 levy.

## SAUK COUNTY

### NOTES TO FINANCIAL STATEMENTS December 31, 2006

#### NOTE IV – DETAILED NOTES ON ALL FUNDS

##### A. DEPOSITS AND INVESTMENTS

The county's deposits and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Deposits	\$21,457,334	\$21,897,956	Custodial credit risk
LGIP	6,883,761	6,883,761	Credit risk, interest
Petty cash	9,186	9,186	rate risk N/A
 Total Cash and Investments	 \$28,350,281	 \$28,790,903	
 Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$27,666,114		
Restricted cash and investments	78,881		
Per statement of net assets			
Fiduciary Funds	605,286		
 Total Cash and Investments	 \$28,350,281		

Deposits in each local and area bank are insured by the FDIC in the amount of \$100,000 for interest bearing accounts and \$100,000 for noninterest bearing accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance.

The county maintains collateral agreements with some of its banks. As of December 31, 2006, the banks had pledged various government securities in the amount of \$21,920,083 to secure the county's deposits.

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### A. DEPOSITS AND INVESTMENTS (cont.)

##### ***Custodial Credit Risk***

Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the county's deposits may not be returned to the county.

As of December 31, 2006, the carrying amount of the county's deposits and investments was \$21,457,334 and the bank balance was \$21,897,956. \$14,546,728 of the bank balance was covered by Federal and State depository insurance or by collateral held by the county's agent in the county's name. \$7,351,228 of the bank balance was uninsured or uncollateralized at year-end.

Uninsured and uncollateralized	\$ 1,007,692
Uninsured and collateral held by the pledging financial institution	<u>6,343,536</u>
Total	<u>\$ 7,351,228</u>

Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The county does not have any investments exposed to custodial credit risk.

##### ***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2006, the county had investments in the following external pool which is not rated:

Local government investment pool

##### ***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

**SAUK COUNTY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

**Interest Rate Risk (cont.)**

As of December 31, 2006, the county's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Local government investment pool	<u>\$ 6,883,761</u>	0.07

**B. RECEIVABLES**

All receivables as of year end are expected to be collected within one year except for the funds listed as follows:

	General	Health Care Center
Amounts not expected to be collected within one year	<u>\$ 822,873</u>	<u>\$ 15,673</u>

Revenues of the county are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to the Health Care Center	<u>\$ 59,115</u>
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Governmental funds report *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer 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 *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes receivable	\$ -	\$ 18,902,688	\$ 18,902,688
Delinquent property taxes receivable	450,108	-	450,108
Accounts and grants receivable not received within 60 days of year end	<u>544,500</u>	<u>-</u>	<u>544,500</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 994,608</u>	<u>\$ 18,902,688</u>	<u>\$ 19,897,296</u>

**SAUK COUNTY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**B. RECEIVABLES (cont.)**

Delinquent property taxes purchased from other taxing authorities are reflected as reservations of fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available for current expenditures and are therefore excluded from the reservation of fund balances. For the year ended December 31, 2006, such collections aggregated \$433,083 of which \$102,464 was levied by the county. Delinquent property taxes levied by the county are reflected as deferred revenue and are excluded from the fund balance until collected. At December 31, 2006, delinquent property taxes by year levied consists of the following:

	Total	County Levied	County Purchased
Tax Certificates			
2005	\$ 1,403,592	\$ 331,011	\$ 1,072,581
2004	514,834	119,910	394,924
2003	228,155	55,208	172,947
2002	2,867	653	2,214
2001	992	224	768
Tax deeds	73,542	45,566	27,976
 Total Delinquent Property Taxes Receivable	 \$ 2,223,982	 \$ 552,572	 \$ 1,671,410

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***Security Deposits***

Security deposits related to the rental properties are held until the units are inspected. Funds are used to pay for damages or returned to the tenant.

***Equipment Replacement Account***

The Health Care Center established an equipment replacement account to be used for significant mechanical equipment replacement for the sewage treatment plant as required by the Wisconsin Department of Natural Resources.

***Residents' Funds and Restricted Donations***

The Health Care Center holds funds for its residents' for their personal use. The Health Care Center also maintains a fund of donations restricted for certain specified uses.

## SAUK COUNTY

### NOTES TO FINANCIAL STATEMENTS December 31, 2006

#### **NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

#### **C. RESTRICTED ASSETS (cont.)**

Following is a list of restricted assets at December 31, 2006:

	Restricted Assets
Security deposits	\$ 3,714
Equipment replacement account	41,259
Residents' funds and restricted donations	33,908
Total	\$ 78,881

#### **D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 924,755	\$ 95,163	\$ -	\$ 1,019,918
Purchased development rights	5,014,410	72,027	-	5,086,437
Construction in progress	3,061,500	1,074,053	3,058,759	1,076,794
Total Capital Assets Not Being Depreciated	9,000,665	1,241,243	3,058,759	7,183,149
Capital assets being depreciated				
Land improvements	641,364	-	-	641,364
Buildings	44,192,079	1,469,007	-	45,661,086
Building improvements	6,191,867	33,409	8,108	6,217,168
Machinery, equipment, and vehicles	5,574,347	880,535	532,817	5,922,065
Infrastructure	50,878,532	5,528,598	1,234,917	55,172,213
Total Capital Assets Being Depreciated	107,478,189	7,911,549	1,775,842	113,613,896
Less: Accumulated depreciation for				
Land improvements	(256,740)	(8,050)	-	(264,790)
Buildings	(4,731,385)	(596,779)	-	(5,328,164)
Building improvements	(1,364,202)	(139,173)	4,148	(1,499,227)
Machinery, equipment, and vehicles	(2,422,751)	(589,691)	472,666	(2,539,776)
Infrastructure	(21,561,335)	(1,781,395)	1,024,844	(22,317,886)
Total Accumulated Depreciation	(30,336,413)	(3,115,088)	1,501,658	(31,949,843)
Governmental Activities Capital Assets, Net of Depreciation	\$ 86,142,441	\$ 6,037,704	\$ 3,332,943	\$ 88,847,202

