

SAUK COUNTY
Baraboo, Wisconsin

FINANCIAL STATEMENTS

December 31, 2008

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, 2008, 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, 2008, 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.

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.

To the County Board of Supervisors
Sauk County, Wisconsin

The management's discussion and analysis and other supplementary information as listed in the table of contents 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.

As described in Note I.B., the county adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective January 1, 2008.

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.

Baker Jilly Vinchow Krause, CPA

Madison, Wisconsin
August 17, 2009

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2008

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, 2008. 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.

FINANCIAL HIGHLIGHTS

- > The County's primary government total net assets increased by \$4.6 million, or 4.5%, from the prior year. The County's investment in capital assets net of related debt increased by \$2.1 million with continued construction of the County's replacement skilled nursing facility and related debt issuance, purchase of development rights, and routine infrastructure upgrades. Cash balances grew, as did receivable balances.
- > The County's primary government operating expenses in 2008 were \$1.5 million higher than in 2007. This is a 2.2% increase in operating expenses from the prior year. Although most functional areas had moderate increases in expenses, there was a \$1.9 million decrease in health and human services expenses. Large increases were incurred in highway and public safety activities, \$1.7 and \$1.2 million, respectively.
- > Program revenues increased by \$1.2 million. Highway program revenues increased \$1.6 million, and public safety charges for services increased \$825,000. Decreases in health and human services grant funding totaled \$1.4 million.
- > The County's primary government total debt increased by \$8.48 million during the current fiscal year, with decreases of \$2.32 million of scheduled debt service payments. Sauk County also issued \$10 million of bond anticipation notes, the second phase of financing for construction of a replacement skilled nursing facility.

OVERVIEW OF FINANCIAL STATEMENTS

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.

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2008

OVERVIEW OF FINANCIAL STATEMENTS (cont.)

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 and internal service funds. The non-major funds are aggregated and presented in a single column in the basic financial statements, as are the internal service funds.

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 the highway operation and nursing home.

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.

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2008

OVERVIEW OF FINANCIAL STATEMENTS (cont.)

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 ongoing 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 17 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 13 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

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2008

OVERVIEW OF FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

Proprietary Funds: Services for which 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 and Health Care Center. Internal service funds are an accounting device used to accumulate and allocate costs internally among Sauk County's various functions. Sauk County uses internal service funds to account for its self-insured deductible payments via the County Insurance Fund and self-insured workers compensation via the Workers Compensation Fund. The services provided by these funds 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 and Health Care Center, both of which are considered major funds of Sauk County. The County Insurance and Workers Compensation Funds are reported as internal service funds 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.

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

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

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2008

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

Sauk County Condensed Statements of Net Assets

	Governmental Activities 2007	Governmental Activities 2008	Business-type Activities 2007	Business-type Activities 2008
Current and other assets	\$ 54,517,322	\$ 60,628,586	\$ 18,065,384	\$ 28,299,922
Capital assets, net of Depreciation	89,110,965	88,320,226	7,002,749	9,096,609
Total Assets	143,628,287	148,948,812	25,068,133	37,396,531
Current and other liabilities	28,112,788	31,804,677	9,002,989	9,759,139
Non-current liabilities	25,020,273	23,630,426	4,523,472	14,528,457
Total Liabilities	53,133,061	55,435,103	13,526,461	24,287,596
Net Assets:				
Invested in capital assets, net of related debt	65,580,965	66,310,226	6,970,749	8,390,294
Restricted	997,997	747,132	50,000	43,125
Unrestricted	23,916,264	26,456,351	4,520,923	4,675,516
TOTAL NET ASSETS	\$ 90,495,226	\$ 93,513,709	\$ 11,541,672	\$ 13,108,935

Non-capital governmental activities assets increased \$6.1 million, and contained increases in cash of \$2.88 million and taxes receivable of \$1.5 million (with an equal increase in unearned revenues). There was also an increase in delinquent taxes receivable of \$700,000, or 30%, an indication of the effect of the economy on tax collections. Governmental activities capital assets net of depreciation decreased \$790,000, less than 1%, reflecting ongoing replacements of assets including primarily infrastructure. Total governmental activities liabilities increased by \$2.3 million, or 4.33%, due mainly to a \$2.0 million increase in Human Services amounts due to other governments. Finally, total governmental activities net assets have increased \$3.0 million, 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 activities total assets increased by \$12.3 million, but \$9.6 million of that total is unspent debt proceeds for construction of a skilled nursing facility and \$2.0 million is an increase in construction in progress. Increases in amounts due from other governments were \$570,000, primarily related to large highway projects for other jurisdictions. Capital assets net of depreciation increased a total \$2.1 million, with construction beginning for the nursing home. Business-type activities liabilities increased \$10.8 million, of which \$10 million is debt issuance for the nursing home. The remaining increase relates primarily to Health Care Center accounts payable and accrued payroll liabilities. Finally, total business-type activities net assets increased \$1.57 million, reflective of positive income for the Highway and Health Care Center, as well as a transfer of \$77,000 from the general fund to the Health Care Center for construction.

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2008

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

Sauk County's Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2008	Business-type Activities 2007	Business-type Activities 2008
REVENUES				
Program Revenues:				
Charges for services	\$ 5,075,359	\$ 6,019,881	\$ 10,176,229	\$ 10,731,872
Operating grants and contributions	19,185,297	17,908,437	2,145,338	2,827,720
Capital grants and contributions	383,040	564,130	29,616	108,892
General Revenues:				
Property taxes	19,696,612	20,002,902	5,899,662	6,571,717
Sales taxes	6,975,653	7,183,648	-	-
Other taxes	365,138	392,374	-	-
Intergovernmental revenues not restricted to specific programs	1,028,707	1,031,349	-	-
Other	2,345,604	1,592,791	105,356	400,202
Total Revenues	55,055,410	54,695,512	18,356,201	20,640,403
EXPENSES				
General government	6,464,357	6,311,428	-	-
Public safety	15,647,903	16,865,702	-	-
Public works	1,911,561	2,295,235	-	-
Health and social services	26,301,566	24,392,938	-	-
Culture, education and recreation	1,497,688	1,783,814	-	-
Conservation and development	1,832,913	1,997,998	-	-
Interest and fiscal charges	980,569	904,342	-	-
Highway	-	-	6,256,178	7,998,290
Health Care Center	-	-	8,352,954	8,200,422
Total Expenses	54,636,557	54,551,457	14,609,132	16,198,712
Increase in Net Assets Before Transfers	418,853	144,055	3,747,069	4,441,691
Transfers	2,119,167	2,874,428	(2,119,167)	(2,874,428)
Increase in Net Assets	2,538,020	3,018,483	1,627,902	1,567,263
NET ASSETS - Beginning	87,957,206	90,495,226	9,913,770	11,541,672
NET ASSETS - Ending	\$ 90,495,226	\$ 93,513,709	\$ 11,541,672	\$ 13,108,935

SAUK COUNTY

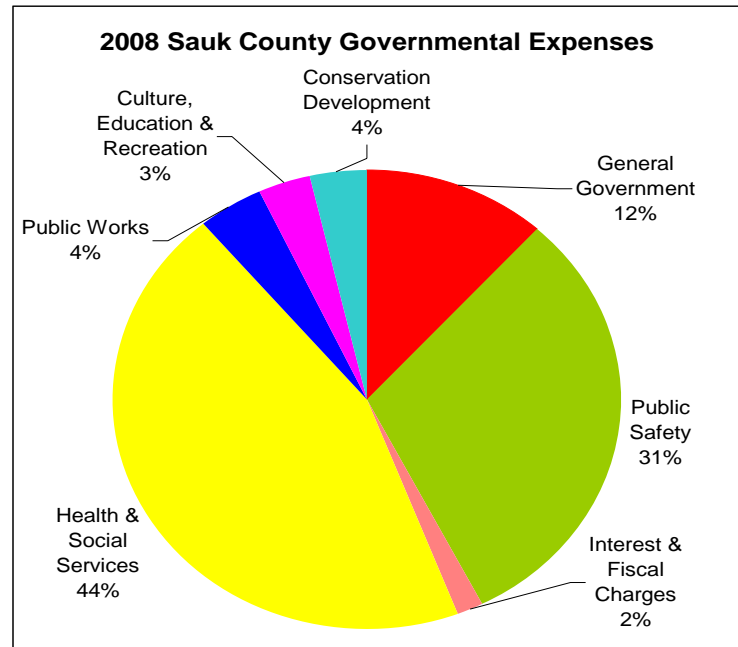
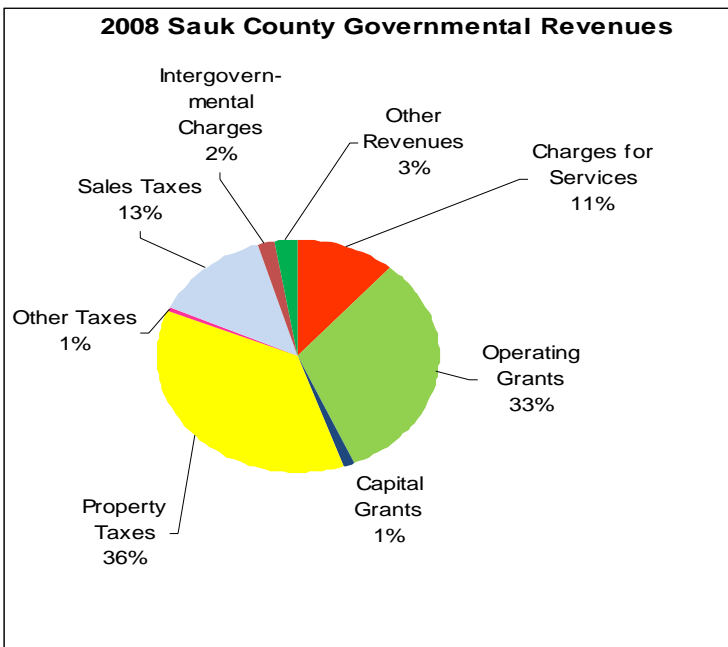
UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2008

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

The County's governmental activities program revenues decreased by \$151,000 overall, or less than 1%. This consisted primarily of a decrease in operating grants for Human Services of \$1.6 million that was due to implementation of Family Care, regionalized managed care for the needy, with a related increase of \$250,000 for the Aging & Disability Resource Center, the local intake arm for the service. Also contributing to the change was an increase of \$800,000 for charges to the State for housing prisoners, and an increase in Land Conservation operating grants of \$260,000. General governmental activities revenues increased \$160,000, of which \$100,000 was from wireless 911 grants. Public safety and conservation and development departments also logged increases in revenues. Sales tax collections increased 3%, or \$208,000, despite the lagging economy in the late part of 2008. Property taxes increased \$306,000, or 1.56%.

