

WALWORTH COUNTY



W I S C O N S I N

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Including Auditor's Report
For the fiscal year ended December 31, 2004

**WALWORTH COUNTY, WISCONSIN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2004**

Prepared by:
Walworth County Finance Department

WALWORTH COUNTY, WISCONSIN
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INTRODUCTORY SECTION



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May 31, 2005

Finance

To The Honorable Chairperson of the County Board,
Members of the County Board of Supervisors and
Citizens of Walworth County, Wisconsin

Ladies and Gentlemen:

Nicole Andersen
Deputy County
Administrator-Finance

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the County of Walworth for the fiscal year ended December 31, 2004. To satisfy requirements of State law and Walworth County Ordinance, this report was prepared by the Finance Department in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other authoritative accounting standard setting bodies. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

This report consists of management's representations concerning the finances of Walworth County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of Walworth County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Walworth County's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the operation of the various funds of the County.

County policy, in accordance with state and federal requirements, is to provide for an annual audit of the financial records of the government. In addition to meeting the requirements set forth above, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and related U.S. Office of Management and Budget Circular A-133. An independent firm of licensed certified public accountants, Schenck SC, has audited Walworth County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor has issued an unqualified ("clean") opinion that Walworth County's financial statements for the fiscal year ended December 31, 2004 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

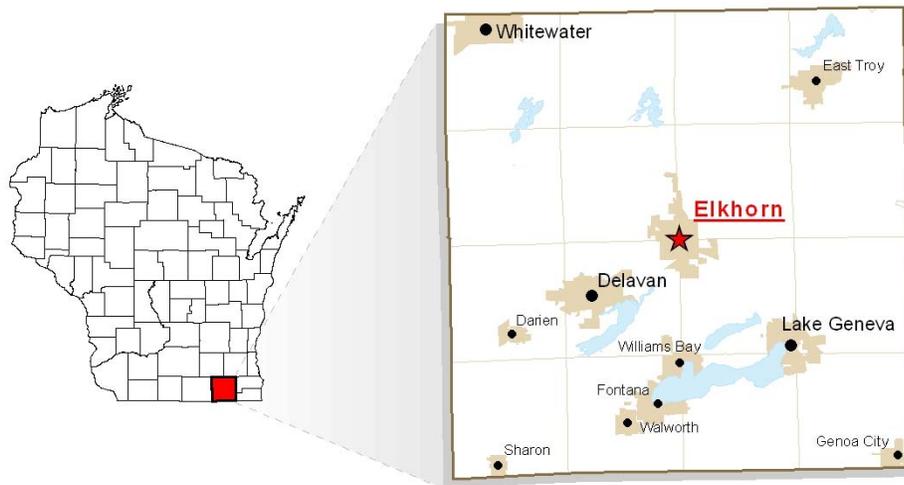
100 W. WALWORTH
PO BOX 1001
ELKHORN, WI 53121
262.741.4242 TEL
262.741.4384 FAX

The CAFR represents the culmination of all budgeting and accounting activities engaged in by management during the year, covering all funds of the County. It is organized and presented in three sections: introductory, financial, and statistical.

- The **introductory section** includes this transmittal letter, the GFOA Certificate of Achievement for the County's 2003 financial statements, the County's organizational chart and a list of principal officials.
- The **financial section** includes the independent auditor's report, Management's Discussion and Analysis (MD&A), the audited basic financial statements, disclosure notes, required supplementary information, and supporting statements and schedules necessary to fairly present the financial position and the results of the operations of the County in conformity with accounting principles generally accepted in the United States of America. The MD&A is prepared by management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.
- The **statistical section** includes selected financial and demographic information, typically presented on a multi-year basis.

THE REPORTING ENTITY

Walworth County was created in 1838, pursuant to the laws of the territory of Wisconsin, with the City of Elkhorn established as the County Seat. The County was part of Racine County until its organization as a separate unit of county government was authorized by an act of the Territorial Legislature in 1839. Within the County's 576 square miles, there are 4 cities, 8 villages, 16 towns and all or portions of 15 school districts.



Policy-making and legislative authority are vested in the 25-member Board of Supervisors. The Board of Supervisors appoints the County Administrator. The financial reporting entity includes all of the funds of Walworth County. The government provides a full range of services to meet the needs of its citizens. These services include: general and financial administration, including tax collections; judiciary services and legal counsel; property records; county planning and zoning; public safety, including sheriff, emergency government

and correctional facilities; health and human services; transportation; veteran's assistance; coroner; nursing home; election administration; cultural and recreational activities, including parks; special education; University of Wisconsin extension services; and the conservation of natural resources.

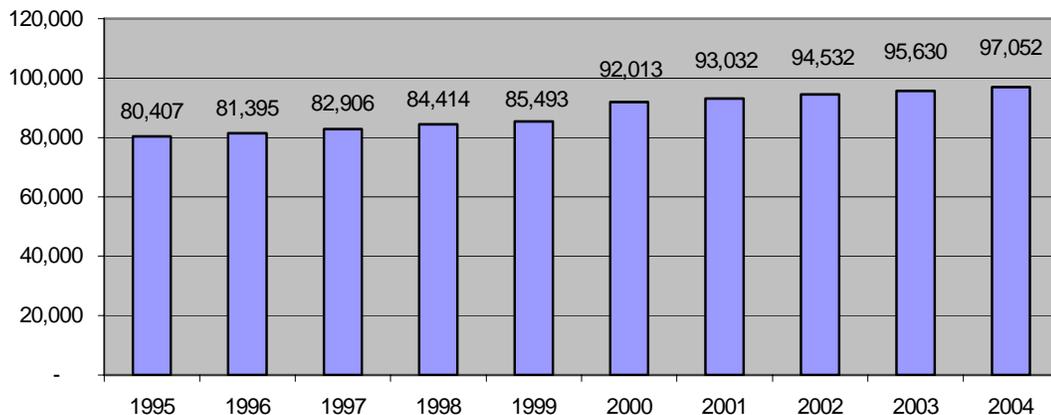
The County maintains budget controls, the objective of which is to ensure compliance with legal provisions of the annual budget adopted by the Walworth County Board of Supervisors. All County departments are required to submit their annual budget requests for the ensuing year to the County Administrator in August. After all requests have been reviewed, the County Administrator evaluates departmental requests and submits his proposed Administrator's budget to the County Board of Supervisors in September. The County Board must hold public hearings on the proposed budget and finalize budget adoption on or before November 15. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the department level. Budget-to-actual comparisons are provided in the required supplemental information section of this report for the General Fund.

ECONOMIC CONDITIONS AND OUTLOOK

LOCAL ECONOMY

As of 2004, Walworth County is the ninth fastest growing county in Wisconsin adding over 5,000 new residents since 2000 for a growth rate of 5.5 percent. The estimated population at December 31, 2004 is 97,052, an increase of 1,422 from 2003, with the majority of new residents being the result of in-migration from surrounding counties. The graph below demonstrates the steady increase in census for the past 10 years. The County is strategically located in southeastern Wisconsin, approximately 100 miles northwest of the City of Chicago, 50 miles southwest of the City of Milwaukee and 65 miles southeast of the City of Madison.

Population

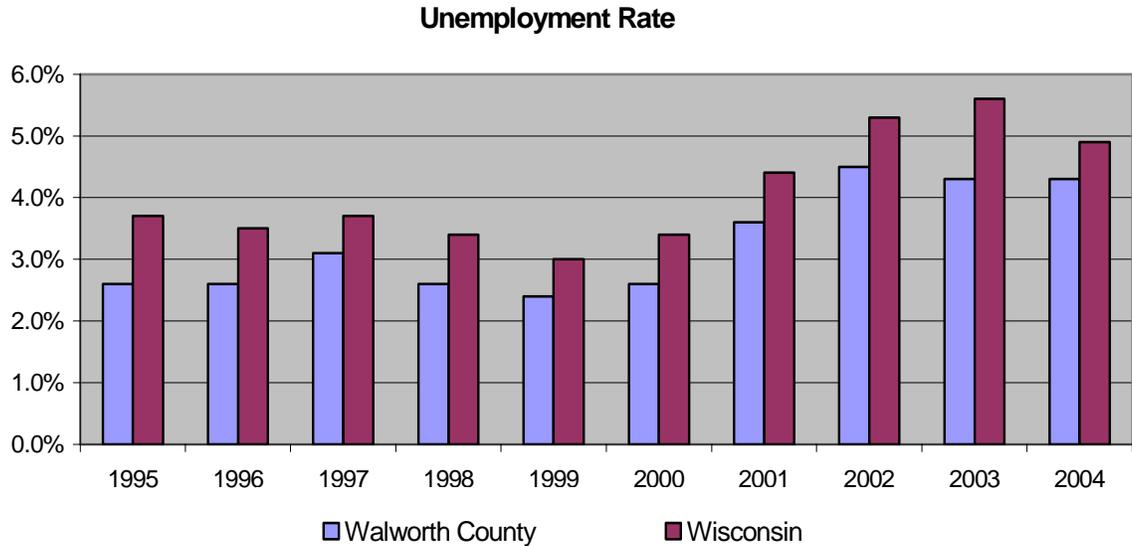


Source: Wisconsin Department of Administration, Demographic Services Center and US Census Bureau

Walworth County is home to the University of Wisconsin - Whitewater, a four-year institution with an enrollment of 10,540 students. Gateway Technical College maintains a campus in the City of Elkhorn and offers associate degrees and vocational education programs to serve the technical training needs of the area.

Recreation is an integral part of the Walworth County economy. Boating, fishing, and hiking are popular activities. The County is home to Geneva Lake, a well-known mid-west vacation destination. The Kettle Moraine State Forest is renowned for its hiking, biking, and skiing trails.

Walworth County has an economy marked by steady growth, diversity and stability. The County has consistently experienced an unemployment rate below the state and national averages. The average 2004 unemployment rate for the County was 4.3% compared to a statewide figure of 4.9%. Historically, unemployment levels within the County are lower than that of the State, as indicated in the following chart.



The County is heavy in the tourism industry. Tourism is chiefly composed of leisure and hospitality sector employment. The table below outlines the County's top employing industries, which make up 51% of the job market.

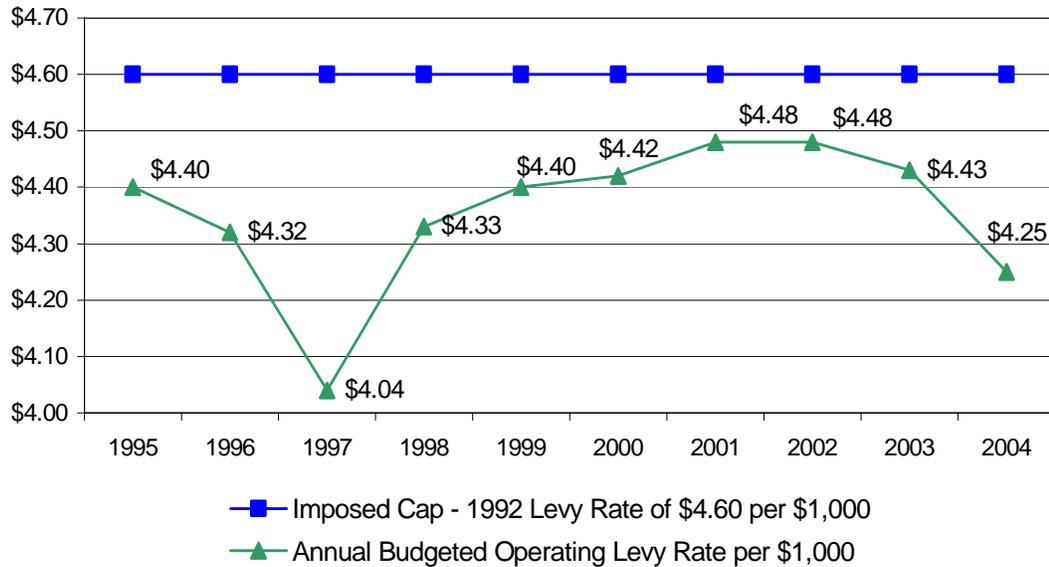
**Top 10 Industries in Walworth County
As of March 2004**

<u>Industry</u>	<u>Establishments</u>	<u>Employees</u>
Educational Services	34	3,854
Food Services & Drinking Places	195	3,531
Accommodation	26	2,195
Executive, Legislative & General Gov't	29	1,806
Machinery Manufacturing	21	1,703
Plastics & Rubber Products Manufacturing	21	1,624
Administrative & Support Services	92	1,382
Fabricated Metal Product Manufacturing	41	1,255
Nursing & Residential Care Facilities	34	1,240
Food & Beverage Stores	35	1,047

Source: Wisconsin Department of Workforce Development

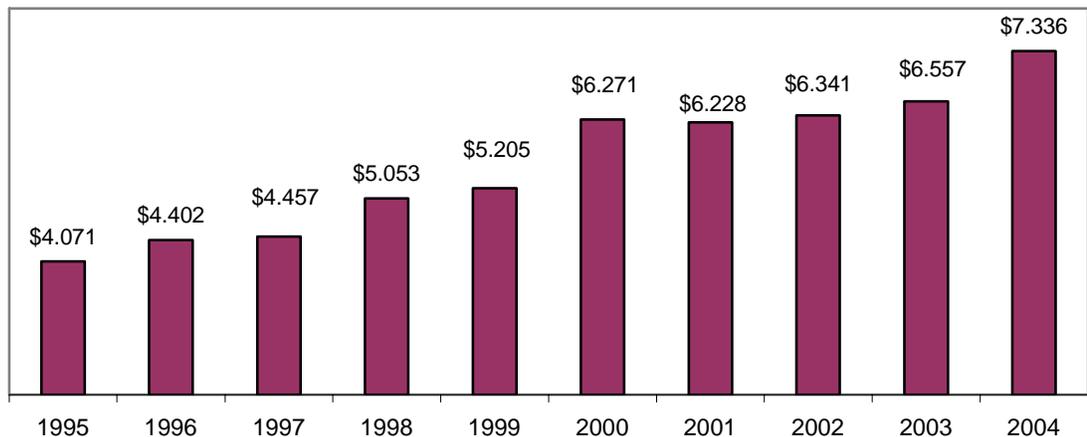
In 1993, State Legislature imposed a mill rate limit on Wisconsin counties. Counties are restricted to limit the mill rate attributable to operating expenses at or below the rate they imposed in 1992. For Walworth County, this equates to a rate of \$4.60 per thousand dollars of equalized value. The illustration below graphically demonstrates the County operating mill rate against the imposed cap over the past 10 years. Debt service and library tax rates are excluded from the cap.

Operating Mill Rates 1995 to 2004



Growth in retail is also a factor in the economic stability of Walworth County. The County imposes a .5% sales tax on retail purchases, providing additional revenues to fund County programs.

Sales Tax Revenue 1995 to 2004 (in millions)



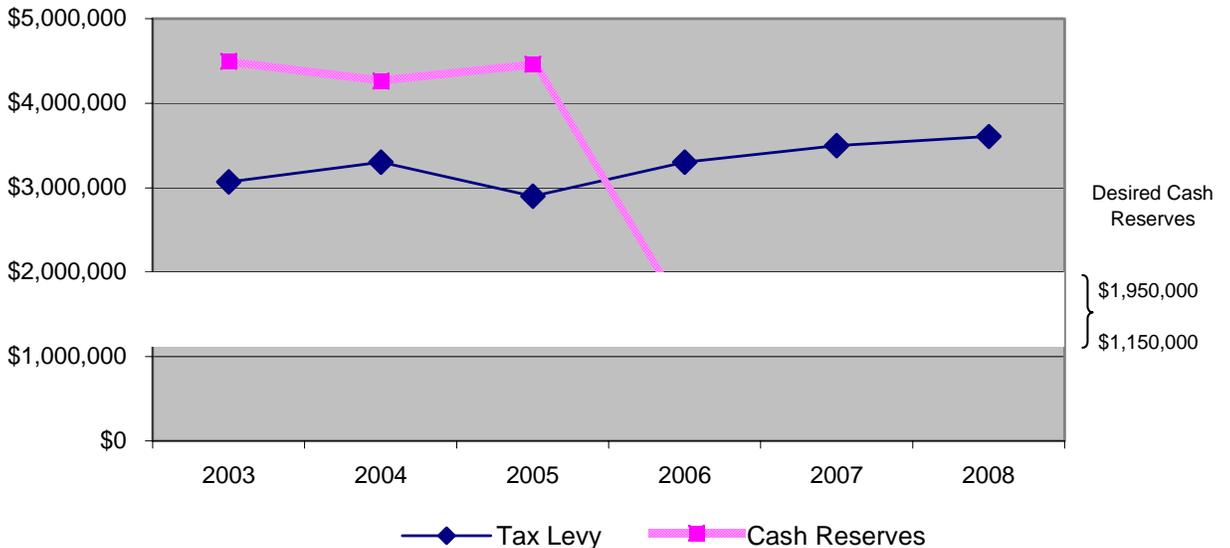
LONG-TERM FINANCIAL PLANNING

Capital Projects:

The County's new Judicial Center, with a total cost of \$12.7 million, is scheduled to open in April 2005. Renovations to the existing courthouse facility have been proposed which will upgrade the building to a more modern, efficient facility, and accommodate the location of County staff from the annex facility. The 2005 budget includes \$3.1 million for renovation costs.

Lakeland Health Care Center, the County nursing home has been the topic of considerable study by the County Board. Due to the anticipated loss of aid from the Federal Intergovernmental Transfer (IGT) Program and inadequate reimbursement through the Medicaid program, the County reviewed its options and selected a proactive approach in 2002. Following a year of discussions, County Board Supervisors articulated a continuing need to support a 120 bed nursing home facility, a reduction from the existing 235 beds. The reduction in the number of beds was scheduled to occur over a three year timeframe as a result of freezing admissions. The County budgeted to increase nursing home reserves in anticipation of future reduction in revenue. At the beginning of 2004, the County Board voted to construct a smaller, more efficient nursing home that could operate within the existing \$3.3 million tax levy. To maximize funding, the County entered into a downsizing agreement with the State of Wisconsin in 2003 to reduce the licensed beds from 235 to 120. Staff reductions and operational efficiencies began during the third quarter of 2003 and will continue as the downsizing process continues. In 2004, an architect was retained and the planning intensified. Included in the 2005 budget is \$15.2 million for the construction of a new 120-bed nursing home facility with groundbreaking scheduled for June of 2006. The fate of the original facility is yet to be determined. The County established a policy to maintain equity between \$1.1 million and \$1.9 million in the nursing home fund to manage funding volatility. The graph below illustrates a long-range plan for maintaining the nursing home cash reserves without a substantial increase in levy appropriation.

Lakeland Health Care Center
Tax Levy and Cash Reserves
LHCC Assuming Debt Service Interest Payments



Additional capital resources will be used to repair and maintain other County buildings, for the replacement or repair of County roads, and demolition of buildings in the annex complex. The buildings in the annex complex have served the County well for many years, however they have become expensive to maintain, inefficient to staff, and difficult for public to access.

An outside study is being conducted to identify the County's options for renovating or replacing Lakeland School. Lakeland School is a County owned and managed educational facility for handicapped children. The five-year capital plan contains funds for construction or renovation to take place in 2007.

Other Long Term Planning:

The County is taking proactive steps with the upcoming changes required by GASB in reporting Other Post Employment Benefits (OPEB). Traditionally, health-care costs paid to retirees have been financially accounted for on a pay-as-you-go basis, which is common among governments, instead of accrued when earned. The County is working with Milliman Consulting and Actuaries to determine the present value of the current liability. In 2004, an Ordinance was passed that established a 30-year time frame to fully fund retiree health benefits by 2034. The budget for 2005 provides \$300,000 to be designated for this purpose. Future year's budgets will have OPEB costs built directly in the appropriate departmental budgets.

RELEVANT FINANCIAL POLICIES

Use of Undesignated Fund Balance

Walworth County Ordinance 30-157 defines the appropriate undesignated General Fund balance to be 15 – 20% of the General Fund revenues plus the property tax revenue allocated to each fund. As of December 31, 2004, the undesignated fund balance is at 25.81%, providing excess funds in the amount of approximately \$3.7 million to be appropriated as authorized by the County Board of Supervisors. Use of the funds are limited to one-time expenditures, including but not limited to: capital expenditures, prepayment of outstanding debt, start-up costs for new programs, termination costs of ineffective or inefficient programs, advance payment of multi-year obligation to achieve a discount, or other nonrecurring expenditures.

Cash Management

Cash temporarily idle during the year was invested in U.S. Treasury obligations and government securities, certificates of deposit, government obligation bonds or securities, State of Wisconsin Local Government Investment Pool, and collateralized repurchase agreements. On December 31, 2004, the County had \$51.4 million of investments.

The primary objectives of the Walworth County investment policy are to preserve capital in the overall portfolio, to remain sufficiently liquid to meet disbursement requirements, and to realize the maximum return consistent with portfolio safety and liquidity needs.

Risk Management

The County is self-insured for worker's compensation, employee health and dental insurance, and, as of 2004, general liability insurance. The County purchases stop loss insurance for catastrophic coverage.

MAJOR INITIATIVES

Significant budget cuts and department consolidations have occurred over the past three years. Consolidations of departments have eliminated several positions, providing significant

cost savings while maintaining or improving services. In 2004, the Human Resources department was eliminated and the duties were distributed over two departments: the payroll and related activities were moved under the Finance Department; the employment and benefit administration functions became part of County Administration, Employee Relations.

Information Systems and Facilities Departments have been changed from Internal Service Funds to a function of the General Fund in 2004. This change did not decrease costs and no positions or services have been eliminated. Positive results from this change include improved financial accountability and more efficient record keeping. In the past, charges related to the County's technology infrastructure and facilities management was accounted for by "charging" the department for the internal service provided by the two departments. This caused significant paperwork, discord among the charging and charged department and hidden costs in the budget. With the elimination of charge-backs, department budgets reflect specific costs for technology, utilities and maintenance within their own line item detail.

Walworth County's economy and population are growing. This positive growth brings the demand for increased jobs and services. During 2003, we introduced the concept of Economic Development and established a County-wide economic development advisory committee with representation from the major industries and governmental units within the County. The aim of the program is to retain existing business, promote new, quality business growth and increase our commitment to tourism. The 2004 budget funded a new half-time economic development specialist position. The advisory committee engaged in a strategic planning process in 2004 to determine the appropriate role of the County in economic development and how best to implement the plan.

The County purchasing process is becoming centralized with departments using a Finance Central Purchasing Department and an electronic Purchase Order system. Procedures and guidelines have been put into place, which strengthened the value of the County's dollar while ensuring a fair and equitable process for bid and contract awards. It is anticipated that all County departments will be using the electronic system by the end of 2005.

Technology advances over the past 15 years have made the County's Financial and Human Resource software obsolete. Currently, the County is faced with the challenge of several programs developed many years ago that are not integrated with one another and are no longer supported by vendors. The County is working with the assistance of the Government Finance Officers Association to establish requirements for soliciting a new software vendor for both its financial and human resource systems.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the fiscal year ended December 31, 2003. This was the second consecutive year that the County received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the cooperation, dedication and extensive involvement of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report.