## SAUK COUNTY

### NOTES TO FINANCIAL STATEMENTS December 31, 2006

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

#### Governmental Activities

General government	\$ 483,914
Public safety	659,005
Public works, which includes the depreciation of infrastructure	1,725,109
Health and social services	119,511
Culture, education, and recreation	101,025
Conservation and development	<u>26,524</u>

Total Governmental Activities Depreciation Expense	<u>\$ 3,115,088</u>
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	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 291,066	\$ -	\$ -	\$ 291,066
Construction in progress	<u>91,381</u>	<u>210,148</u>	<u>73,576</u>	<u>227,953</u>
Total Capital Assets Not Being Depreciated	<u>382,447</u>	<u>210,148</u>	<u>73,576</u>	<u>519,019</u>
Capital assets being depreciated				
Land improvements	2,064,564	14,995	131,817	1,947,742
Buildings	6,047,433	128,391	40,210	6,135,614
Building improvements	961,203	13,313	230,969	743,547
Machinery and equipment	<u>12,468,418</u>	<u>634,551</u>	<u>917,229</u>	<u>12,185,740</u>
Total Capital Assets Being Depreciated	<u>21,541,618</u>	<u>791,250</u>	<u>1,320,225</u>	<u>21,012,643</u>
Less: Accumulated depreciation for				
Land improvements	(1,811,383)	(21,367)	117,869	(1,714,881)
Buildings	(4,691,088)	(134,255)	40,210	(4,785,133)
Building improvements	(778,644)	(28,168)	220,928	(585,884)
Machinery and equipment	<u>(7,678,878)</u>	<u>(640,847)</u>	<u>740,309</u>	<u>(7,579,416)</u>
Total Accumulated Depreciation	<u>(14,959,993)</u>	<u>(824,637)</u>	<u>1,119,316</u>	<u>(14,665,314)</u>
Business-type Capital Assets, Net of Depreciation	<u>\$ 6,964,072</u>	<u>\$ 176,761</u>	<u>\$ 274,485</u>	<u>\$ 6,866,348</u>

**SAUK COUNTY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Highway	\$	582,114
Health Care Center		<u>242,523</u>
 Total Business-type Activities		
Depreciation Expense	\$	<u><u>824,637</u></u>

**E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Commission on aging	General fund	\$ 351,421
Human services	General fund	1,152,360
County jail	General fund	15,093
Parkland development	General fund	15,020
Land records modernization	General fund	455,849
General fund	Landfill remediation	230,150
Forest management	General fund	72,988
General fund	Baraboo range	52,910
CDBG-ED	General fund	18,439
General fund	Debt service	282,885
Building projects	General fund	972,387
Health care center	General fund	1,429,364
Solid waste	General fund	223,588
Highway	General fund	326,235
General fund	Insurance	175,114
Alice in Dairyland	General fund	4,154
Dog license	General fund	<u>2,045</u>
Subtotal – Fund financial statements		5,780,002
 Add: Internal service fund allocation		160,206
Less: Fund eliminations		<u>(4,296,341)</u>
 Total – Government-Wide Statement of Net Assets		 <u><u>\$ 1,643,867</u></u>

**SAUK COUNTY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ 335,320
Business-type activities	Governmental activities	<u>(1,979,187)</u>
Total		<u>\$ (1,643,867)</u>

All interfund balances are due within one year.

The principal purpose of these interfunds is a result of the general fund holding cash for operational revenues and expenditures in other funds.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Health care center	\$ 646,896	Transfer ITP grant
General fund	Human services	369,316	Excess balances returned
General fund	Insurance	164,000	Purchase of equipment
Debt service	General fund	3,377,194	Sales tax used for debt payments
Debt service	County jail	141,540	Assessment fees used for debt payments
Building projects	General fund	2,800,000	Completion of communications upgrades
Health care center	General fund	<u>35,000</u>	Facility study
Subtotal – Fund Financial Statements		7,533,946	
Add: Contributions from Highway		2,480,015	
Less: Fund eliminations		<u>(6,758,050)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 3,255,911</u>	

**SAUK COUNTY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)**

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ 3,290,911
Business-type activities	Governmental activities	<u>(35,000)</u>
 Total		 <u>\$ 3,255,911</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 28,710,000	\$ -	\$ 2,830,000	\$ 25,880,000	\$ 2,350,000
Other Liabilities					
Vested compensated absences (Note I.D.7.)	1,755,996	1,659,424	1,444,570	1,970,850	1,659,424
Alliant shared savings loan	156,293	-	103,546	52,747	52,747
Total Other Liabilities	<u>1,912,289</u>	<u>1,659,424</u>	<u>1,548,116</u>	<u>2,023,597</u>	<u>1,712,171</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 30,622,289</u>	<u>\$ 1,659,424</u>	<u>\$ 4,378,116</u>	<u>\$ 27,903,597</u>	<u>\$ 4,062,171</u>
<b>Business-type Activities</b>					
Other Liabilities					
Vested compensated absences (Note I.D.7.)	\$ 1,013,125	\$ 887,996	\$ 762,180	\$ 1,138,941	\$ 887,996
Landfill post-closure liability (Note IV.H.)	3,450,414	-	516,014	2,934,400	316,515
Total Other Liabilities	<u>\$ 4,463,539</u>	<u>\$ 887,996</u>	<u>\$ 1,278,194</u>	<u>\$ 4,073,341</u>	<u>\$ 1,204,511</u>