Governmental activities expenses increased by only \$85,100 overall, just 0.16%. As described in the revenue section, Human Services expenses decreased by \$1.9 million due to the transfer of services to the regional Family Care organization. Public safety expenses increased \$1.2 million with the hiring of staff to manage the increased numbers of inmates from the State. For the remaining functional areas, expense increases were primarily related to labor and benefit costs, which comprise nearly half of the County's non-capital expenditures. There were also decreases in interest and fiscal charges of over \$75,000.

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



SAUK COUNTY

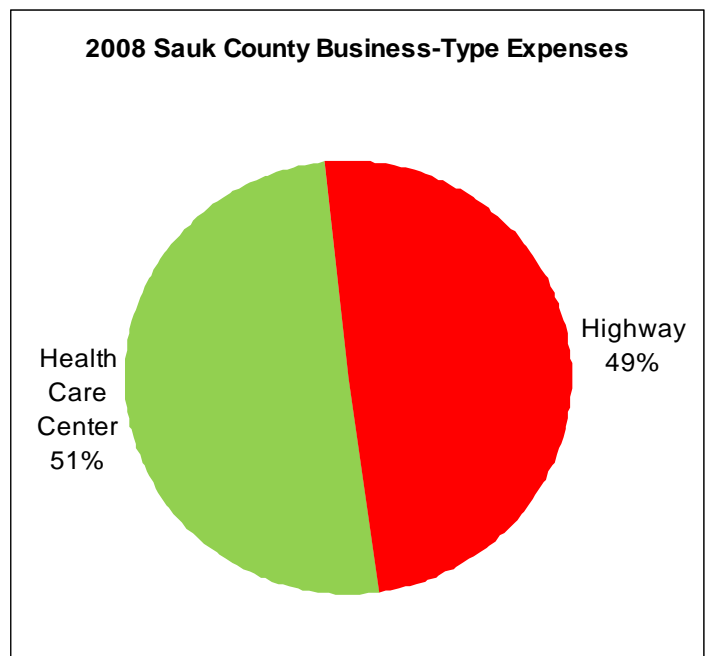
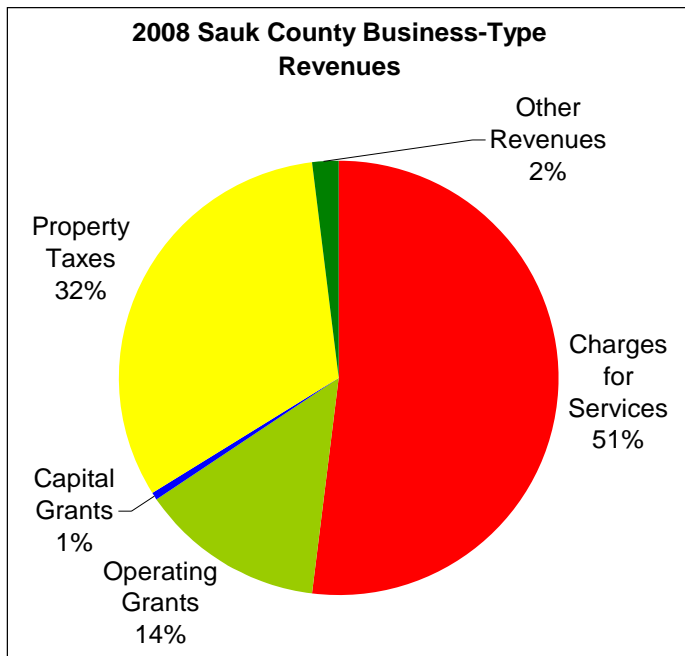
UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2008

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

Business-type activities program revenues increased by 10.67% overall, \$1.3 million. This increase was comprised of an increase in Highway program revenues of \$1.7 million from costs related to a severe winter and expenses from repairs to infrastructure in response to record rainfall and flooding. Decreases in Health Care Center revenues (\$340,000, or 5%) were generated from reductions in resident census as the facility prepares to downsize to a smaller building. Business-type activities property tax allocations grew 11.39%, or nearly \$675,000.

Business-type activities expenses in total increased \$1.6 million, or 10.88%. This increase is directly related to the impact to the Highway budget of a severe winter and flooding repairs. Health Care Center operational costs decreased \$150,000 due to staff reductions related to reduced resident census.

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



SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2008

BUDGETARY HIGHLIGHTS

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 undesignated fund balances at year-end unless specifically re-appropriated by County Board action.

SUPPLEMENTARY APPROPRIATIONS

General Fund: Supplementary appropriations totaled \$1,532,710, much of which (\$1.2 million) was carryforward of funds previously appropriated in 2007 for projects that were not completed. Most of the rest was appropriation of additional grant funds received.

Special Revenue Funds: Supplementary appropriations totaled a reduction of \$1,739,543, including reduction of Human Services expenses with the implementation of a regional managed care organization of \$2.1 million. The remainder was carryforward of funds previously appropriated in 2007 for projects that were not completed, or uses of segregated fund balance for specific programs.

Building Projects Fund: Supplementary appropriations totaled \$36,970, all of which was carryforward of funds previously appropriated in 2007 for projects that were not completed.

Enterprise Funds: Supplementary appropriations totaled \$89,277, all of which all was carryforward of funds from 2007.

Internal Service Funds: Supplementary appropriations totaled \$1,565,788, which was appropriation of additional state funding for Highway projects, primarily snow removal and flood repairs.

CAPITAL ASSETS AND DEBT

CAPITAL ASSETS

Sauk County's investment in governmental activities capital assets as of December 31, 2008 amounted to \$88.3 million (net of depreciation), a net decrease of \$790,000. This investment in capital assets includes land, buildings, improvements, machinery and equipment. Major additions were reconstructed roadways and other infrastructure totaling \$2.75 million. Repairs and reconstruction to infrastructure due to flooding generated a loss of \$320,000.

The County's investment in business-type activities capital assets as of December 31, 2008 was \$9.1 million (net of depreciation), a net increase of \$2.1 million. The health care center began continued construction of a new facility during 2008. At year-end, \$2 million was included in the business-type activities for the new building.

SAUK COUNTY

UNAUDITED
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008

CAPITAL ASSETS AND DEBT (cont.)

CAPITAL ASSETS (cont.)

	Sauk County's Capital Assets (Net of Depreciation)			
	<u>Governmental Activities 2007</u>	<u>Governmental Activities 2008</u>	<u>Business-type Activities 2007</u>	<u>Business-type Activities 2008</u>
Land	\$ 1,236,871	\$ 1,236,871	\$ 576,718	\$ 576,718
Purchased development rights	5,458,166	5,900,284	-	-
Construction in progress	821,269	18,141	43,630	2,016,380
Land improvements	368,523	360,473	220,625	198,389
Buildings	39,546,814	38,933,566	1,212,885	1,227,857
Building improvements	4,759,312	4,640,254	133,401	140,267
Machinery, equipment, and vehicles	3,278,592	3,091,086	4,815,491	4,936,998
Infrastructure	<u>33,641,418</u>	<u>34,139,551</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 89,110,965</u>	<u>\$ 88,320,226</u>	<u>\$ 7,002,749</u>	<u>\$ 9,096,609</u>

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

DEBT

Sauk County had \$36,210,000 in general obligation notes and bonds and bond anticipation notes outstanding as of December 31, 2008. \$22,010,000 of this amount is for governmental activities. The remaining \$14,200,000 was issued in 2007 and 2008 as financing for construction of a replacement skilled nursing facility.

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. The bond anticipation note was also rated by Moody's Investor Services, Inc., and it was rated as MIG1.

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

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2008

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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 8.56 percent over the last ten years. A driving factor of these increases has been considerable growth in the Wisconsin Dells/Lake Delton area, including three 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 2009 budget includes a 7.4% increase in property tax dollars levied, from \$25.8 million to \$27.7 million. Total expenditures, for all County funds, are budgeted to be \$89.9 million, including approximately \$13 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.

REQUESTS FOR INFORMATION

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.

SAUK COUNTY

STATEMENT OF NET ASSETS

December 31, 2008

	Primary Government			
	Governmental	Business-		Component
	Activities	type	Totals	Unit
		Activities		
ASSETS				
Cash and investments	\$ 31,557,295	\$ 551,514	\$ 32,108,809	\$ 145,683
Taxes receivable	20,780,637	6,934,034	27,714,671	-
Delinquent taxes receivable	2,984,135	-	2,984,135	-
Accounts receivable	1,400,352	759,262	2,159,614	97,263
Accrued interest receivable	6,634	7,861	14,495	411
Loans receivable	401,085	-	401,085	208,458
Due from other governments	5,562,032	1,724,826	7,286,858	-
Internal balances	(2,140,370)	2,140,370	-	-
Prepaid items and inventories	61,215	1,446,392	1,507,607	20,786
Advances to other governments	13,489	-	13,489	-
Investment in joint venture	-	-	-	209,998
Restricted cash and investments	2,082	14,682,963	14,685,045	174,875
Other assets	-	52,700	52,700	-
Land	1,236,871	576,718	1,813,589	-
Purchased development rights	5,900,284	-	5,900,284	-
Construction in progress	18,141	2,016,380	2,034,521	-
Other capital assets, net of depreciation	81,164,930	6,503,511	87,668,441	2,705,159
Total Assets	148,948,812	37,396,531	186,345,343	3,562,633
LIABILITIES				
Accounts payable	1,963,566	1,136,496	3,100,062	49,816
Accrued liabilities	2,603,150	626,740	3,229,890	55,836
Due to other governments	2,606,195	444	2,606,639	-
Deposits	206,637	20,522	227,159	22,100
Unearned revenue	20,780,637	7,007,034	27,787,671	9,437
Noncurrent liabilities due within one year	3,644,492	967,903	4,612,395	36,969
Noncurrent liabilities due in more than one year	23,630,426	14,528,457	38,158,883	1,418,464
Total Liabilities	55,435,103	24,287,596	79,722,699	1,592,622
NET ASSETS				
Invested in capital assets, net of related debt	66,310,226	8,390,294	74,700,520	1,260,828
Restricted				
Trust activities	9,409	-	9,409	-
Loan programs	584,103	-	584,103	-
Aging programs	49,313	-	49,313	-
Law enforcement activities	104,307	-	104,307	-
Health care activities	-	43,125	43,125	-
Housing programs	-	-	-	148,013
Unrestricted	26,456,351	4,675,516	31,131,867	561,170
TOTAL NET ASSETS	\$ 93,513,709	\$ 13,108,935	\$ 106,622,644	\$ 1,970,011

See accompanying notes to financial statements.