Appreciation is also expressed for the assistance received from our independent auditors, Schenck S.C. We would also like to thank the County Board and Finance Committee Chairpersons, the County Board of Supervisors, and the Finance Committee for their interest and support in planning and conducting financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



David A. Bretl
County Administrator



Nicole J. Andersen
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Walworth County,
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



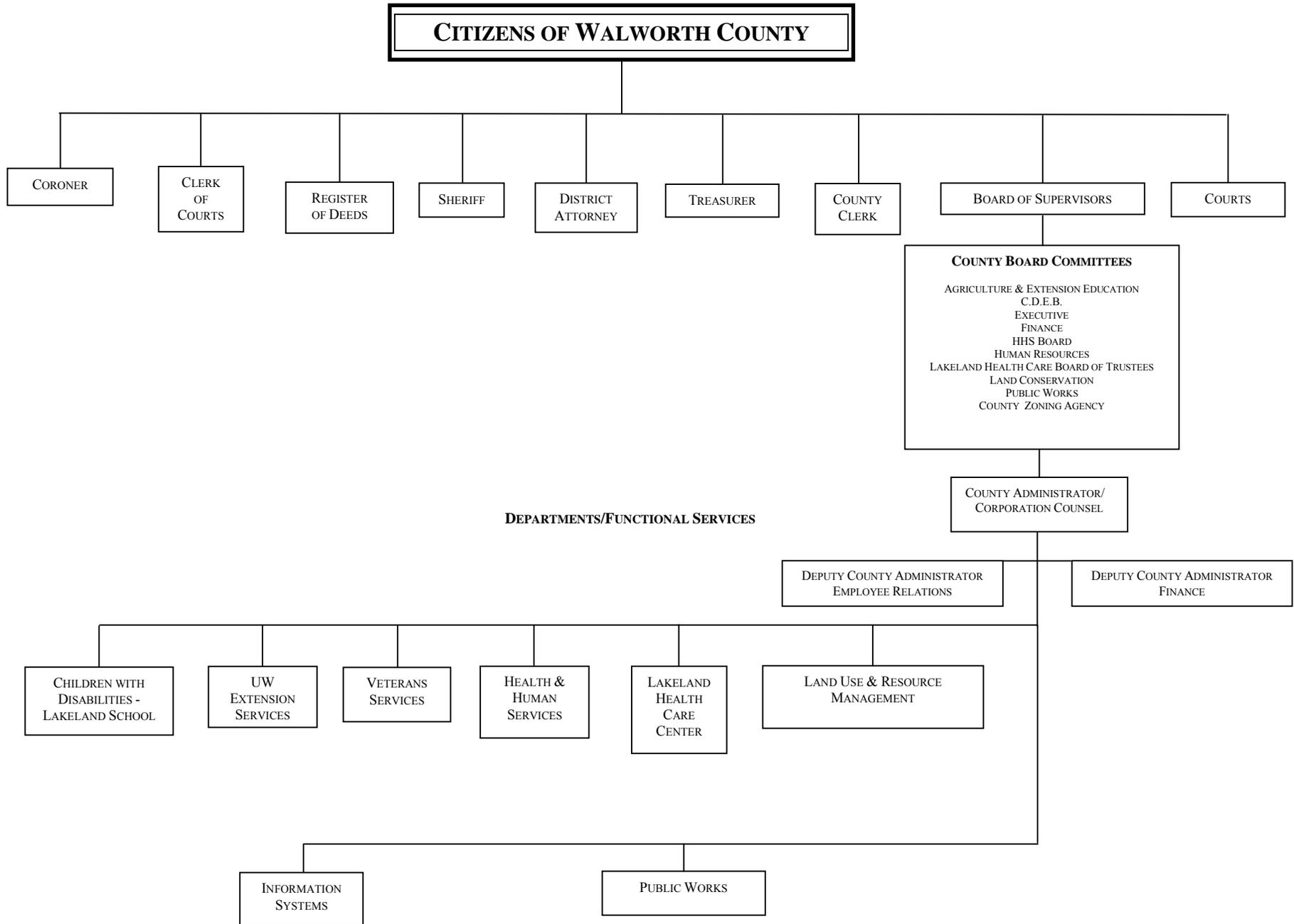
Nancy L. Ziehl

President

Jeffrey R. Emswiler

Executive Director

WALWORTH COUNTY ORGANIZATION STRUCTURE – 2004



WALWORTH COUNTY
LIST OF PRINCIPAL OFFICIALS
 As of December 31, 2004

ELECTED OFFICIALS

County Clerk	.....	Kimberly Bushey
Clerk of Courts	.....	Sheila Reiff
Coroner	.....	John Griebel
District Attorney	.....	Phillip Koss
Register of Deeds	.....	Connie Woolever
Sheriff	.....	David Graves
Treasurer	.....	Kathy DuBois

COUNTY BOARD SUPERVISORS

<u>Supervisory District</u>	<u>Name</u>
1	Rick Stacey
2	Joyce I. Ketchpaw
3	Stanley Muzatko
4	Ann Lohrmann
5	Sandra Wagie-Troemel
6	Art Lein
7	Jerry A. Grant
8	Richard Kuhnke, Sr.
9	Robert W. Arnold
10	Betty Felten
11	Larry D. Hilbelink
12	Roy T. Lightfield
13	Joseph H. Schaefer
14	Margaret C. Downing
15	David Weber
16	Dorothy C. Burwell
17	Joseph C. Guido Sr.
18	Jerry Waelti
19	Allen L. Morrison
20	Jim Van Dreser
21	Allan J. Polyock
22	Nancy Russell
23	Chris Goebel
24	Randy A. Hawkins
25	Pauline Parker

(Continued on Next Page)

WALWORTH COUNTY
LIST OF PRINCIPAL OFFICIALS
 As of December 31, 2004

NONELECTED OFFICIALS

<u>Activity</u>	<u>Name</u>
County Administrator	David Bretl
Corporation Counsel	David Bretl
Deputy County Administrator - Finance.....	Nicole Andersen
Deputy County Administrator - Employee Relations	Mari Nahn
Comptroller	Tracy Schulze
Public Works Director	Shane Crawford
Health and Human Services Director	Michael Kohl
Information Systems Director	Douglas Chase
Lakeland Health Care Center Administrator	Phyllis Williams
Lakeland School Director	Tracy Moate
Land Use and Resource Management Director	Michael Cotter
University of Wisconsin Extension Department Head.....	Carolyn Belczyk
Veterans Service Officer	Christine Jordan



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**FINANCIAL
SECTION**



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INDEPENDENT AUDITORS' REPORT

To the Honorable Board of County Supervisors
Walworth County, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Walworth County, Wisconsin ("the County") as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Walworth County, Wisconsin's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, and the health and human services and Lakeland School special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2005, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

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

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of Walworth County, Wisconsin. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



Certified Public Accountants
Green Bay, Wisconsin
April 13, 2005

**MANAGEMENT
DISCUSSION
AND
ANALYSIS**



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WALWORTH COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2004

As management of Walworth County, we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2004. Walworth County adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* as of January 1, 2003. Efforts have been made to provide comparison to prior year data when such data is available. In subsequent years comparison to prior year data will be provided for all key financial information.

Financial Highlights

- The assets of the County exceeded its liabilities as of December 31, 2004 by \$98.3 million (*net assets*), \$79.5 million in governmental activities and \$18.8 million in business-type activities. Of this amount, \$43.2 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased \$7 million. Governmental activities increased net assets by \$5.3 million, business-type activities increased net assets by \$1.7 million.
- As of December 31, 2004, the County's governmental funds reported combined ending fund balances of \$33.9 million. Approximately 48% of this total amount, \$16.5 million is available for spending at the County's discretion (*unreserved and undesignated fund balance*).
- The mill rate fell 4% per \$1,000 of property value for the year ended December 31, 2004.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all of the 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 a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the 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 the County include general government, public safety, health and human services, culture, education and recreation, public works, and conservation and development. The business-type activities of the County include Lakeland Health Care Center and the Highway fund.

WALWORTH COUNTY, WISCONSIN
Management's Discussion and Analysis
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The government-wide financial statements can be found on pages 25-26 of this report.

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

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

The County maintains seven 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, Health and Human Services, Lakeland School and Debt Service funds, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 27-34 of this report.

Proprietary funds. The 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. The County uses enterprise funds to account for its Lakeland Health Care Center and Highway Fund services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its employee benefits and risk management. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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 Lakeland Health Care Center and Highway funds, both of which are considered to be major funds of the County. The two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 35-39 of this report.

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Fiduciary funds. Fiduciary funds are used to account for resources held 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 the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 40-41 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 42-63 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 64-79. Detailed schedules of capital assets used in operation of governmental funds can be found on pages 80-82.

Government-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$98,350,400 at the close of 2004.

Walworth County's Net Assets
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 98,226	\$ 94,877	\$ 15,945	\$ 14,822	\$ 114,171	\$ 109,699
Capital assets	81,516	75,398	8,215	8,439	89,731	83,837
Total assets	<u>179,742</u>	<u>170,275</u>	<u>24,160</u>	<u>23,261</u>	<u>203,902</u>	<u>193,536</u>
Long-term liabilities	48,044	45,173	1,199	1,193	49,243	46,366
Other liabilities	52,146	50,902	4,163	4,979	56,309	55,881
Total liabilities	<u>100,190</u>	<u>96,075</u>	<u>5,362</u>	<u>6,172</u>	<u>105,552</u>	<u>102,247</u>
Net assets:						
Invested in capital assets, net of related debt	45,153	39,966	8,215	8,439	53,368	48,405
Restricted	1,772	2,717	-	-	1,772	2,717
Unrestricted	32,627	31,517	10,583	8,650	43,210	40,167
Total net assets	<u>\$ 79,552</u>	<u>\$ 74,200</u>	<u>\$ 18,798</u>	<u>\$ 17,089</u>	<u>\$ 98,350</u>	<u>\$ 91,289</u>

The largest portion of the County's net assets (54%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (1.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$43,210,178) may be used to meet the County's ongoing obligations to citizens and creditors.

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Change in net assets. At the end of the fiscal year, the County reported total revenues of \$105,630,834 and total expenses of \$98,569,394, resulting in an increase in net assets of \$7,061,440 (after considering transfers and capital contributions). The table below and the narrative that follow consider the key elements of this increase broken down by governmental activities and business-type activities.

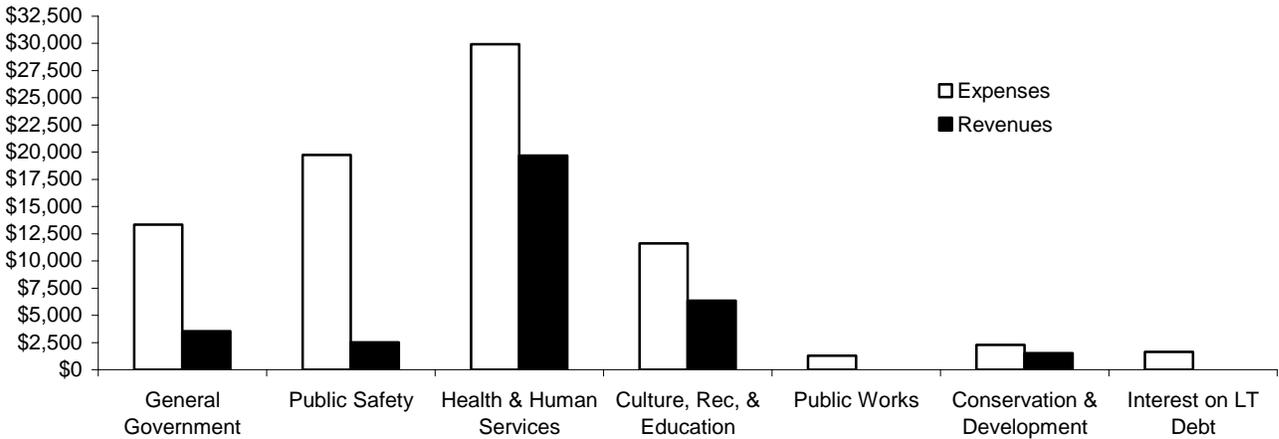
Walworth County's Change in Net Assets
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	\$ 9,292	\$ 8,896	\$ 12,325	\$ 14,347	\$ 21,617	\$ 23,243
Operating grants and contributions	23,955	23,486	4,015	6,252	27,970	29,738
Capital grants and contributions	389	636	-	-	389	636
General revenues:						
Property taxes	37,150	40,144	3,989	3,890	41,139	44,034
Other taxes	13,234	7,102	-	-	13,234	7,102
Grants and contributions not restricted to specific programs	367	776	-	-	367	776
Other	869	1,044	45	58	914	1,102
Total revenues	<u>85,256</u>	<u>82,084</u>	<u>20,374</u>	<u>24,547</u>	<u>105,630</u>	<u>106,631</u>
Expenses:						
General government	13,384	11,680	-	-	13,384	11,680
Public safety	19,747	18,707	-	-	19,747	18,707
Health and human services	29,940	29,577	-	-	29,940	29,577
Culture, recreation and education	11,603	11,182	-	-	11,603	11,182
Public works	1,287	1,322	-	-	1,287	1,322
Conservation and development	2,292	2,434	-	-	2,292	2,434
Interest on long-term debt	1,649	1,449	-	-	1,649	1,449
Nursing home	-	-	13,587	16,177	13,587	16,177
Highway	-	-	5,080	5,990	5,080	5,990
Total expenses	<u>79,902</u>	<u>76,351</u>	<u>18,667</u>	<u>22,167</u>	<u>98,569</u>	<u>98,518</u>
Increase in net assets before capital contributions and transfers	<u>5,354</u>	<u>5,733</u>	<u>1,707</u>	<u>2,380</u>	<u>7,061</u>	<u>8,113</u>
Capital contributions	-	-	-	404	-	404
Transfers	(2)	24	2	(24)	-	-
Increase in net assets	<u>5,352</u>	<u>5,757</u>	<u>1,709</u>	<u>2,760</u>	<u>7,061</u>	<u>8,517</u>
Net assets - January 1, 2004	74,200	68,443	17,089	14,329	91,289	82,772
Net assets - December 31, 2004	<u>\$ 79,552</u>	<u>\$ 74,200</u>	<u>\$ 18,798</u>	<u>\$ 17,089</u>	<u>\$ 98,350</u>	<u>\$ 91,289</u>

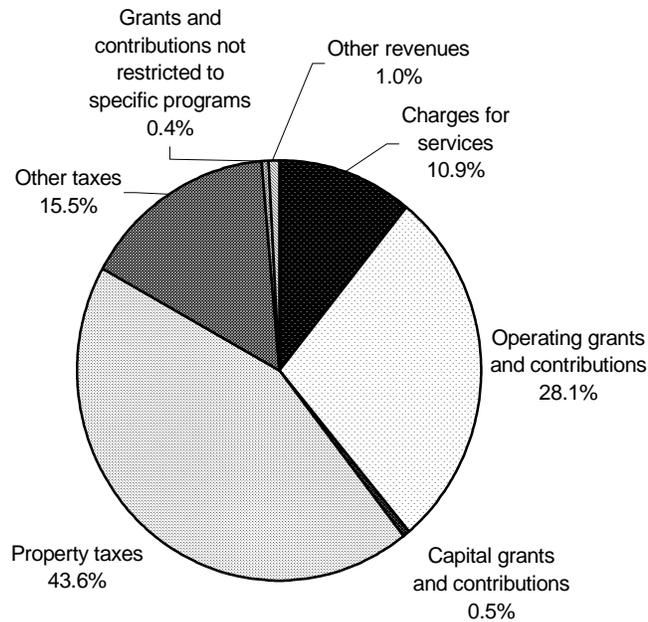
WALWORTH COUNTY, WISCONSIN
 Management's Discussion and Analysis
 December 31, 2004

Governmental Activities. Governmental activities increased the County's net assets by \$5,352,686, thereby accounting for 76% of the total growth in net assets of the County. This growth is due to increased revenues and decreased expenses. Revenues for the County's governmental activities total \$85,256,721, with property taxes accounting for 43.6% of the total revenue, followed by other taxes at 15.5%. Expenses cover a range of services, with the majority in four areas: 37.5% for health and human services, 24.7% for public safety (sheriff's department), 16.7% for general government functions, and 14.5% for culture, recreation and education. The graphs below compare (1) total governmental activity expenses to program revenue which does not include general revenues of property and other taxes, or grants and contributions not related to specific programs, and (2) all revenue sources for governmental activities.

Governmental Activities
(1) Expenses and Program Revenues
 (In thousands)



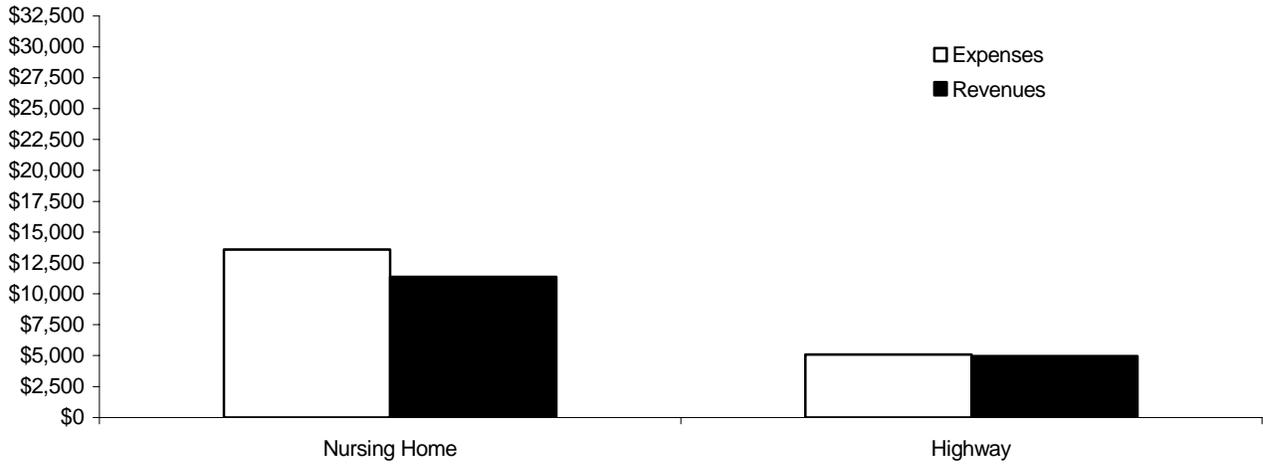
Governmental Activities
(2) Revenues by Source



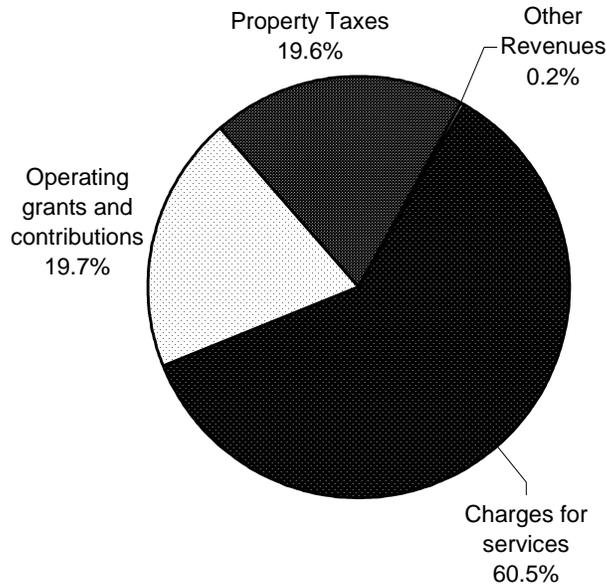
WALWORTH COUNTY, WISCONSIN
 Management's Discussion and Analysis
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Business-type Activities. Business-type activities increased net assets by \$1,708,754, accounting for 24% of the growth within the County. The majority of this increase (51%) is attributable to the nursing home building up a cash reserve for operations due to an anticipated significant decrease in grant funding in future years. The graphs below compare (1) total business-type activity expenses to program revenue which does not include general revenues of property and other taxes, or grants and contributions not related to specific programs and (2) all revenue sources for business-type activities.

Business-type Activities
(1) Expenses and Program Revenues
(In thousands)



Business-type Activities
(2) Revenues by Source



WALWORTH COUNTY, WISCONSIN
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Financial Analysis of the County's Funds

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

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

As of December 31, 2004, the County's governmental funds reported combined ending fund balances of \$33,905,393, a decrease of \$3,471,117 from the prior year. Approximately 70% of this amount (\$23,872,615) constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for current year purchases of inventory and prepayments that benefit periods beyond the end of the current year (\$47,997), 2) for non-liquid delinquent taxes (\$2,142,293), 3) for capital project encumbrances (\$5,839,649), and 4) for a variety of other restricted purposes (\$2,002,839). Of the unreserved fund balance, the County Board designated \$7,323,864 to fund subsequent year budget items. Further details of fund balance reservations and designations can be found in the notes to the financial statements.

The general fund is the chief operating fund of the County. At the end of the current year, unreserved fund balance of the general fund was \$21,241,187, while total fund balance reached \$23,747,523. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 59% of total general fund expenditures, while total fund balance represents 66% of that same amount.

The fund balance of the County's general fund decreased by \$4,844,035 during the current year. Key factors in this decrease include the \$5,476,483 transfer of Risk Management out of the General Fund into its own internal service fund, offset by the net of \$775,572 from the transfers of Facilities Management and Information System internal service funds into the General Fund.

Per County resolution, any excess or deficit in a special revenue fund balance at year-end is transferred to/from the general fund.

The Health and Human Services special revenue fund has a total fund balance of \$68,845. Of this fund balance, \$58,473 is unreserved, but designated to fund subsequent year items and \$10,372 is reserved for prepayments that benefit periods beyond the end of the current year. The fund balance increased by \$14,456. Health and Human Services had a deficiency of revenues over expenditures resulting in a transfer from the general fund of \$521,264.

The Lakeland School special revenue fund has a total fund balance of \$16,659. Of this fund balance, \$4,036 is unreserved, but designated to fund subsequent year items, \$1,357 is reserved for prepayments that benefit periods beyond the end of the current year and \$11,266 is reserved for donor-specified building projects. The fund balance decreased by \$31,459. Lakeland School had a deficiency of revenues over expenditures resulting in a transfer from the general fund of \$44,698.

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

Unrestricted net assets of Lakeland Health Care Center at the end of the year amounted to \$6,306,546. The total growth in net assets was \$866,939.

WALWORTH COUNTY, WISCONSIN
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Unrestricted net assets of the Highway fund at the end of the year amounted to \$3,757,468. The total growth in net assets was \$543,807.

Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an increase of \$2,675,115 in appropriations, the majority consists of \$1,323,588 for carryovers and open purchase orders from 2003 and approximately \$900,000 for new grant revenues and expenditures.

During the year, actual revenues exceeded budgeted revenues by \$880,355 primarily in tax collections. Actual expenditures were less than budgeted expenditures by \$2,945,306 primarily due to capital projects not completed and carried over to 2005 and cost savings due to department efficiencies and consolidations.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2004 amounts to \$89,730,873 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was 7% (an 8.5% increase in governmental activities and a 1.5% decrease in business-type activities).

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

- Sheriff Communication Tower Equipment, at a cost of \$1,439,029
- Replacement of various police vehicles, at a cost of \$301,287
- Purchase of a mobile command vehicle, at a cost of \$202,734
- Replacement of windows and doors at Lakeland School, at a cost of \$102,312

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements. The County has elected to use the depreciation method of reporting capital assets.

Further details of the County's capital assets can be found in the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$42,360,000. The County maintains an Aa2 rating from Moody's Investors Service for its general obligation debt. Under current state statutes, the County's general obligation note issuances are subject to a legal limitation, based on 5% of the total equalized value of taxable property in the County. The current debt limitation for the County is \$512,118,395, which is significantly in excess of the County's \$42,360,000 in outstanding general obligation debt.

The County's total general obligation debt increased by \$2,375,000 (6%) during the current fiscal year. The key factors in this increase were the issuance of notes in the amount of \$6,070,000 for construction of a new judicial center, remodeling of the existing courthouse and road construction, and the retirement of \$3,695,000 of prior issuances.