## SAUK COUNTY

### NOTES TO FINANCIAL STATEMENTS December 31, 2006

#### **NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

#### **F. LONG-TERM OBLIGATIONS (cont.)**

##### **General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the county. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the county may not exceed five percent of the equalized value of taxable property within the county's jurisdiction. The debt limit as of December 31, 2006, was \$310,449,630. Total general obligation debt outstanding at year end was \$25,880,000.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-06</u>
Governmental Activities					
General Obligation Debt					
Refunding bonds	12/1/01	10/1/21	3.15 - 4.75%	\$ 24,500,000	\$ 5,655,000
Refunding bonds	3/1/02	10/1/07	2.00 - 3.75%	4,415,000	1,115,000
Refunding bonds	5/1/04	10/1/17	2.00 - 4.10%	6,550,000	6,455,000
Promissory Notes	5/1/04	10/1/13	2.00 - 3.60%	3,450,000	2,790,000
Refunding bonds	12/29/05	10/1/21	3.50 - 4.00%	10,000,000	9,865,000
Total Governmental Activities – General Obligation Debt					<u>\$ 25,880,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2007	\$ 2,350,000	\$ 1,000,539	\$ 3,350,539
2008	1,520,000	917,651	2,437,651
2009	1,580,000	862,964	2,442,964
2010	1,640,000	803,151	2,443,151
2011	1,705,000	740,421	2,445,421
2012 – 2016	8,165,000	2,708,616	10,873,616
2017 – 2021	8,920,000	1,085,154	10,005,154
Totals	<u>\$ 25,880,000</u>	<u>\$ 8,118,496</u>	<u>\$ 33,998,496</u>

**SAUK COUNTY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**Other Liabilities**

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-06</u>
Governmental Activities					
Alliant shared savings loan	2002	6/30/07	2.5%	\$ 499,000	<u>\$ 52,747</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2007	<u>\$ 52,747</u>	<u>\$ 385</u>	<u>\$ 53,132</u>

**Other Debt Information**

Estimated payments of compensated absences and the landfill post-closure liability are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund. See Note IV.H. for more information about the landfill post-closure liability.

**Prior-Year Defeasance of Debt**

In prior years, the county defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the county's financial statements. At December 31, 2006, \$14,490,000 of bonds outstanding are considered defeased.

**G. LEASE DISCLOSURES**

The county has no material leases as lessee or lessor.

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### *H. CLOSURE AND POSTCLOSURE CARE COST*

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 40 years after closure. Although closure and postclosure care costs are paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,934,400 reported as landfill closure and postclosure care liability at December 31, 2006, represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2006. The county did cease accepting waste in 2005, and closure activities were nearly completed in 2006. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The county is required by state and federal laws and regulations to make annual contributions to the Wisconsin Department of Natural Resources (DNR) to a trust to finance closure and postclosure care. The county is in compliance with these requirements and at December 31, 2006 \$3,382,070 are held for these purposes with the DNR. The county expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

#### *I. NET ASSETS/FUND BALANCES*

Net assets reported on the government wide statement of net assets at December 31, 2006 includes the following:

##### ***Governmental Activities***

Invested in capital assets, net of related debt	
Land	\$ 1,019,918
Purchased development rights	5,086,437
Construction in progress	1,076,794
Other capital assets, net of accumulated depreciation	81,664,053
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(24,978,521)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>63,868,681</u>
Restricted	
Trust Activities	
Alice in Dairyland trust	9,728
Dog license trust	<u>3,004</u>
Total Trust Activities	<u>12,732</u>

**SAUK COUNTY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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**I. NET ASSETS/FUND BALANCES (cont.)**

**Governmental Activities (cont.)**

Restricted (cont.)	
Loan Programs	\$ 350,762
Aging Programs	54,011
Baraboo Range land acquisition	295,904
Law enforcement activities	203,222
Total Restricted	<u>916,631</u>
Unrestricted	<u>22,600,865</u>
Total Governmental Activities Net Assets	<u>\$ 87,386,177</u>

Governmental fund balances reported on the fund financial statements at December 31, 2006 include the following:

<b>Reserved</b>	
Major Funds	
General Fund	
Advance to Tri-County Airport	\$ 16,187
Delinquent personal property taxes	1,340,791
Prepaid items	202,214
Inventory	17,676
Encumbrance	<u>140,470</u>
Total	<u>\$ 1,717,338</u>
Human Services	
Prepaid items	<u>\$ 15,189</u>
Debt Service	
Debt service	<u>\$ 129,170</u>
Non-Major Funds	
Alice in Dairyland trust	\$ 9,728
Dog license trust	<u>3,004</u>
Total	<u>\$ 12,732</u>

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### I. NET ASSETS/FUND BALANCES (cont.)