SAUK COUNTY

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
<i>Governmental Activities</i>				
General government	\$ 6,311,428	\$ 619,724	\$ 161,399	\$ -
Public safety	16,865,702	3,842,476	733,800	-
Health and social services	24,392,938	1,098,358	16,220,940	-
Public works	2,295,235	18,451	-	-
Culture, education and recreation	1,783,814	98,352	61,103	39,567
Conservation and development	1,997,998	342,520	731,195	524,563
Interest and fiscal charges	904,342	-	-	-
Total Governmental Activities	<u>54,551,457</u>	<u>6,019,881</u>	<u>17,908,437</u>	<u>564,130</u>
<i>Business-type Activities</i>				
Highway	7,998,290	5,365,451	1,919,939	108,892
Health care	8,200,422	5,366,421	907,781	-
Total Business-type Activities	<u>16,198,712</u>	<u>10,731,872</u>	<u>2,827,720</u>	<u>108,892</u>
Total Primary Government	<u>\$ 70,750,169</u>	<u>\$ 16,751,753</u>	<u>\$ 20,736,157</u>	<u>\$ 673,022</u>
Component Unit				
Housing authority	<u>\$ 1,852,344</u>	<u>\$ 1,714,134</u>	<u>\$ -</u>	<u>\$ 190,960</u>

General Revenues and Transfers
 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

Change in Net Assets

NET ASSETS - Beginning (Component unit restated)

NET ASSETS - ENDING

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Unit
\$ (5,530,305)	\$ -	\$ (5,530,305)	\$ -
(12,289,426)	-	(12,289,426)	-
(7,073,640)	-	(7,073,640)	-
(2,276,784)	-	(2,276,784)	-
(1,584,792)	-	(1,584,792)	-
(399,720)	-	(399,720)	-
(904,342)	-	(904,342)	-
<u>(30,059,009)</u>	<u>-</u>	<u>(30,059,009)</u>	<u>-</u>
-	(604,008)	(604,008)	-
-	<u>(1,926,220)</u>	<u>(1,926,220)</u>	-
-	<u>(2,530,228)</u>	<u>(2,530,228)</u>	-
<u>(30,059,009)</u>	<u>(2,530,228)</u>	<u>(32,589,237)</u>	<u>-</u>
-	-	-	52,750
19,752,902	-	19,752,902	-
250,000	-	250,000	-
-	3,366,020	3,366,020	-
-	3,205,697	3,205,697	-
7,183,648	-	7,183,648	-
392,374	-	392,374	-
1,031,349	-	1,031,349	-
47,971	-	47,971	-
1,234,721	338,733	1,573,454	18,576
310,099	61,469	371,568	-
<u>2,874,428</u>	<u>(2,874,428)</u>	<u>-</u>	<u>-</u>
<u>33,077,492</u>	<u>4,097,491</u>	<u>37,174,983</u>	<u>18,576</u>
3,018,483	1,567,263	4,585,746	71,326
<u>90,495,226</u>	<u>11,541,672</u>	<u>102,036,898</u>	<u>1,898,685</u>
<u>\$ 93,513,709</u>	<u>\$ 13,108,935</u>	<u>\$ 106,622,644</u>	<u>\$ 1,970,011</u>

See accompanying notes to financial statements.

SAUK COUNTY

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2008

	General	Human Services	Debt Service	Building Projects	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and investments	\$ 27,217,961	\$ 170,519	\$ 817,314	\$ -	\$ 3,351,501	\$ 31,557,295
Receivables						
Taxes	13,088,470	7,272,413	250,000	-	169,754	20,780,637
Delinquent taxes	2,984,135	-	-	-	-	2,984,135
Accounts	868,660	510,143	-	-	21,549	1,400,352
Interest	6,634	-	-	-	-	6,634
Loans	-	-	-	-	401,085	401,085
Due from other funds	1,242,559	3,755,890	-	550,556	1,193,392	6,742,397
Due from other governments	1,651,096	697,612	-	-	3,213,324	5,562,032
Inventories	12,189	-	-	-	-	12,189
Prepaid items	38,732	9,294	-	-	1,000	49,026
Advances to other governments	13,489	-	-	-	-	13,489
Restricted cash	-	-	-	-	2,082	2,082
TOTAL ASSETS	\$ 47,123,925	\$ 12,415,871	\$ 1,067,314	\$ 550,556	\$ 8,353,687	\$ 69,511,353
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 682,918	\$ 1,119,208	\$ -	\$ -	\$ 161,440	\$ 1,963,566
Accrued liabilities	2,119,716	221,023	-	-	46,676	2,387,415
Due to other funds	8,447,482	-	795,168	-	374,950	9,617,600
Due to other governments	414,869	2,187,058	-	-	4,268	2,606,195
Deposits	34,586	169,969	-	-	2,082	206,637
Deferred revenue	13,724,403	7,272,413	250,000	-	908,346	22,155,162
Total Liabilities	<u>25,423,974</u>	<u>10,969,671</u>	<u>1,045,168</u>	<u>-</u>	<u>1,497,762</u>	<u>38,936,575</u>
Fund Balances						
Reserved for						
Trust activities	-	-	-	-	9,409	9,409
Inventories and prepaid items	50,921	9,294	-	-	1,000	61,215
Long-term receivables	1,959,747	-	-	-	-	1,959,747
Debt service	-	-	22,146	-	-	22,146
Unreserved, reported in						
General fund - designated	15,970,999	-	-	-	-	15,970,999
General fund - undesignated	3,718,284	-	-	-	-	3,718,284
Special revenue funds - undesignated	-	1,436,906	-	-	6,845,516	8,282,422
Capital projects funds - undesignated	-	-	-	550,556	-	550,556
Total Fund Balances	<u>21,699,951</u>	<u>1,446,200</u>	<u>22,146</u>	<u>550,556</u>	<u>6,855,925</u>	<u>30,574,778</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 47,123,925	\$ 12,415,871	\$ 1,067,314	\$ 550,556	\$ 8,353,687	

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.	88,320,226
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.	1,374,525
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.	(27,490,653)
Internal service net assets allocated to governmental activities	604,227
Long-term liabilities recorded in internal service funds	130,606
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 93,513,709

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, 2008

	General	Human Services	Debt Service	Building Projects	Nonmajor Governmental Funds	Totals
REVENUES						
Taxes	\$ 20,007,114	\$ 6,949,532	\$ 250,000	\$ -	\$ 167,437	\$ 27,374,083
Intergovernmental	4,630,394	13,402,493	-	-	1,176,341	19,209,228
Licenses and permits	304,616	-	-	-	31,431	336,047
Fines, forfeitures and penalties	499,084	122,388	-	-	7,902	629,374
Public charges for services	1,921,790	520,264	-	-	184,707	2,626,761
Intergovernmental charges for services	3,618,973	-	-	-	58,458	3,677,431
Regulation and compliance	-	-	-	-	139,315	139,315
Investment income	1,016,518	-	60,695	-	176,092	1,253,305
Miscellaneous	305,704	20,678	-	-	228,625	555,007
Total Revenues	<u>32,304,193</u>	<u>21,015,355</u>	<u>310,695</u>	<u>-</u>	<u>2,170,308</u>	<u>55,800,551</u>
EXPENDITURES						
Current						
General government	5,349,958	-	-	-	70,369	5,420,327
Public safety	16,705,220	-	-	-	12,874	16,718,094
Health and social services	3,256,267	20,557,878	-	-	1,308,684	25,122,829
Public works	51,987	-	-	-	175,400	227,387
Culture, education and recreation	1,534,376	-	-	-	500	1,534,876
Conservation and development	2,006,948	-	-	-	22,897	2,029,845
Capital Outlay	789,478	-	-	24,281	565,335	1,379,094
Debt Service						
Principal retirement	-	-	1,520,000	-	-	1,520,000
Interest and fiscal charges	-	-	918,014	-	-	918,014
Total Expenditures	<u>29,694,234</u>	<u>20,557,878</u>	<u>2,438,014</u>	<u>24,281</u>	<u>2,156,059</u>	<u>54,870,466</u>
Excess (deficiency) of revenues over expenditures	<u>2,609,959</u>	<u>457,477</u>	<u>(2,127,319)</u>	<u>(24,281)</u>	<u>14,249</u>	<u>930,085</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,083,511	-	2,043,051	-	-	3,126,562
Transfers out	(1,984,051)	-	-	(145,000)	(166,730)	(2,295,781)
Total Other Financing Sources (Uses)	<u>(900,540)</u>	<u>-</u>	<u>2,043,051</u>	<u>(145,000)</u>	<u>(166,730)</u>	<u>830,781</u>
Net Change in Fund Balances	1,709,419	457,477	(84,268)	(169,281)	(152,481)	1,760,866
FUND BALANCES - Beginning of Year	<u>19,990,532</u>	<u>988,723</u>	<u>106,414</u>	<u>719,837</u>	<u>7,008,406</u>	<u>28,813,912</u>
FUND BALANCES - END OF YEAR	<u>\$ 21,699,951</u>	<u>\$ 1,446,200</u>	<u>\$ 22,146</u>	<u>\$ 550,556</u>	<u>\$ 6,855,925</u>	<u>\$ 30,574,778</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, 2008

Net change in fund balances - total governmental funds	\$ 1,760,866
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Amounts reported for governmental activities in the statement of activities
are different because:

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.

Capital asset additions are reported as capital outlay in the fund financial statements, but are capitalized in the government-wide financial statements	1,379,094
Some items reported as capital outlay in the fund financial statements are not capitalized in the government-wide statements	(515,717)
Depreciation is reported in the government-wide statements	(3,312,568)
Infrastructure financed by the highway fund	2,043,646
Net book value of assets retired	(385,194)

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.

Government grants	326,022
Investment income	(18,584)
Delinquent taxes	107,887
Loans	(64,871)
Other	(226)

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.

