

Walworth County, Wisconsin



Comprehensive Annual Financial Report



Including Auditor's Report
For the fiscal year ended December 31, 2005

**WALWORTH COUNTY, WISCONSIN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005**

Prepared by:
Walworth County Finance Department

WALWORTH COUNTY, WISCONSIN
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INTRODUCTORY SECTION



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May 31, 2006

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

Finance

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, 2005. 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.

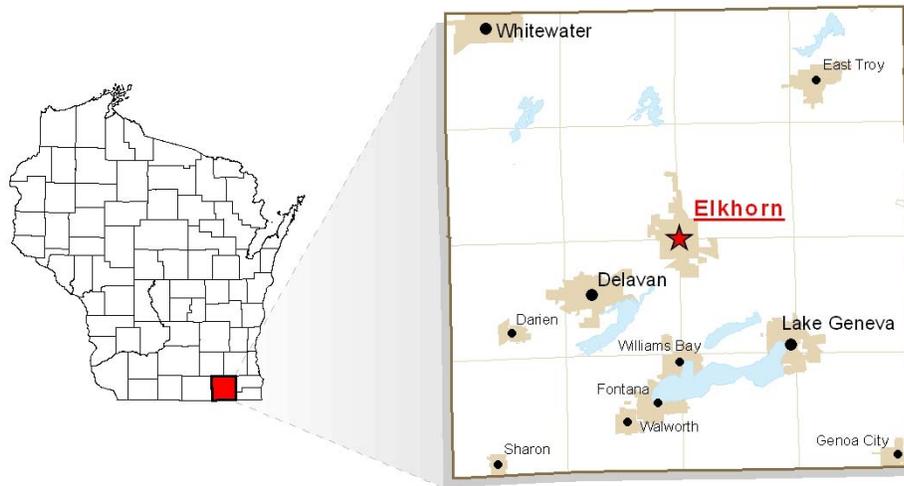
County policy, in accordance with state and federal requirements, is to provide for an annual audit of the financial records of the government. In addition to meeting the requirements set forth above, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and related 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, 2005, 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, 2005 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.

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 2004 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 results of 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. Supervisors serve two-year terms and are elected in April of the even numbered calendar years. 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.

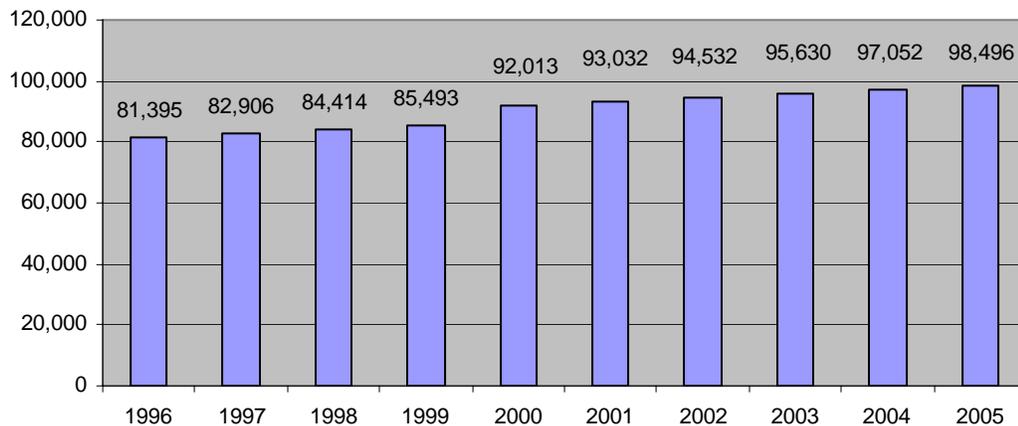
The County maintains budget controls, the objective of which is to ensure compliance with legal provisions of the annual budget adopted by the Walworth County Board of Supervisors. All County departments are required to submit their annual budget requests for the ensuing year to the County Administrator in August. The County Administrator evaluates departmental requests and submits his proposed Administrator's budget to the County Board of Supervisors in September. The County Board is required to 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

Walworth County added over 6,400 new residents since 2000, which represents a growth rate of 7%. This growth rate well surpasses both the state at 4% and the national average of 4.9% during that same period. The estimated population at December 31, 2005 is 98,496, an increase of 1,444 from 2004, with the majority of new residents being the result of immigration 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.