##### **Governmental Activities** (cont.)

###### **Unreserved, designated**

###### Major Funds

###### General fund

Carryforwards to subsequent year	\$ 1,024,005
Fund balance applied to subsequent year budget	1,447,791
Health care center construction	965,000
Working capital	<u>6,103,988</u>

Total \$ 9,540,784

###### **Unreserved, undesignated**

###### Major Funds

###### General fund

\$ 8,287,792

###### Human services

\$ 1,087,007

###### Building projects

\$ 954,226

###### Non-Major Funds

###### Special Revenue Funds

Commission on aging	\$ 392,085
County jail	22,152
Park land development	15,020
Land records modernization	452,845
Landfill remediation	2,302,390
Forest management	72,988
Baraboo range	295,904
Drug seizures	203,222
CDBG-ED revolving loan	18,262
Rental properties	<u>18,787</u>

Total \$ 3,793,655

**SAUK COUNTY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. NET ASSETS/FUND BALANCES (cont.)**

***Business-type Activities***

Invested in capital assets	
Land	\$ 291,066
Construction in progress	227,953
Other capital assets, net of accumulated depreciation	<u>6,347,329</u>
Total Invested in Capital Assets	<u>6,866,348</u>
Restricted	
Health care center donation funds	10,000
Equipment replacement	<u>41,259</u>
Total Restricted	<u>51,259</u>
Unrestricted	<u>3,567,192</u>
Total Business-type Activities Net Assets	<u><u>\$ 10,484,799</u></u>

**J. COMPONENT UNIT**

This report contains the Sauk County Housing Authority (Housing Authority), which is included as a component unit. Financial information is presented as a discrete column in the statement of net assets and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The Housing Authority follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

At year end, the carrying amount of the Housing Authority's deposits was \$147,822 and the bank balance was \$163,388. The Housing Authority has no deposits with financial institutions in excess of federal depository insurance limits that were held in uncollateralized accounts and not covered by the Wisconsin State Deposit Guarantee Fund. The Housing Authority reported no investments outside of its bank deposits.

c. Cash and Cash Equivalents

The Housing Authority considers cash equivalents to include certificates of deposits having an original maturity of three months or less.

## SAUK COUNTY

### NOTES TO FINANCIAL STATEMENTS December 31, 2006

#### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### J. COMPONENT UNIT (cont.)

##### d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land and improvements	\$ 494,663	\$ 1,507	\$ -	\$ 496,170	5 – 20
Leasehold improvements	8,664	-	-	8,664	5 – 20
Construction in progress	17,917	-	17,917	-	N/A
Buildings and improvements	3,265,776	65,196	1,507	3,329,465	5 – 40
Furniture and equipment	158,065	2,552	2,209	158,409	3 – 10
Total Capital Assets	3,945,085	69,255	21,633	3,992,708	
Accumulated depreciation	(1,627,083)	(139,825)	814	(1,766,094)	
Net Capital Assets	\$ 2,318,002	\$ (70,570)	\$ 22,447	\$ 2,226,614	

##### e. Long-Term Obligations

The notes payable are secured by the Housing Authority's real property, furniture, equipment, and rents and profits. The Housing Authority notes are not a general obligation of the county nor are they guaranteed by the county.

	Beginning Balance	Increases	Decreases	Ending Balance
Mortgage notes payable	\$ 916,753	\$ -	\$ 15,214	\$ 901,539

Debt service requirements to maturity are as follows:

	Principal	Interest	Totals
2007	\$ 16,179	\$ 62,713	\$ 78,892
2008	17,194	61,698	78,892
2009	18,299	60,593	78,892
2010	19,465	59,427	78,892
2011	20,707	58,185	78,892
2012 – 2016	120,603	269,262	389,865
2017 – 2021	95,642	233,535	329,177
2022 – 2026	137,121	192,056	329,177
2027 – 2031	196,596	132,581	329,177
2032 – 2036	209,833	50,463	260,296
2037 – 2041	49,900	8,429	58,329
Totals	\$ 901,539	\$ 1,188,942	\$ 2,090,481

**SAUK COUNTY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2006

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**J. COMPONENT UNIT (cont.)**

f. Employee Retirement System

All eligible Housing Authority employees participate in the Wisconsin Retirement System ("System"), a cost-sharing defined benefit multiple-employer public employee retirement system (PERS). The payroll for employees covered by the System for the year ended December 31, 2005 was \$179,033; the Housing Authority's total payroll was \$196,121.

The total required contribution for the year ended December 31, 2005 was \$18,261 or 10 percent of covered payroll. Of this amount, 4.4 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2004 and 2003 were \$17,009 and \$14,053, respectively, equal to the required contributions for each year.

g. Net Assets

Net assets reported on the government-wide statement of net assets at June 30, 2006 includes the following:

Invested in capital assets, net of related debt		
Other capital assets, net of accumulated depreciation	\$	2,226,614
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)		(901,539)
Total Invested in Capital Assets, Net of Related Debt		1,325,075
Restricted		
Escrow accounts		85,487
Unrestricted		658,910
Total Net Assets	\$	2,069,472

h. Contingent Liability

Sauk County Housing Authority is also a general partner in several limited partnerships which it manages and; therefore, receives a management fee. The costs paid to acquire ownership in the limited partnerships was minimal and has been expensed to the management fund. The partnerships that Sauk County Housing Authority is a general partner in are as follows:

Name	Ownership Percent	Outstanding Liabilities at 12-31-05
Tower Street Limited Partnership	1%	\$ 659,082
Kolan Kourt Limited Partnership	.01%	414,723
South Central Wisconsin Elderly Housing Limited Partnership Ownership	3.33%	196,063

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### *J. COMPONENT UNIT (cont.)*

##### i. Operating Lease

In April, 2003, Sauk County Housing Authority entered into a copier lease with GFC Leasing Company. The terms of the lease require 60 monthly payments of \$181. The cost of the lease is partially offset by allocating costs among other programs the Housing Authority manages. Lease payments for the year ending June 30, 2006 are \$2,172. Lease commitments due in future years are as follows.