Principal repaid	1,520,000
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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.

Compensated absences	(207,088)
Health insurance - retirees credit	(18,332)
Other postemployment benefits	(94,451)
Accrued interest on debt	13,674
Landfill post-closure care	40,304

Change in internal service fund net assets attributable to governmental activities	<u>444,021</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,018,483</u>
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See accompanying notes to financial statements.

SAUK COUNTY

STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2008

	Business-type Activities			
	Enterprise Funds			Internal
	Highway	Health Care	Totals	Service
		Center		Funds
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 765	\$ 327	\$ 1,092	\$ 550,422
Taxes receivable	3,617,530	3,316,504	6,934,034	-
Accounts receivable	15,509	743,753	759,262	-
Interest receivable	-	7,861	7,861	-
Due from other funds	203,413	1,885,033	2,088,446	859,198
Due from other governments	1,724,826	-	1,724,826	-
Prepaid items	810	6,360	7,170	-
Inventories	1,355,233	83,989	1,439,222	-
Restricted Assets				
Cash and investments	-	20,522	20,522	-
Total Current Assets	<u>6,918,086</u>	<u>6,064,349</u>	<u>12,982,435</u>	<u>1,409,620</u>
NONCURRENT ASSETS				
Restricted Assets				
Cash and investments	-	14,662,441	14,662,441	-
Deferred Charges	-	52,700	52,700	-
Capital Assets				
Land	66,973	509,745	576,718	-
Construction in progress	109,990	1,906,390	2,016,380	-
Other capital assets	13,041,916	7,115,541	20,157,457	-
Less: Accumulated depreciation	<u>(7,481,343)</u>	<u>(6,172,603)</u>	<u>(13,653,946)</u>	-
Total Non-Current Assets	<u>5,737,536</u>	<u>18,074,214</u>	<u>23,811,750</u>	-
 Total Assets	 <u>12,655,622</u>	 <u>24,138,563</u>	 <u>36,794,185</u>	 <u>1,409,620</u>

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Highway	Health Care Center	Totals	
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 569,215	\$ 567,281	\$ 1,136,496	\$
Accrued liabilities	131,213	212,468	343,681	
Accrued interest payable	-	283,059	283,059	
Due to other funds	-	-	-	72,441
Due to other governments	444	-	444	-
Unearned revenue	3,617,530	3,389,504	7,007,034	-
Claims payable	-	-	-	26,645
Compensated absences	401,179	475,393	876,572	-
Health insurance - retirees credit	7,252	-	7,252	-
General obligation debt payable - current	-	50,000	50,000	-
Unamortized premium - current	-	34,079	34,079	-
Liabilities Payable From Restricted Assets				
Deposits	-	20,522	20,522	-
Total Current Liabilities	4,726,833	5,032,306	9,759,139	99,086
NON-CURRENT LIABILITIES				
Long-Term Debt				
General obligation debt payable	-	4,150,000	4,150,000	-
Bond anticipation notes payable	-	10,000,000	10,000,000	-
Unamortized premium	-	84,281	84,281	-
Other Liabilities				
Claims payable	-	-	-	103,961
Compensated absences	147,239	117,154	264,393	-
Health insurance - retirees credit	7,252	-	7,252	-
Other postemployment benefits	10,632	11,899	22,531	-
Total Non-Current Liabilities	165,123	14,363,334	14,528,457	103,961
Total Liabilities	4,891,956	19,395,640	24,287,596	203,047
NET ASSETS				
Invested in capital assets, net of related debt	5,737,536	2,652,758	8,390,294	-
Restricted	-	43,125	43,125	-
Unrestricted	2,026,130	2,047,040	4,073,170	1,206,573
TOTAL NET ASSETS	\$ 7,763,666	\$ 4,742,923	12,506,589	1,206,573
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds				
			602,346	(602,346)
Net Assets of Business-type Activities			\$ 13,108,935	
Net Internal service funds reported in the statement of net assets as governmental activities				\$ 604,227

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, 2008

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Highway	Health Care Center	Totals	
OPERATING REVENUES				
Charges for services	\$ 5,365,451	\$ 5,366,421	\$ 10,731,872	\$ 732,295
Miscellaneous	-	4,032	4,032	357,858
Total Operating Revenues	<u>5,365,451</u>	<u>5,370,453</u>	<u>10,735,904</u>	<u>1,090,153</u>
OPERATING EXPENSES				
Operation and maintenance	9,542,174	7,817,927	17,360,101	434,001
Depreciation	538,290	204,723	743,013	-
Total Operating Expenses	<u>10,080,464</u>	<u>8,022,650</u>	<u>18,103,114</u>	<u>434,001</u>
Operating Loss	<u>(4,715,013)</u>	<u>(2,652,197)</u>	<u>(7,367,210)</u>	<u>656,152</u>
NONOPERATING REVENUES				
General property taxes	3,366,020	3,205,697	6,571,717	-
Intergovernmental grants	1,919,939	907,781	2,827,720	-
Investment income	-	325,210	325,210	13,523
Interest expense	-	(323,959)	(323,959)	-
Amortization costs	-	(9,588)	(9,588)	-
Miscellaneous	22,858	16,750	39,608	-
Total Nonoperating Revenues	<u>5,308,817</u>	<u>4,121,891</u>	<u>9,430,708</u>	<u>13,523</u>
Income (Loss) Before Transfers and Contributions	593,804	1,469,694	2,063,498	669,675
Capital contributions	108,892	-	108,892	-
Transfers in	-	77,000	77,000	-
Transfers out	-	(907,781)	(907,781)	-
Change in Net Assets	<u>702,696</u>	<u>638,913</u>	<u>1,341,609</u>	<u>669,675</u>
NET ASSETS - Beginning of Year	<u>7,060,970</u>	<u>4,104,010</u>	<u>11,164,980</u>	<u>536,898</u>
NET ASSETS - END OF YEAR	<u>\$ 7,763,666</u>	<u>\$ 4,742,923</u>	<u>\$ 12,506,589</u>	<u>\$ 1,206,573</u>
Change in net assets of enterprise funds			\$ 1,341,609	
Change in internal service fund net assets allocable to business-type activities			<u>225,654</u>	
Change in net assets of business-type activities			<u>\$ 1,567,263</u>	

See accompanying notes to financial statements.

SAUK COUNTY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2008

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Highway	Health Care Center	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 4,872,387	\$ 5,681,014	\$ 10,553,401	\$ 230,955
Paid to employees and suppliers for goods and services	(9,477,119)	(7,334,586)	(16,811,705)	(270,531)
Net Cash Flows From Operating Activities	(4,604,732)	(1,653,572)	(6,258,304)	(39,576)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	77,000	77,000	-
Transfers out	-	(907,781)	(907,781)	-
Miscellaneous revenues	22,858	16,750	39,608	-
General property taxes	3,366,020	3,205,697	6,571,717	-
Intergovernmental grants	1,919,939	1,026,767	2,946,706	-
Net Cash Flows From Non-Capital Financing Activities	5,308,817	3,418,433	8,727,250	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	-	317,350	317,350	13,523
Net Cash Flows From Investing Activities	-	317,350	317,350	13,523
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	-	10,000,000	10,000,000	-
Debt issuance costs paid	-	(21,700)	(21,700)	-
Premium on debt received	-	83,000	83,000	-
Principal paid	-	(800,000)	(800,000)	-
Interest paid	-	(142,642)	(142,642)	-
Acquisition of capital assets	(885,320)	(1,876,974)	(2,762,294)	-
Capital contributions	108,892	-	108,892	-
Net Cash Flows From Capital and Related Financing Activities	(776,428)	7,241,684	6,465,256	-
Change in Cash and Cash Equivalents	(72,343)	9,323,895	9,251,552	(26,053)
CASH AND CASH EQUIVALENTS - Beginning of Year	73,108	5,359,395	5,432,503	576,475
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 765	\$ 14,683,290	\$ 14,684,055	\$ 550,422

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Highway	Health Care Center	Totals	
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES				
Operating loss	\$ (4,715,013)	\$ (2,652,197)	\$ (7,367,210)	\$ 656,152
Adjustments to Reconcile Operating Loss to Net Cash Provided From Operating Activities				
Depreciation expense	538,290	204,723	743,013	-
Changes in Noncash Components of Working Capital				
Accounts receivable	56,807	(167,087)	(110,280)	-
Due from other funds	67,684	484,164	551,848	(859,198)
Due from other governmental units	(617,555)	-	(617,555)	-
Inventories	(273,318)	14,553	(258,765)	-
Prepaid items	(583)	14,307	13,724	-
Accounts payable	189,160	405,839	594,999	-
Accrued liabilities	32,603	78,509	111,112	-
Due to other governmental units	(2,336)	-	(2,336)	-
Due to other funds	-	-	-	32,864
Deposits	-	(6,516)	(6,516)	-
Unearned revenue	76,572	-	76,572	-
Claims payable	-	-	-	130,606
Compensated absences	17,821	(41,766)	(23,945)	-
Health insurance - retirees credit	14,504	-	14,504	-
Other postemployment benefits	10,632	11,899	22,531	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (4,604,732)</u>	<u>\$ (1,653,572)</u>	<u>\$ (6,258,304)</u>	<u>\$ (39,576)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS				
Cash and investments - statement of net assets - proprietary fund	\$ 765	\$ 327	\$ 1,092	\$ 550,422
Restricted cash and investments - statement of net assets - proprietary fund	<u>-</u>	<u>14,682,963</u>	<u>14,682,963</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 765</u>	<u>\$ 14,683,290</u>	<u>\$ 14,684,055</u>	<u>\$ 550,422</u>

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:

None.

SAUK COUNTY

STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

December 31, 2008

	Agency Funds
ASSETS	
Cash and investments	\$ 978,601
Accounts receivable	3,062
Property taxes receivable	1,210,212
Due from other governments	<u>48,144</u>
TOTAL ASSETS	<u><u>\$ 2,240,019</u></u>
LIABILITIES	
Accounts payable	\$ 12,004
Accrued liabilities	4,065
Deposits	967,469
Due to other governments	<u>1,256,481</u>
TOTAL LIABILITIES	<u><u>\$ 2,240,019</u></u>

See accompanying notes to financial statements.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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NOTES TO FINANCIAL STATEMENTS December 31, 2008

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SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are 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, 2008. 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, 2008

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2004, the GASB issued statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the measurement, regulation, and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

The County made the decision to implement this standard effective January 1, 2008.