Walworth County Population



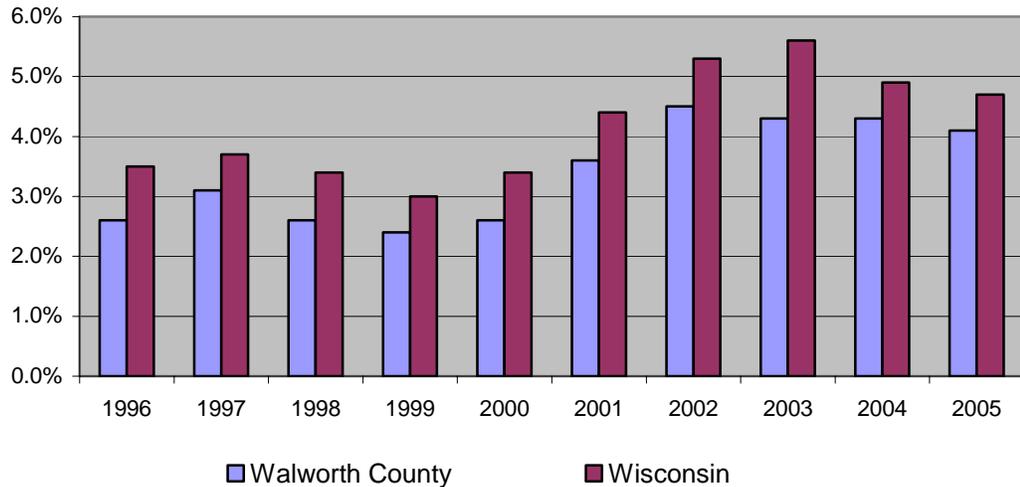
Source: Wisconsin Department of Administration, Demographic Services Center and US Census Bureau

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. Golfing, 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. An abundant number of public and private courses are available for the golf enthusiast.

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 2005 unemployment rate for the County was 4.1% compared to a statewide average of 4.7%. Historically, unemployment levels within the County are lower than that of the State, as indicated in the following chart.

Unemployment Rate



In addition to the public sector entities of the University of Wisconsin-Whitewater and Walworth County Government, the leisure and hospitality industry is vital to the economic well-being of the County. Three of the County's top ten largest taxpayers and three of its top eight nongovernmental employers are from the hospitality industry. Without a stadium, regional mall or convention center, Walworth County currently ranks sixth in the state in terms of spending by tourists. Tourism is a clean industry. It provides employment as well as sales tax and property tax revenue. For a listing of the County's top ten employers, please see the *Statistical Section* of this report. The table below outlines the County's top employing industries.

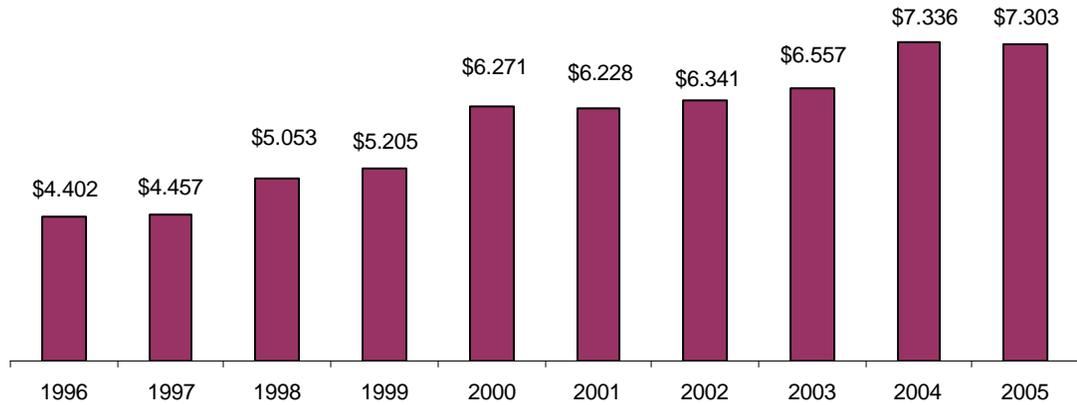
Top 10 Industries in Walworth County As of September, 2005

<u>Industry</u>	<u>Establishments</u>	<u>Employees</u>
Educational Services	34	3,900
Food Services & Drinking Places	196	3,702
Accommodation	28	2,133
Executive, Legislative & General Gov't	30	1,844
Machinery Manufacturing	19	1,710
Plastics & Rubber Products Manufacturing	22	1,664
Administrative & Support Services	93	1,567
Fabricated Metal Product Manufacturing	42	1,423
Nursing & Residential Care Facilities	34	1,254
General Merchandise Stores	11	1,031

Source: Wisconsin Department of Workforce Development

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.