June 30, 2007	\$ 2,172
June 30, 2008	<u>1,629</u>
Totals	<u>\$ 3,801</u>

##### j. Investment in Joint Venture

On June 23, 2005, the Authority purchased land for a tax credit housing project, Highpointe Commons Senior Housing, LLC, of which the Authority is the managing member for Highpointe Commons Ownership Group, LLC, which has a .10% company interest in the project. Sauk County contributed \$100,000 toward the purchase price of the land with the remaining \$110,000 coming from the Authority. A short-term bank note of \$75,000 was taken out and secured with two certificates of deposit owned by the Authority and will be used to pay-off the bank note. The note has a 4.5% interest rate and matures December 26, 2005.

##### k. Risk Management

The Housing Authority is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors; and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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### NOTE V – OTHER INFORMATION

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#### *A. EMPLOYEES' RETIREMENT SYSTEM*

All eligible 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 at least 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.8% of their salary (2.8% for Executives and Elected Officials, 4.9% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers generally 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.

## SAUK COUNTY

### NOTES TO FINANCIAL STATEMENTS December 31, 2006

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#### NOTE V – OTHER INFORMATION (cont.)

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##### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

The payroll for county employees covered by the system for the year ended December 31, 2006 was \$24,330,579; the employer's total payroll was \$23,460,491. The total required contribution for the year ended December 31, 2006 was \$2,667,740 or 10.96 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2005 and 2004 were \$2,417,491 and \$2,382,082, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) 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 creditable 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 a 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 System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The pension related debt for the county as of December 31, 2006, was \$-0-.

##### **B. RISK MANAGEMENT**

The county is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The county purchases commercial insurance to provide coverage for losses from the risks listed above. However, other risks, such as liability are accounted for and financed by the county in an internal service fund – the county insurance fund.

##### **Self Insurance**

For liability claims, the uninsured risk of loss is \$10,000 per incident and \$5,000,000 in the aggregate for a policy year. The county has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the county participate in the risk management program. Amounts payable to the county insurance fund are based on estimates of the amounts necessary to pay prior and current year claims deductible.

# SAUK COUNTY

## NOTES TO FINANCIAL STATEMENTS December 31, 2006

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### NOTE V – OTHER INFORMATION (cont.)

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#### **B. RISK MANAGEMENT (cont.)**

##### ***Public Entity Risk Pool***

##### ***Wisconsin County Mutual Insurance Corporation***

Sauk County and 54 other Wisconsin counties jointly participate in the Wisconsin County Mutual Insurance Corporation (WCMIC) for general and automobile liability insurance. The creation of the County Mutual requires the establishment of capital reserves with each of the participating counties depositing amounts as specified in projected rates. This company began operation on January 1, 1988.

The governing body is made up of nineteen directors elected by the participating counties. The governing body has authority to adopt its own budget and control the financial affairs of the corporation.

Summary financial information of WCMIC as of December 31, 2006 can be obtained directly from WCMIC's offices.

#### **C. COMMITMENTS AND CONTINGENCIES**

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

The county has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Funding for the operating budget of the county comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the county. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the county.

## SAUK COUNTY

### NOTES TO FINANCIAL STATEMENTS December 31, 2006

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#### **NOTE V – OTHER INFORMATION (cont.)**

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##### **C. COMMITMENTS AND CONTINGENCIES (cont.)**

Sauk County has been notified that the Original Sauk County Landfill has been placed on the National Priority List by the Environmental Protection Agency (EPA). The Wisconsin Department of Natural Resources (DNR) has indicated that it will seek to recover damages from Sauk County for harm caused to the environment.

Currently, Sauk County is budgeting for costs associated with the monitoring and cleanup of the original Sauk County Landfill on an annual basis. The amount of potential liability to Sauk County for costs associated with the cleanup and monitoring of the Original Sauk County Landfill cannot be estimated at this time. This potential liability may be material to these financial statements. However, other parties that may be found to have been partially responsible may be liable for some of the costs. In 1993 and 1992, individual parties entered into agreements with the county regarding this issue and paid \$1,078,000 and \$950,000, respectively, to the county to release them from future costs. In 2006, the county spent \$17,794 of these funds on site remediation and cost recovery activities. These funds are held in the Landfill Remediation special revenue fund.

On March 24, 1994, the State of Wisconsin, Department of Natural Resources, with concurrence from U.S. EPA, formally executed and issued a source control record of decision. This decision included such items as continued monitoring of groundwater, regarding of the landfill surface to promote drainage off of the landfill cover, fencing, installation of a gas extraction system, imposing deed restrictions to prohibit disturbance of the landfill cover, maintenance of the final cover to prevent erosion and contingency plans in the event that compliance with groundwater quality standards is not achieved in the future. The total cost of the above decision cannot be reasonably determined at this date.

##### **D. JOINT VENTURES**

Sauk County, Richland County and Iowa County jointly operate the local Tri-County Airport (airport). The counties share in the annual operation of the airport equally.