Further details of the County's long-term debt activity can be found in the notes to the financial statements.

WALWORTH COUNTY, WISCONSIN
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Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 4.3%. This is favorable when compared to the State of Wisconsin's average unemployment rate of 4.9% and the national average of 5.5%.
- The economic condition and outlook of the County has remained fairly stable based on a relatively healthy mix of manufacturing, tourism, service industry, retail, and farming activities which support our tax base.
- Inflationary trends in our region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2005 fiscal year.

Limits have been imposed on the property tax levy rates for Wisconsin counties. There are separate limits for the operating levy and the debt service levy. The baseline for the limits is the actual 1992 tax rate adopted for the 1993 budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the County qualifies for one of the exceptions allowed under the statute. The statute establishes specific penalties for failure to meet the levy rate freeze requirements. Among the penalties for exceeding the limits is the reduction of state shared revenues and transportation aids.

Upon the adoption of the budget for 2005, the County made significant budget reductions to keep spending within statutory limits.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Walworth County Finance Department, 100 West Walworth, P.O. Box 1001, Elkhorn, WI 53121.



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BASIC FINANCIAL STATEMENTS



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WALWORTH COUNTY, WISCONSIN

STATEMENT OF NET ASSETS

December 31, 2004

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 43,526,924	\$ 9,726,257	\$ 53,253,181
Restricted cash and investments	522,766	63,009	585,775
Receivables (net of allowance for uncollectibles)			
Taxes	43,732,859	3,349,396	47,082,255
Delinquent taxes	4,489,471	-	4,489,471
Accounts	1,969,979	903,772	2,873,751
Internal balances	(505,085)	505,085	-
Due from other governments	4,048,257	648,533	4,696,790
Inventories	4,033	738,254	742,287
Prepaid items	51,890	10,507	62,397
Unamortized debt issuance costs	1,949	-	1,949
Total current assets	<u>97,843,043</u>	<u>15,944,813</u>	<u>113,787,856</u>
Noncurrent assets:			
Long-term receivable	382,771	-	382,771
Capital assets (net of accumulated depreciation):			
Land and construction in progress	19,933,707	98,486	20,032,193
Infrastructure and other capital assets	<u>61,582,252</u>	<u>8,116,428</u>	<u>69,698,680</u>
Total capital assets	<u>81,515,959</u>	<u>8,214,914</u>	<u>89,730,873</u>
Total noncurrent assets	<u>81,898,730</u>	<u>8,214,914</u>	<u>90,113,644</u>
Total assets	<u>179,741,773</u>	<u>24,159,727</u>	<u>203,901,500</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,480,666	363,591	3,844,257
Accrued liabilities	1,665,416	371,322	2,036,738
Due to other governments	165,795	540	166,335
Accrued interest payable	472,164	-	472,164
Deposits	326,777	-	326,777
Unearned tax revenues	43,732,859	3,349,396	47,082,255
Other unearned revenues	157,717	15,128	172,845
Claims payable	1,706,628	-	1,706,628
Current liabilities payable from restricted assets:			
Patient and school deposits payable	<u>437,708</u>	<u>63,009</u>	<u>500,717</u>
Total current liabilities	<u>52,145,730</u>	<u>4,162,986</u>	<u>56,308,716</u>
Noncurrent liabilities:			
Due within one year	7,106,005	838,382	7,944,387
Due in more than one year	<u>40,937,807</u>	<u>360,190</u>	<u>41,297,997</u>
Total liabilities	<u>100,189,542</u>	<u>5,361,558</u>	<u>105,551,100</u>
NET ASSETS			
Invested in capital assets, net of related debt	45,152,949	8,214,914	53,367,863
Restricted	1,772,359	-	1,772,359
Unrestricted	<u>32,626,923</u>	<u>10,583,255</u>	<u>43,210,178</u>
Total net assets	<u>\$ 79,552,231</u>	<u>\$ 18,798,169</u>	<u>\$ 98,350,400</u>

The notes to the financial statements are an integral part of this statement.

WALWORTH COUNTY, WISCONSIN

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 13,384,447	\$ 2,928,960	\$ 603,549	\$ -	\$ (9,851,938)	\$ -	\$ (9,851,938)
Public safety	19,747,239	1,377,735	815,674	317,136	(17,236,694)	-	(17,236,694)
Health and human services	29,940,303	3,614,429	16,077,659	-	(10,248,215)	-	(10,248,215)
Culture, recreation and education	11,602,673	314,965	6,031,338	14,395	(5,241,975)	-	(5,241,975)
Public works	1,286,584	-	-	5,084	(1,281,500)	-	(1,281,500)
Conservation and development	2,292,313	1,055,950	426,495	52,218	(757,650)	-	(757,650)
Interest on long-term debt	<u>1,648,922</u>	-	-	-	<u>(1,648,922)</u>	-	<u>(1,648,922)</u>
Total governmental activities	<u>79,902,481</u>	<u>9,292,039</u>	<u>23,954,715</u>	<u>388,833</u>	<u>(46,266,894)</u>	<u>-</u>	<u>(46,266,894)</u>
Business-type activities:							
Nursing home	13,587,405	9,447,784	1,933,348	-	-	(2,206,273)	(2,206,273)
Highway	<u>5,079,508</u>	<u>2,877,118</u>	<u>2,081,204</u>	-	-	<u>(121,186)</u>	<u>(121,186)</u>
Total business-type activities	<u>18,666,913</u>	<u>12,324,902</u>	<u>4,014,552</u>	-	-	<u>(2,327,459)</u>	<u>(2,327,459)</u>
Total government	<u>\$ 98,569,394</u>	<u>\$ 21,616,941</u>	<u>\$ 27,969,267</u>	<u>\$ 388,833</u>	<u>(46,266,894)</u>	<u>(2,327,459)</u>	<u>(48,594,353)</u>
General revenues:							
General property taxes					37,150,309	3,989,468	41,139,777
Property taxes for debt service					5,242,764	-	5,242,764
County share of sales taxes					7,336,138	-	7,336,138
Real estate transfer fees					573,046	-	573,046
Other taxes					81,920	-	81,920
Grants and contributions not restricted to specific programs					367,357	-	367,357
Unrestricted investment earnings					839,240	31,223	870,463
Miscellaneous					30,360	13,968	44,328
Transfers					<u>(1,554)</u>	<u>1,554</u>	<u>-</u>
Total general revenues and transfers					<u>51,619,580</u>	<u>4,036,213</u>	<u>55,655,793</u>
Change in net assets					5,352,686	1,708,754	7,061,440
Net assets - beginning					74,199,545	17,089,415	91,288,960
Net assets - ending					<u>\$ 79,552,231</u>	<u>\$ 18,798,169</u>	<u>\$ 98,350,400</u>

The notes to the financial statements are an integral part of this statement.

WALWORTH COUNTY, WISCONSIN

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004

	Special Revenue Funds						Total Governmental Funds
	General	Health & Human Services	Lakeland School	Debt Service	Nonmajor Governmental Funds		
ASSETS							
Cash and investments	\$ 21,038,023	\$ 799,904	\$ 9,111	\$ 509,737	\$ 9,957,663	\$ 32,314,438	
Receivables (net of allowance for uncollectibles)							
Taxes	21,737,723	10,090,138	5,525,341	6,051,593	328,064	43,732,859	
Delinquent taxes	3,533,999	-	-	-	-	3,533,999	
Accounts	278,783	876,528	187,605	-	-	1,342,916	
Due from other funds	722,537	-	-	-	-	722,537	
Due from other governments	1,702,228	907,538	1,356,191	-	82,300	4,048,257	
Inventories	4,033	-	-	-	-	4,033	
Prepaid items	32,235	10,372	1,357	-	-	43,964	
Long-term receivables	382,771	-	-	-	-	382,771	
Restricted assets							
Patient and school deposits	-	309,447	128,261	-	-	437,708	
Total assets	<u>\$ 49,432,332</u>	<u>\$ 12,993,927</u>	<u>\$ 7,207,866</u>	<u>\$ 6,561,330</u>	<u>\$ 10,368,027</u>	<u>\$ 86,563,482</u>	
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 669,718	\$ 1,969,856	\$ 504,407	\$ 6,250	\$ 322,343	\$ 3,472,574	
Accrued liabilities	1,198,122	148,067	309,533	-	9,694	1,665,416	
Due to other funds	4,026	1,002	723,665	-	4	728,697	
Due to other governments	9,391	156,332	-	-	72	165,795	
Deposits	132,201	194,576	-	-	-	326,777	
Deferred tax revenues	22,347,690	10,090,138	5,525,341	6,051,593	328,064	44,342,826	
Other deferred revenues	483,324	55,664	-	-	138,971	677,959	
Liabilities payable from restricted assets							
Patient and school deposits	-	309,447	128,261	-	-	437,708	
Other liabilities	840,337	-	-	-	-	840,337	
Total liabilities	<u>25,684,809</u>	<u>12,925,082</u>	<u>7,191,207</u>	<u>6,057,843</u>	<u>799,148</u>	<u>52,658,089</u>	

(Continued)

WALWORTH COUNTY, WISCONSIN

BALANCE SHEET (continued)
GOVERNMENTAL FUNDS
December 31, 2004

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Health & Human Services	Lakeland School	Debt Service		
Fund balances:						
Reserved, reported in:						
General fund	2,506,336	-	-	-	-	2,506,336
Special revenue funds	-	10,372	12,623	-	1,120,309	1,143,304
Debt service fund	-	-	-	503,487	-	503,487
Capital projects fund	-	-	-	-	5,879,651	5,879,651
Unreserved and designated, reported in:						
General fund	4,692,436	-	-	-	-	4,692,436
Special revenue funds	-	58,473	4,036	-	461,564	524,073
Capital projects fund	-	-	-	-	2,107,355	2,107,355
Unreserved and undesignated, reported in:						
General fund	16,548,751	-	-	-	-	16,548,751
Total fund balances	<u>23,747,523</u>	<u>68,845</u>	<u>16,659</u>	<u>503,487</u>	<u>9,568,879</u>	<u>33,905,393</u>
Total liabilities and fund balances	<u>\$ 49,432,332</u>	<u>\$ 12,993,927</u>	<u>\$ 7,207,866</u>	<u>\$ 6,561,330</u>	<u>\$ 10,368,027</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	81,515,959
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	2,538,823
Internal service funds are used by management to charge the costs of facility management, information systems management, employee benefits, and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	9,265,746
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(47,673,690)</u>
Net assets of governmental activities as reported on the statement of net assets (see page 25)	<u>\$ 79,552,231</u>

WALWORTH COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended December 31, 2004

	Special Revenue Funds		
	General	Health & Human Services	Lakeland School
REVENUES			
Taxes	\$ 29,967,563	\$ 9,743,447	\$ 4,978,606
Intergovernmental	1,947,768	16,060,093	6,084,185
Licenses and permits	399,561	-	-
Fines, forfeitures and penalties	1,357,723	-	-
Public charges for services	2,972,837	3,499,643	25,819
Intergovernmental charges for services	435,794	88,079	143,844
Investment income	635,474	-	-
Miscellaneous	407,873	31,418	40,373
Total revenues	38,124,593	29,422,680	11,272,827
EXPENDITURES			
Current:			
General government	12,410,128	-	-
Public safety	18,988,057	-	-
Health and human services	140,321	29,852,454	-
Culture, recreation, and education	390,368	-	11,336,178
Conservation and development	1,902,695	-	-
Capital outlay	2,213,104	17,856	63,704
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	36,044,673	29,870,310	11,399,882
Excess (deficiency) of revenues over (under) expenditures	2,079,920	(447,630)	(127,055)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	-	-
Premium on long-term debt	-	-	-
Transfers in	1,151,955	543,772	101,070
Transfers out	(8,075,910)	(81,686)	(5,474)
Total other financing sources (uses)	(6,923,955)	462,086	95,596
Net change in fund balances	(4,844,035)	14,456	(31,459)
Fund balances - beginning	28,591,558	54,389	48,118
Fund balances - ending	\$ 23,747,523	\$ 68,845	\$ 16,659

(Continued)

WALWORTH COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued) GOVERNMENTAL FUNDS For the Year Ended December 31, 2004

	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 5,242,764	\$ 683,431	\$ 50,615,811
Intergovernmental	-	-	24,092,046
Licenses and permits	-	-	399,561
Fines, forfeitures and penalties	-	-	1,357,723
Public charges for services	-	213,847	6,712,146
Intergovernmental charges for services	-	53,603	721,320
Investment income	39,817	27,734	703,025
Miscellaneous	-	386,712	866,376
Total revenues	5,282,581	1,365,327	85,468,008
EXPENDITURES			
Current:			
General government	-	-	12,410,128
Public safety	-	42,663	19,030,720
Health and human services	-	-	29,992,775
Culture, recreation, and education	-	-	11,726,546
Conservation and development	-	352,163	2,254,858
Capital outlay	-	7,365,165	9,659,829
Debt service:			
Principal retirement	3,695,000	-	3,695,000
Interest and fiscal charges	1,589,718	-	1,589,718
Total expenditures	5,284,718	7,759,991	90,359,574
Excess (deficiency) of revenues over (under) expenditures	(2,137)	(6,394,664)	(4,891,566)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	6,070,000	6,070,000
Premium on long-term debt	52,999	-	52,999
Transfers in	-	1,938,185	3,734,982
Transfers out	(15,764)	(258,698)	(8,437,532)
Total other financing sources (uses)	37,235	7,749,487	1,420,449
Net change in fund balances	35,098	1,354,823	(3,471,117)
Fund balances - beginning	468,389	8,214,056	37,376,510
Fund balances - ending	\$ 503,487	\$ 9,568,879	\$ 33,905,393

WALWORTH COUNTY, WISCONSIN

**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, 2004**

Amounts reported for governmental activities in the statement of activities (page 26) are different because:

Net change in fund balances-total governmental funds (page 30)	\$ (3,471,117)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	6,665,196
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(547,085)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(391,854)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,375,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(377,352)
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>5,849,898</u>
Change in net assets of governmental activities as reported on the statement of activities (page 26)	<u><u>\$ 5,352,686</u></u>

WALWORTH COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 28,331,830	\$ 28,367,451	\$ 29,967,563	\$ 1,600,112
Intergovernmental	1,656,814	2,550,364	1,947,768	(602,596)
Licenses and permits	349,100	366,016	399,561	33,545
Fines, forfeitures and penalties	1,210,600	1,200,600	1,357,723	157,123
Public charges for services	2,840,267	2,995,297	2,972,837	(22,460)
Intergovernmental charges for services	625,062	556,173	435,794	(120,379)
Investment income	829,000	829,000	635,474	(193,526)
Miscellaneous	308,271	379,337	407,873	28,536
Total revenues	<u>36,150,944</u>	<u>37,244,238</u>	<u>38,124,593</u>	<u>880,355</u>
EXPENDITURES				
Current:				
General government	12,852,578	13,252,372	12,410,128	842,244
Public safety	19,265,307	19,865,935	18,988,057	877,878
Health and human services	144,173	144,128	140,321	3,807
Culture, recreation, and education	462,082	431,571	390,368	41,203
Conservation and development	1,981,206	2,020,888	1,902,695	118,193
Capital outlay:				
General government	923,544	1,443,022	1,041,428	401,594
Public safety	659,674	1,767,772	1,145,376	622,396
Culture, recreation, and education	26,300	64,291	26,300	37,991
Total expenditures	<u>36,314,864</u>	<u>38,989,979</u>	<u>36,044,673</u>	<u>2,945,306</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(163,920)</u>	<u>(1,745,741)</u>	<u>2,079,920</u>	<u>3,825,661</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	282,480	1,265,532	1,151,955	(113,577)
Transfers out	<u>(1,140,000)</u>	<u>(8,265,326)</u>	<u>(8,075,910)</u>	<u>189,416</u>
Total other financing sources (uses)	<u>(857,520)</u>	<u>(6,999,794)</u>	<u>(6,923,955)</u>	<u>75,839</u>
Net change in fund balances	<u>(1,021,440)</u>	<u>(8,745,535)</u>	<u>(4,844,035)</u>	<u>3,901,500</u>
Fund balances - beginning	28,591,558	28,591,558	28,591,558	-
Fund balances - ending	<u>\$ 27,570,118</u>	<u>\$ 19,846,023</u>	<u>\$ 23,747,523</u>	<u>\$ 3,901,500</u>

WALWORTH COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 9,743,447	\$ 9,743,447	\$ 9,743,447	\$ -
Intergovernmental	15,259,792	15,862,396	16,060,093	197,697
Public charges for services	3,617,300	4,556,399	3,499,643	(1,056,756)
Intergovernmental charges for services	70,400	70,400	88,079	17,679
Miscellaneous	11,950	11,950	31,418	19,468
Total revenues	<u>28,702,889</u>	<u>30,244,592</u>	<u>29,422,680</u>	<u>(821,912)</u>
EXPENDITURES				
Current:				
Health and human services	28,662,889	30,150,454	29,852,454	298,000
Capital outlay:				
Health and human services	40,000	77,000	17,856	59,144
Total expenditures	<u>28,702,889</u>	<u>30,227,454</u>	<u>29,870,310</u>	<u>357,144</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>17,138</u>	<u>(447,630)</u>	<u>(464,768)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	22,508	543,772	521,264
Transfers out	-	(81,686)	(81,686)	-
Total other financing sources (uses)	<u>-</u>	<u>(59,178)</u>	<u>462,086</u>	<u>521,264</u>
Net change in fund balances	-	(42,040)	14,456	56,496
Fund balances - beginning	54,389	54,389	54,389	-
Fund balances - ending	<u>\$ 54,389</u>	<u>\$ 12,349</u>	<u>\$ 68,845</u>	<u>\$ 56,496</u>

WALWORTH COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL LAKELAND SCHOOL SPECIAL REVENUE FUND For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,978,606	\$ 4,978,606	\$ 4,978,606	\$ -
Intergovernmental	6,267,590	6,201,969	6,084,185	(117,784)
Public charges for services	21,450	23,034	25,819	2,785
Intergovernmental charges for services	73,587	127,206	143,844	16,638
Miscellaneous	109,900	29,305	40,373	11,068
Total revenues	<u>11,451,133</u>	<u>11,360,120</u>	<u>11,272,827</u>	<u>(87,293)</u>
EXPENDITURES				
Current:				
Culture, recreation, and education	11,420,733	11,369,993	11,336,178	33,815
Capital outlay:				
Culture, recreation, and education	30,400	78,134	63,704	14,430
Total expenditures	<u>11,451,133</u>	<u>11,448,127</u>	<u>11,399,882</u>	<u>48,245</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(88,007)</u>	<u>(127,055)</u>	<u>(39,048)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	56,372	101,070	44,698
Transfers out	-	(5,474)	(5,474)	-
Total other financing sources (uses)	<u>-</u>	<u>50,898</u>	<u>95,596</u>	<u>44,698</u>
Net change in fund balances	-	(37,109)	(31,459)	5,650
Fund balances - beginning	48,118	48,118	48,118	-
Fund balances - ending	<u>\$ 48,118</u>	<u>\$ 11,009</u>	<u>\$ 16,659</u>	<u>\$ 5,650</u>

WALWORTH COUNTY, WISCONSIN

STATEMENT OF NET ASSETS PROPRIETARY FUNDS December 31, 2004

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Lakeland Health Care Center	Highway	Total Enterprise Funds	
ASSETS				
Current assets:				
Cash and investments	\$ 6,577,999	\$ 3,148,258	\$ 9,726,257	\$ 11,212,486
Restricted cash and investments:				
Patient deposits	63,009	-	63,009	-
Deposits held with fiscal agents	-	-	-	85,058
Taxes receivable	2,937,971	411,425	3,349,396	-
Accounts receivable	837,206	66,566	903,772	173,921
Due from other funds	-	-	-	20,316
Due from other governments	170,445	478,088	648,533	-
Inventories	41,441	696,813	738,254	-
Prepaid items	10,507	-	10,507	7,926
Total current assets	<u>10,638,578</u>	<u>4,801,150</u>	<u>15,439,728</u>	<u>11,499,707</u>
Noncurrent assets:				
Capital assets	10,301,373	12,038,522	22,339,895	-
Less: Accumulated depreciation	(7,648,092)	(6,476,889)	(14,124,981)	-
Net capital assets	<u>2,653,281</u>	<u>5,561,633</u>	<u>8,214,914</u>	<u>-</u>
Total assets	<u>13,291,859</u>	<u>10,362,783</u>	<u>23,654,642</u>	<u>11,499,707</u>
LIABILITIES				
Current liabilities:				
Accounts payable	133,566	230,025	363,591	8,092
Accrued liabilities	331,499	39,823	371,322	-
Due to other funds	13,070	1,086	14,156	-
Due to other governments	-	540	540	-
Deposits	63,009	-	63,009	-
Deferred tax revenues	2,937,971	411,425	3,349,396	-
Other deferred revenues	526	14,602	15,128	-
Current portion health insurance payable	-	42,126	42,126	-
Current portion accrued compensated absences	585,108	211,148	796,256	-
Claims payable	-	-	-	1,706,628
Total current liabilities	<u>4,064,749</u>	<u>950,775</u>	<u>5,015,524</u>	<u>1,714,720</u>
Noncurrent liabilities:				
Health insurance payable	-	25,130	25,130	-
Accrued compensated absences	267,283	67,777	335,060	-
Total noncurrent liabilities	<u>267,283</u>	<u>92,907</u>	<u>360,190</u>	<u>-</u>
Total liabilities	<u>4,332,032</u>	<u>1,043,682</u>	<u>5,375,714</u>	<u>1,714,720</u>

(Continued)

WALWORTH COUNTY, WISCONSIN

STATEMENT OF NET ASSETS (continued)
 PROPRIETARY FUNDS
 December 31, 2004

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Lakeland Health Care Center	Highway	Total Enterprise Funds	
	NET ASSETS			
Invested in capital assets, net of related debt	2,653,281	5,561,633	8,214,914	-
Unrestricted	<u>6,306,546</u>	<u>3,757,468</u>	<u>10,064,014</u>	<u>9,784,987</u>
Total net assets	<u>\$ 8,959,827</u>	<u>\$ 9,319,101</u>	<u>\$ 18,278,928</u>	<u>\$ 9,784,987</u>

Amounts reported for business-type activities in the statement of net assets are different because:

Internal service funds are used by management to charge the costs of employee benefits to individual funds. The assets and liabilities of the internal service funds are primarily included in the governmental activities in the statement of net assets. Some assets, however, are reported as business-type activities.