**Walworth County Sales Tax Revenue
1996 to 2005
(in millions)**

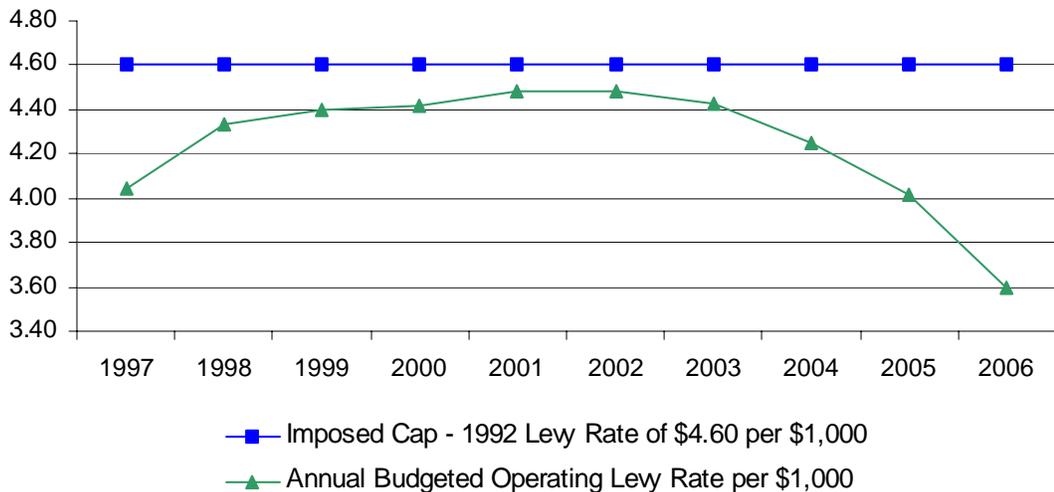


LONG-TERM FINANCIAL PLANNING

Flexibility under the Levy Cap:

A fundamental step in keeping the County in a sound financial position is to maintain flexibility under the state-imposed operating levy rate cap. In 1993, State Legislature imposed an operating mill rate limit on Wisconsin counties. Counties are required 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. The 2004 operating mill rate for 2005 operations was \$4.02 per thousand dollars of equalized value, equating to \$5.7 million under the levy cap. The 2005 levy for the 2006 budget resulted in an operating mill rate of \$3.60 per thousand dollars of equalized value, increasing the room under the cap to \$11 million.

**Operating Mill Rates
1997 to 2006**



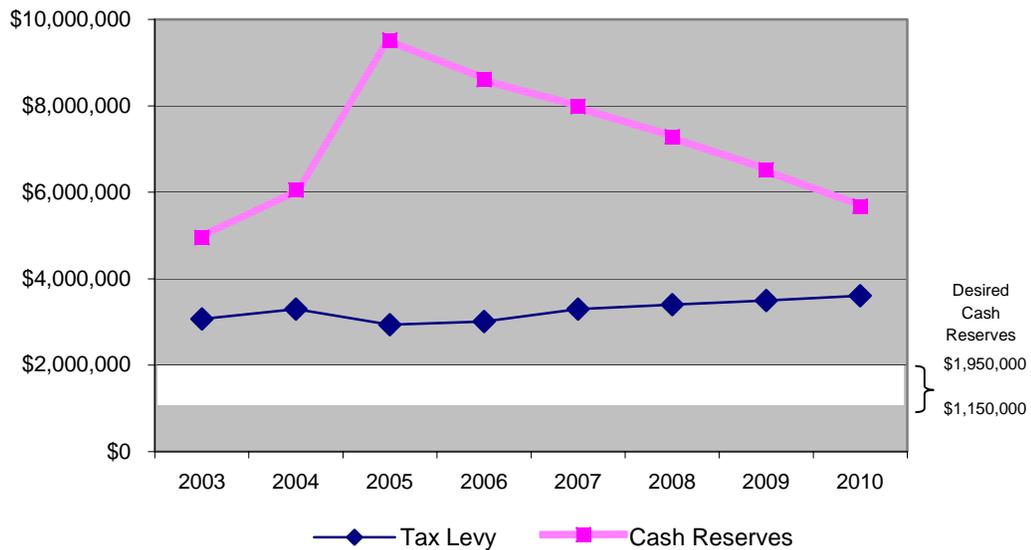
Effective for the 2006 and 2007 fiscal year budgets, the State Legislature imposed a secondary levy limit. Unless specific exemptions apply, no political subdivision may increase its levy in any year by a percentage that exceeds the political subdivision's valuation factor. The valuation factor is defined as a percentage equal to the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current year, but not less than 2%. Levies for Debt Service and Children with Disabilities Education Board expenditures are excluded. The 2005 levy for 2006 purposes is compliant with the new cap and, in fact, is \$1.5 million below the limit. The State of Wisconsin continues to debate legislation which may place additional restrictions on county taxing capabilities in the future.

Capital Projects:

Construction of a 120-bed County nursing home began in 2005. This new facility will replace the current facility built in 1968. 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 number of beds was reduced 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. Included in the 2005 budget is \$15.2 million for the construction of a new 120-bed nursing home facility with completion scheduled for July of 2006. The County Board has authorized the demolition of the existing facility, scheduled to occur in 2006. The County established a policy to maintain nursing home equity between \$1.1 million and \$1.9 million to manage funding volatility. The graph below represents a long-range plan for maintaining cash reserves without a substantial increase in levy appropriation.

**Lakeland Health Care Center
Tax Levy and Cash Reserves**



The County's new Judicial Center, with a total cost of \$12.7 million, opened in June of 2005. Renovations to the Government Center, the previous courthouse, have begun and are scheduled to be completed by spring of 2007. These renovations will upgrade the building to a more modern, efficient facility. The renovation will accommodate the relocation of County staff from our annex facility. Demolition of the aging annex facility is scheduled for 2006. Further, additional space will be finished in the new Judicial Center to house the Information Systems and Geographic Information Systems staff. Approximate value of the renovation totals \$4.86 million.