The governing body is made up of members from each county. The governing body has authority to adopt its own budget and control the financial affairs of the airport. The county made a payment totaling \$14,615 to the airport for 2006. The county believes that they will make similar payments to the airport in the future.

Financial information of the airport as of December 31, 2006 is available directly from the county.

REQUIRED SUPPLEMENTARY INFORMATION

## SAUK COUNTY

### GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
General	\$ 3,194,059	\$ 3,194,059	\$ 2,929,179	\$ (264,880)
County board	137,443	137,443	137,443	-
Clerk of courts	1,052,864	1,058,463	1,089,465	31,002
Board of adjustments	72,022	72,022	69,922	(2,100)
Circuit court	484,040	484,040	484,180	140
Court commissioner	181,792	181,792	180,779	(1,013)
Circuit court probate	130,984	149,481	130,603	(18,878)
Accounting	426,614	426,614	427,527	913
Family court counseling	16,500	16,500	16,815	315
County clerk	320,693	320,693	291,261	(29,432)
Personnel	452,231	452,231	429,355	(22,876)
Treasurer	424,117	424,117	1,523,822	1,099,705
Register of deeds	246,314	246,673	347,887	101,214
District attorney	457,985	457,985	447,903	(10,082)
Corporation counsel	509,628	509,628	509,291	(337)
Surveyor	82,732	82,732	82,732	-
Buildings and maintenance	2,130,003	2,130,003	2,165,864	35,861
Property mapping	128,959	128,959	127,674	(1,285)
Sheriff	11,829,277	11,972,581	12,095,414	122,833
Coroner	102,707	106,741	102,707	(4,034)
Emergency government	357,083	484,901	453,431	(31,470)
Administrative coordinator	218,415	218,415	218,415	-
Management information systems	1,622,338	2,007,571	1,427,977	(579,594)
Public health	624,800	658,226	683,867	25,641
Home nursing	749,423	749,423	821,671	72,248
Public health - WIC	163,176	163,176	183,159	19,983
Public health - environmental health	226,291	226,291	266,630	40,339
Public health - bioterrorism	291,011	291,011	192,606	(98,405)
Child support	767,951	767,951	788,952	21,001
Veteran's service	196,886	196,886	198,019	1,133
Parks	269,992	269,992	285,219	15,227
Planning and zoning	915,781	915,781	656,711	(259,070)
Land conservation	941,853	941,853	927,360	(14,493)
University extension	251,054	253,152	271,567	18,415
County farm	7,475	7,475	14,320	6,845
Total Revenues	<u>29,984,493</u>	<u>30,704,861</u>	<u>30,979,727</u>	<u>274,866</u>

See notes to required supplementary information.

## SAUK COUNTY

### GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
General	\$ 1,723,485	\$ 1,724,555	\$ 1,259,256	\$ 465,299
County board	137,443	137,443	133,067	4,376
Clerk of courts	1,052,864	1,061,463	1,061,463	-
Board of adjustments	72,022	72,022	68,668	3,354
Circuit court	484,040	484,040	443,329	40,711
Court commissioner	181,792	181,792	179,908	1,884
Circuit court probate	130,984	149,481	149,100	381
Accounting	426,614	448,489	395,036	53,453
Family court counseling	16,500	17,915	16,146	1,769
County clerk	320,693	320,693	289,132	31,561
Personnel	452,231	478,905	406,795	72,110
Treasurer	424,117	437,325	397,308	40,017
Register of deeds	246,314	246,673	246,673	-
District attorney	457,985	475,695	428,116	47,579
Corporation counsel	509,628	509,628	498,202	11,426
Surveyor	82,732	82,732	53,074	29,658
Buildings and maintenance	2,130,003	2,574,482	2,211,362	363,120
Property mapping	128,959	128,959	125,269	3,690
Sheriff	11,836,577	12,073,944	11,558,707	515,237
Coroner	102,707	106,741	106,741	-
Emergency government	357,083	484,901	398,262	86,639
Administrative coordinator	218,415	218,415	197,252	21,163
Management information systems	1,622,338	2,057,871	1,410,216	647,655
Public health	624,800	658,666	658,666	-
Home nursing	749,423	868,669	777,288	91,381
Public health - WIC	163,176	204,576	200,958	3,618
Public health - environmental health	226,291	278,931	247,688	31,243
Public health - bioterrorism	305,086	339,900	202,385	137,515
Child support	767,951	767,951	734,926	33,025
Veteran's service	196,886	210,264	195,174	15,090
Parks	284,732	289,799	263,351	26,448
Planning and zoning	1,236,281	1,239,196	662,839	576,357
Land conservation	955,853	1,048,629	901,696	146,933
University extension	251,054	258,605	258,605	-
County farm	7,475	7,475	88	7,387
Total Expenditures	<u>28,884,534</u>	<u>30,646,825</u>	<u>27,136,746</u>	<u>3,510,079</u>

See notes to required supplementary information.