519,241

Net assets of business-type activities as reported on the statement of net assets (see page 25)

\$ 18,798,169

WALWORTH COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUNDS For the Year Ended December 31, 2004

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Lakeland Health Care Center	Highway	Total Enterprise Funds	
Operating revenues:				
Charges for services	<u>\$ 9,197,977</u>	<u>\$ 2,802,666</u>	<u>\$ 12,000,643</u>	<u>\$ 13,688,157</u>
Operating expenses:				
Operation and maintenance	13,346,551	4,422,888	17,769,439	-
Insurance services	-	-	-	12,568,407
Depreciation	<u>237,516</u>	<u>653,762</u>	<u>891,278</u>	<u>-</u>
Total operating expenses	<u>13,584,067</u>	<u>5,076,650</u>	<u>18,660,717</u>	<u>12,568,407</u>
Operating income (loss)	<u>(4,386,090)</u>	<u>(2,273,984)</u>	<u>(6,660,074)</u>	<u>1,119,750</u>
Nonoperating revenues (expenses):				
Property taxes	3,300,719	688,749	3,989,468	190,947
Intergovernmental grants	1,916,584	2,081,204	3,997,788	-
Investment income	7,102	20,858	27,960	136,213
Sale of property and salvage	5,029	8,939	13,968	-
Loss on disposal of assets	(3,338)	(2,858)	(6,196)	-
Miscellaneous	<u>46,278</u>	<u>-</u>	<u>46,278</u>	<u>-</u>
Total nonoperating revenues	<u>5,272,374</u>	<u>2,796,892</u>	<u>8,069,266</u>	<u>327,160</u>
Income before transfers	886,284	522,908	1,409,192	1,446,910
Transfers in	20,000	64,990	84,990	5,476,633
Transfers out	<u>(39,345)</u>	<u>(44,091)</u>	<u>(83,436)</u>	<u>(1,431,669)</u>
Change in net assets	866,939	543,807	1,410,746	5,491,874
Total net assets - beginning	<u>8,092,888</u>	<u>8,775,294</u>	<u>16,868,182</u>	<u>4,293,113</u>
Total net assets - ending	<u>\$ 8,959,827</u>	<u>\$ 9,319,101</u>	<u>\$ 18,278,928</u>	<u>\$ 9,784,987</u>

Amounts reported for business-type activities in the statement of activities are different because:

Net change in net assets-total enterprise funds	1,410,746
The net revenue of certain activities of internal service funds is reported within business-type activities.	<u>298,008</u>
Net change in net assets of business-type activities as reported on the statement of activities (see page 26)	<u>\$ 1,708,754</u>

WALWORTH COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2004

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Lakeland Health Care Center	Highway	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 9,811,541	\$ 2,387,377	\$ 12,198,918	\$ 1,562,040
Receipts from interfund services provided	2,032	329,316	331,348	12,160,014
Payments to suppliers	(2,148,793)	(1,345,631)	(3,494,424)	(12,971,326)
Payments to employees	(11,228,505)	(2,895,935)	(14,124,440)	(68,012)
Payments for interfund services used	(18,639)	(2,975)	(21,614)	(780)
Payments of patient trust deposits	(35,667)	-	(35,667)	-
Net cash flows provided (used) by operating activities	<u>(3,618,031)</u>	<u>(1,527,848)</u>	<u>(5,145,879)</u>	<u>681,936</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	20,000	64,990	84,990	5,476,633
Transfers out	(39,345)	(44,091)	(83,436)	(775,636)
General property taxes	3,300,719	688,749	3,989,468	190,947
Intergovernmental grants	<u>1,916,584</u>	<u>2,081,204</u>	<u>3,997,788</u>	<u>-</u>
Net cash flows provided by non-capital financing activities	<u>5,197,958</u>	<u>2,790,852</u>	<u>7,988,810</u>	<u>4,891,944</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(8,893)	(664,229)	(673,122)	-
Proceeds from sale of capital assets	5,029	8,939	13,968	-
Advance payments to general fund	-	-	-	(644,700)
Net cash flows provided (used) by capital and related financing activities	<u>(3,864)</u>	<u>(655,290)</u>	<u>(659,154)</u>	<u>(644,700)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>7,102</u>	<u>20,858</u>	<u>27,960</u>	<u>136,213</u>
Net increase in cash and cash equivalents	1,583,165	628,572	2,211,737	5,065,393
Cash and cash equivalents - beginning	<u>5,057,843</u>	<u>2,519,686</u>	<u>7,577,529</u>	<u>6,232,151</u>
Cash and cash equivalents - ending	<u>\$ 6,641,008</u>	<u>\$ 3,148,258</u>	<u>\$ 9,789,266</u>	<u>\$ 11,297,544</u>

Cash and cash equivalents on December 31 are reconciled from the Statement of Net Assets as follows:

Cash	\$ 6,577,999	\$ 3,148,258	\$ 9,726,257	\$ 11,212,486
Restricted cash and investments	63,009	-	63,009	-
Deposits held with fiscal agents	-	-	-	85,058
	<u>\$ 6,641,008</u>	<u>\$ 3,148,258</u>	<u>\$ 9,789,266</u>	<u>\$ 11,297,544</u>

(Continued)

WALWORTH COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS (continued)
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2004

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Lakeland Health Care Center	Highway	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (4,386,090)	\$ (2,273,984)	\$ (6,660,074)	\$ 1,119,750
Adjustments to reconcile operating income (loss) to net cash provided (used) from operating activities				
Nonoperating income	46,278	-	46,278	-
Noncash items included in operating income (loss)				
Depreciation	237,516	653,762	891,278	-
Change in assets and liabilities:				
Accounts receivable	291,017	(59,058)	231,959	61,280
Due from other funds	-	-	-	(1,673)
Due from other governments	277,775	137,562	415,337	-
Inventories	959	98,810	99,769	-
Prepaid items	(5,338)	-	(5,338)	19,281
Accounts payable	(35,912)	112,692	76,780	(371,844)
Accrued liabilities	29,262	(83,053)	(53,791)	(68,012)
Due to other funds	7,440	(2,132)	5,308	(780)
Due to other governments	-	540	540	-
Deferred revenues	526	(164,477)	(163,951)	(25,710)
Claims payable	-	-	-	(50,356)
Patient deposits	(35,667)	-	(35,667)	-
Health insurance payable	-	67,256	67,256	-
Accrued compensated absences	(45,797)	(15,766)	(61,563)	-
Net cash provided (used) by operating activities	<u>\$ (3,618,031)</u>	<u>\$ (1,527,848)</u>	<u>\$ (5,145,879)</u>	<u>\$ 681,936</u>
Noncash investing, capital, and financing activities:				
Capital assets transferred to governmental funds (net of accumulated depreciation)	\$ -	\$ -	\$ -	\$ (1,234,542)
General obligation debt transferred to governmental fund:	-	-	-	382,375
Compensated absences transferred to governmental fund:	-	-	-	196,135
Capital asset trade-in value	-	37,500	37,500	-
Total noncash activities	<u>\$ -</u>	<u>\$ 37,500</u>	<u>\$ 37,500</u>	<u>\$ (656,032)</u>

WALWORTH COUNTY, WISCONSIN

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2004

	Private Purpose <u>Trusts</u>	Agency <u>Funds</u>	<u>Total</u>
ASSETS			
Cash and investments	<u>\$ 36,040</u>	<u>\$ 1,781,984</u>	<u>\$ 1,818,024</u>
LIABILITIES			
Accounts payable	-	162,842	162,842
Due to other governments	-	239,076	239,076
Deposits	-	<u>1,380,066</u>	<u>1,380,066</u>
Total liabilities	-	<u>1,781,984</u>	<u>1,781,984</u>
NET ASSETS			
Reserved for private purpose trust activities	<u>36,040</u>	-	<u>36,040</u>
Total net assets	<u>\$ 36,040</u>	<u>\$ -</u>	<u>\$ 36,040</u>

WALWORTH COUNTY, WISCONSIN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For the Year Ended December 31, 2004

	Private Purpose Trust Funds Total
ADDITIONS	
Investment income	\$ 434
Change in net assets	434
Net assets - beginning	<u>35,606</u>
Net assets - ending	<u>\$ 36,040</u>

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The County is governed by 25 supervisors elected every two years from each of 25 supervisory districts. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units that have a significant operational or financial relationship with the County. The County has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statements No. 14 and No. 39.

2. Related Organization

The Walworth County Housing Authority is a related organization of Walworth County. Walworth County is responsible for appointing the Board of the Housing Authority but the Housing Authority is not financially accountable to Walworth County nor is the County able to impose its will on the organization.

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise and internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

GENERAL FUND

This is the County's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND

This fund accounts for the financial activity of the Health & Human Services Department. Many of its services are funded with state and federal money used to provide the county's taxpayers with health information and assistance.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

3. Government-Wide and Fund Financial Statements (continued)

LAKELAND SCHOOL SPECIAL REVENUE FUND

This fund accounts for the financial activity of the Child with Disabilities Education Board. Many of its services are funded with state and federal money used to provide the county's disabled children with public and special education.

DEBT SERVICE FUND

This fund is used to accumulate monies for the payment of long-term debt obligations of the governmental funds (general, special revenue, and capital projects funds). Financing for debt service is generally provided by property taxes and transfers from other funds.

The County reports the following major enterprise funds:

LAKELAND HEALTH CARE CENTER FUND

This fund accounts for the provision of health delivery services to its elderly residents. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, nursing, rehabilitation, dental, medical, related services, and administration. Most of the funding comes from Federal Medicare and Medicaid Programs as well as private billing of the residents.

HIGHWAY FUND

This fund accounts for the maintenance and construction of state highways and local roads, as well as services provided to other County departments that are directly reimbursed by the state, other local governments, and other County departments. The costs are billed to the state, towns and cities, and other departments at actual cost plus an overhead factor.

Additionally, the County reports the following:

Nonmajor governmental funds consist of Land Information Special Revenue Fund, Sheriff Trusts Special Revenue Fund, and Capital Projects Fund.

Internal service funds account for employee benefits and insurance services, and risk management provided to other departments or agencies of the County on a cost reimbursement basis. As of January 1, 2004, the Information Systems and Facilities Management internal service funds were closed and transferred into the General Fund.

The *private-purpose trust funds* are used to account for resources legally held in trust for educational betterment of the nursing staff of the Lakeland Health Care Center in the G. Charter Harrison Trust and for the tricentennial celebration to be held in 2076 in the Tricentennial Trust.

The County accounts for assets held as an agent for receipt of forfeitures, fines and court costs paid in advance for pending court cases, holding of Huber prisoners funds, and various fees collected due to the state in an *agency fund*.

4. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

4. Measurement Focus and Basis of Accounting (continued)

current period or soon enough thereafter 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Certain private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following certain subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are direct charges for services between the County's departments of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 County's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

5. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

Cash and investments are combined on the balance sheet. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable have been shown net of allowance for uncollectible accounts of \$410,906 for the Health and Human Services fund and \$145,217 for the Lakeland Health Care Center fund. All other accounts receivables are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

5. Assets, Liabilities and Net Assets or Equity (continued)

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet. Noncurrent portions of the interfund receivables for the governmental funds are offset by a reservation of fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net assets for internal balances represents the residual balance outstanding between the governmental activities and business-type activities. Balances existing between governmental funds and between proprietary funds have been eliminated for the government-wide statement of net assets.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased. Inventory quantities at December 31, 2004 were determined by physical counts.

Inventories of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Governmental fund capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of one year. In addition, the Lakeland Health Care Center will follow Medicare guidelines and include capital assets with a value greater than \$1,000. The Highway fund will follow the governmental funds threshold but will also include all state-classified equipment regardless of the value. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Infrastructure and accumulated depreciation has been restated as of January 1, 2004. Bridge infrastructure assets increased by \$1,335,866 and road infrastructure assets increased by \$24,696. Related accumulated depreciation increased by \$201,843 for bridges and decreased by \$10,930 for roads.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Several equipment transfers within the governmental funds have occurred during the year in the total amount of \$805,952. Construction in progress completed during 2004 accounts for \$1,721,331 of the capital asset additions, the remaining \$3,611 of the construction in progress was deleted, as the project was abandoned.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

5. Assets, Liabilities and Net Assets or Equity (continued)

f. Capital Assets (continued)

	Governmental	Business-Type
	Activities	Activities
	Years	
<u>Assets</u>		
Buildings	7-60	7-60
Improvements other than buildings	25	25
Machinery and equipment	2-60	2-60
Infrastructure – roads	20-60	N/A
Infrastructure – bridges	50	N/A

g. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

h. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

6. Use of Estimates

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

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balances - total governmental funds* and *net assets - governmental activities* as reported in the Government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$47,673,690 difference are as follows:

Bonds and notes payable	\$ 42,360,000
Debt premium for 2003 and 2004 borrowing	105,696
Issuance costs for 2003 and 2004 borrowing	(1,949)
Compensated absences	3,338,706
Teachers/Deputies early retirement programs	1,399,073
Accrued interest on long-term obligations	472,164
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	\$ 47,673,690

2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$6,665,196 difference are as follows:

Capital outlay	\$ 9,659,829
Capitalized labor expense	10,013
Depreciation expense	(3,004,646)
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 6,665,196

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.” The details of this \$547,085 difference are as follows:

In the statement of activities, only the <i>loss</i> on the sale or disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold or disposed.	\$ 43,867
Elimination of proceeds received from the sale of assets and insurance recoveries.	119,511
Repair and maintenance projects are not capitalized to the Statement of Net Assets and therefore must remain as an expense in the Statement of Activities.	383,707
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 547,085

Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$391,854 difference are as follows:

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

2. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (continued)

Deferred revenues	\$ 150,060
Interest on taxes receivable	268,499
Clerk of courts fee revenue	(26,705)
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 391,854

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$2,375,000 difference are as follows:

Debt issued or incurred	
Issuance of general obligation notes	\$ 6,070,000
Principal repayments	
General obligation debt	(3,695,000)
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 2,375,000

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$377,352 difference are as follows:

Compensated absences	\$ 136,534
Post employment benefits	128,615
Accrued interest	68,135
Debt premium	13,716
Issuance costs	30,352
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 377,352

NOTE C - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During November, County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by County Board action.

- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general, special revenue with the exception of the Sheriff Trusts special revenue fund, debt service, and capital project funds. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

1. Budgets and Budgetary Accounting (continued)

- c. During the year, formal budgetary integration is employed as a management control device for the general fund, special revenue with the exception of the Sheriff Trusts special revenue fund, debt service and capital project funds.
- d. Expenditures may not exceed appropriations provided to each department of the County. Amendments to the budget during the year require initial approval by management. Transfers require submission of a resolution to the County Board. Transfers are defined as:
 - A. Transfers exceeding 10% in the aggregate of the funds originally provided for such office or department.
 - B. Transfers exceeding the amount adopted in the contingency funds budget.
 - C. Transfers from the contingency funds.
 - D. Transfers from the undesignated General Fund balance.

Supplemental appropriations for expenditures that were necessary for 2004 are as follows:

Department/Fund	Adopted Budget	Modified Budget	Increase/(Decrease)
County board	\$ 286,336	\$ 270,901	\$ (15,435)
County clerk	279,540	279,495	(45)
Elections	127,588	127,588	-
Administration	1,681,002	1,733,113	52,111
Finance	990,917	1,113,335	122,418
Treasurer	357,596	357,877	281
Coroner	258,340	258,295	(45)
Clerk of courts	2,629,657	2,695,107	65,450
District attorney	813,537	791,881	(21,656)
Register of deeds	394,759	394,714	(45)
Information systems	2,279,943	2,311,157	31,214
Facilities	2,292,790	2,739,838	447,048
Non-departmental	2,524,117	9,546,253	7,022,136
Sheriff	19,924,981	20,734,770	809,789
Veterans services	144,173	144,128	(45)
UW extension	407,082	371,077	(36,005)
Parks	81,300	83,800	2,500
Land use & resource management	1,981,206	1,978,388	(2,818)
Total General Fund	37,454,864	45,931,717	8,476,853
Health and Human Services Fund	28,702,889	30,267,100	1,564,211
Lakeland School Fund	11,451,133	11,405,867	(45,266)
Debt Service Fund	5,267,764	5,303,121	35,357
Land Information Fund	380,594	492,496	111,902
Capital Projects Fund	4,875,057	7,465,702	2,590,645

The modified budget includes transfers but does not include expenditure carryforwards from 2003 to 2004 budget. Carryforwards were as follows: General Fund, \$1,323,588, Health and Human Services Fund, \$42,040, Lakeland School Fund \$47,734, Land Information Fund \$1,431,273, and Capital Projects in the amount of \$7,454,151. The non-departmental department includes the transfer of the Risk Management Fund of \$5,476,633 and transfer for Capital Projects of \$1,509,715.

- e. Encumbrance accounting is not used by the County to record commitments related to unperformed contracts for goods or services.

The County did not have any major violation of legal or contractual provisions for the fiscal year ended December 31, 2004.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

2. Excess of Expenditures Over Budget Appropriations

The county maintains the expenditure budget at a department level for budgeted accounts of the general, special revenue with the exception of the Sheriff Trust Fund, debt service and capital project funds. At December 31, 2004, no total actual expenditures exceeded total budget appropriations for each department.

NOTE D - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The County maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the County's cash and investments totaled \$55,656,980 on December 31, 2004 as summarized below:

Petty cash funds	\$ 6,375
Deposits with financial institutions	4,128,903
Deposits with fiscal agents	85,058
Investments	<u>51,436,644</u>
	<u>\$ 55,656,980</u>
Reconciliation to the basic financial statements:	
Basic financial statements	
Cash and investments	\$ 53,253,181
Restricted cash and investments	585,775
Fiduciary funds	
Private purpose trust funds	36,040
Agency funds	<u>1,781,984</u>
	<u>\$ 55,656,980</u>

Additional information on the above deposits and investments follows:

Deposits - At year end, the carrying amount of the County's deposits was \$4,128,903 and the bank balance was \$4,104,569. The differences between the carrying balance and bank balances are due to deposits in transit and outstanding checks. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in computing the amounts in category 1 below.

The County's bank balance is categorized below in accordance with GASB Statement No. 3 as either (1) insured or collateralized with securities held by the County's or by its agent in the County's name or (2) collateralized with securities held by the pledging financial institution's trust department or agent in the

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

1. Cash and Investments (continued)

County's name or (3) uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the County's name.

	Category			Bank Balance
	1	2	3	
Deposits with financial institutions	\$ 3,685,458	\$ -	\$ 419,111	\$ 4,104,569

Due to higher cash flows at certain times during the year, the County's temporary deposit balances increase significantly. As a result, the County does have larger uninsured and uncollateralized deposit balances at various times throughout the year; however, no losses were incurred in 2004.

Investments - The County's investments are categorized below in accordance with GASB Statement No. 3 in order to provide an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty.

	Category			Carrying Amount
	1	2	3	
U.S. Government securities	\$ -	\$ 3,076,800	\$ -	\$ 3,076,808
Mortgage backed	-	2,025,007	-	2,025,007
	<u>\$ -</u>	<u>\$ 5,101,807</u>	<u>\$ -</u>	<u>5,101,807</u>
Investments not subject to categorization				
Wisconsin local government investment pool				41,583,403
MBIA				406,170
Bank One Group US Treasury money market fund				4,345,264
Total Investments				<u>\$ 51,436,644</u>

The County has investments in the Wisconsin local government investment pool at year-end. 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, 2004, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

Investments in the Wisconsin 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. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund insurance, and income on the investment during the calendar quarter a loss occurs.

2. Property Tax Apportionments

Property taxes are apportioned annually in November to local taxing units within the County for financing state charges and the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as deferred revenue at year-end. Property tax payments from individual property owners are due in two installments by January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

2. Property Tax Apportionments (continued)

taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent. The delinquent taxes are then acquired by the County's general fund in accordance with state statutes in order to provide the County with a statutory lien.

The County apportionment of \$47,082,255 is for financing 2005 operations and will be transferred in 2005 from deferred revenue to current revenues of the County's governmental and proprietary funds.

3. Delinquent Property Taxes - General Fund

Delinquent property taxes of the general fund represent unpaid property taxes on real estate and unpaid taxes on commercial personal property, including state and local government equities therein. In regards to real estate taxes, under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax-deeded properties. In regards to personal property taxes, delinquent taxes remain recorded for one year. If collection efforts remain unsuccessful, the amounts are then submitted to the Finance Committee for write-off approval.

On December 31, 2004, the County's general fund showed an investment of \$3,533,999 in delinquent taxes as follows:

Tax certificates	\$ 3,498,743
Tax deeds	17,686
Personal property taxes	17,570
Total	\$ 3,533,999

An aging of the total delinquent taxes of \$3,533,999 on December 31, 2004 follows:

<u>Year Acquired</u>	Total	Tax Certificates	Tax Deeds	Personal Property Taxes
Prior to 1999	\$ 33,657	\$ 29,926	\$ 3,731	\$ -
1999	31,446	31,446	-	-
2000	85,647	85,647	-	-
2001	287,283	278,173	9,110	-
2002	991,644	970,869	3,205	17,570
2003	2,102,682	2,102,682	-	-
2004	1,640	-	1,640	-
	\$ 3,533,999	\$ 3,498,743	\$ 17,686	\$ 17,570

Of the total of \$3,498,743 for delinquent real estate taxes, the County collected \$746,483 within 60 days after December 31, 2004. The remaining unpaid balance of \$2,752,260 is recorded as reserved fund balance for the general fund for the county purchased portion of \$2,142,293, and recorded as a deferred revenue for the county levied portion of \$609,967.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

4. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,103,694	\$ -	\$ -	\$ 1,103,694
Construction in progress	12,780,829	7,774,126	1,724,942	18,830,013
Total capital assets, not being depreciated	13,884,523	7,774,126	1,724,942	19,933,707
Capital assets, being depreciated:				
Buildings	34,136,499	245,952	57,339	34,325,112
Improvements other than buildings	5,095,310	-	-	5,095,310
Machinery and equipment	13,709,340	2,987,389	705,307	15,991,422
Infrastructure – roads (as restated)	39,204,064	-	-	39,204,064
Infrastructure – bridges (as restated)	3,410,639	-	-	3,410,639
Subtotals (as restated)	95,555,852	3,233,341	762,646	98,026,547
Less accumulated depreciation for:				
Buildings	8,131,508	592,673	18,038	8,706,143
Improvements other than buildings	1,159,070	167,470	-	1,326,540
Machinery and equipment	8,339,437	962,585	584,838	8,717,184
Infrastructure – roads (as restated)	15,213,694	1,225,593	-	16,439,287
Infrastructure – bridges (as restated)	1,198,816	56,325	-	1,255,141
Subtotals (as restated)	34,042,525	3,004,646	602,876	36,444,295
Total capital assets, being depreciated, net (as restated)	61,513,327	228,695	159,768	61,582,252
Governmental activities capital assets, net (as restated)	\$ 75,397,850	\$ 8,002,821	\$ 1,884,712	\$ 81,515,959
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 98,486	\$ -	\$ -	\$ 98,486
Construction in progress	9,580	-	9,580	-
Total capital assets, not being depreciated	108,066	-	9,580	98,486
Capital assets, being depreciated:				
Buildings	7,942,413	-	-	7,942,413
Improvements other than buildings	580,983	2,295	-	583,278
Machinery and equipment	13,491,333	759,989	535,604	13,715,718
Subtotals	22,014,729	762,284	535,604	22,241,409
Less accumulated depreciation for:				
Buildings	4,417,096	178,484	-	4,595,580
Improvements other than buildings	354,567	16,368	-	370,935
Machinery and equipment	8,911,865	696,426	449,825	9,158,466
Subtotals	13,683,528	891,278	449,825	14,124,981
Total capital assets, being depreciated, net	8,331,201	(128,994)	85,779	8,116,428
Business-type activities capital assets, net	\$ 8,439,267	\$ (128,994)	\$ 95,359	\$ 8,214,914

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

4. Capital Assets (continued)

Depreciation expense was charged to functions of the County as follows:

Governmental activities

General government	\$ 1,027,246
Public safety	445,601
Health and human services	146,911
Culture, recreation and education	53,715
Public works	1,281,918
Conservation and development	49,255
Total depreciation expense - governmental activities	\$ 3,004,646

Business-type activities

Nursing home	\$ 237,516
Highway	653,762
Total depreciation expense – business-type activities	\$ 891,278

5. Interfund Receivable, Payables, Advances, and Transfers

Interfund receivables and payables between individual funds of the County, as reported in the fund financial statements, as of December 31, 2004 are detailed below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Lakeland School	\$ 722,537
Internal Service Funds	General Fund	4,026
	Health and Human Services	1,002
	Lakeland School	1,128
	Nonmajor Governmental Funds	4
	Lakeland Health Care Center	13,070
	Highway	1,086
		\$ 742,853

The General Fund has loaned Lakeland School \$722,537 for its temporary negative cash balance to be repaid as receivables are collected. The employee benefits insurance internal service fund interfund is for December worker's compensation due from each fund.