Walworth County operates a Children's with Disabilities Education Board (CDEB). The program has two distinct components. The first component includes services that are provided in the local school districts. The County currently provides staff in the local school districts that are necessary to provide integrated special education services. The second component is the county-run school for special education students. The current facility was evaluated and options provided to the County Board. The Board recently authorized the issuance of \$22 million in debt for the purpose of constructing a new special education facility on a new site. Stipulations were included with the debt authorization. The major stipulation was the development of an implementation plan for significantly reducing county-sponsored CDEB services offered in the local school districts. The plan is due in 2006. If all stipulations are met, it is anticipated that groundbreaking for the new school will be in 2007.

Additional capital resources will be used to repair and maintain other County buildings, for the replacement or repair of County roads, and demolition of additional buildings at the annex complex.

Other Long Term Planning:

The County is taking proactive steps in regards to 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 has been common among governments. In October, 2004, actuaries estimated the present value of the County's retiree medical cost to be \$25.4 million. At that time, the County Board established a 30-year time frame to fully fund retiree health benefits. Per the adopted policy, OPEB will be fully funded no later than 2034. The 2005 budget designated \$300,000 for this purpose. The budget for 2006 designated an additional \$500,000.

To reduce our long-term OPEB liability, the County has negotiated with 6 of its 7 labor unions (1 is under negotiation) the elimination of retiree health care insurance for all new hires. In lieu of retiree insurance, employees will receive a one-time payment, upon satisfactory completion of probation, to a Post Employment Health Plan (PEHP) as permitted under IRS Code, Section 501(c)(9) VEBA. The change also applies to new, non-represented staff.

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, 2005, the undesignated fund balance is at 27.05%, providing excess funds in the amount of approximately \$4.6 million to be appropriated as authorized by the County Board of Supervisors. Use of the funds is 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, 2005, the County had \$57.1 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. In 2005, the County contracted with an actuarial firm to establish adequate cash reserve balances for these funds. Results are scheduled for 2006, with adjustments, if any, implemented during the 2007 budget process. As of December 31, 2005, combined equity for all four funds totals \$9,279,623, with \$4,000,000 of that designated for catastrophic coverage.

MAJOR INITIATIVES

Significant department consolidations have occurred over the previous three years. Consolidations have resulted in the elimination of several positions, provided significant cost savings, yet maintained or improved services. Since fiscal year 2000, budgeted full-time equivalent (FTE) positions have been reduced from 1,069.65 to 936.86, effective with the 2006 budget. This is a net reduction of 132.79 FTE's.

The Sheriff's department accounts for 38% of the 2005 levy. At the end of 2005, they contracted with an outside agency to determine the appropriate staffing levels for the services provided. In conjunction, they are looking at programs to determine priorities of services offered, as well as to create efficiencies within the existing structure. One such initiative is the use of electronic monitoring for qualified inmates.

The second largest appropriation in 2005 is allocated to the Health and Human Services Department, accounting for 19% of the levy. In 2005, the County hired a new Director of Health and Human Services, Diane "Dani" Maculan. Ms. Maculan has previous experience at both the county and state level and is committed to providing efficient services, while maximizing state reimbursements. In 2005 and continuing into 2006, Ms. Maculan began a reorganization of services and staff, which has resulted in a positive financial outcome.

With Walworth County's economy and population continually growing, an economic development initiative was introduced to the County in 2003. In 2005, the countywide economic development advisory committee recommended to the County Board that economic development be pursued as a private-public partnership. The private corporation, which has taken the form of the Walworth County Economic Development Alliance Inc., includes representation from six businesses and government leaders. The aim of the program is to retain existing business, promote new, quality business growth and increase our commitment to tourism.

Technology advances over the past 20 years have made the County's Financial and Human Resource software obsolete. The County is working with the assistance of the Government Finance Officers Association to procure a new software vendor for both its financial and human resource systems. In 2005, the County obtained proposals from several software

vendors and began a thorough evaluation process. The capital plan includes funds for the completion of this project in the 2006 and 2007 budgets. The goal is to have a vendor secured in 2006, with a new system completely implemented by 2008.

Previously, the County's Children with Disabilities Education Board (CDEB) tax levy was apportioned equally to all county residents. Due to the recent dissolution of the Racine County CDEB, a local school district requested that they be excluded from the Walworth County CDEB levy due to services now being provided by that district. As a result of that request, the County is in the process of researching and developing a revised levy allocation for CDEB services. It is anticipated that the CDEB levy will be separated from the overall county levy effective for the 2006 levy for 2007 purposes.

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, 2004. This was the third 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
Deputy County Administrator-Finance

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, 2004

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.