## SAUK COUNTY

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess of revenues over expenditures	\$ 1,099,959	\$ 58,036	\$ 3,842,981	\$ 3,784,945
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	921,360	1,085,360	1,180,212	94,852
Transfers out	<u>(6,177,194)</u>	<u>(6,212,194)</u>	<u>(6,212,194)</u>	-
Total Other Financing Sources (Uses)	<u>(5,255,834)</u>	<u>(5,126,834)</u>	<u>(5,031,982)</u>	94,852
Net Change in Fund Balance	(4,155,875)	(5,068,798)	(1,189,001)	3,879,797
FUND BALANCE - Beginning of Year	<u>20,734,915</u>	<u>20,734,915</u>	<u>20,734,915</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 16,579,040</u>	<u>\$ 15,666,117</u>	<u>\$ 19,545,914</u>	<u>\$ 3,879,797</u>

See notes to required supplementary information.

## SAUK COUNTY

### HUMAN SERVICES FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 6,018,708	\$ 6,018,708	\$ 6,018,708	\$ -
Intergovernmental	12,964,450	13,966,678	14,430,483	463,805
Fines, forfeitures and penalties	118,000	118,000	117,057	(943)
Public charges for services	398,558	398,558	470,400	71,842
Intergovernmental charges for services	50,353	50,353	-	(50,353)
Miscellaneous	10,150	10,150	10,403	253
Total Revenues	<u>19,560,219</u>	<u>20,562,447</u>	<u>21,047,051</u>	<u>484,604</u>
<b>EXPENDITURES</b>				
Current				
Health and social services	19,540,219	20,761,868	20,761,870	(2)
Capital Outlay	<u>20,000</u>	<u>20,000</u>	<u>19,998</u>	<u>2</u>
Total Expenditures	<u>19,560,219</u>	<u>20,781,868</u>	<u>20,781,868</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	(219,421)	265,183	484,604
<b>OTHER FINANCING USES</b>				
Transfers out	-	(369,316)	(369,316)	-
Total Other Financing Uses	<u>-</u>	<u>(369,316)</u>	<u>(369,316)</u>	<u>-</u>
Net Change in Fund Balance	-	(588,737)	(104,133)	484,604
FUND BALANCE - Beginning of Year	<u>1,206,329</u>	<u>1,206,329</u>	<u>1,206,329</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,206,329</u>	<u>\$ 617,592</u>	<u>\$ 1,102,196</u>	<u>\$ 484,604</u>

See notes to required supplementary information.

## SAUK COUNTY

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2006

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#### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

There were no departments that exceeded their modified appropriations in 2006.

The county monitors budgets at the department level of control. Although the above departments exceeded their budgeted expenditures, they also exceeded their budgeted revenues.

**S U P P L E M E N T A R Y   I N F O R M A T I O N**

**SAUK COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 December 31, 2006

	Special Revenue Funds													Total
	Commission on Aging	County Jail	Park Land Development	Land Records Modernization	Landfill Remediation	Forest Management	Baraboo Range	Drug Seizures	CDBG-ED Revolving Loans	Rental Properties	Alice in Dairylead	Dog License	Non-major Governmental Funds	
<b>ASSETS</b>														
Cash and Investments	\$ 66,908	\$ -	\$ -	\$ -	\$ 2,537,433	\$ -	\$ 351,804	\$ 203,222	\$ -	\$ 18,787	\$ 6,074	\$ -	\$ 3,184,228	
Taxes receivable	169,244	-	-	-	-	-	-	-	-	-	-	-	169,244	
Accounts receivable	5,041	7,059	-	882	-	-	-	-	261	-	-	2,211	15,193	
Accrued interest receivable	-	-	-	-	-	-	-	-	332,500	-	-	-	281	
Loans receivable	-	-	-	-	-	-	-	-	18,439	-	4,154	2,045	332,500	
Due from other funds	351,421	15,093	15,020	455,849	-	-	-	-	-	-	-	-	935,009	
Due from other governmental units	24,731	-	-	-	-	-	-	-	-	-	-	-	24,731	
Restricted cash	-	-	-	-	-	-	-	-	-	3,714	-	-	3,714	
<b>TOTAL ASSETS</b>	<b>\$ 617,345</b>	<b>\$ 22,152</b>	<b>\$ 15,020</b>	<b>\$ 456,731</b>	<b>\$ 2,537,433</b>	<b>\$ 72,988</b>	<b>\$ 351,804</b>	<b>\$ 203,222</b>	<b>\$ 351,200</b>	<b>\$ 22,501</b>	<b>\$ 10,228</b>	<b>\$ 4,256</b>	<b>\$ 4,664,880</b>	
<b>LIABILITIES AND FUND BALANCES</b>														
<b>Liabilities</b>														
Accounts payable	\$ 35,969	\$ -	\$ -	\$ -	\$ 4,893	\$ -	\$ 362	\$ -	\$ -	\$ -	\$ 500	\$ 59	\$ 41,783	
Accrued liabilities	20,047	-	-	-	-	-	2,628	-	-	-	-	-	22,675	
Due to other funds	-	-	-	-	230,150	-	52,910	-	-	-	-	-	283,060	
Due to other governmental units	-	-	-	3,886	-	-	-	-	-	3,714	-	1,193	5,079	
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	3,714	
Deferred revenues	169,244	-	-	-	-	-	-	-	332,938	-	-	-	502,182	
Total Liabilities	225,260	-	-	3,886	235,043	-	55,900	-	332,938	3,714	500	1,252	858,493	
<b>Fund Balances</b>														
Reserved	-	-	-	-	-	-	-	-	-	-	9,728	3,004	12,732	
Unreserved	392,085	22,152	15,020	452,845	2,302,390	72,988	296,904	203,222	18,262	18,787	-	-	3,793,655	
Undesignated	392,085	22,152	15,020	452,845	2,302,390	72,988	296,904	203,222	18,262	18,787	9,728	3,004	3,806,387	
Total Fund Balances														
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 617,345</b>	<b>\$ 22,152</b>	<b>\$ 15,020</b>	<b>\$ 456,731</b>	<b>\$ 2,537,433</b>	<b>\$ 72,988</b>	<b>\$ 351,804</b>	<b>\$ 203,222</b>	<b>\$ 351,200</b>	<b>\$ 22,501</b>	<b>\$ 10,228</b>	<b>\$ 4,256</b>	<b>\$ 4,664,880</b>	