In the government-wide statements, the governmental funds also owe the business-type funds for over-collection of employee benefits insurance funds in the amounts of \$403,053 to Lakeland Health Care Center and \$116,208 to the Highway Fund.

Interfund transfers for the year ended December 31, 2004 were as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
General Fund	Health and Human Services	\$ 81,686
	Lakeland School	5,474
	Nonmajor Governmental Funds	218,948
	Internal Service Funds	775,637
	Lakeland Health Care Center	39,345
	Highway	30,865
Health and Human Services	General Fund	543,772
Lakeland School	General Fund	92,270
Debt Service Fund	General Fund	8,800
Nonmajor Governmental Funds	General Fund	1,917,995

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

5. Interfund Receivable, Payables, Advances, and Transfers (continued)

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
Nonmajor Governmental Funds	Debt Service Fund	\$ 15,764
	Highway	4,426
Internal Service Funds	General Fund	5,476,633
Lakeland Health Care Center	General Fund	20,000
Highway	General Fund	25,240
	Nonmajor Governmental Funds	39,750
	Total Transfers In	<u>\$ 9,296,605</u>
Transfer out of general capital assets:		
From internal service funds to existing general capital assets		1,234,542
Transfer out of debt service and compensated absences		
From internal service funds to existing general debt liabilities		<u>(578,510)</u>
	Total Transfers Out	<u>\$ 9,952,637</u>

Operating purposes account for \$246,936 of total transfers. Transfers related to funding of capital-related projects result in a total of \$2,229,628. In 2004, transfers were made to close the Information Systems internal service fund for \$410,425 and the Facilities Management Fund for \$365,147 into the General Fund. Risk Management has been transferred out of the General Fund into its own internal service fund in the amount of \$5,476,483. The Health and Human Services Fund had unfavorable revenue variances of \$521,264 for the year ended December 31, which was transferred in from undesignated funds of the General Fund to cover the loss. Lakeland School also had unfavorable revenue and expenditure variances resulting in a \$44,698 loss. The Capital Projects nonmajor governmental fund had \$2,024 of favorable results, which has been transferred to the General Fund.

In the fund financial statements total transfers in of \$9,296,605 is less than total transfers out of \$9,952,637 because of transfers of capital assets, long term debt, and accrued compensated absences from the internal service fund. During the year existing capital assets with a net book value of \$1,234,542, general obligation bonds of \$382,375 and \$196,135 of accrued compensated absences from the internal service funds were transferred to the governmental funds. No amounts were reported in the governmental funds as the amount did not involve the transfer of financial resources. However, the internal service funds did report a transfer of the capital resources/obligations.

6. Restricted Assets

Mandatory segregation of assets is presented on the statement of net assets as restricted assets. External parties require such segregations. Restricted assets, consisting of patient and student deposits held by various County funds, are offset by a related payable. Risk Management internal service fund deposit is restricted as amount is held by a third party on behalf of the County.

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
Health and Human Services	Patient Deposits	\$ 309,447
Lakeland School	School/Student Deposits	128,261
Lakeland Health Care Center	Patient Deposits	63,009
Risk Management	Held by Fiscal Agent	85,058
Total Restricted Asset		<u>\$ 585,775</u>

7. Leases

The County has no material operating or capital leases for 2004.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

8. Deferred Revenues

Governmental funds report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet recognizable. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Subsequent year tax levy receivable		
General Fund	\$ -	\$ 21,737,723
Health and Human Services	-	10,090,138
Lakeland School	-	5,525,341
Debt Service	-	6,051,593
Nonmajor Governmental Funds	-	328,064
Delinquent real estate taxes – County share	609,967	-
Long-term receivable	382,771	-
Prepaid revenues – sewer and contractors	-	97,547
Grant draw downs not received meeting all eligibility requirements	137,471	-
Grant draw downs prior to meeting all eligibility requirements	-	60,170
Totals	<u>\$ 1,130,209</u>	<u>\$ 43,890,576</u>

9. Short-term Debt

The County executed an Intergovernmental Transfer Agreement with the State of Wisconsin to enhance the Lakeland Health Care Center's reimbursement under Title XIX of the Social Security Act. On January 21, 2004 the County issued \$95,000,000 of Taxable Revenue Anticipation Notes and the proceeds were transferred to the State of Wisconsin. The State of Wisconsin transferred the funds back to the County on January 21, 2004, as payment to the Lakeland Health Care Center. The County retired the notes on January 21, 2004.

10. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2004:

	Outstanding 1/1/04	Issued	Retired	Outstanding 12/31/04	Due Within One Year
Governmental activities:					
General obligation debt					
Bonds	\$ 8,940,000	\$ -	\$ 2,870,000	\$ 6,070,000	\$2,350,000
Notes	31,045,000	6,070,000	825,000	36,290,000	2,275,000
Total general obligation debt	39,985,000	6,070,000	3,695,000	42,360,000	4,625,000
Early retirement incentive payable	1,270,458	276,293	147,678	1,399,073	157,529
Post-employment health benefits Payable	715,555	278,052	153,270	840,337	92,414
Compensated absences	3,202,172	3,602,024	3,465,490	3,338,706	2,218,917
Unamortized debt premium	91,980	24,629	10,913	105,696	12,145
Governmental activities long-term liabilities	45,265,165	10,250,998	7,472,351	48,043,812	7,106,005
Business-type activities:					
Health insurance payable	-	78,053	10,797	67,256	42,126
Compensated absences	1,192,879	1,534,787	1,596,350	1,131,316	796,256
Business-type activities long-term liabilities	1,192,879	1,612,840	1,607,147	1,198,572	838,382
Total long-term liabilities	\$46,458,044	\$11,863,838	\$ 9,079,498	\$49,242,384	\$7,944,387

For governmental activities, the other long-term liabilities are generally funded by the general fund. Total interest paid during the year on long-term debt totaled \$1,561,487.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

10. Long-term Obligations (continued)

General Obligation Debt

General obligation debt has been obtained for the purpose of funding capital purchases and construction of capital assets. General obligation debt currently outstanding is detailed as follows:

Bonds

\$2,485,000 issued 11/1/97; \$25,000 to \$400,000 due annually through 2005; interest 4.50% to 4.60%	\$ 400,000
\$6,995,000 issued 7/15/01; \$365,000 to \$735,000 due annually through 2010; interest 3.50% to 4.35%	4,795,000
\$3,875,000 issued 12/1/02; \$875,000 to \$1,635,000 due annually through 2005; interest 1.75% to 2.15%	875,000

Notes

\$7,291,000 issued 7/15/00; \$666,000 to \$1,725,000 due annually through 2010; interest 5.25% to 5.50%	6,625,000
\$8,200,000 issued 2/1/01; \$50,000 to \$2,350,000 due annually through 2011; interest 4.30% to 4.875%	8,000,000
\$7,320,000 issued 7/1/02; \$155,000 to \$1,085,000 due annually through 2012; interest 3.00% to 4.10%	6,960,000
\$9,205,000 issued 11/1/03; \$570,000 to \$1,250,000 due annually through 2012; interest 1.00% to 3.40%	8,635,000
\$6,070,000 issued 9/1/04; \$500,000 to \$725,000 due annually through 2014; interest 3.00% to 3.55%	6,070,000

Total Outstanding General Obligation Debt

\$ 42,360,000

Annual principal and interest maturities of the outstanding general obligation debt of \$42,360,000 on December 31, 2004 are detailed as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2005	\$ 4,625,000	\$ 1,674,092
2006	5,360,000	1,443,956
2007	5,905,000	1,215,240
2008	5,760,000	973,702
2009	5,510,000	736,390
2010-2014	15,200,000	1,017,738
	<u>\$ 42,360,000</u>	<u>\$ 7,061,118</u>

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2004 was \$470,261,882 as follows:

Equalized valuation of the County	\$ 10,242,367,900
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	512,118,395
Total outstanding general obligation debt applicable to debt limitation	\$ 42,360,000
Less: Amounts available for financing general obligation debt Debt service fund	(503,487)
Net outstanding general obligation debt applicable to debt limitation	41,856,513
Legal Margin for New Debt	\$ 470,261,882

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

11. Fund Equity

Government-wide Statements

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

- a. Invested in capital assets, net of related debt – Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Amount of net assets that are subject to restrictions that are imposed 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.
- c. Unrestricted net assets – Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

Net assets of the governmental activities reported on the government-wide statement of net assets at December 31, 2004 includes the following:

Invested in capital assets, net of related debt

Land	\$ 1,103,694
Construction in progress	18,830,013
Buildings, net of accumulated depreciation	25,618,969
Improvements other than buildings, net of accumulated depreciation	3,768,770
Machinery and equipment, net of accumulated depreciation	7,274,238
Infrastructure, net of accumulated depreciation	24,920,275
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(36,363,010)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>45,152,949</u>

Restricted

Alpine Valley surplus	158,125
Debt service	503,487
Economic development donation	4,481
Land modernization fees	242,215
Park donations	1,500
Public access fees	90,940
School building donations	11,266
Sheriff donations	23,775
Sheriff trusts	736,570
Total Restricted	<u>1,772,359</u>

Unrestricted

32,626,923

Total Governmental Activities Net Assets

\$ 79,552,231

Fund Statements

In the fund financial statements, portions of governmental fund balances are reserved and not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2004, fund balance was reserved as follows:

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

11. Fund Equity (continued)

Fund Statements (continued)

General Fund	
Reserved for Alpine Valley	\$ 158,125
Reserved for delinquent personal property taxes	2,142,293
Reserved for donations	29,756
Reserved for inventories	4,033
Reserved for prepaid items	32,235
Reserved for receivables	139,894
	<u>\$2,506,336</u>
Health and Human Services	
Reserved for prepaid items	<u>\$ 10,372</u>
Lakeland School	
Reserved for prepaid items	\$ 1,357
Reserved for donations	11,266
	<u>\$ 12,623</u>
Debt Service Fund	
Reserved for debt retirement	<u>\$ 503,487</u>
Nonmajor Governmental Funds	
Special Revenue Funds	
Reserved for land modernization projects	\$ 242,215
Reserved for public access project	90,940
Reserved for sheriff trusts	736,570
Reserved for unspent debt proceeds	50,584
	<u>\$1,120,309</u>
Capital Projects Fund	
Reserved for receivables	\$ 40,002
Reserved for unspent debt proceeds	5,839,649
	<u>\$5,879,651</u>
Fiduciary Funds	
Reserved for private purpose trust funds	<u>\$ 36,040</u>

Also in the fund financial statements, portions of governmental fund balances have been designated to represent tentative management plans that are subject to change. At December 31, 2004, fund balance was designated as follows:

General Fund	
Designated for subsequent year budget	<u>\$4,692,436</u>
Health and Human Services	
Designated for subsequent year budget	<u>\$ 58,473</u>
Lakeland School	
Designated for subsequent year budget	<u>\$ 4,036</u>
Nonmajor Governmental Funds	
Special Revenue Funds	
Designated for subsequent year budget	<u>\$ 461,564</u>
Capital Projects Fund	
Designated for subsequent year budget	<u>\$2,107,355</u>

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

12. Restatement of Fund Balance/Net Assets

Governmental net assets has been restated in the government-wide statements due to capital assets and the related accumulated depreciation that should have been recorded in prior years.

Governmental Activities	
Net Assets – December 31, 2003 (as reported)	\$73,029,896
Add: Infrastructure Assets – Bridges	1,335,866
Add: Infrastructure Assets – Roads	24,696
Less: Accumulated Depreciation – Bridges	(201,843)
Add: Accumulated Depreciation – Roads	10,930
	\$74,199,545
Net Assets – January 1, 2004 (as restated)	\$74,199,545

13. Special or Extraordinary Items

There are no known material special or extraordinary items for the year ended December 31, 2004.

NOTE E - OTHER INFORMATION

1. Retirement Commitments

All eligible County employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer public employee retirement system. All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.6% of their salary (2.6% for Executives and Elected Officials, 4.5% for Protective Occupations with Social Security, and 3.2% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the System for the year ended December 31, 2004 was \$39,501,167; the employer's total payroll was \$39,798,282. The total required contribution for the year ended December 31, 2004 was \$3,991,363 or 10.1% of covered payroll financed by the County. Total contributions for the years ending December 31, 2003 and 2002 were \$3,768,418 and \$3,518,809 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest year's 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 or after April 24, 1998 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility 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.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

2. Post Employment Benefits

Walworth County provides post employment health care benefits in accordance with collective bargaining agreements and the County's Personnel Code. This benefit allows employees who at termination apply for an immediate retirement annuity from the Wisconsin Retirement System, or have reached the age of 50 or older and have a minimum of 20 years of service with Walworth County, to have their sick leave balance converted at 60% of their basic pay rate at the time of retirement to pay for health insurance until the credits are exhausted. Currently, 44 employees meet the eligibility requirements for this benefit. During 2004, approximately \$153,270 of expenditures were recognized for post-employment health care benefits. Funds are allocated for this benefit on a pay-as-you-go basis as employees retire. At year-end, \$840,337 was allocated and available for payment of post employment health insurance for qualified former employees.

3. Early Retirement Program

In addition to the above retirement plan, the County offers an early retirement program for teachers who are at least age 57 and completed at least 20 years of service. Under the program, eligible teachers are entitled to receive employer-paid single health insurance coverage under the group plan for 5 years. At December 31, 2004, there were 5 participants in the program and a liability of \$65,474 had been recorded in the government-wide statement of net assets as an estimate of future payments under the plan.

The County also has an early retirement policy for protective occupation employees who retire on a Wisconsin Retirement System (WRS) retirement or disability annuity at age 54 or older, at age 53 with a minimum of 25 years of WRS service, or have a minimum of 20 years of continuous County service upon becoming an annuitant at age 50 to 53. This policy will also apply to an employee receiving a duty disability annuity prior to age 50, who has 20 years of continuous County service and is considered "permanently and totally" disabled. The employees are entitled to a County payment of 50% of their premium for health insurance until the retiree is eligible for Medicare coverage. The insurance coverage shall be the same as provided to active employees. At December 31, 2004, 30 retirees were eligible to receive future benefits and an estimated liability of \$1,326,944 had been recorded in the government-wide statement of net assets as a result of this program.

One employee was offered an early retirement policy to retire during 2004. This employee has been given County paid health insurance through May, 2005. The benefits liability is estimated at \$6,655.

4. Health Insurance Payable

Three highway employees were offered an early retirement benefit to retire during 2004. Two employees with 30 or more years of service will receive 2 years of paid health insurance and one employee with more than 25 years of service will receive one year of paid health insurance by the County. A health insurance liability has been recorded in the Highway Fund for \$67,256.

5. Risk Management

Risk Entity

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. It is the policy of the County to purchase commercial insurance for the risks of losses to which it is exposed. The County established a risk management program for liability, health, dental, and workers compensation insurance utilizing third-party claims administrator. The County completes an annual review of its insurance coverage to ensure adequate coverage.

Self Insurance of Employee Benefits

Premiums are paid into an internal service fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. A liability for claims is reported when it is probable that a loss has been incurred and it can be reasonably estimated.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

5. Risk Management (continued)

Self Insurance of Employee Benefits (continued)

Interfund premiums are based primarily on claims experience and are reported as quasi-external interfund transactions. An excess coverage insurance policy covers individual workers compensation claims in excess of \$300,000 up to \$1,000,000. An excess coverage insurance covers health insurance claims in excess of \$200,000 up to \$2,000,000. Settled claims have not exceeded reinsurance coverage in any of the last three years. The County has recognized \$1,656,570 of claims liabilities in the employee benefits insurance fund at December 31, 2004. This liability amount was determined from reviewing the 2004 claim settlements recorded during the first three months of 2004 and extrapolating forward. The calculation of the claims liability is below:

January 1, 2003 claims liabilities	\$ 1,715,592
2003 claims incurred during the period	11,359,502
2003 discounts, rebates, and refunds	(86,430)
2003 change in estimates of prior years	(3,819)
2003 claims payments	(11,227,861)
January 1, 2004 claims liabilities	1,756,984
2004 claims incurred during the period	11,907,315
2004 discounts, rebates, and refunds	(322,803)
2004 change in estimates of prior years	(11,669,476)
2004 claims payments	(15,450)
Unpaid claims – end of year	\$ 1,656,570

Self Insurance of Liability Insurance

During 1987, Walworth County together with certain other counties within the State of Wisconsin, created the Wisconsin County Mutual Insurance Corporation (WCMIC) to provide liability and incidental medical expense insurance as well as automobile insurance to its members. WCMIC is governed by one entity-one vote and includes counties of varying size. Only member entities participate in governing WCMIC. The actuary for WCMIC determines the charge per \$1,000 of ratable government expenditures required to pay the expected losses and loss adjustment expenses on which premiums and administration costs are based. WCMIC provides bodily and personal injury, property damage, and errors and omissions coverage for the County. Beginning in 2004, the County's self-insured retention limit increased to \$1,000,000 for each occurrence. The maximum annual deductible liability the County can incur is \$1,000,000. Additionally, WCMIC provides the County general liability insurance, with a limit of \$10,000,000, auto liability insurance with an uninsured motorist limit of \$25,000 per person and \$50,000 per occurrence and a general endorsement for Lakeland Health Care Center of \$1,000,000 per occurrence or \$3,000,000 in the aggregate. Settled claims have not exceeded insurance coverage in any of the last three years.

Liability claims are paid out of the Risk Management internal service fund and are reimbursed by the appropriate county department in the following year for all damage claims. The County maintains a reserve account that will then be replenished in the following year. On December 31, 2004, net assets of \$5,572,159 have been reserved for payment of future unreported claims. The claims liability of \$50,058 reported in the fund at December 31, 2004 is based on the requirements of GASB Statement No. 10. This statement requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claim liability amount for 2003 and 2004 follow:

January 1, 2003 claims liabilities	\$ 2,865
2003 claims incurred during the period	56,937
2003 change in estimates of prior years	77,446
2003 claims payments	(76,212)
Unpaid claims – January 1, 2004	\$ 61,036

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

5. Risk Management (continued)
Self Insurance of Liability Insurance (continued)

Unpaid claims – January 1, 2004	\$	61,036
2004 claims incurred during the period		16,642
2004 change in estimates of prior years		49,366
2004 claims payments		(76,986)
Unpaid claims – December 31, 2004	\$	50,058

Summary financial information of WCMIC as of December 31, 2004 can be obtained directly from WCMIC's offices.

Commercial Insurance

Surety bonds are purchased for key officials in accordance with statutory requirement chapter 59.21.

6. Contingencies and Commitments

- a. The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under OMB Circular A-133 has been conducted but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.
- b. From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and legal 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.
- c. The County has approved several capital projects to be completed over the next several years that will be funded by borrowed funds. These projects have started or will be started in the near future. The table below summarizes the estimated costs of the remaining bonded projects and accumulated costs. Current bond funds reserved in the Capital Projects fund and the Land Information Board fund will be utilized for these projects as well as additional future borrowings, tax levy, grants and other funds designated by the board for this purpose.

	<u>Estimated Costs</u>	<u>Expended thru Dec. 31, 2004</u>
Land information mapping project (Year 1-5)	\$ 5,052,920	\$ 4,545,668
New judicial center	12,741,400	12,248,704
Sheriff's storage facility	240,000	20,168
2004 County highway road construction	3,803,919	85,256
Lake Geneva Salt Storage	155,150	5,834
Price Park	120,000	82,800
Lakeland health care center	15,252,300	581,658
Remodel existing courthouse	3,104,000	120

7. Subsequent Events

Intergovernmental Transfer Agreement

The County executed an Intergovernmental Transfer Agreement with the State of Wisconsin after year end to enhance the Lakeland Health Care Center's reimbursement under Title XIX of the Social Security Act. On January 19, 2005 the County issued \$87,300,000 of Taxable Revenue Anticipation Notes and the proceeds were transferred to the State of Wisconsin. The State of Wisconsin transferred the funds back to the County on January 19, 2005, as payment to the Lakeland Health Care Center. The County retired the notes on January 19, 2005.



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**OTHER
SUPPLEMENTAL
INFORMATION**



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GENERAL FUND

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.



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WALWORTH COUNTY, WISCONSIN

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
TAXES				
Real and personal property taxes	\$ 21,501,630	\$ 21,444,407	\$ 22,019,411	\$ 575,004
Retail sales and use taxes	6,460,200	6,553,044	7,375,105	822,061
Other taxes	370,000	370,000	573,047	203,047
TOTAL	28,331,830	28,367,451	29,967,563	1,600,112
INTERGOVERNMENTAL				
State shared taxes	350,024	350,024	367,357	17,333
Federal grants	-	82,912	5,813	(77,099)
State grants	1,306,790	2,117,428	1,574,598	(542,830)
TOTAL	1,656,814	2,550,364	1,947,768	(602,596)
LICENSES AND PERMITS				
Licenses	18,400	18,400	20,680	2,280
Permits	330,700	347,616	378,881	31,265
TOTAL	349,100	366,016	399,561	33,545
FINES, FORFEITURES AND PENALTIES				
Law and ordinance violations	669,400	669,400	870,249	200,849
Court fees and costs	541,200	530,800	484,203	(46,597)
Awards and damages	-	400	3,271	2,871
TOTAL	1,210,600	1,200,600	1,357,723	157,123
PUBLIC CHARGES FOR SERVICES				
Public charges for services	2,820,267	2,975,297	2,959,020	(16,277)
Patient/client revenue	20,000	20,000	13,817	(6,183)
TOTAL	2,840,267	2,995,297	2,972,837	(22,460)
INTERGOVERNMENTAL CHARGES FOR SERVICES				
State and federal	245,800	160,290	145,580	(14,710)
Local districts	134,275	150,896	130,177	(20,719)
Interdepartmental revenues	244,987	244,987	160,037	(84,950)
TOTAL	625,062	556,173	435,794	(120,379)

(Continued)

WALWORTH COUNTY, WISCONSIN

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
 BUDGET AND ACTUAL - GENERAL FUND (continued)
 For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
INVESTMENT INCOME				
Investment income	829,000	829,000	635,474	(193,526)
MISCELLANEOUS				
Rental revenue	77,351	73,569	73,402	(167)
Property sales and loss compensation	177,000	230,848	256,761	25,913
Donations and contributions	53,910	32,025	34,930	2,905
Other	10	42,895	42,780	(115)
TOTAL	308,271	379,337	407,873	28,536
TOTAL REVENUES	36,150,944	37,244,238	38,124,593	880,355
OTHER FINANCING SOURCES				
Transfers in	282,480	1,265,532	1,151,955	(113,577)
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 36,433,424	\$ 38,509,770	\$ 39,276,548	\$ 766,778

WALWORTH COUNTY, WISCONSIN

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
CURRENT:				
GENERAL GOVERNMENT				
County board	\$ 286,336	\$ 284,823	\$ 246,092	\$ 38,731
County clerk	279,540	279,495	271,301	8,194
Elections	127,588	127,588	102,477	25,111
Administration	1,681,002	1,745,932	1,581,149	164,783
Finance	984,217	1,110,835	965,837	144,998
Treasurer	357,596	357,877	334,460	23,417
Coroner	258,340	258,295	231,623	26,672
Clerk of courts	2,447,313	2,446,863	2,360,526	86,337
District attorney	763,537	752,407	719,662	32,745
Register of deeds	392,059	392,014	388,824	3,190
Information systems	1,598,143	1,628,407	1,487,073	141,334
Facilities	2,292,790	2,500,300	2,367,028	133,272
Non-departmental	1,384,117	1,367,536	1,354,076	13,460
TOTAL	<u>12,852,578</u>	<u>13,252,372</u>	<u>12,410,128</u>	<u>842,244</u>
PUBLIC SAFETY				
Sheriff	19,265,307	19,865,935	18,988,057	877,878
HEALTH AND HUMAN SERVICES				
Veterans services	144,173	144,128	140,321	3,807
CULTURE, RECREATION, AND EDUCATION				
UW extension	407,082	374,071	334,725	39,346
Parks	55,000	57,500	55,643	1,857
TOTAL	<u>462,082</u>	<u>431,571</u>	<u>390,368</u>	<u>41,203</u>
CONSERVATION AND DEVELOPMENT				
Land use and resource management	1,981,206	2,020,888	1,902,695	118,193
TOTAL CURRENT EXPENDITURES	<u>34,705,346</u>	<u>35,714,894</u>	<u>33,831,569</u>	<u>1,883,325</u> (Continued)

WALWORTH COUNTY, WISCONSIN

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - GENERAL FUND (continued)
 For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
CAPITAL OUTLAY:				
GENERAL GOVERNMENT				
Administration	-	218,120	180,041	38,079
Finance	6,700	6,700	-	6,700
Clerk of courts	182,344	248,244	244,339	3,905
District attorney	50,000	39,474	39,450	24
Register of deeds	2,700	2,700	2,437	263
Information systems	681,800	685,430	502,115	183,315
Facilities	-	242,354	73,046	169,308
TOTAL	<u>923,544</u>	<u>1,443,022</u>	<u>1,041,428</u>	<u>401,594</u>
PUBLIC SAFETY				
Sheriff	<u>659,674</u>	<u>1,767,772</u>	<u>1,145,376</u>	<u>622,396</u>
CULTURE, RECREATION, AND EDUCATION				
Parks	<u>26,300</u>	<u>64,291</u>	<u>26,300</u>	<u>37,991</u>
TOTAL CAPITAL OUTLAY	<u>1,609,518</u>	<u>3,275,085</u>	<u>2,213,104</u>	<u>1,061,981</u>
TOTAL EXPENDITURES	<u>36,314,864</u>	<u>38,989,979</u>	<u>36,044,673</u>	<u>2,945,306</u>
OTHER FINANCING USES:				
Transfers out	<u>1,140,000</u>	<u>8,265,326</u>	<u>8,075,910</u>	<u>189,416</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 37,454,864</u>	<u>\$ 47,255,305</u>	<u>\$ 44,120,583</u>	<u>\$ 3,134,722</u>

DEBT SERVICE FUND

The debt service fund is used to accumulate monies for the payment of long-term debt obligations of the governmental funds (general, special revenue, and capital projects funds). Financing is generally provided by property taxes and interfund transfers.