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% of the corresponding total for all funds of that category or type, and

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

Fund Financial Statements (cont.)

2. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
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.

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.

Aging and Disability Resource Center

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

Community Development Block Grant – Flood Relief Small Business (CDBG

FRSB) Revolving Loans

Rental Properties

Alice in Dairyland

Dog License

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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.

Self-Insurance
Workers' Compensation

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, 2008.

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, 2008

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 and Health Care Center 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, 2008

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% 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 5% 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, 2008

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 book 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, 2008, 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 – 2008 tax roll:

Lien date and levy date	December 2008
Tax bills mailed	December 2008
Payment in full, or	January 31, 2009
First installment due	January 31, 2009
Second installment due	July 31, 2009
Personal property taxes in full	January 31, 2009
Tax sale – 2008 delinquent real estate taxes	October 2011

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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, 2008

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.

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. \$74,580 of net interest was capitalized during the current year. 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, 2008

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

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.

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, 2008 are determined on the basis of 2008 current salary rates and include salary related payments.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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 debt 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, 2008

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

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. Reserved fund balance is that portion of fund balance that is not available for the subsequent year’s budget due to legal restrictions or resources which are not available for current spending. 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.

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

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	\$ 22,010,000
Compensated absences	2,300,815
Health insurance retirees	18,332
Workers compensation	130,606
Post employment benefits	94,451
Landfill post-closure liability	2,720,714
Accrued interest	<u>215,735</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 27,490,653</u>

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 10% of the department's budget.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$1,804,361 in the general fund. Budgets are adopted at the department level of expenditure.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The county controls expenditures at the department level.

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, 2008, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Baraboo range	\$ 6,864	Purchases of development rights in this fund are made before reimbursements from the State of Wisconsin are available to the county.
Dog license	2,362	License sales lagged behind projections.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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 20 (2007), 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 3.86% for the 2007 levy collected in 2008 and 2% for the 2008 levy collected in 2009. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2008 levy.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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 and Investment Balances	Associated Risks
Deposits	\$ 34,871,186	\$ 35,199,564	Custodial credit risk
LGIP	12,895,272	12,895,272	Credit risk, interest rate risk
Petty cash and cash on hand	<u>5,997</u>	<u>-</u>	N/A
Total Cash and Investments	<u>\$ 47,772,455</u>	<u>\$ 48,094,836</u>	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 32,108,809		
Restricted cash and investments	14,685,045		
Per statement of net assets			
Fiduciary Funds	<u>978,601</u>		
Total Cash and Investments	<u>\$ 47,772,455</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited 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. This coverage expired on February 15, 2009.

The county maintains collateral agreements with some of its banks. As of December 31, 2008, the banks had pledged various government securities in the amount of \$12,556,333 to secure the county's deposits.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

As of December 31, 2008, the carrying amount of the county's deposits and investments was \$34,871,186 and the bank balance was \$35,199,564. \$29,000,037 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. \$6,199,527 of the bank balance was uninsured or uncollateralized at year-end.

Uninsured and collateral held by the pledging financial institution	\$ 6,199,527
Total	<u>\$ 6,199,527</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

As of December 31, 2008, 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.

As of December 31, 2008, the county's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Months)
Local government investment pool	<u>\$ 12,895,272</u>	2.64

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

B. RECEIVABLES

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

	<u>General</u>	<u>Health Care Center</u>
Amounts not expected to be collected within one year	\$ 1,427,831	\$ 11,274

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	\$ 162,044
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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:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable	\$ -	\$ 20,780,637	\$ 20,780,637
Delinquent property taxes receivable	614,117	-	614,117
Accounts and grants receivable not received within 60 days of year end	760,408	-	760,408
Total Unearned Revenue for Governmental Funds	<u>\$ 1,374,525</u>	<u>\$ 20,780,637</u>	<u>\$ 22,155,162</u>

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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, 2008, such collections aggregated \$423,759 of which \$96,637 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, 2008, delinquent property taxes by year levied consists of the following:

	Total	County Levied	County Purchased
Tax Certificates			
2007	\$ 1,975,134	\$ 445,133	\$ 1,530,001
2006	684,161	160,547	523,614
2005	233,193	54,994	178,199
2004	16,364	3,811	12,553
Tax deeds	75,282	46,269	29,013
Total Delinquent Property Taxes Receivable	<u>\$ 2,984,134</u>	<u>\$ 710,754</u>	<u>\$ 2,273,380</u>

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

The Health Care Center holds funds for its residents' for their personal use.

Health Care Center Construction Account

General obligation promissory notes were issued on December 31, 2007 for construction of a skilled nursing facility. Bond anticipation notes were issued on April 8, 2008 for construction of a skilled nursing facility.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2008:

	Restricted Assets
Security deposits	\$ 2,082
Equipment replacement account	43,125
Residents' funds and restricted donations	20,522
Health care center construction account	<u>14,619,316</u>
Total	<u>\$ 14,685,045</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,236,871	\$ -	\$ -	\$ 1,236,871
Purchased development rights	5,458,166	442,118	-	5,900,284
Construction in progress	<u>821,269</u>	<u>15,227</u>	<u>818,355</u>	<u>18,141</u>
Total Capital Assets Not Being Depreciated	<u>7,516,306</u>	<u>457,345</u>	<u>818,355</u>	<u>7,155,296</u>
Capital assets being depreciated				
Land improvements	641,364	-	-	641,364
Buildings	45,520,402	-	-	45,520,402
Building improvements	6,399,950	21,463	-	6,421,413
Machinery, equipment, and vehicles	6,000,365	497,463	352,479	6,145,349
Infrastructure	<u>56,757,798</u>	<u>2,749,107</u>	<u>2,594,733</u>	<u>56,912,172</u>
Total Capital Assets Being Depreciated	<u>115,319,879</u>	<u>3,268,033</u>	<u>2,947,212</u>	<u>115,640,700</u>
Less: Accumulated depreciation for				
Land improvements	(272,841)	(8,050)	-	(280,891)
Buildings	(5,973,588)	(613,248)	-	(6,586,836)
Building improvements	(1,640,638)	(140,521)	-	(1,781,159)
Machinery, equipment, and vehicles	(2,721,773)	(620,253)	287,763	(3,054,263)
Infrastructure	<u>(23,116,380)</u>	<u>(1,930,496)</u>	<u>2,274,255</u>	<u>(22,772,621)</u>
Total Accumulated Depreciation	<u>(33,725,220)</u>	<u>(3,312,568)</u>	<u>2,562,018</u>	<u>(34,475,770)</u>
Governmental Activities Capital Assets, Net of Depreciation	<u>\$ 89,110,965</u>	<u>\$ 412,810</u>	<u>\$ 1,203,549</u>	<u>\$ 88,320,226</u>

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 625,247
Public safety	646,228
Public works, which includes the depreciation of infrastructure	1,813,391
Health and social services	82,625
Culture, education, and recreation	126,221
Conservation and development	18,856

Total Governmental Activities Depreciation Expense	<u>\$ 3,312,568</u>
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Business-type Activities

Capital assets not being depreciated

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 576,718	\$ -	\$ -	\$ 576,718
Construction in progress	43,630	1,983,460	10,710	2,016,380
Total Capital Assets Not Being Depreciated	<u>620,348</u>	<u>1,983,460</u>	<u>10,710</u>	<u>2,593,098</u>

Capital assets being depreciated

Land improvements	618,520	-	-	618,520
Buildings	6,048,274	151,126	-	6,199,400
Building improvements	743,547	30,589	31,894	742,242
Machinery and equipment	12,433,543	1,175,575	1,011,823	12,597,295
Total Capital Assets Being Depreciated	<u>19,843,884</u>	<u>1,357,290</u>	<u>1,043,717</u>	<u>20,157,457</u>

Less: Accumulated depreciation for

Land improvements	(397,895)	(22,236)	-	(420,131)
Buildings	(4,835,389)	(136,154)	-	(4,971,543)
Building improvements	(610,146)	(23,722)	31,893	(601,975)
Machinery and equipment	(7,618,052)	(560,901)	518,656	(7,660,297)
Total Accumulated Depreciation	<u>(13,461,482)</u>	<u>(743,013)</u>	<u>550,549</u>	<u>(13,653,946)</u>

Business-type Capital Assets, Net of Depreciation

	<u>\$ 7,002,750</u>	<u>\$ 2,597,737</u>	<u>\$ 503,878</u>	<u>\$ 9,096,609</u>
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SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Highway	\$ 538,290
Health Care Center	<u>204,723</u>
Total Business-type Activities	
Depreciation Expense	<u>\$ 743,013</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>
Aging & Disability Resource Center	General fund	\$ 19,202
Human services	General fund	3,755,890
County jail	General fund	52,237
Land records modernization	General fund	658,196
Landfill remediation	General fund	191,717
Forest management	General fund	82,895
General fund	Baraboo range	373,410
CDBG-ED	General fund	158,348
CDBG-FRSB	General fund	24,750
General fund	Debt service	795,168
Building projects	General fund	550,556
Rental properties	General fund	2,143
Health care center	General fund	1,885,033
Highway	General fund	203,413
General fund	Insurance	72,441
Alice in Dairyland	General fund	3,904
General fund	Dog license	1,540
Workers' compensation	General fund	<u>859,198</u>
Subtotal – Fund financial statements		9,690,041
Add: Internal service fund allocations		(124,365)
Less: Fund eliminations		<u>(7,425,306)</u>
Total – Government-Wide Statement of Net Assets		<u>\$ 2,140,370</u>

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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	\$ 72,441
Business-type activities	Governmental activities	<u>(2,212,811)</u>
Total		<u>\$ (2,140,370)</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	\$ 907,781	Transfer ITP grant
General fund	Building projects	145,000	Fund balance used for carpet Replacement
General fund	Parkland Development	15,020	Parks playground equipment
General fund	Drug Seizure	10,160	Capitalization acquisition
General fund	Forest management	5,550	Capital acquisition
Debt service	General fund	1,907,051	Sales taxes used for debt payments
Debt service	County jail	136,000	Assessment fees used for debt payments
Health care center	General fund	<u>77,000</u>	Architectural services
Subtotal – Fund Financial Statements		3,203,562	
Add: Contributions from Highway		2,043,647	
Less: Fund eliminations		<u>(2,372,781)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 2,874,428</u>	