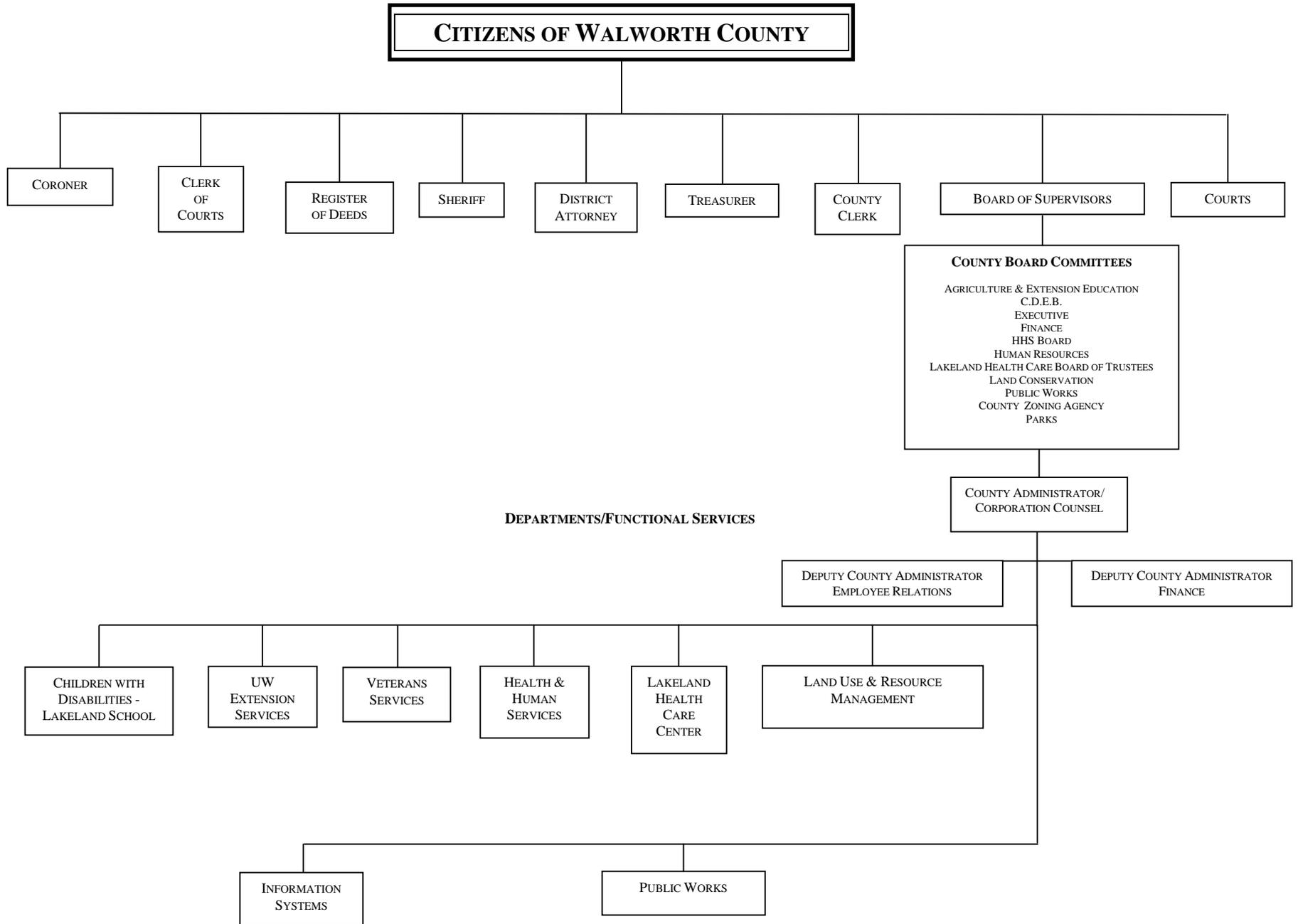
Carla E. Perry

President

Jeffrey R. Emer

Executive Director

WALWORTH COUNTY ORGANIZATION STRUCTURE – 2005



WALWORTH COUNTY
LIST OF PRINCIPAL OFFICIALS
As of December 31, 2005

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 Du Bois

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	..... Alan Kupsik
24	..... Randy A. Hawkins
25	..... Pauline Parker

(Continued on Next Page)

WALWORTH COUNTY
LIST OF PRINCIPAL OFFICIALS
 As of December 31, 2005

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	Vacant
Comptroller	Tracy Schulze
Public Works Director	Shane Crawford
Health and Human Services Director	Diane Maculan
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, 2005, 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, 2005, 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 12, 2006, 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.

A handwritten signature in cursive script that reads "Schenck SC".

Certified Public Accountants
Green Bay, Wisconsin
April 12, 2006

**MANAGEMENT
DISCUSSION
AND
ANALYSIS**



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WALWORTH COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2005

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, 2005. 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, 2005 by \$109.2 million (*net assets*), \$87.1 million in governmental activities and \$22.1 million in business-type activities. Of this amount, \$49.7 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 \$10.8 million. Governmental activities increased net assets by \$7.6 million; business-type activities increased net assets by \$3.2 million.
- As of December 31, 2005, the County's governmental funds reported combined ending fund balances of \$37.1 million. Approximately 48% of this total amount, \$17.8 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, 2005.