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WALWORTH COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL DEBT SERVICE FUND

For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,242,764	\$ 5,242,764	\$ 5,242,764	\$ -
Investment income	-	-	39,817	39,817
Total revenues	<u>5,242,764</u>	<u>5,242,764</u>	<u>5,282,581</u>	<u>39,817</u>
EXPENDITURES				
Debt service:				
Principal retirement	3,725,000	3,695,000	3,695,000	-
Interest and fiscal charges	1,542,764	1,592,357	1,589,718	2,639
Total expenditures	<u>5,267,764</u>	<u>5,287,357</u>	<u>5,284,718</u>	<u>2,639</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,000)</u>	<u>(44,593)</u>	<u>(2,137)</u>	<u>42,456</u>
OTHER FINANCING SOURCES				
Premium on long-term debt	-	52,999	52,999	-
Transfers out	-	(15,764)	(15,764)	-
Total other financing sources	<u>-</u>	<u>37,235</u>	<u>37,235</u>	<u>-</u>
Net change in fund balances	(25,000)	(7,358)	35,098	42,456
Fund balances - beginning	<u>468,389</u>	<u>468,389</u>	<u>468,389</u>	<u>-</u>
Fund balances - ending	<u>\$ 443,389</u>	<u>\$ 461,031</u>	<u>\$ 503,487</u>	<u>\$ 42,456</u>



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NONMAJOR GOVERNMENTAL FUNDS

- ◆ **Land Information Fund** – to account for the financial activity of the Wisconsin Land Information Board. Its services are funded with retained filing fees and debt proceeds to coordinate land records modernization activities.
- ◆ **Sheriff Trusts Fund** – to account for several sheriff trust funds for use by the County:
 - ◆ **County Jail Trust** – to account for the accumulation of jail assessments awarded by the courts. Funds are held within the Sheriff's Department and used for building remodeling and construction.
 - ◆ **Sheriff Donations Fund** – to account for the accumulation of private donations for use in the Sheriff's Department.
 - ◆ **Federal Confiscated** – to account for the accumulation of money confiscated from federal crimes. Funds have been used to purchase drug-sniffing dogs and drug equipment.
 - ◆ **State Confiscated** – to account for the accumulation of money confiscated from state crimes.
- ◆ **Capital Projects Fund** - The capital projects fund is used to account for the financing and construction of general capital projects not associated with the enterprise fund and internal service funds. Financing is provided by general obligation debt proceeds, intergovernmental revenues, and property taxes.



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WALWORTH COUNTY, WISCONSIN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2004

	Special Revenue Funds			Totals
	Land Information	Sheriff Trusts	Capital Projects	
ASSETS				
Cash and investments	\$ 1,001,661	\$ 722,578	\$ 8,233,424	\$ 9,957,663
Taxes receivable	168,668	-	159,396	328,064
Due from other governments	503	13,992	67,805	82,300
Total assets	<u>\$ 1,170,832</u>	<u>\$ 736,570</u>	<u>\$ 8,460,625</u>	<u>\$ 10,368,027</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 145,591	\$ -	\$ 176,752	\$ 322,343
Accrued liabilities	9,694	-	-	9,694
Due to other funds	4	-	-	4
Due to other governments	72	-	-	72
Deferred tax revenues	168,668	-	159,396	328,064
Other deferred revenues	1,500	-	137,471	138,971
Total liabilities	<u>325,529</u>	<u>-</u>	<u>473,619</u>	<u>799,148</u>
Fund balances:				
Reserved for:				
Modernization fees	242,215	-	-	242,215
Public access fees	90,940	-	-	90,940
Sheriff trusts	-	736,570	-	736,570
Receivables	-	-	40,002	40,002
Unspent debt proceeds	50,584	-	5,839,649	5,890,233
Unreserved, reported in:				
Special revenue funds	461,564	-	-	461,564
Capital project fund	-	-	2,107,355	2,107,355
Total fund balance	<u>845,303</u>	<u>736,570</u>	<u>7,987,006</u>	<u>9,568,879</u>
Total liabilities and fund balances	<u>\$ 1,170,832</u>	<u>\$ 736,570</u>	<u>\$ 8,460,625</u>	<u>\$ 10,368,027</u>

WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2004

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Land Information	Sheriff Trusts	Capital Projects	
REVENUES				
Taxes	\$ 353,374	\$ -	\$ 330,057	\$ 683,431
Public charges for services	213,847	-	-	213,847
Intergovernmental charges for services	52,540	-	1,063	53,603
Investment income	11,184	-	16,550	27,734
Miscellaneous	4,483	382,229	-	386,712
Total revenues	635,428	382,229	347,670	1,365,327
EXPENDITURES				
Current:				
Public safety	-	42,663	-	42,663
Conservation and development	352,163	-	-	352,163
Capital outlay:				
General government	-	-	5,450,562	5,450,562
Public safety	-	-	134,102	134,102
Health and human services	-	-	581,290	581,290
Culture, recreation, and education	-	-	94,629	94,629
Public works	-	-	91,095	91,095
Conservation and development	999,179	-	14,308	1,013,487
Total expenditures	1,351,342	42,663	6,365,986	7,759,991
Excess (deficiency) of revenues over (under) expenditures	(715,914)	339,566	(6,018,316)	(6,394,664)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	6,070,000	6,070,000
Transfers in	2,426	-	1,935,759	1,938,185
Transfers out	(45)	(166,879)	(91,774)	(258,698)
Total other financing sources (uses)	2,381	(166,879)	7,913,985	7,749,487
Net change in fund balances	(713,533)	172,687	1,895,669	1,354,823
Fund balances - beginning	1,558,836	563,883	6,091,337	8,214,056
Fund balances - ending	\$ 845,303	\$ 736,570	\$ 7,987,006	\$ 9,568,879

WALWORTH COUNTY, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL LAND INFORMATION SPECIAL REVENUE FUND For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 353,374	\$ 353,374	\$ 353,374	\$ -
Intergovernmental	5,859	22,898	-	(22,898)
Public charges for services	211,150	211,150	213,847	2,697
Intergovernmental charges for services	-	52,218	52,540	322
Investment income	-	-	11,184	11,184
Miscellaneous	4,020	4,020	4,483	463
Total revenues	<u>574,403</u>	<u>643,660</u>	<u>635,428</u>	<u>(8,232)</u>
EXPENDITURES				
Current:				
Conservation and development	380,594	400,014	352,163	47,851
Capital outlay:				
Conservation and development	-	1,523,710	999,179	524,531
Total expenditures	<u>380,594</u>	<u>1,923,724</u>	<u>1,351,342</u>	<u>572,382</u>
Excess (deficiency) of revenues over (under) expenditures	<u>193,809</u>	<u>(1,280,064)</u>	<u>(715,914)</u>	<u>564,150</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,426	2,426	-
Transfers out	-	(45)	(45)	-
Total other financing sources (uses)	<u>-</u>	<u>2,381</u>	<u>2,381</u>	<u>-</u>
Net change in fund balances	193,809	(1,277,683)	(713,533)	564,150
Fund balances - beginning	<u>1,558,836</u>	<u>1,558,836</u>	<u>1,558,836</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,752,645</u>	<u>\$ 281,153</u>	<u>\$ 845,303</u>	<u>\$ 564,150</u>

WALWORTH COUNTY, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CAPITAL PROJECTS FUND For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 330,057	\$ 330,057	\$ 330,057	\$ -
Intergovernmental	-	342,606	-	(342,606)
Intergovernmental charges for services	-	1,063	1,063	-
Investment income	-	-	16,550	16,550
Total revenues	<u>330,057</u>	<u>673,726</u>	<u>347,670</u>	<u>(326,056)</u>
EXPENDITURES				
Capital outlay:				
General government	360,000	9,000,765	5,450,562	3,550,203
Public safety	130,057	475,583	134,102	341,481
Health and human services	4,385,000	1,251,932	581,290	670,642
Culture, recreation, and education	-	94,716	94,629	87
Public works	-	3,959,069	91,095	3,867,974
Conservation and development	-	48,038	14,308	33,730
Total expenditures	<u>4,875,057</u>	<u>14,830,103</u>	<u>6,365,986</u>	<u>8,464,117</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,545,000)</u>	<u>(14,156,377)</u>	<u>(6,018,316)</u>	<u>8,138,061</u>
OTHER FINANCING SOURCES				
Long-term debt issued	4,170,000	6,070,000	6,070,000	-
Transfers in	360,000	1,935,759	1,935,759	-
Transfers out	-	(89,750)	(91,774)	(2,024)
Total other financing sources	<u>4,530,000</u>	<u>7,916,009</u>	<u>7,913,985</u>	<u>(2,024)</u>
Net change in fund balances	(15,000)	(6,240,368)	1,895,669	8,136,037
Fund balances - beginning	<u>6,091,337</u>	<u>6,091,337</u>	<u>6,091,337</u>	<u>-</u>
Fund balances - ending	<u>\$ 6,076,337</u>	<u>\$ (149,031)</u>	<u>\$ 7,987,006</u>	<u>\$ 8,136,037</u>

INTERNAL SERVICE FUNDS

- ◆ **Information Systems** – to account for operations and maintenance of the County’s information technology including voice and data communications networks. Such costs are billed to other departments at predetermined rates. This fund was closed and transferred to the General Fund on January 1, 2004.
- ◆ **Facilities Management** – to account for operations and maintenance of County-owned buildings and grounds including climate control, energy management, preventative maintenance, housekeeping and construction project management. Such costs are billed to other departments at actual cost and to the Lakeland Medical Center at actual cost plus a fixed fee. This fund was closed and transferred to the General Fund on January 1, 2004.
- ◆ **Employee Benefits & Insurance** – to account for the accumulation of costs associated with the provision of health, dental, and workers compensation benefits to the County’s employees. Such costs are billed to County departments and employees at a rate expected to recover all costs associated with these benefits.
- ◆ **Risk Management** – to account for the accumulation of liability claims relating to bodily and personal injury, property damage, natural disasters, and errors or omissions. Such costs are billed to County departments based on the prior year’s actual claims.



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WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS

December 31, 2004

	Employee Benefits & Insurance	Risk Management	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 5,648,253	\$ 5,564,233	\$ 11,212,486
Deposits held with fiscal agents	35,000	50,058	85,058
Accounts receivable	173,921	-	173,921
Due from other funds	20,316	-	20,316
Prepaid items	-	7,926	7,926
	<u>5,877,490</u>	<u>5,622,217</u>	<u>11,499,707</u>
Total current assets	<u>5,877,490</u>	<u>5,622,217</u>	<u>11,499,707</u>
Total assets	<u>5,877,490</u>	<u>5,622,217</u>	<u>11,499,707</u>
LIABILITIES			
Current liabilities:			
Accounts payable	8,092	-	8,092
Claims payable	1,656,570	50,058	1,706,628
	<u>1,664,662</u>	<u>50,058</u>	<u>1,714,720</u>
Total current liabilities	<u>1,664,662</u>	<u>50,058</u>	<u>1,714,720</u>
Total liabilities	<u>1,664,662</u>	<u>50,058</u>	<u>1,714,720</u>
NET ASSETS			
Unrestricted	<u>4,212,828</u>	<u>5,572,159</u>	<u>9,784,987</u>
Total net assets	<u>\$ 4,212,828</u>	<u>\$ 5,572,159</u>	<u>\$ 9,784,987</u>

WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2004

	<u>Information Systems</u>	<u>Facilities Management</u>	<u>Employee Benefits & Insurance</u>	<u>Risk Management</u>	<u>Totals</u>
Operating revenues:					
Charges for services	\$ -	\$ -	\$ 13,655,157	\$ 33,000	\$ 13,688,157
Operating expenses:					
Operation and maintenance	-	-	-	-	-
Insurance services	-	-	12,366,473	201,934	12,568,407
Depreciation	-	-	-	-	-
Total operating expenses	<u>-</u>	<u>-</u>	<u>12,366,473</u>	<u>201,934</u>	<u>12,568,407</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>1,288,684</u>	<u>(168,934)</u>	<u>1,119,750</u>
Nonoperating revenues (expenses):					
Property taxes	-	-	-	190,947	190,947
Investment income	-	-	62,550	73,663	136,213
Interest expense and fiscal charges	-	-	-	-	-
Sale of property	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>62,550</u>	<u>264,610</u>	<u>327,160</u>
Income (loss) before transfers	<u>-</u>	<u>-</u>	<u>1,351,234</u>	<u>95,676</u>	<u>1,446,910</u>
Transfers in	-	-	150	5,476,483	5,476,633
Transfers out	<u>(1,134,534)</u>	<u>(297,070)</u>	<u>(65)</u>	<u>-</u>	<u>(1,431,669)</u>
Total transfers	<u>(1,134,534)</u>	<u>(297,070)</u>	<u>85</u>	<u>5,476,483</u>	<u>4,044,964</u>
Net change in net assets	<u>(1,134,534)</u>	<u>(297,070)</u>	<u>1,351,319</u>	<u>5,572,159</u>	<u>5,491,874</u>
Total net assets - beginning	<u>1,134,534</u>	<u>297,070</u>	<u>2,861,509</u>	<u>-</u>	<u>4,293,113</u>
Total net assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,212,828</u>	<u>\$ 5,572,159</u>	<u>\$ 9,784,987</u>

WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2004

	Information Systems	Facilities Management	Employee Benefits & Insurance	Risk Management	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 584	\$ 208,906	\$ 1,319,550	\$ 33,000	\$ 1,562,040
Receipts from interfund services provided	-	-	12,160,014	-	12,160,014
Payments to suppliers	(57,751)	(229,290)	(12,524,483)	(159,802)	(12,971,326)
Payments to employees	(23,848)	(44,164)	-	-	(68,012)
Payments for interfund services used	(186)	(594)	-	-	(780)
Net cash flows provided (used) by operating activities	<u>(81,201)</u>	<u>(65,142)</u>	<u>955,081</u>	<u>(126,802)</u>	<u>681,936</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	150	5,476,483	5,476,633
Transfers out	(410,425)	(365,146)	(65)	-	(775,636)
General property taxes	-	-	-	190,947	190,947
Net cash flows provided (used) by non-capital financing activities	<u>(410,425)</u>	<u>(365,146)</u>	<u>85</u>	<u>5,667,430</u>	<u>4,891,944</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Advance from general fund	<u>(644,700)</u>	-	-	-	<u>(644,700)</u>
Net cash flows provided (used) by capital and related financing activities	<u>(644,700)</u>	-	-	-	<u>(644,700)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	-	-	62,550	73,663	136,213
Net cash flows provided by investing activities	-	-	62,550	73,663	136,213
Net increase in cash and cash equivalents	<u>(1,136,326)</u>	<u>(430,288)</u>	<u>1,017,716</u>	<u>5,614,291</u>	<u>5,065,393</u>
Cash and cash equivalents - beginning	<u>1,136,326</u>	<u>430,288</u>	<u>4,665,537</u>	-	<u>6,232,151</u>
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,683,253</u>	<u>\$ 5,614,291</u>	<u>\$ 11,297,544</u>

(Continued)

WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF CASH FLOWS (continued)
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2004

	<u>Information Systems</u>	<u>Facilities Management</u>	<u>Employee Benefits & Insurance</u>	<u>Risk Management</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ -	\$ -	\$ 1,288,684	\$ (168,934)	\$ 1,119,750
Change in assets and liabilities:					
Accounts receivable	584	234,616	(173,920)	-	61,280
Due from other funds	-	-	(1,673)	-	(1,673)
Prepaid items	27,207	-	-	(7,926)	19,281
Accounts payable	(84,958)	(229,290)	(57,596)	-	(371,844)
Accrued liabilities	(23,848)	(44,164)	-	-	(68,012)
Due to other funds	(186)	(594)	-	-	(780)
Deferred revenues	-	(25,710)	-	-	(25,710)
Claims payable	-	-	(100,414)	50,058	(50,356)
Net cash provided (used) by operating activities	<u>\$ (81,201)</u>	<u>\$ (65,142)</u>	<u>\$ 955,081</u>	<u>\$ (126,802)</u>	<u>\$ 681,936</u>
Noncash investing, capital, and financing activities:					
Capital assets transferred to governmental funds (net of accumulated depreciation)	\$ (1,194,163)	\$ (40,379)	\$ -	\$ -	\$ (1,234,542)
General obligation debt transferred to governmental funds	382,375	-	-	-	382,375
Compensated absences transferred to governmental funds	87,679	108,456	-	-	196,135
Total noncash activities	<u>\$ (724,109)</u>	<u>\$ 68,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (656,032)</u>

FIDUCIARY FUNDS

Private Purpose Trust Fund

- ◆ **G. Charter Harrison Trust** – to account for the accumulation of resources to be used for the educational betterment of the nursing staff of the Lakeland Health Care Center. The principal amount of the monies received are maintained intact and invested. Investment earnings are used to reimburse nurses for additional education leading to Registered Nurse status.
- ◆ **Tricentennial Trust Fund** – to account for the accumulation of resources for use at the Tricentennial celebration in 2076. The funds are held in a savings account at Bank One. The account is titled “Walworth County American Revolution”. Currently, interest is the only revenue activity.

Agency Funds

- ◆ **Pending Court Cases** – to account for the receipt of forfeitures, fines, and court costs in advance of a trial; held for the court until the disposition of such funds can be determined.
- ◆ **Dog License Fund** – to account for the accumulation of proceeds from the sale of dog licenses. Payments are made to the State, Lakeland Animal Welfare Services, and various administrative and claims expenses.
- ◆ **Marriage License Trust** – to account for the accumulation of marriage license fees; payments are made to the State Treasurer, the County, and the Clerk of Courts who provide counseling services.
- ◆ **Probate Court Trust** – to account for the accumulation of estate filing fees due the County and the State of Wisconsin. Prior to September, 2001 the fee was .1% of the estate; after September, 2001 the fee was raised to .2%.
- ◆ **Real Estate Transfer Fees** – to account for the accumulation of real estate transfer revenues charged at the rate of \$3.00 per \$1,000 of valuation, 80% of which are turned over to the State of Wisconsin.
- ◆ **Other Register of Deed Deposits** – to account for the accumulation of recording and copying fees which are subsequently divided between the County and the State.
- ◆ **Huber Trust** – to account for the holding of funds from Huber prisoners who then purchase supplies for their own use.



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WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended December 31, 2004

	Private Purpose Trusts		Fiduciary Funds Total
	G. Charter Harrison Trust	Tricentennial Trust	
ADDITIONS			
Investment income	\$ 432	\$ 2	\$ 434
Change in net assets	432	2	434
Net assets - beginning	34,983	623	35,606
Net assets - ending	\$ 35,415	\$ 625	\$ 36,040

WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS For the Year Ended December 31, 2004

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2004</u>
<u>PENDING COURT CASES</u>				
ASSETS				
Cash and investments	\$ 2,103,580	\$ 2,059,815	\$ 2,675,640	\$ 1,487,755
LIABILITIES				
Accounts payable	\$ 170,960	\$ 2,066,557	\$ 2,074,675	\$ 162,842
Deposits	1,932,620	-	607,707	1,324,913
Total liabilities	<u>\$ 2,103,580</u>	<u>\$ 2,066,557</u>	<u>\$ 2,682,382</u>	<u>\$ 1,487,755</u>
<u>OTHER</u>				
ASSETS				
Cash and investments	\$ 244,527	\$ 5,229,342	\$ 5,179,640	\$ 294,229
LIABILITIES				
Due to other governments	\$ 195,245	\$ 3,005,306	\$ 2,961,475	\$ 239,076
Deposits	49,282	2,224,036	2,218,165	55,153
Total liabilities	<u>\$ 244,527</u>	<u>\$ 5,229,342</u>	<u>\$ 5,179,640</u>	<u>\$ 294,229</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 2,348,107	\$ 7,289,157	\$ 7,855,280	\$ 1,781,984
LIABILITIES				
Accounts payable	\$ 170,960	\$ 2,066,557	\$ 2,074,675	\$ 162,842
Due to other governments	195,245	3,005,306	2,961,475	239,076
Deposits	1,981,902	2,224,036	2,825,872	1,380,066
Total liabilities	<u>\$ 2,348,107</u>	<u>\$ 7,295,899</u>	<u>\$ 7,862,022</u>	<u>\$ 1,781,984</u>

WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2004

	Private Purpose Trusts		Fiduciary Funds Total
	G. Charter Harrison Trust	Tricentennial Trust	
ASSETS			
Cash and investments	<u>\$ 35,415</u>	<u>\$ 625</u>	<u>\$ 36,040</u>
NET ASSETS			
Reserved for private purpose trust activities	<u>35,415</u>	<u>625</u>	<u>36,040</u>
Total net assets	<u>\$ 35,415</u>	<u>\$ 625</u>	<u>\$ 36,040</u>



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**CAPITAL ASSETS
USED IN THE
OPERATION OF
GOVERNMENTAL
FUNDS**



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WALWORTH COUNTY, WISCONSIN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE
DECEMBER 31, 2004 AND 2003

	2004	2003
Capital Assets:		
Land	\$ 1,103,694	\$ 1,103,694
Buildings	34,325,112	34,136,499
Improvements other than buildings	5,095,310	5,095,310
Infrastructure***	42,614,703	41,273,461
Machinery and equipment *	15,991,422	9,164,392
Construction in Progress	18,830,013	12,780,829
	\$ 117,960,254	\$ 103,554,185
	\$ 117,960,254	\$ 103,554,185
 Investment in capital assets by source:		
Bonds	\$ 49,128,795	\$ 44,205,825
Donations	263,056	290,556
Grants	185,733	115,891
Tax levy	25,767,967	18,405,250
Capital projects **	42,614,703	40,536,663
	\$ 117,960,254	\$ 103,554,185
	\$ 117,960,254	\$ 103,554,185

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.