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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	\$ 2,951,428
Business-type activities	Governmental activities	(77,000)
Total		<u>\$ 2,874,428</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, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 23,530,000	\$ -	\$ 1,520,000	\$ 22,010,000	\$ 1,580,000
Other Liabilities					
Vested compensated absences (Note I.D.7.)	2,093,727	1,904,734	1,697,646	2,300,815	1,904,734
Health insurance-retirees	-	18,332	-	18,332	8,593
Workers compensation	-	212,380	81,774	130,606	26,645
Post employment benefits	-	94,451	-	94,451	-
Landfill post-closure liability (Note IV.H.)	2,761,018	45,282	85,586	2,720,714	124,520
Total Other Liabilities	<u>4,854,745</u>	<u>2,166,760</u>	<u>1,865,006</u>	<u>5,264,918</u>	<u>2,064,492</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 28,384,745</u>	<u>\$ 2,275,179</u>	<u>\$ 3,385,006</u>	<u>\$ 27,274,918</u>	<u>\$ 3,644,492</u>

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 5,000,000	\$ -	\$ 800,000	\$ 4,200,000	\$ 50,000
Bond anticipation notes	-	10,000,000	-	10,000,000	-
Unamortized premium	62,522	83,000	27,162	118,360	34,079
Total Bonds and Notes Payable	5,062,522	10,083,000	827,162	14,318,360	84,079
Other Liabilities					
Vested compensated absences (Note I.D.7.)	1,164,911	876,573	900,519	1,140,965	876,572
Health insurance-retirees	-	14,504	-	14,504	7,252
Post employment benefits	-	22,531	-	22,531	-
Total Business-Type Activities Long-Term Liabilities	\$ 6,227,433	\$ 10,996,608	\$ 1,727,681	\$ 15,496,360	\$ 967,903

General Obligation and Other 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 2008, \$10,000,000 bond anticipation notes were issued for constructing and equipping a skilled nursing facility.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the county may not exceed five% of the equalized value of taxable property within the county's jurisdiction. The debt limit as of December 31, 2008, was \$356,561,170. Total general obligation debt outstanding at year end was \$26,210,000.

Governmental Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-08
General Obligation Debt					
Refunding bonds	12/1/01	10/1/21	3.15 - 4.75%	\$ 24,500,000	\$ 3,775,000
Refunding bonds	5/1/04	10/1/17	2.00 - 4.10%	6,550,000	6,355,000
Promissory notes	5/1/04	10/1/13	2.00 - 3.60%	3,450,000	2,055,000
Refunding bonds	12/29/05	10/1/21	3.50 - 4.00%	10,000,000	9,825,000
Total Governmental Activities – General Obligation Debt					\$ 22,010,000

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation and Other Debt (cont.)

Business-Type Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-08
General Obligation and Other Debt					
Promissory notes	12/29/07	10/01/17	3.50 – 4.00%	\$ 5,000,000	\$ 4,200,000
Bond anticipation notes	04/08/08	04/01/11	3.30%	10,000,000	10,000,000
Total Business Type Activities – General Obligation and Other Debt					<u>\$ 14,200,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt			Business-Type Activities General Obligation and Other Debt		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 1,580,000	\$ 862,964	\$ 2,442,964	\$ 50,000	\$ 650,071	\$ 700,071
2010	1,640,000	803,151	2,443,151	275,000	489,738	764,738
2011	1,705,000	740,421	2,445,421	10,235,000	315,113	10,550,113
2012	1,770,000	674,533	2,444,533	245,000	141,888	386,888
2013	1,840,000	606,263	2,446,263	255,000	133,313	388,313
2014 – 2018	7,910,000	2,068,560	9,978,560	3,140,000	318,150	3,458,150
2019 – 2022	5,565,000	444,413	6,009,413	-	-	-
Totals	<u>\$ 22,010,000</u>	<u>\$ 6,200,305</u>	<u>\$ 28,210,305</u>	<u>\$ 14,200,000</u>	<u>\$ 2,048,273</u>	<u>\$ 16,248,273</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, 2008, \$15,480,000 of bonds outstanding are considered defeased.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

G. LEASE DISCLOSURES

The county has no material leases as lessee or lessor.

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 \$2,720,714 reported as landfill closure and postclosure care liability at December 31, 2008, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill less amounts actually paid for postclosure. These amounts are based on what it would cost to perform all closure and postclosure care in 2008. The county did cease accepting waste in 2006, and closure activities were completed in 2007. 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. \$2,674,892 is held with the DNR for postclosure care. 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 from future tax revenues.

I. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2008 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land	\$ 1,236,871
Purchased development rights	5,900,284
Construction in progress	18,141
Other capital assets, net of accumulated depreciation	81,164,930
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(22,010,000)
Total Invested in Capital Assets, Net of Related Debt	<u>66,310,226</u>

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

I. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted	
Trust Activities	
Alice in Dairyland trust	\$ 9,409
Loan programs	584,103
Aging programs	49,313
Law enforcement activities	104,307
Total Restricted	<u>747,132</u>
Unrestricted	<u>26,456,351</u>
Total Governmental Activities Net Assets	<u>\$ 93,513,709</u>

Governmental fund balances reported on the fund financial statements at December 31, 2008 include the following:

Reserved	
Major Funds	
General Fund	
Advance to Tri-County Airport	\$ 13,489
Delinquent personal property taxes	1,946,258
Prepaid items	38,732
Inventory	<u>12,189</u>
Total	<u>\$ 2,010,668</u>
Human Services	
Prepaid items	<u>\$ 9,294</u>
Debt Service	
Debt service	<u>\$ 22,146</u>
Non-Major Funds	
Aging & Disability Resource Center prepaid items	\$ 1,000
Alice in Dairyland trust	<u>9,409</u>
Total	<u>\$ 10,409</u>

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

I. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Unreserved, designated

Major Funds

General fund

Carryforwards to subsequent year	\$ 1,804,361
Fund balance applied to subsequent year budget	1,684,980
Working capital	<u>12,481,658</u>

Total	<u>\$ 15,970,999</u>
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Unreserved, undesignated (deficit)

Major Funds

General fund

	<u>\$ 3,718,284</u>
--	---------------------

Human services

	<u>\$ 1,436,906</u>
--	---------------------

Building projects

	<u>\$ 550,556</u>
--	-------------------

Non-Major Funds

Special Revenue Funds

Aging & Disability Resource Center

	\$ 217,426
--	------------

County jail

	61,362
--	--------

Land records modernization

	583,900
--	---------

Landfill remediation

	5,597,706
--	-----------

Forest management

	82,895
--	--------

Baraboo range (deficit)

	(6,864)
--	---------

Drug seizures

	104,307
--	---------

CDBG-ED revolving loans

	158,448
--	---------

CDBG-FRSB revolving loans

	24,570
--	--------

Rental properties

	24,128
--	--------

Dog license (deficit)

	<u>(2,362)</u>
--	----------------

Total	<u>\$ 6,845,516</u>
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SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

I. NET ASSETS/FUND BALANCES (cont.)

Business-type Activities

Invested in capital assets, net of related debt	
Land	\$ 576,718
Construction in progress	2,016,380
Other capital assets, net of accumulated depreciation	6,503,511
Less: related long-term debt outstanding	(14,200,000)
Plus: unspent debt proceeds	13,493,685
Total Invested in Capital Assets, Net of Related Debt	<u>8,390,294</u>
 Restricted	
Equipment replacement	43,125
Total Restricted	<u>43,125</u>
 Unrestricted	<u>4,675,516</u>
 Total Business-type Activities Net Assets	<u>\$ 13,108,935</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 \$320,558 and the bank balance was \$325,221. 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, 2008

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	\$ 503,775	\$ 71,588	\$ -	\$ 575,363	5 – 20
Leasehold improvements	8,664	-	-	8,664	5 – 20
Buildings and improvements	3,558,056	572,428	-	4,130,484	5 – 40
Furniture and equipment	179,211	51,030	267	229,974	3 – 10
Total Capital Assets	4,249,706	695,046	267	4,944,485	
Accumulated depreciation	(2,065,457)	(174,022)	183	(2,239,296)	
Net Capital Assets	<u>\$ 2,184,249</u>	<u>\$ 521,024</u>	<u>\$ 84</u>	<u>\$ 2,705,189</u>	

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	<u>\$ 885,360</u>	<u>\$ 601,314</u>	<u>\$ 31,241</u>	<u>\$ 1,455,433</u>

Debt service requirements to maturity are as follows:

	Principal	Interest	Totals
2009	\$ 36,969	\$ 104,332	\$ 141,301
2010	39,450	101,851	141,301
2011	42,101	99,201	141,302
2012	44,925	96,376	141,301
2013	349,926	77,798	427,724
2014 – 2018	120,270	336,553	456,823
2019 – 2021	128,044	294,203	422,247
2022 – 2026	186,590	235,657	422,247
2027 – 2033	272,356	149,891	422,247
2034 – 2038	204,339	45,730	250,069
2039 – 2041	30,463	2,660	33,123
Totals	<u>\$ 1,455,433</u>	<u>\$ 1,544,252</u>	<u>\$ 2,999,685</u>

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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, 2007 was \$181,118; the Housing Authority's total payroll was \$196,230.

The total required contribution for the year ended December 31, 2007 was \$19,198 or 10.6% of covered payroll. Of this amount, 4.6% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2006 and 2005 were \$18,968 and \$18,261, 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, 2008 includes the following:

Invested in capital assets, net of related debt	
Other capital assets, net of accumulated depreciation	\$ 2,705,159
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(1,444,331)</u>
Total Invested in Capital Assets, Net of Related Debt	1,260,828
Restricted	
Escrow accounts	148,013
Unrestricted	<u>561,170</u>
Total Net Assets	<u>\$ 1,970,011</u>

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 12-31-08
Tower Street Limited Partnership	1%	\$ 622,790
Kolan Kourt Limited Partnership	.01%	427,078
Highpointe Commons Ownership Group, LLC	3.33%	748,896

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

J. COMPONENT UNIT (cont.)

i. Investment in Joint Venture

On June 23, 2007, 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

j. 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.

k. Restatement of Net Assets

The Authority assumed ownership of Riverview Apartments several years ago and was inadvertently not included in prior audits. The net assets at FYE June 30, 2007 are restated as follows:

Net assets per prior audit June 30, 2007	\$ 2,003,922
Riverview Apartments – net assets as of June 30, 2007	<u>(105,237)</u>
Net Assets as Restated, June 30, 2007	<u>\$ 1,898,685</u>

NOTE V – OTHER INFORMATION

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 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% 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, 2008

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The payroll for county employees covered by the system for the year ended December 31, 2008 was \$25,921,210; the employer's total payroll was \$25,620,159. The total required contribution for the year ended December 31, 2008 was \$2,907,254 or 11.6% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2007 and 2006 were \$2,776,679 and \$2,667,740, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials, 54 for protective occupation employees with less than 25 years of service, and 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of 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, 2008, 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; 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 and workers' compensation 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.