**SAUK COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2006**

	Special Revenue Funds														Total
	Commission on Aging	County Jail	Park Land Development	Land Records Modernization	Landfill Remediation	Forest Management	Baraboo Range	Drug Seizures	CDBG-ED Revolving Loan	Rental Properties	Alice in Dairyland	Dog License	Governmental Funds	Non-major Governmental Funds	
<b>REVENUES</b>															
Taxes	\$ 167,539	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,539	
Intergovernmental	485,355	-	1,924	-	-	-	452,970	500	-	-	-	-	-	936,825	
Licenses and permits	-	-	-	-	-	-	-	971	-	-	-	32,024	-	33,948	
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	7,276	-	-	-	-	-	971	
Public charges for services	20,990	-	-	148,115	-	-	-	-	-	-	-	-	-	169,105	
Intergovernmental charges for services	70,838	-	-	-	-	-	-	7,276	-	-	-	-	-	78,114	
Regulation and compliance	-	138,434	-	-	-	-	-	8,004	-	-	-	-	-	138,434	
Investment income	1,376	-	-	-	103,434	-	16,796	-	-	61	292	-	-	129,963	
Miscellaneous	110,645	-	-	-	-	3,002	-	-	6,185	37,938	-	-	-	157,770	
Total Revenues	856,743	138,434	1,924	148,115	103,434	3,002	489,766	16,751	6,185	37,999	292	32,024	-	1,814,669	
<b>EXPENDITURES</b>															
Current															
General government	-	-	-	14,527	-	-	-	-	-	30,018	-	-	-	44,545	
Public safety	-	-	-	-	-	-	-	17,667	-	-	-	-	-	17,667	
Health and social services	941,724	-	-	-	17,794	-	-	-	-	-	-	32,946	-	974,670	
Public works	-	-	-	-	-	-	-	-	-	-	500	-	-	17,794	
Culture, education and recreation	-	-	-	-	-	-	59,287	-	62	-	-	-	-	59,349	
Conservation and development	-	-	-	-	-	-	82,572	-	-	-	-	-	-	166,276	
Capital Outlay	-	-	-	83,704	-	-	141,859	17,667	62	30,018	500	-	-	166,276	
Total Expenditures	941,724	-	-	98,231	17,794	-	141,859	17,667	62	30,018	500	32,946	-	1,280,801	
Excess (deficiency) of revenues over expenditures	(84,981)	138,434	1,924	49,884	85,640	3,002	327,907	(916)	6,123	7,981	(208)	(922)	-	533,868	
<b>OTHER FINANCING USES</b>															
Operating transfers out	-	(141,540)	-	-	-	-	-	-	-	-	-	-	-	(141,540)	
Total Other Financing Uses	-	(141,540)	-	-	-	-	-	-	-	-	-	-	-	(141,540)	
Excess (deficiency) of revenues over expenditures and other uses	(84,981)	(3,106)	1,924	49,884	85,640	3,002	327,907	(916)	6,123	7,981	(208)	(922)	-	392,328	
<b>FUND BALANCES (DEFICIT) -</b>															
Beginning of Year	477,066	25,258	13,086	402,961	2,216,750	69,986	(32,003)	204,138	12,139	10,806	9,936	3,926	-	3,414,059	
<b>FUND BALANCES -</b>															
END OF YEAR	\$ 392,085	\$ 22,152	\$ 15,020	\$ 452,845	\$ 2,302,390	\$ 72,988	\$ 295,904	\$ 203,222	\$ 18,262	\$ 18,787	\$ 9,728	\$ 3,004	\$ -	\$ 3,806,387	

**SAUK COUNTY**

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 December 31, 2006

	Agency Funds					Totals
	Officers' Range Association	Tri-County Airport	Clerk of Courts	Huber Trust	Tax Collection	
<b>ASSETS</b>						
Cash and investments	\$ 5,791	\$ 18,864	\$ 534,747	\$ 45,884	\$ -	\$ 605,286
Property taxes receivable	-	-	-	-	1,090,367	1,090,367
Due from other governments	-	8,150	-	-	-	8,150
<b>TOTAL ASSETS</b>	<u>\$ 5,791</u>	<u>\$ 27,014</u>	<u>\$ 534,747</u>	<u>\$ 45,884</u>	<u>\$ 1,090,367</u>	<u>\$ 1,703,803</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,971	\$ 23,973	\$ -	\$ -	\$ -	\$ 25,944
Accrued liabilities	-	3,041	-	-	-	3,041
Deposits	-	-	534,747	45,884	-	580,631
Due to other governments	3,820	-	-	-	1,090,367	1,094,187
<b>TOTAL LIABILITIES</b>	<u>\$ 5,791</u>	<u>\$ 27,014</u>	<u>\$ 534,747</u>	<u>\$ 45,884</u>	<u>\$ 1,090,367</u>	<u>\$ 1,703,803</u>