* As of January 1, 2004, two internal service funds, information systems and facilities, were abolished and all assets were transferred to the general fund.

** Capital Projects is the total of infrastructure assets not previously recorded. Due to the implementation of GASB 34, these assets are estimated and actual funding consists of various sources.

*** As of January 1, 2004, infrastructure capital assets were restated by \$1,360,562.

WALWORTH COUNTY, WISCONSIN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
 December 31, 2004

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	INFRASTRUCTURE	MACHINERY AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
General Government							
County board	\$ 665,000	\$ 20,886,890	\$ 3,109,374	\$ -	\$ 3,078,389	\$ -	\$ 27,739,653
County clerk	-	-	-	-	11,886	-	11,886
Elections	-	-	-	-	11,350	-	11,350
Administration	-	-	-	-	505,446	-	505,446
Finance	-	-	-	-	11,945	-	11,945
Clerk of courts	-	-	-	-	305,965	-	305,965
District attorney	-	-	-	-	43,040	-	43,040
Register of deeds	-	-	-	-	23,389	-	23,389
Information systems	-	-	-	-	5,039,897	180,040	5,219,937
Facilities	-	840,597	1,843,154	-	562,179	73,017	3,318,947
TOTAL GENERAL GOVERNMENT	665,000	21,727,487	4,952,528	-	9,593,486	253,057	37,191,558
Public Safety							
Sheriff	-	4,682,072	26,163	-	5,226,964	463,854	10,399,053
TOTAL PUBLIC SAFETY	-	4,682,072	26,163	-	5,226,964	463,854	10,399,053
Health and Human Services							
Human services	-	5,528,231	30,285	-	212,597	-	5,771,113
TOTAL HEALTH AND HUMAN SERVICES	-	5,528,231	30,285	-	212,597	-	5,771,113
Culture, Recreation, and Education							
Lakeland school	-	2,119,187	10,597	-	337,611	-	2,467,395
UW extension	-	-	-	-	5,118	-	5,118
Parks	383,264	208,548	75,737	-	-	203,099	870,648
Lakeland agricultural complex	55,430	59,587	-	-	-	-	115,017
TOTAL CULTURE, RECREATION AND EDUCATION	438,694	2,387,322	86,334	-	342,729	203,099	3,458,178
Public Works							
Capital projects	-	-	-	-	-	13,139,201	13,139,201
Infrastructure	-	-	-	42,614,703	-	-	42,614,703
TOTAL PUBLIC WORKS	-	-	-	42,614,703	-	13,139,201	55,753,904
Conservation and Development							
Land use & resource management	-	-	-	-	242,038	-	242,038
Land information	-	-	-	-	373,608	4,770,802	5,144,410
TOTAL CONSERVATION AND DEVELOPMENT	-	-	-	-	615,646	4,770,802	5,386,448
TOTAL CAPITAL ASSETS	\$ 1,103,694	\$ 34,325,112	\$ 5,095,310	\$ 42,614,703	\$ 15,991,422	\$ 18,830,013	\$ 117,960,254

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.

As of January 1, 2004, two internal service funds, information systems and facilities, were abolished and all assets were transferred to the general fund. The 01/01/04 balance reflects an increase of \$4,386,612 and \$158,337 respectively.

As of January 1, 2004, infrastructure capital assets were restated by \$1,360,562.

WALWORTH COUNTY, WISCONSIN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
December 31, 2004

FUNCTION AND ACTIVITY	CAPITAL ASSETS JANUARY 1, 2004	ADDITIONS	DEDUCTIONS	CAPITAL ASSETS DECEMBER 31, 2004
General Government				
County board	\$ 27,791,653	\$ -	\$ 52,000	\$ 27,739,653
County clerk	11,886	-	-	11,886
Elections	64,850	-	53,500	11,350
Administration	-	505,446	-	505,446
Finance	11,945	-	-	11,945
Treasurer	-	-	-	-
Coroner	-	-	-	-
Clerk of courts	224,193	108,029	26,257	305,965
District attorney	17,163	25,877	-	43,040
Register of deeds	38,352	-	14,963	23,389
Human resources	513,986	-	513,986	-
Information systems	4,386,611	942,130	108,804	5,219,937
Facilities	3,266,930	73,017	21,000	3,318,947
TOTAL GENERAL GOVERNMENT	36,327,569	1,654,499	790,510	37,191,558
Public Safety				
Sheriff	8,352,910	2,482,437	436,294	10,399,053
TOTAL PUBLIC SAFETY	8,352,910	2,482,437	436,294	10,399,053
Health and Human Services				
Veterans	-	-	-	-
Human services	5,915,194	17,856	161,937	5,771,113
TOTAL HEALTH AND HUMAN SERVICES	5,915,194	17,856	161,937	5,771,113
Culture, Recreation, and Education				
Lakeland school	2,361,271	118,140	12,016	2,467,395
UW extension	10,867	-	5,749	5,118
Parks	870,648	-	-	870,648
Lakeland agricultural complex	172,356	-	57,339	115,017
TOTAL CULTURE, RECREATION AND EDUCATION	3,415,142	118,140	75,104	3,458,178
Public Works				
Capital projects	8,322,835	6,361,320	1,544,954	13,139,201
Infrastructure	42,614,703	-	-	42,614,703
TOTAL PUBLIC WORKS	50,937,538	6,361,320	1,544,954	55,753,904
Conservation and Development				
Land use and resource management	280,193	-	38,155	242,038
Land information	4,211,829	999,179	66,598	5,144,410
TOTAL CONSERVATION AND DEVELOPMENT	4,492,022	999,179	104,753	5,386,448
TOTAL CAPITAL ASSETS	\$ 109,440,375	\$ 11,633,431	\$ 3,113,552	\$ 117,960,254

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.

As of January 1, 2004, two internal service funds, information systems and facilities, were abolished and all assets were transferred to the general fund. The 01/01/04 balance reflects an increase of \$4,386,612 and \$158,337 respectively.

As of January 1, 2004, infrastructure capital assets were restated by \$1,360,562.



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**STATISTICAL
SECTION**



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Statistical Section (Unaudited)

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

	<u>Page</u>
FINANCIAL TRENDS	83 - 89
These schedules contain trend information to help the reader understand how the County's financial performance and well being have changed over time	
REVENUE CAPACITY	90 - 93
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	
DEBT CAPACITY	94 – 97
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	98
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. The County implemented GASB 34 in 2003; schedules presenting government-wide information include information beginning in that year.



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TABLE 1
WALWORTH COUNTY, WISCONSIN
NET ASSETS BY COMPONENT
Last Two Fiscal Years

	Fiscal Year 2003	Fiscal Year 2004
Governmental activities		
Invested in capital assets, net of related debt	\$ 39,965,835	\$ 45,152,949
Restricted	2,717,020	1,772,359
Unrestricted	31,516,690	32,626,923
Subtotal governmental activities net assets	<u>\$ 74,199,545</u>	<u>\$ 79,552,231</u>
Business-type activities		
Invested in capital assets, net of related debt	8,439,267	8,214,914
Unrestricted	8,650,148	10,583,255
Subtotal business-type activities net assets	<u>\$ 17,089,415</u>	<u>\$ 18,798,169</u>
Primary government		
Invested in capital assets, net of related debt	\$ 48,405,102	\$ 53,367,863
Restricted	2,717,020	1,772,359
Unrestricted	40,166,838	43,210,178
Total primary government net assets	<u>\$ 91,288,960</u>	<u>\$ 98,350,400</u>

TABLE 2
WALWORTH COUNTY, WISCONSIN
 CHANGES IN NET ASSETS
 Last Two Fiscal Years

	Fiscal Year 2003	Fiscal Year 2004
Expenses		
Governmental activities:		
General government	\$ 11,680,604	\$ 13,384,447
Public safety	18,706,689	19,747,239
Health and human services	29,577,094	29,940,303
Culture, recreation and education	11,181,802	11,602,673
Public works	1,322,027	1,286,584
Conservation and development	2,433,761	2,292,313
Interest on long-term debt	1,448,636	1,648,922
Subtotal governmental activities expenses	<u>76,350,613</u>	<u>79,902,481</u>
Business-type activities:		
Nursing home	16,177,451	13,587,405
Highway	5,989,487	5,079,508
Subtotal business-type activities expenses	<u>22,166,938</u>	<u>18,666,913</u>
Total primary government expenses	<u>\$ 98,517,551</u>	<u>\$ 98,569,394</u>
Program Revenues		
Governmental activities:		
Charges for services	\$ 8,896,323	\$ 9,292,039
Operating grants and contributions	23,485,700	23,954,715
Capital grants and contributions	636,030	388,833
Subtotal governmental activities program revenues	<u>33,018,053</u>	<u>33,635,587</u>
Business-type activities		
Charges for services	14,346,474	12,324,902
Operating grants and contributions	6,252,145	4,014,552
Subtotal business-type activities program revenues	<u>20,598,619</u>	<u>16,339,454</u>
Total primary government program revenues	<u>\$ 53,616,672</u>	<u>\$ 49,975,041</u>
Net (Expense) Revenue by Function:		
Governmental activities:		
General government	\$ (8,659,941)	\$ (9,851,938)
Public safety	(16,411,219)	(17,236,694)
Health and human services	(10,293,107)	(10,248,215)
Culture, recreation and education	(4,683,159)	(5,241,975)
Public works	(931,600)	(1,281,500)
Conservation and development	(904,898)	(757,650)
Interest on long-term debt	(1,448,636)	(1,648,922)
Subtotal governmental activities expenses	<u>(43,332,560)</u>	<u>(46,266,894)</u>
Business-type activities:		
Nursing home	(798,196)	(2,206,273)
Highway	(770,123)	(121,186)
Subtotal business-type activities expenses	<u>(1,568,319)</u>	<u>(2,327,459)</u>
Total primary government net (expense)/revenue	<u>\$ (44,900,879)</u>	<u>\$ (48,594,353)</u>

(continued)

TABLE 2 (Continued)
WALWORTH COUNTY, WISCONSIN
 CHANGES IN NET ASSETS
 Last Two Fiscal Years

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes

General property taxes	\$ 35,453,371	\$ 37,150,309
Property taxes for debt service	4,690,152	5,242,764
Sales taxes	6,556,865	7,336,138
Real estate transfer fees	455,045	573,046
Other taxes	89,923	81,920
Unrestricted grants and contributions	776,327	367,357
Unrestricted investment earnings	853,927	839,240
Miscellaneous	190,113	30,360
Transfers	23,528	(1,554)

Subtotal governmental activities general revenues

49,089,251 51,619,580

Business-type activities:

Property taxes	3,890,008	3,989,468
Unrestricted investment earnings	4,768	31,223
Gain on sale of capital assets	6,109	-
Miscellaneous	47,135	13,968
Capital contributions	404,423	-
Transfers	(23,528)	1,554

Subtotal business-type activities general revenues

4,328,915 4,036,213

Total primary government general revenues

\$ 53,418,166 \$ 55,655,793

Change in Net Assets

Governmental activities	\$ 5,756,691	\$ 5,352,686
Business-type activities	2,760,596	1,708,754
Total primary government change in net assets	<u>\$ 8,517,287</u>	<u>\$ 7,061,440</u>

TABLE 3
WALWORTH COUNTY, WISCONSIN
FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
General fund										
Reserved	\$ 2,506,336	\$ 3,180,879	\$ 5,048,481	\$ 4,957,073	\$ 4,913,451	\$ 3,898,114	\$ 3,838,037	\$ 3,600,010	\$ 4,269,406	\$ 4,238,794
Unreserved	21,241,187	25,410,679	21,570,984	17,559,634	15,793,662	14,074,537	15,559,753	13,493,190	14,526,067	12,235,277
Total general fund	<u>\$ 23,747,523</u>	<u>\$ 28,591,558</u>	<u>\$ 26,619,465</u>	<u>\$ 22,516,707</u>	<u>\$ 20,707,113</u>	<u>\$ 17,972,651</u>	<u>\$ 19,397,790</u>	<u>\$ 17,093,200</u>	<u>\$ 18,795,473</u>	<u>\$ 16,474,071</u>
All other governmental funds										
Reserved	\$ 7,526,442	\$ 5,627,188	\$ 3,686,966	\$ 5,465,055	\$ 5,039,716	\$ 1,200,585	\$ 1,174,027	\$ 1,348,736	\$ 1,353,276	\$ 2,136,686
Unreserved										
Special revenue funds	524,073	1,558,663	3,430,833	1,706,707	1,120,727	1,265,413	532,470	466,412	271,441	734,979
Debt service funds	-	-	-	-	-	-	-	-	-	-
Capital projects fund	2,107,355	1,599,101	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 10,157,870</u>	<u>\$ 8,784,952</u>	<u>\$ 7,117,799</u>	<u>\$ 7,171,762</u>	<u>\$ 6,160,443</u>	<u>\$ 2,465,998</u>	<u>\$ 1,706,497</u>	<u>\$ 1,815,148</u>	<u>\$ 1,624,717</u>	<u>\$ 2,871,665</u>
Total governmental funds, fund balance	<u>\$ 33,905,393</u>	<u>\$ 37,376,510</u>	<u>\$ 33,737,264</u>	<u>\$ 29,688,469</u>	<u>\$ 26,867,556</u>	<u>\$ 20,438,649</u>	<u>\$ 21,104,287</u>	<u>\$ 18,908,348</u>	<u>\$ 20,420,190</u>	<u>\$ 19,345,736</u>

Note: With the conversion of GASB 34 the following changes occurred:

- the 2002 fund balance is restated in 2003 financial statements,
- special revenue funds for the years beginning 2002 include Sheriff's Trust Special Revenue Funds,
- beginning in 2003, capital projects fund balance is separated between reserved for unspent debt proceeds and unreserved but designated for subsequent year projects.

TABLE 4
WALWORTH COUNTY, WISCONSIN
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Revenues										
Taxes	\$ 50,615,811	\$ 47,333,317	\$ 45,010,223	\$ 40,584,929	\$ 38,053,570	\$ 32,694,445	\$ 31,203,308	\$ 32,031,284	\$ 32,191,895	\$ 29,826,287
Intergovernmental	24,092,046	24,290,647	24,352,928	21,017,279	18,656,032	17,604,151	16,441,142	15,491,600	17,218,155	17,899,424
Licenses, fees and permits ^(a)	399,561	387,352	324,951	375,293	242,590	209,985	214,458	189,320	-	-
Fines, forfeits and penalties	1,357,723	1,437,647	1,111,757	1,043,360	1,063,562	1,040,903	1,026,203	1,012,383	998,358	1,014,364
Charges for services	6,712,146	6,410,038	7,503,810	6,281,891	6,466,598	6,119,295	5,770,381	5,780,044	6,701,738	4,106,308
Other	2,290,721	2,159,660	1,790,189	2,803,535	3,132,991	2,514,522	3,544,711	15,298,224	3,113,145	4,904,524
Total revenues	<u>85,468,008</u>	<u>82,018,661</u>	<u>80,093,858</u>	<u>72,106,287</u>	<u>67,615,343</u>	<u>60,183,301</u>	<u>58,200,203</u>	<u>69,802,855</u>	<u>60,223,291</u>	<u>57,750,907</u>
Expenditures										
General government	12,410,128	9,710,912	10,066,733	9,688,190	8,877,903	8,154,384	7,633,039	12,310,177	7,545,001	8,478,488
Public safety	19,030,720	18,384,651	17,333,121	16,606,214	16,159,278	15,209,978	14,152,773	13,383,188	13,077,280	11,225,636
Health and human services	29,992,775	29,434,868	27,646,305	26,208,884	24,711,698	23,947,111	20,710,269	19,542,164	20,033,736	18,541,462
Culture, recreation and education	11,726,546	11,264,203	10,886,520	10,430,412	9,136,350	8,538,138	8,320,202	7,535,808	7,357,916	7,171,116
Conservation and development	2,254,858	2,365,568	4,131,680	3,126,138	3,188,084	2,300,992	2,025,090	1,747,741	1,583,936	1,411,275
Capital outlay	9,659,829	11,051,109	10,989,667	7,810,957	2,867,096	314,390	271,289	581,628	1,217,240	10,218,292
Debt service										
Interest	1,589,718	1,522,521	1,373,926	1,593,279	856,781	835,988	1,094,145	1,298,702	1,586,691	871,277
Principal	3,695,000	3,619,483	2,572,415	1,885,159	1,300,000	1,270,000	2,065,000	10,570,000	1,805,000	1,375,000
Total expenditures	<u>90,359,574</u>	<u>87,353,315</u>	<u>85,000,367</u>	<u>77,349,233</u>	<u>67,097,190</u>	<u>60,570,981</u>	<u>56,271,807</u>	<u>66,969,408</u>	<u>54,206,800</u>	<u>59,292,546</u>
Excess of revenues over (under) expenditures	(4,891,566)	(5,334,654)	(4,906,509)	(5,242,946)	518,153	(387,680)	1,928,396	2,833,447	6,016,491	(1,541,639)
Other financing sources (uses)										
Proceeds from borrowing	6,122,999	9,318,413	7,538,749	7,912,951	6,952,011	-	-	-	-	9,370,589
Proceeds from refunding	-	-	3,875,000	7,035,670	-	-	-	2,499,523	-	-
Payments to escrow agent	-	-	(3,850,000)	(7,035,670)	-	-	-	(2,479,600)	-	-
Transfers in	3,734,982	3,443,750	3,478,027	1,310,101	2,295,805	6,089,259	2,858,485	13,960,578	13,157,778	12,165,374
Transfers out	(8,437,532)	(3,788,263)	(2,086,472)	(1,159,193)	(3,337,062)	(6,367,217)	(2,590,942)	(18,325,790)	(18,099,815)	(15,904,670)
Total other financing sources (uses)	<u>1,420,449</u>	<u>8,973,900</u>	<u>8,955,304</u>	<u>8,063,859</u>	<u>5,910,754</u>	<u>(277,958)</u>	<u>267,543</u>	<u>(4,345,289)</u>	<u>(4,942,037)</u>	<u>5,631,293</u>
Net change in fund balances^(b)	<u>\$ (3,471,117)</u>	<u>\$ 3,639,246</u>	<u>\$ 4,048,795</u>	<u>\$ 2,820,913</u>	<u>\$ 6,428,907</u>	<u>\$ (665,638)</u>	<u>\$ 2,195,939</u>	<u>\$ (1,511,842)</u>	<u>\$ 1,074,454</u>	<u>\$ 4,089,654</u>
Debt service as a percentage of non-capital expenditures	6.55%	6.74%	5.33%	5.00%	3.36%	3.50%	5.64%	17.88%	6.40%	4.58%

Note:

(a) Prior to 1997, license and permit revenues were combined with charges for services.

(b) In 2004, the risk management fund was transferred from the general fund to an internal service fund, resulting in a \$5 million reduction of fund balance in the governmental funds - details can be found in the notes to the financial statements.

TABLE 5
WALWORTH COUNTY, WISCONSIN
 GOVERNMENTAL EXPENDITURES BY FUNCTION
 Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Health & Human Services	Culture, Recreation & Education	Conservation and Development	Capital Outlay	Debt Service		Total
							Principal	Interest	
1995	\$ 8,478,488	\$11,225,636	\$ 18,541,462	\$ 7,171,116	\$ 1,411,275	\$10,218,292	\$ 1,375,000	\$ 871,277	\$59,292,546
% of Total	14.3%	18.9%	31.3%	12.1%	2.4%	17.2%	2.3%	1.5%	100.0%
1996	\$ 7,545,001	\$13,077,280	\$ 20,033,736	\$ 7,357,916	\$ 1,583,936	\$ 1,217,240	\$ 1,805,000	\$ 1,586,691	\$54,206,800
% of Total	13.9%	24.1%	37.0%	13.6%	2.9%	2.2%	3.3%	2.9%	100.0%
1997	\$ 12,310,177	\$13,383,188	\$ 19,542,164	\$ 7,535,808	\$ 1,747,741	\$ 581,628	\$10,570,000	\$ 1,298,702	\$66,969,408
% of Total	18.4%	20.0%	29.2%	11.3%	2.6%	0.9%	15.8%	1.9%	100.0%
1998	\$ 7,633,039	\$14,152,773	\$ 20,710,269	\$ 8,320,202	\$ 2,025,090	\$ 271,289	\$ 2,065,000	\$ 1,094,145	\$56,271,807
% of Total	13.6%	25.2%	36.8%	14.8%	3.6%	0.5%	3.7%	1.9%	100.0%
1999	\$ 8,154,384	\$15,209,978	\$ 23,947,111	\$ 8,538,138	\$ 2,300,992	\$ 314,390	\$ 1,270,000	\$ 835,988	\$60,570,981
% of Total	13.5%	25.1%	39.5%	14.1%	3.8%	0.5%	2.1%	1.4%	100.0%
2000	\$ 8,877,903	\$16,159,278	\$ 24,711,698	\$ 9,136,350	\$ 3,188,084	\$ 2,867,096	\$ 1,300,000	\$ 856,781	\$67,097,190
% of Total	13.2%	24.1%	36.8%	13.6%	4.8%	4.3%	1.9%	1.3%	100.0%
2001	\$ 9,688,190	\$16,606,214	\$ 26,208,884	\$10,430,412	\$ 3,126,138	\$ 7,810,957	\$ 1,885,159	\$ 1,593,279	\$77,349,233
% of Total	12.5%	21.5%	33.9%	13.5%	4.0%	10.1%	2.4%	2.1%	100.0%
2002	\$ 10,066,733	\$17,333,121	\$ 27,646,305	\$10,886,520	\$ 4,131,680	\$10,989,667	\$ 2,572,415	\$ 1,373,926	\$85,000,367
% of Total	11.8%	20.4%	32.5%	12.8%	4.9%	12.9%	3.0%	1.6%	100.0%
2003	\$ 9,710,912	\$18,384,651	\$ 29,434,868	\$11,264,203	\$ 2,365,568	\$11,051,109	\$ 3,619,483	\$ 1,522,521	\$87,353,315
% of Total	11.1%	21.0%	33.7%	12.9%	2.7%	12.7%	4.1%	1.7%	100.0%
2004	\$ 12,410,128	\$19,030,720	\$ 29,992,775	\$11,726,546	\$ 2,254,858	\$ 9,659,829	\$ 3,695,000	\$ 1,589,718	\$90,359,574
% of Total	13.7%	21.1%	33.2%	13.0%	2.5%	10.7%	4.1%	1.8%	100.0%

Note: This summary includes the general fund, special revenue funds, debt service fund, and capital projects fund