For workers' compensation claims, the uninsured risk of loss is \$500,000 per incident and \$500,000 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.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance (cont.)

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.

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 WCMIC 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 county also participates in WCMIC for workers' compensation insurance. An actuarially determined estimate has been recorded for the county's retained liability, as well as for claims incurred but not reported at December 31, 2008. A total liability of approximately \$130,606 at December 31, 2008 was recorded as claims payable and reported in the Workers' Compensation internal service fund. The entire amount is also recorded in the governmental activities column of the government-wide statements of net assets. Changes in the claims loss liability follow:

	<u>Beginning Balance</u>	<u>Incurred Claims</u>	<u>Claims Paid/ Settled</u>	<u>Ending Balance</u>
2008	\$ -	\$ 212,380	\$ 81,774	\$ 130,606

The governing body is made up of 19 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, 2008 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.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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 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 2008, the county spent \$85,586 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. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The county's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in another postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Plan requirements are established through collective bargaining agreements and county policies and may be amended only through negotiations between the county and the union. The retirees pay 100% of the premium amounts under the plan.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE V – OTHER INFORMATION (cont.)

D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont.)

The county's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the county's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the district's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	160,451
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost		160,451
Contributions made		(43,469)
Increase in Net OPEB Obligation (Asset)		116,982
Net OPEB Obligation – Beginning of Year		-
Net OPEB Obligation – End of Year	\$	<u>116,982</u>

The county's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/08	\$ 160,451	27.1%	\$ 116,982

The funded status of the plans as of January 1, 2008, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 1,220,449
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,220,449</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE V – OTHER INFORMATION (cont.)

D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont.)

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return and an annual healthcare cost trend rate of 9.5% initially, reduced by decrements to an ultimate rate of 4.5% after 10 years. Both rates include a 3.0% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008 was 29 years.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age Normal Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2008	\$ -	\$ 1,220,449	\$ 1,220,449	0%	N/A	N/A

E. JOINT VENTURE

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 \$13,787 to the airport for 2008. The county believes that they will make similar payments to the airport in the future.

Financial information of the airport as of December 31, 2008 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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
General	\$ 2,488,521	\$ 2,488,521	\$ 2,537,419	\$ 48,898
County board	137,486	137,486	137,486	-
Clerk of courts	1,240,146	1,240,146	1,172,584	(67,562)
Board of adjustments	79,092	79,092	73,592	(5,500)
Circuit court	586,158	586,158	585,568	(590)
Court commissioner	200,347	200,347	201,351	1,004
Circuit court probate	153,894	172,501	153,280	(19,221)
Accounting	470,346	470,346	471,484	1,138
Family court counseling	16,500	16,500	16,495	(5)
County clerk	412,715	412,715	419,460	6,745
Personnel	472,987	472,987	467,069	(5,918)
Treasurer	420,797	420,797	753,857	333,060
Register of deeds	249,674	249,674	228,048	(21,626)
District attorney	497,942	497,942	491,642	(6,300)
Corporation counsel	544,608	544,608	540,046	(4,562)
Surveyor	75,735	75,735	75,735	-
Buildings and maintenance	2,491,720	2,491,720	2,541,188	49,468
Property mapping	142,432	142,432	141,906	(526)
Sheriff	13,796,591	13,814,591	13,414,702	(399,889)
Coroner	144,871	149,135	145,943	(3,192)
Emergency government	177,478	253,489	296,409	42,920
Administrative coordinator	284,552	284,552	284,552	-
Management information systems	1,689,498	2,110,272	1,574,710	(535,562)
Public health	665,775	710,122	665,031	(45,091)
Home nursing	836,936	836,936	854,287	17,351
Public health - WIC	228,560	232,310	260,727	28,417
Public health - environmental health	272,069	272,069	254,164	(17,905)
Public health - bioterrorism	54,112	54,112	50,273	(3,839)
Child support	803,744	803,744	834,224	30,480
Veteran's service	196,782	196,782	196,782	-
Parks	291,673	291,673	338,688	47,015
Planning and zoning	1,091,550	1,091,550	749,290	(342,260)
Land conservation	991,681	991,681	1,078,787	87,106
University extension	271,754	271,754	286,114	14,360
County farm	7,440	7,440	11,300	3,860
Total Revenues	<u>32,486,166</u>	<u>33,071,919</u>	<u>32,304,193</u>	<u>(767,726)</u>

See independent auditors' report and accompanying 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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
General	\$ 1,731,470	\$ 1,742,724	\$ 1,278,731	\$ 463,993
County board	137,486	137,486	134,604	2,882
Clerk of courts	1,240,146	1,243,146	1,198,416	44,730
Board of adjustments	79,092	79,092	73,941	5,151
Circuit court	596,158	596,158	571,375	24,783
Court commissioner	200,347	200,347	198,254	2,093
Circuit court probate	153,894	172,501	171,887	614
Accounting	480,346	510,948	435,546	75,402
Family court counseling	16,801	19,965	16,877	3,088
County clerk	412,715	412,715	369,247	43,468
Personnel	472,987	508,484	400,214	108,270
Treasurer	420,797	465,712	406,733	58,979
Register of deeds	249,674	250,474	222,333	28,141
District attorney	497,942	518,719	462,318	56,401
Corporation counsel	544,608	544,608	511,526	33,082
Surveyor	75,735	75,735	74,949	786
Buildings and maintenance	2,636,720	2,873,554	2,160,271	713,283
Property mapping	142,432	144,112	142,091	2,021
Sheriff	13,836,591	13,941,168	13,289,951	651,217
Coroner	144,871	149,135	150,207	(1,072)
Emergency government	177,478	253,489	253,489	-
Administrative coordinator	284,552	284,552	166,900	117,652
Management information systems	1,689,498	2,227,467	1,440,042	787,425
Public health	665,775	710,680	682,036	28,644
Home nursing	836,936	870,990	862,409	8,581
Public health - WIC	228,560	243,009	243,009	-
Public health - environmental health	277,660	370,601	291,173	79,428
Public health - bioterrorism	61,112	64,540	56,544	7,996
Child support	803,744	835,432	783,428	52,004
Veteran's service	196,782	208,294	199,115	9,179
Parks	312,694	327,837	315,300	12,537
Planning and zoning	1,394,659	1,447,810	747,921	699,889
Land conservation	1,057,977	1,152,302	1,110,996	41,306
University extension	271,754	278,917	268,697	10,220
County farm	7,440	7,440	3,704	3,736
Total Expenditures	32,337,433	33,870,143	29,694,234	4,175,909

See independent auditors' report and accompanying 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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Excess of revenues over expenditures	\$ 148,733	\$ (798,224)	\$ 2,609,959	\$ 3,408,183
OTHER FINANCING SOURCES (USES)				
Transfers in	706,021	706,021	1,083,511	377,490
Transfers out	(1,984,051)	(1,984,051)	(1,984,051)	-
Total Other Financing Sources (Uses)	(1,278,030)	(1,278,030)	(900,540)	377,490
Net Change in Fund Balance	(1,129,297)	(2,076,254)	1,709,419	3,785,673
FUND BALANCE - Beginning of Year	19,990,532	19,990,532	19,990,532	-
FUND BALANCE - END OF YEAR	\$ 18,861,235	\$ 17,914,278	\$ 21,699,951	\$ 3,785,673

SAUK COUNTY

HUMAN SERVICES FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL For the Year Ended December 31, 2008

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 6,949,532	\$ 6,949,532	\$ 6,949,532	\$ -
Intergovernmental	15,256,199	13,152,588	13,402,493	249,905
Fines, forfeitures and penalties	150,000	150,000	122,388	(27,612)
Public charges for services	642,514	661,225	520,264	(140,961)
Intergovernmental charges for services	37,918	37,918	-	(37,918)
Miscellaneous	12,700	12,700	20,678	7,978
Total Revenues	<u>23,048,863</u>	<u>20,963,963</u>	<u>21,015,355</u>	<u>51,392</u>
EXPENDITURES				
Current				
Health and social services	<u>23,048,863</u>	<u>21,324,046</u>	<u>20,557,878</u>	<u>766,168</u>
Total Expenditures	<u>23,048,863</u>	<u>21,324,046</u>	<u>20,557,878</u>	<u>766,168</u>
Net Change in Fund Balance	-	(360,083)	457,477	817,560
FUND BALANCE - Beginning of Year	<u>988,723</u>	<u>988,723</u>	<u>988,723</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 988,723</u>	<u>\$ 628,640</u>	<u>\$ 1,446,200</u>	<u>\$ 817,560</u>

See independent auditors' report and accompanying notes to required supplementary information.

SAUK COUNTY

OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYER CONTRIBUTIONS For the Year Ended December 31, 2008

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age Normal Cost</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2008	\$	- \$ 1,220,449	\$ 1,220,449	0%	N/A	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Contribution</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2008	\$ 160,451	\$ 43,469	27%	\$ 116,982

See independent auditors' report and accompanying notes to required supplementary information.

SAUK COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2008

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.

Excess expenditures over appropriations are as follows.