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 Public Works fund.

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

WALWORTH COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2005

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 nursing home and its Public Works highway and facility administration 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 the Public Works fund, both of which are considered to be major funds of the County. The 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.

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.

WALWORTH COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2005

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 42-64 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 65-79. 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 \$109,192,926 at the close of 2005.

Walworth County's Net Assets
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 102,089	\$ 98,226	\$ 22,765	\$ 15,945	\$ 124,854	\$ 114,171
Capital assets	91,441	81,516	7,674	8,215	99,115	89,731
Total assets	193,530	179,742	30,439	24,160	223,969	203,902
Long-term liabilities	53,266	48,044	1,337	1,199	54,603	49,243
Other liabilities	53,125	52,146	7,047	4,163	60,172	56,309
Total liabilities	106,391	100,190	8,384	5,362	114,775	105,552
Net assets:						
Invested in capital assets, net of related debt	49,641	45,153	7,674	8,215	57,315	53,368
Restricted	1,913	1,772	251	-	2,164	1,772
Unrestricted	35,584	32,627	14,129	10,583	49,713	43,210
Total net assets	\$ 87,138	\$ 79,552	\$ 22,054	\$ 18,798	\$ 109,192	\$ 98,350

The largest portion of the County's net assets (52.5%) 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 (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$49,713,039) may be used to meet the County's ongoing obligations to citizens and creditors.

WALWORTH COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2005

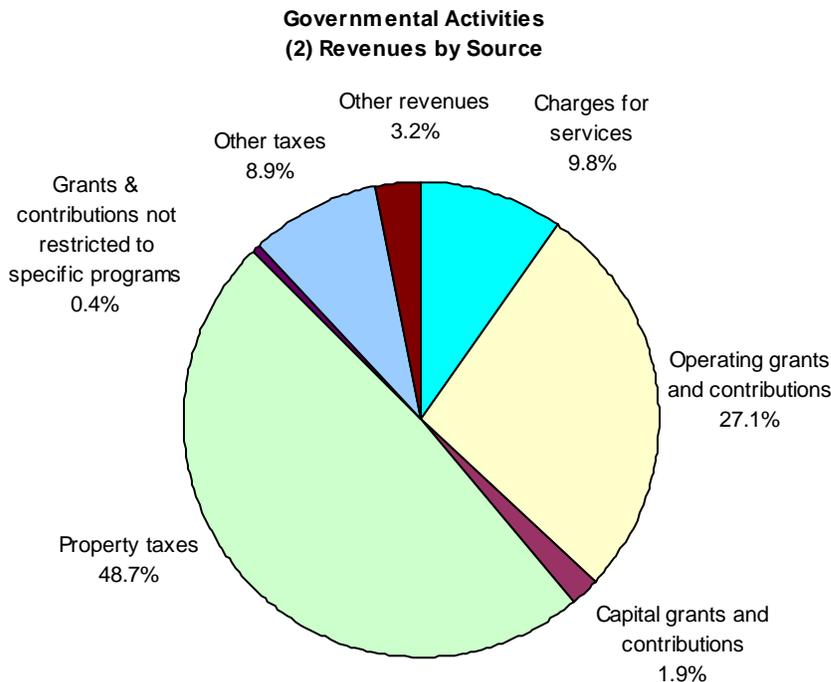
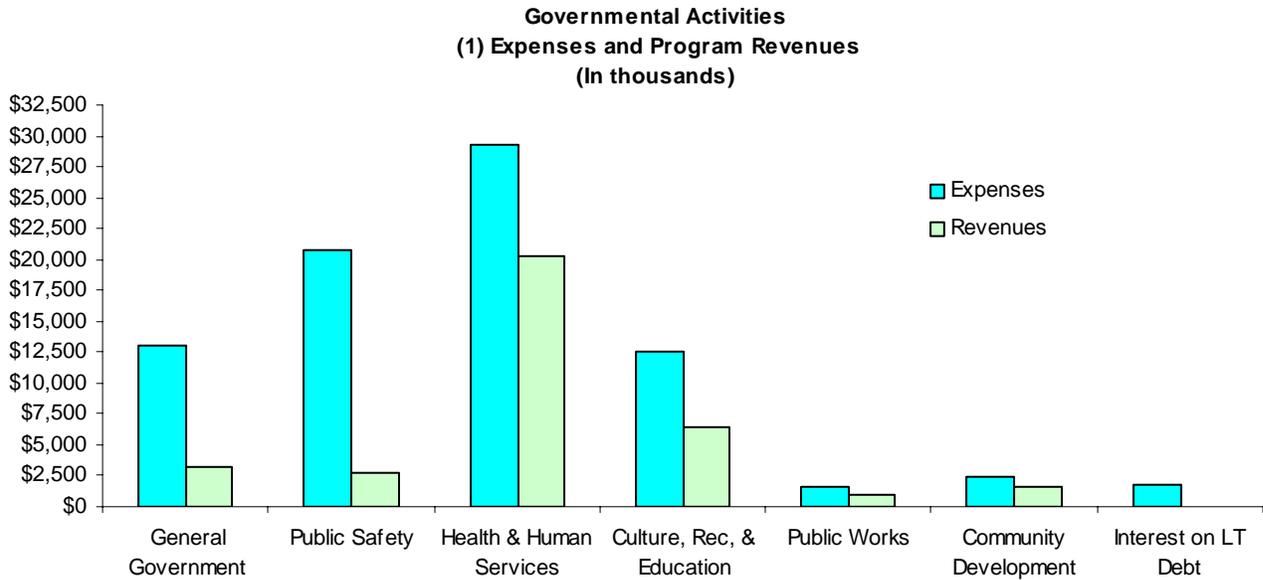
Change in net assets. At the end of the fiscal year, the County reported total revenues of \$111,599,459 and total expenses of \$100,756,933, resulting in an increase in net assets of \$10,842,526 (after considering transfers and capital contributions). The table below and the narrative that follows 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	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 8,876	\$ 9,292	\$ 13,860	\$ 12,325	\$ 22,736	\$ 21,617
Operating grants and contributions	24,552	23,955	84	4,015	24,636	27,970
Capital grants and contributions	1,691	389	3	-	1,694	389
General revenues:						
Property taxes	44,084	42,393	3,349	3,989	47,433	46,382
Other taxes	8,042	7,991	-	-	8,042	7,991
Grants and contributions not restricted to specific programs	325	367	3,751	-	4,076	367
Other	2,881	869	101	45	2,982	914
Total revenues	90,451	85,256	21,148	20,374	111,599	105,630
Expenses:						
General government	13,035	13,384	-	-	13,035	13,384
Public safety	20,695	19,747	-	-	20,695	19,747
Health and human services	29,228	29,940	-	-	29,228	29,940
Culture, recreation and education	12,511	11,603	-	-	12,511	11,603
Public works	1,612	1,287	-	-	1,612	1,287
Conservation and development	2,346	2,292	-	-	2,346	2,292
Interest on long-term debt	1,750	1,649	-	-	1,750	1,649
Nursing home	-	-	12,210	13,587	12,210	13,587
Highway	-	-	7,369	5,080	7,369	5,080
Total expenses	81,177	79,902	19,579	18,667	100,756	98,569
Increase in net assets before capital contributions and transfers	9,274	5,354	1,569	1,707	10,843	7,061
Capital contributions	-	-	-	-	-	-
Transfers	(1,688)	(2)	1,688	2	-	-
Increase in net assets	7,586	5,352	3,257	1,709	10,843	7,061
Net assets - January 1, 2005	79,552	74,200	18,798	17,089	98,350	91,289
Net assets - December 31, 2005	\$ 87,138	\$ 79,552	\$ 22,055	\$ 18,798	\$ 109,193	\$ 98,350