TABLE 6
WALWORTH COUNTY, WISCONSIN
 GOVERNMENTAL REVENUES BY SOURCE
 Last Ten Fiscal Years

Fiscal Year	Taxes	Inter-governmental	Licenses and Permits ^(a)	Fines Forfeits & Penalties	Charges for Services	Miscellaneous	Total
1995	\$ 29,826,287	\$ 17,899,424	\$ -	\$ 1,014,364	\$ 4,106,308	\$ 4,904,524	\$ 57,750,907
% of Total	51.6%	31.0%	0.0%	1.8%	7.1%	8.5%	100.0%
1996	\$ 32,191,895	\$ 17,218,155	\$ -	\$ 998,358	\$ 6,701,738	\$ 3,113,145	\$ 60,223,291
% of Total	53.5%	28.6%	0.0%	1.7%	11.1%	5.2%	100.0%
1997	\$ 32,031,284	\$ 15,491,600	\$ 189,320	\$ 1,012,383	\$ 5,780,044	\$ 15,298,224	\$ 69,802,855
% of Total	45.9%	22.2%	0.3%	1.5%	8.3%	21.9%	100.0%
1998	\$ 31,203,308	\$ 16,441,142	\$ 214,458	\$ 1,026,203	\$ 5,770,381	\$ 3,544,711	\$ 58,200,203
% of Total	53.6%	28.2%	0.4%	1.8%	9.9%	6.1%	100.0%
1999	\$ 32,694,445	\$ 17,604,151	\$ 209,985	\$ 1,040,903	\$ 6,119,295	\$ 2,514,522	\$ 60,183,301
% of Total	54.3%	29.3%	0.3%	1.7%	10.2%	4.2%	100.0%
2000	\$ 38,053,570	\$ 18,656,032	\$ 242,590	\$ 1,063,562	\$ 6,466,598	\$ 3,132,991	\$ 67,615,343
% of Total	56.3%	27.6%	0.4%	1.6%	9.6%	4.6%	100.0%
2001	\$ 40,584,929	\$ 21,017,279	\$ 375,293	\$ 1,043,360	\$ 6,281,891	\$ 2,803,535	\$ 72,106,287
% of Total	56.3%	29.1%	0.5%	1.4%	8.7%	3.9%	100.0%
2002	\$ 45,010,223	\$ 24,352,928	\$ 324,951	\$ 1,111,757	\$ 7,503,810	\$ 1,790,189	\$ 80,093,858
% of Total	56.2%	30.4%	0.4%	1.4%	9.4%	2.2%	100.0%
2003	\$ 47,333,317	\$ 24,290,647	\$ 387,352	\$ 1,437,647	\$ 6,410,038	\$ 2,159,660	\$ 82,018,661
% of Total	57.7%	29.6%	0.5%	1.8%	7.8%	2.6%	100.0%
2004	\$ 50,615,811	\$ 24,092,046	\$ 399,561	\$ 1,357,723	\$ 6,712,146	\$ 2,290,721	\$ 85,468,008
% of Total	59.2%	28.2%	0.5%	1.6%	7.9%	2.7%	100.0%

Note: This summary includes general fund, special revenue funds, debt service fund, and capital projects fund
 (a) Prior to 1997, license and permit revenues were combined with charges for services

TABLE 7
WALWORTH COUNTY, WISCONSIN
 EQUALIZED VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Levy Year	Total Equalized Value	Percent Change	Incremental Value of Tax Increment Districts (TID)	Total Equalized Value Minus TIDS ^(a)	Percent Change
1995	\$ 5,466,473,600	7.09%	\$ 134,449,200	\$ 5,332,024,400	6.96%
1996	\$ 5,860,088,600	7.20%	\$ 116,200,000	\$ 5,743,888,600	7.72%
1997	\$ 6,248,243,800	6.62%	\$ 134,095,500	\$ 6,114,148,300	6.45%
1998	\$ 6,594,326,600	5.54%	\$ 165,105,100	\$ 6,429,221,500	5.15%
1999	\$ 7,025,341,000	6.54%	\$ 198,499,700	\$ 6,826,841,300	6.18%
2000	\$ 7,293,679,000	3.82%	\$ 218,354,400	\$ 7,075,324,600	3.64%
2001	\$ 7,939,464,400	8.85%	\$ 239,997,000	\$ 7,699,467,400	8.82%
2002	\$ 8,589,744,800	8.19%	\$ 285,286,400	\$ 8,304,458,400	7.86%
2003	\$ 9,478,615,400	10.35%	\$ 361,453,600	\$ 9,117,161,800	9.79%
2004	\$ 10,242,367,900	8.06%	\$ 320,461,800	\$ 9,921,906,100	8.83%

Source: Wisconsin Department of Revenue

Note: Due to varying assessment policies in the municipalities of the County, the County uses equalized value of taxable property for tax levy purposes. The equalized value ratios are determined by the Department of Revenue, Bureau of Property Tax.

(a) Equalized values are reduced by Tax Increment District value increments for apportioning the County levy.

TABLE 8
WALWORTH COUNTY, WISCONSIN
 PROPERTY TAX RATES
 Last Ten Fiscal Years
 (Amounts shown are per \$1,000 of Equalized Valuation)

District	2004 TOTAL EQUALIZED VALUE	NET TAX RATE - YEAR LEVIED									
		2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
CITY											
Delavan	\$ 501,659,000	\$ 21.36	\$ 22.36	\$ 22.99	\$ 23.62	\$ 23.49	\$ 22.77	\$ 22.22	\$ 21.31	\$ 19.41	\$ 24.33
Elkhorn	505,888,600	20.43	21.38	21.70	21.09	21.44	21.08	23.46	22.62	22.25	26.28
Lake Geneva	894,886,800	21.62	21.43	22.79	23.91	23.53	23.51	24.25	25.18	22.58	26.78
Whitewater	453,494,300	20.06	20.57	20.81	21.84	22.26	21.07	19.93	20.68	20.41	25.11
CITY TOTAL	\$ 2,355,928,700										
TOWN											
Bloomfield	\$ 366,931,700	\$ 19.30	\$ 18.84	\$ 19.91	\$ 22.68	\$ 23.17	\$ 21.68	\$ 21.73	\$ 19.63	\$ 18.38	\$ 23.51
Darien	132,861,500	12.92	13.23	13.50	14.09	14.42	14.63	15.44	15.74	14.36	20.03
Delavan	778,579,600	16.47	16.79	18.17	18.85	18.80	18.56	18.65	18.15	17.80	22.24
East Troy	561,845,400	15.23	15.77	16.45	21.98	19.11	16.82	17.30	16.83	17.04	25.35
Geneva	570,939,100	16.93	17.06	19.06	19.53	18.49	18.35	18.75	19.40	17.18	20.78
La Fayette	179,774,900	16.11	16.04	18.10	19.12	18.28	17.61	18.04	18.68	16.14	20.57
La Grange	539,827,700	15.12	15.70	16.26	17.21	17.47	16.84	17.02	16.65	17.18	21.45
Linn	1,087,432,500	16.38	17.10	19.12	19.08	19.68	18.48	18.79	18.98	17.19	21.11
Lyons	381,887,200	15.16	16.51	16.87	18.40	17.27	17.21	17.49	18.48	15.75	20.00
Richmond	188,665,600	14.93	15.25	16.77	17.44	18.14	17.56	16.93	17.84	16.92	21.56
Sharon	60,362,800	19.31	19.80	22.09	22.09	22.29	22.03	19.86	20.32	19.86	24.65
Spring Prairie	177,428,800	17.66	17.87	20.64	20.98	22.91	18.24	17.94	18.66	15.86	21.18
Sugar Creek	277,135,600	15.15	15.45	16.70	17.40	18.54	17.72	17.49	17.65	16.98	22.36
Troy	199,690,200	16.73	16.51	17.23	16.82	17.09	16.83	17.79	16.20	14.92	20.80
Walworth	167,330,800	15.32	15.77	18.15	18.73	18.32	17.28	17.51	18.63	15.86	20.31
Whitewater	238,248,800	15.61	15.80	16.13	16.90	17.54	16.96	15.80	16.30	16.62	21.34
TOWN TOTAL	\$ 5,908,942,200										
VILLAGE											
Darien	\$ 83,804,600	\$ 24.87	\$ 25.71	\$ 25.50	\$ 25.81	\$ 26.42	\$ 26.78	\$ 27.34	\$ 26.94	\$ 24.60	\$ 29.35
East Troy	264,875,400	19.82	20.13	20.53	20.78	20.44	20.23	20.76	20.77	20.47	24.60
Fontana	752,391,300	16.58	17.54	19.52	19.29	19.65	19.64	20.51	20.83	19.62	23.51
Genoa City	146,452,500	27.57	23.62	25.51	27.52	27.29	26.82	27.29	24.44	23.85	27.73
Mukwonago	1,782,000	20.16	21.59	18.59	22.58	26.20	19.57	22.80	25.81	22.60	24.73
Sharon	63,731,100	26.47	27.24	27.90	27.36	29.36	28.76	27.19	27.61	28.59	31.03
Walworth	168,838,400	20.32	21.24	21.79	21.94	22.07	21.52	22.41	23.31	21.54	26.33
Williams Bay	495,621,700	16.77	18.02	18.23	23.62	20.10	20.04	20.61	20.92	21.25	22.68
VILLAGE TOTAL	\$ 1,977,497,000										
COUNTY TOTAL	\$ 10,242,367,900										

Source: Walworth County Treasurer's Office

Note: The above tax rates are shown by year of levy. Collection generally occurs the year following the year of levy. If there is more than one school tax district, the rates are averaged for the total municipality.

TABLE 9
WALWORTH COUNTY, WISCONSIN
PRINCIPAL TAXPAYERS
For December 31, 2004 and Nine Years Prior

Taxpayer	2004			1995		
	Equalized Value	Rank	Percentage of Total County Equalized Value	Equalized Value	Rank	Percentage of Total County Equalized Value
Grand Geneva (Americana)	\$ 39,077,392	1	0.38%	\$ 6,970,278	10	0.13%
DLK Enterprises, Inc.	\$ 35,808,410	2	0.35%	16,249,563	3	0.30%
Wal-Mart	\$ 26,566,117	3	0.26%			
Geneva Project	\$ 22,846,279	4	0.22%			
Lake Lawn Lodge/Airport	\$ 17,854,135	5	0.17%	14,424,600	5	0.26%
Kikkoman Foods, Inc.	\$ 17,542,714	6	0.17%	11,673,011	6	0.21%
Paloma Geneva National, LLC	\$ 16,573,050	7	0.16%	22,176,809	1	0.41%
Abbey/Abka	\$ 15,823,122	8	0.15%	15,319,659	4	0.28%
Versacold Cascade (Geneva Lakes Cold Storage)	\$ 15,421,770	9	0.15%			
Home Depot	\$ 12,131,547	10	0.12%			
Geneva Lakes Kennel				16,276,517	2	0.30%
Elgin Club				10,451,612	7	0.19%
UPS Real Estate				8,346,226	8	0.15%
Anvan Corp (Interlaken Resort)				7,154,534	9	0.13%
Total	\$ 219,644,536		2.14%	\$ 129,042,809		2.36%

Source: Walworth County Treasurer's Office

TABLE 10
WALWORTH COUNTY, WISCONSIN
 PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Levy Year	Collection Year	Total Tax Levy	Collections in Fiscal Year		Collections in Subsequent Years	Total Collections to Date		Delinquent Taxes to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
1994	1995	\$ 24,393,015	\$23,912,099	98.0%	\$ 478,987	\$ 24,391,086	99.99%	\$ 1,929	0.01%
1995	1996	\$ 25,860,728	\$25,374,514	98.1%	\$ 484,711	\$ 25,859,225	99.99%	\$ 1,503	0.01%
1996	1997	\$ 25,894,930	\$24,463,090	94.5%	\$ 1,427,267	\$ 25,890,357	99.98%	\$ 4,573	0.02%
1997	1998	\$ 29,227,872	\$29,010,588	99.3%	\$ 211,254	\$ 29,221,842	99.98%	\$ 6,030	0.02%
1998	1999	\$ 31,059,316	\$30,463,810	98.1%	\$ 582,278	\$ 31,046,088	99.96%	\$ 13,228	0.04%
1999	2000	\$ 33,022,473	\$32,600,353	98.7%	\$ 405,129	\$ 33,005,482	99.95%	\$ 16,991	0.05%
2000	2001	\$ 35,913,644	\$35,275,498	98.2%	\$ 585,374	\$ 35,860,872	99.85%	\$ 52,772	0.15%
2001	2002	\$ 39,588,237	\$38,987,517	98.5%	\$ 427,377	\$ 39,414,894	99.56%	\$ 173,343	0.44%
2002	2003	\$ 42,594,222	\$40,035,888	94.0%	\$ 1,750,077	\$ 41,785,964	98.10%	\$ 808,258	1.90%
2003	2004	\$ 45,014,093	\$43,342,996	96.3%	\$ -	\$ 43,342,996	96.29%	\$ 1,671,097	3.71%

Source: Walworth County Treasurer's Office

TABLE 11
WALWORTH COUNTY, WISCONSIN
 COMPUTATION OF LEGAL DEBT MARGIN
 Last Ten Fiscal Years

Total equalized value for year ending December 31, 2004		<u>\$ 10,242,367,900</u>
Legal debt margin:		
Debt limitation, 5 % of total equalized value (Wisconsin Statutory Limitation)		512,118,395
Debt applicable to limitation:		
General obligation bonds	6,070,000	
General obligation notes	<u>36,290,000</u>	
Total debt applicable to limitation at December 31, 2004	42,360,000	
Less amount available in debt service fund	<u>(503,487)</u>	<u>(41,856,513)</u>
Legal debt margin for year ending December 31, 2004		<u>\$ 470,261,882</u>

	2003	2002	2001	2000	1999	1998	1997	1996	1995
Total equalized value - 12/31	\$9,478,615,400	\$8,589,744,800	\$ 7,939,464,400	\$ 7,293,679,000	\$ 7,025,341,000	\$ 6,594,326,600	\$ 6,248,243,800	\$ 5,860,088,600	\$ 5,466,473,600
Legal debt margin (5 % of equalized value)	473,930,770	429,487,240	396,973,220	364,683,950	351,267,050	329,716,330	312,412,190	293,004,430	273,323,680
Debt applicable to limitation									
State Trust Funds	-	879,601	609,980	650,000	-	-	-	-	-
General Obligation Bonds	8,940,000	11,660,000	13,950,000	15,205,000	16,505,000	17,775,000	19,840,000	21,075,000	22,590,000
General Obligation Notes	31,045,000	22,045,000	14,825,000	7,291,000	-	-	-	9,300,000	9,590,000
Total debt applicable to limitation - 12/31	39,985,000	34,584,601	29,384,980	23,146,000	16,505,000	17,775,000	19,840,000	30,375,000	32,180,000
Less amount available in debt service fund	(468,389)	(474,729)	(361,866)	(342,962)	(340,622)	(338,077)	(335,479)	(383,531)	(382,055)
Total debt applicable to limitation - 12/31	39,516,611	34,109,872	29,023,114	22,803,038	16,164,378	17,436,923	19,504,521	29,991,469	31,797,945
Legal debt margin - 12/31	<u>\$ 434,414,159</u>	<u>\$ 395,377,368</u>	<u>\$ 367,950,106</u>	<u>\$ 341,880,912</u>	<u>\$ 335,102,672</u>	<u>\$ 312,279,407</u>	<u>\$ 292,907,669</u>	<u>\$ 263,012,961</u>	<u>\$ 241,525,735</u>

TABLE 12
WALWORTH COUNTY, WISCONSIN
 RATIO OF GENERAL OBLIGATION BONDED DEBT
 TO EQUALIZED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
 Last Ten Fiscal Years

Fiscal Year	Population ^(a)	Equalized Value ^(b)	Gross Bonded Debt	Less Debt Service Fund ^(c)	Net Bonded Debt	Ratio of Net Bonded Debt to Equalized Value	Net Bonded Debt per Capita
1995	80,407	\$ 5,466,473,600	\$ 32,180,000	\$ 382,055	\$31,797,945	0.58%	\$ 395
1996	81,395	\$ 5,860,088,600	\$ 30,375,000	\$ 383,531	\$29,991,469	0.51%	\$ 368
1997	82,906	\$ 6,248,243,800	\$ 19,840,000	\$ 335,479	\$19,504,521	0.31%	\$ 235
1998	84,414	\$ 6,594,326,600	\$ 17,775,000	\$ 338,077	\$17,436,923	0.26%	\$ 207
1999	85,493	\$ 7,025,341,000	\$ 16,505,000	\$ 340,622	\$16,164,378	0.23%	\$ 189
2000	91,996	\$ 7,293,679,000	\$ 23,146,000	\$ 342,962	\$22,803,038	0.31%	\$ 248
2001	93,032	\$ 7,939,464,400	\$ 29,384,980	\$ 361,866	\$29,023,114	0.37%	\$ 312
2002	94,532	\$ 8,589,744,800	\$ 34,584,602	\$ 474,729	\$34,109,873	0.40%	\$ 361
2003	95,630	\$ 9,478,615,400	\$ 39,985,000	\$ 468,389	\$39,516,612	0.42%	\$ 413
2004	97,052	\$ 10,242,367,900	\$ 42,360,000	\$ 503,487	\$41,856,513	0.41%	\$ 431

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(a) From Table 15

(b) From Table 7

(c) Amount available (deficit) for repayment of general obligation debt

TABLE 13
WALWORTH COUNTY, WISCONSIN
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
Last Ten Fiscal Years

Fiscal Year	Principal ^(a)	Interest and Fiscal Charges	Total Debt Service ^(b)	Total General Governmental Expenditures ^(c)	Ratio of Debt Service to General Governmental Expenditures
1995	\$ 1,375,000	\$ 871,277	\$ 2,246,277	\$ 59,292,546	3.8%
1996	\$ 1,805,000	\$ 1,586,691	\$ 3,391,691	\$ 54,206,800	6.3%
1997	\$ 10,570,000	\$ 1,298,702	\$ 11,868,702	\$ 66,969,408	17.7%
1998	\$ 2,065,000	\$ 1,094,145	\$ 3,159,145	\$ 56,271,807	5.6%
1999	\$ 1,270,000	\$ 835,988	\$ 2,105,988	\$ 60,570,981	3.5%
2000	\$ 1,300,000	\$ 856,781	\$ 2,156,781	\$ 67,097,190	3.2%
2001	\$ 1,885,159	\$ 1,539,692	\$ 3,424,851	\$ 77,349,233	4.4%
2002	\$ 2,572,415	\$ 1,320,731	\$ 3,893,146	\$ 85,000,367	4.6%
2003	\$ 3,619,483	\$ 1,522,521	\$ 5,142,004	\$ 87,353,315	5.9%
2004	\$ 3,695,000	\$ 1,589,718	\$ 5,284,718	\$ 90,359,574	5.8%

Note: This schedule excludes general obligation debt of proprietary funds.

(a) In 1997, a balloon payment of \$9,300,000 was made for remaining portion of 1992 notes.

This debt was related to the formal county hospital and was paid by the Lakeland Medical Center, Inc. Lakeland Medical Center purchased the hospital from the county in 1995 and made all debt payments associated with the notes until the call date of the notes in 1997.

(b) Excludes bond issuance and other costs

(c) Includes general fund, special revenue funds, debt service fund, and capital projects fund.

TABLE 14
WALWORTH COUNTY, WISCONSIN
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT
 December 31, 2004

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Walworth County	Amount Applicable to Government
Direct:			
Walworth County	\$ 42,360,000	100.00%	\$ 42,360,000
Overlapping:			
City:			
Delavan	19,536,052	100.00%	19,536,052
Elkhorn	14,690,000	100.00%	14,690,000
Lake Geneva	6,515,000	100.00%	6,515,000
Whitewater	11,731,416	91.10%	10,687,320
CITY TOTAL	<u>52,472,468</u>		<u>51,428,372</u>
Town:			
Bloomfield	35,000	100.00%	35,000
Delavan	2,363,250	100.00%	2,363,250
East Troy	381,069	100.00%	381,069
La Grange	90,528	100.00%	90,528
Linn	601,345	100.00%	601,345
Spring Prairie	3,570,000	100.00%	3,570,000
Troy	742,585	100.00%	742,585
Walworth	135,000	100.00%	135,000
TOWN TOTAL	<u>7,918,777</u>		<u>7,918,777</u>
Village:			
Darien	2,674,577	100.00%	2,674,577
East Troy	6,520,000	100.00%	6,520,000
Fontana	5,795,747	100.00%	5,795,747
Genoa City	3,455,000	100.00%	3,455,000
Mukwonago	14,775,000	0.30%	44,325
Sharon	1,063,843	100.00%	1,063,843
Walworth	400,587	100.00%	400,587
Williams Bay	2,502,159	100.00%	2,502,159
VILLAGE TOTAL	<u>37,186,913</u>		<u>22,456,238</u>
School Districts:			
Big Foot	10,526,680	100.00%	10,526,680
Clinton	15,645,000	0.46%	72,436
Delavan-Darien	13,127,736	99.71%	13,089,593
East Troy	11,596,780	99.62%	11,552,185
Elkhorn	30,695,000	96.55%	29,636,364
Fontana	2,820,000	100.00%	2,820,000
Lake Geneva Jt 4	2,090,000	100.00%	2,090,000
Genoa City Jt 2	6,900,000	100.00%	6,900,000
Lake Geneva Jt 1	13,305,000	100.00%	13,305,000
Lake Geneva-Genoa City Unified High School	15,160,000	100.00%	15,160,000
Linn	5,540,000	100.00%	5,540,000
Mukwonago	22,785,000	0.02%	5,445
Palmyra-Eagle	15,958,909	0.90%	143,476
Sharon	775,000	100.00%	775,000
Walworth	1,940,000	100.00%	1,940,000
Whitewater	19,460,000	84.73%	16,487,904
Williams Bay	5,500,000	100.00%	5,500,000
SCHOOL DISTRICT TOTAL	<u>193,825,105</u>		<u>135,544,083</u>
Technical College:			
Gateway	25,810,000	31.00%	8,001,100
Special Districts:			
Country Estates	1,006,000	100.00%	1,006,000
Delavan Lake Sanitary	980,000	100.00%	980,000
East Troy	284,227	100.00%	284,227
Lake Como Sanitary	3,270,000	100.00%	3,270,000
Lauderdale Lakes Lake Management	1,281,060	100.00%	1,281,060
Troy Sanitary District	1,432	100.00%	1,432
WALCOMET	17,763,063	100.00%	17,763,063
SPECIAL DISTRICT TOTAL	<u>24,585,782</u>		<u>24,585,782</u>
TOTAL DEBT APPLICABLE TO WALWORTH COUNTY	<u>\$ 384,159,045</u>		<u>\$ 292,294,352</u>

Source: Robert W. Baird & Company

TABLE 15
WALWORTH COUNTY, WISCONSIN
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year	Population ^(a)	Per Capita Personal Income ^(b)	School Enrollment ^(c)	Unemployment Rate ^(d)	Total Residential Housing Units (E)
1995	80,407	21,084	12,322	2.6%	n/a
1996	81,395	21,841	14,377	2.6%	n/a
1997	82,906	22,805	14,752	3.1%	n/a
1998	84,414	24,319	15,375	2.6%	n/a
1999	85,493	25,058	15,570	2.4%	n/a
2000	92,013	27,295	16,561	2.6%	43,783
2001	93,032	27,234	16,727	3.6%	44,729
2002	94,532	27,364	17,290	4.5%	45,563
2003	95,630	n/a	17,483	4.3%	46,534
2004	97,052	n/a	17,398 **	4.3%	47,508

Source:

(a) Wisconsin Department of Administration, Demographic Services Center and U.S. Census Bureau

(b) U.S. Department of Commerce, Bureau of Economics

(c) Wisconsin Department of Public Instruction, prior to 1996, data from private schools was not available

**Data for 2004-05 school year for Public Enrollment was not available at the time of this report

(d) Wisconsin Department of Workforce Development

(e) Wisconsin Department of Administration, Demographic Services Center and U.S. Census Bureau

n/a - information not available