	<u>Amended Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
Coroner	\$ 149,135	\$ 150,207	\$ 1,072

The county monitors budgets at the department level of control. Adequate fund balances are available to fund the above excess expenditures.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

SAUK COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
Wednesday, December 31, 2008

Special Revenue Funds													
	Aging and Disability Resource Center	County Jail	Land Records Modernization	Landfill Remediation	Forest Management	Baraboo Range	Drug Seizures	CDBG-ED Revolving Loans	CDBG-FRSB Revolving Loans	Rental Properties	Alice in Dairyland	Dog License	Total Non-major Governmental Funds
ASSETS													
Cash and investments	\$ 81,369	\$ -	\$ -	\$ 2,758,929	\$ -	\$ 379,056	\$ 104,307	\$ 100	\$ -	\$ 21,985	\$ 5,755	\$ -	\$ 3,351,501
Taxes receivable	169,754	-	-	-	-	-	-	-	-	-	-	-	169,754
Accounts receivable	10,048	9,125	741	1,255	-	-	-	-	-	-	-	380	21,549
Loans receivable	-	-	-	-	-	-	-	401,085	-	-	-	-	401,085
Due from other funds	19,202	52,237	658,196	191,717	82,895	-	-	158,348	24,750	2,143	3,904	-	1,193,392
Due from other governmental units	200,925	-	-	2,674,892	-	337,507	-	-	-	-	-	-	3,213,324
Prepaid items	1,000	-	-	-	-	-	-	-	-	-	-	-	1,000
Restricted cash	-	-	-	-	-	-	-	-	-	2,082	-	-	2,082
TOTAL ASSETS	\$ 482,298	\$ 61,362	\$ 658,937	\$ 5,626,793	\$ 82,895	\$ 716,563	\$ 104,307	\$ 559,533	\$ 24,750	\$ 26,210	\$ 9,659	\$ 380	\$ 8,353,687
LIABILITIES AND FUND BALANCES													
Liabilities													
Accounts payable	\$ 49,024	\$ -	\$ 71,417	\$ 29,087	\$ -	\$ 11,430	\$ -	\$ -	\$ 180	\$ -	\$ 250	\$ 52	\$ 161,440
Accrued liabilities	45,094	-	502	-	-	1,080	-	-	-	-	-	-	46,676
Due to other funds	-	-	-	-	-	373,410	-	-	-	-	-	1,540	374,950
Due to other governmental units	-	-	3,118	-	-	-	-	-	-	-	-	1,150	4,268
Deposits	-	-	-	-	-	-	-	-	-	2,082	-	-	2,082
Deferred revenues	169,754	-	-	-	-	337,507	-	401,085	-	-	-	-	908,346
Total Liabilities	263,872	-	75,037	29,087	-	723,427	-	401,085	180	2,082	250	2,742	1,497,762
Fund Balances													
Reserved	1,000	-	-	-	-	-	-	-	-	-	9,409	-	10,409
Unreserved	-	-	-	-	-	-	-	-	-	-	-	-	-
Undesignated	217,426	61,362	583,900	5,597,706	82,895	(6,864)	104,307	158,448	24,570	24,128	-	(2,362)	6,845,516
Total Fund Balances	218,426	61,362	583,900	5,597,706	82,895	(6,864)	104,307	158,448	24,570	24,128	9,409	(2,362)	6,855,925
TOTAL LIABILITIES AND FUND BALANCES	\$ 482,298	\$ 61,362	\$ 658,937	\$ 5,626,793	\$ 82,895	\$ 716,563	\$ 104,307	\$ 559,533	\$ 24,750	\$ 26,210	\$ 9,659	\$ 380	\$ 8,353,687

SAUK COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

Special Revenue Funds														
	Aging and Disability Resource Center	County Jail	Park Land Development	Land Records Modernization	Landfill Remediation	Forest Management	Baraboo Range	Drug Seizures	CDBG-ED Revolving Loan	CDBG-FRSB Revolving Loan	Rental Properties	Alice in Dairyland	Dog License	Total Non-major Governmental Funds
REVENUES														
Taxes	\$ 167,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,437
Intergovernmental	808,796	-	-	155,739	-	-	187,056	-	-	24,750	-	-	-	1,176,341
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	31,431	31,431
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	7,902	-	-	-	-	-	7,902
Public charges for services	43,671	-	-	122,585	18,451	-	-	-	-	-	-	-	-	184,707
Intergovernmental charges for services	58,458	-	-	-	-	-	-	-	-	-	-	-	-	58,458
Regulation and compliance	-	139,315	-	-	-	-	-	-	-	-	-	-	-	139,315
Investment income	958	-	-	-	152,929	-	9,182	2,825	9,999	-	58	141	-	176,092
Miscellaneous	141,353	-	-	-	-	-	-	-	64,872	-	22,400	-	-	228,625
Total Revenues	1,220,673	139,315	-	278,324	171,380	-	196,238	10,727	74,871	24,750	22,458	141	31,431	2,170,308
EXPENDITURES														
Current														
General government	-	-	-	49,105	-	-	-	-	-	-	21,264	-	-	70,369
Public safety	-	-	-	-	-	-	-	12,874	-	-	-	-	-	12,874
Health and social services	1,275,696	-	-	-	-	-	-	-	-	-	-	-	32,988	1,308,684
Public works	-	-	-	-	175,400	-	-	-	-	-	-	-	-	175,400
Culture, education and recreation	-	-	-	-	-	-	-	-	-	-	-	500	-	500
Conservation and development	-	-	-	-	-	-	22,668	-	49	180	-	-	-	22,897
Capital Outlay	32,216	-	-	85,451	-	-	447,668	-	-	-	-	-	-	565,335
Total Expenditures	1,307,912	-	-	134,556	175,400	-	470,336	12,874	49	180	21,264	500	32,988	2,156,059
Excess (deficiency) of revenues over expenditures	(87,239)	139,315	-	143,768	(4,020)	-	(274,098)	(2,147)	74,822	24,570	1,194	(359)	(1,557)	14,249
OTHER FINANCING USES														
Transfers out	-	(136,000)	(15,020)	-	-	(5,550)	-	(10,160)	-	-	-	-	-	(166,730)
Total Other Financing Uses	-	(136,000)	(15,020)	-	-	(5,550)	-	(10,160)	-	-	-	-	-	(166,730)
Net change in fund balance	(87,239)	3,315	(15,020)	143,768	(4,020)	(5,550)	(274,098)	(12,307)	74,822	24,570	1,194	(359)	(1,557)	(152,481)
FUND BALANCES -														
Beginning of Year	305,665	58,047	15,020	440,132	5,601,726	88,445	267,234	116,614	83,626	-	22,934	9,768	(805)	7,008,406
FUND BALANCES (DEFICIT) -														
END OF YEAR	\$ 218,426	\$ 61,362	\$ -	\$ 583,900	\$ 5,597,706	\$ 82,895	\$ (6,864)	\$ 104,307	\$ 158,448	\$ 24,570	\$ 24,128	\$ 9,409	\$ (2,362)	\$ 6,855,925

SAUK COUNTY

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS December 31, 2008

	Self- Insurance	Workers' Compensation	Totals
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 550,422	\$ -	\$ 550,422
Due from other funds	-	859,198	859,198
Total Current Assets	550,422	859,198	1,409,620
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to other funds	\$ 72,441	\$ -	\$ 72,441
Claims payable	-	26,645	26,645
Total Current Liabilities	72,441	26,645	99,086
NON-CURRENT LIABILITIES			
Claims payable	-	103,961	103,961
Total Liabilities	72,441	130,606	203,047
NET ASSETS			
Unrestricted	477,981	728,592	1,206,573
TOTAL NET ASSETS	\$ 477,981	\$ 728,592	\$ 1,206,573

SAUK COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2008

	Self- Insurance	Workers' Compensation	Totals
OPERATING REVENUES			
Charges for services	\$ 24,331	\$ 707,964	\$ 732,295
Miscellaneous	17,828	340,030	357,858
Total Operating Revenues	<u>42,159</u>	<u>1,047,994</u>	<u>1,090,153</u>
OPERATING EXPENSES			
Operation and maintenance	<u>114,599</u>	<u>319,402</u>	<u>434,001</u>
Operating Income (Loss)	<u>(72,440)</u>	<u>728,592</u>	<u>656,152</u>
NONOPERATING REVENUES			
Investment income	<u>13,523</u>	<u>-</u>	<u>13,523</u>
Change in Net Assets	(58,917)	728,592	669,675
NET ASSETS - Beginning of Year	<u>536,898</u>	<u>-</u>	<u>536,898</u>
NET ASSETS - END OF YEAR	<u>\$ 477,981</u>	<u>\$ 728,592</u>	<u>\$ 1,206,573</u>

SAUK COUNTY

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2008

	Self- Insurance	Workers' Compensation	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from other funds	\$ 42,159	\$ 188,796	\$ 230,955
Paid to suppliers for goods and services	(81,735)	(188,796)	(270,531)
Net Cash Flows From Operating Activities	(39,576)	-	(39,576)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	13,523	-	13,523
Net Cash Flows From Investing Activities	13,523	-	13,523
Change in Cash and Cash Equivalents	(26,053)	-	(26,053)
CASH AND CASH EQUIVALENTS - Beginning of Year	576,475	-	576,475
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 550,422</u>	<u>\$ -</u>	<u>\$ 550,422</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES			
Operating loss	\$ (72,440)	\$ 728,592	\$ 656,152
Changes in Noncash Components of Working Capital			
Due from other funds	-	(859,198)	(859,198)
Due to other funds	32,864	-	32,864
Claims payable	-	130,606	130,606
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (39,576)</u>	<u>\$ -</u>	<u>\$ (39,576)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
None.			

SAUK COUNTY

COMBINING STATEMENT OF FIDUCIARY NET ASSETS AGENCY FUNDS December 31, 2008

	Agency Funds					
	Officers' Range Association	Tri-County Airport	Clerk of Courts	Huber Trust	Tax Collection	Totals
ASSETS						
Cash and investments	\$ 11,132	\$ -	\$ 906,607	\$ 60,862	\$ -	\$ 978,601
Accounts receivable	100	2,962	-	-	-	3,062
Property taxes receivable	-	-	-	-	1,210,212	1,210,212
Due from other governments	-	48,144	-	-	-	48,144
TOTAL ASSETS	<u>\$ 11,232</u>	<u>\$ 51,106</u>	<u>\$ 906,607</u>	<u>\$ 60,862</u>	<u>\$ 1,210,212</u>	<u>\$ 2,240,019</u>
LIABILITIES						
Accounts payable	\$ 5,413	\$ 6,591	\$ -	\$ -	\$ -	\$ 12,004
Accrued liabilities	-	4,065	-	-	-	4,065
Deposits	-	-	906,607	60,862	-	967,469
Due to other governments	5,819	40,450	-	-	1,210,212	1,256,481
TOTAL LIABILITIES	<u>\$ 11,232</u>	<u>\$ 51,106</u>	<u>\$ 906,607</u>	<u>\$ 60,862</u>	<u>\$ 1,210,212</u>	<u>\$ 2,240,019</u>