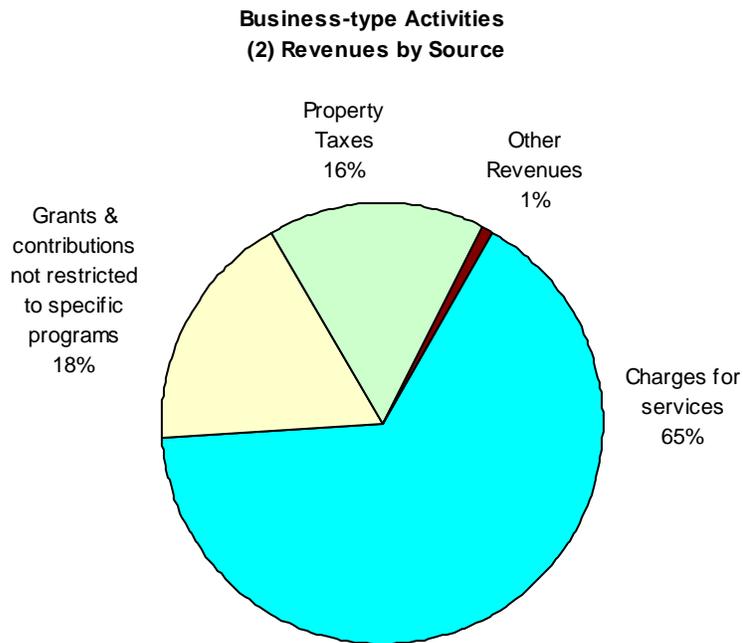
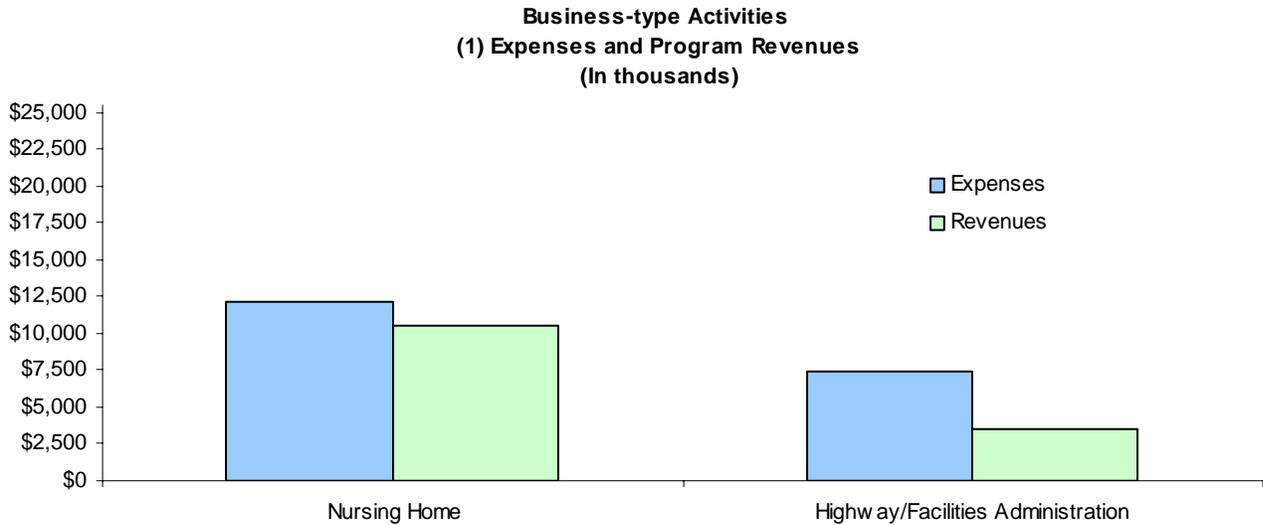
WALWORTH COUNTY, WISCONSIN
 Management's Discussion and Analysis
 December 31, 2005

Governmental Activities. Governmental activities increased the County's net assets by \$7,585,949, thereby accounting for 70% 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 \$90,451,066, with property taxes accounting for 48.7% of the total revenue, followed by operating grants and contributions at 27.1%. Expenses cover a range of services, with the majority in four areas: 36% for health and human services, 25.5% for public safety (sheriff's department), 16.1% for general government functions, and 15.4% 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.



WALWORTH COUNTY, WISCONSIN
 Management's Discussion and Analysis
 December 31, 2005

Business-type Activities. Business-type activities increased net assets by \$3,256,577, accounting for 30% of the growth within the County. The majority of this increase (51%) is attributable to the nursing home building up a cash reserve for future operations for when an anticipated decrease in grant funding occurs. 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.



WALWORTH COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2005

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, 2005, the County's governmental funds reported combined ending fund balances of \$37,122,122, an increase of \$3,216,729 from the prior year. Approximately 72% of this amount (\$26,707,882) 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 (\$27,623), 2) for non-liquid delinquent taxes (\$2,208,733), 3) for unfinished capital projects (\$5,690,376), 4) for debt retirement (\$453,929), for Sheriff Trusts (\$796,614), for other post employment benefits (\$315,932), for land modernization projects (\$334,556) and 5) for a variety of other restricted purposes (\$586,477). Of the unreserved fund balance, the County Board designated \$8,932,465 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 \$23,849,264, while total fund balance reached \$26,844,518. 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 67% of total General fund expenditures, while total fund balance represents 76% of that same amount.

The fund balance of the County's General fund increased by \$3,096,995 during the current year. Key factors in this increase include transfers from the Health and Human Service special revenue fund and the Lakeland School special revenue fund of \$2,150,417, transfers from completed projects in the Capital Projects fund of \$76,856, and General fund operational efficiencies of \$1,982,827, offset by a transfer from the General fund to the Public Works fund, for facilities operations of \$1,513,926.

Per County resolution, any excess or deficit remaining in a special revenue fund balance at year-end, after subsequent year designations and reserves for prepaid expenditures are subtracted, is transferred to/from the General fund.

The Health and Human Services special revenue fund has a total fund balance of \$67,739. Of this fund balance, \$60,067 is unreserved, but designated to fund subsequent year items and \$7,672 is reserved for prepayments that benefit periods beyond the end of the current year. The fund balance decreased by \$1,106. Health and Human Services had excess revenues over expenditures resulting in a transfer to the General fund in the amount of \$1,986,089.

The Lakeland School special revenue fund has a total fund balance of \$13,048. Of this fund balance, \$11,036 is unreserved, but designated to fund subsequent year items, \$2,012 is reserved for prepayments that benefit periods beyond the end of the current year. The fund balance decreased by \$3,611. Lakeland School had excess revenues over expenditures resulting in a transfer to the General fund in the amount of \$164,328.

WALWORTH COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2005

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 \$9,524,072. The total growth in net assets was \$3,242,191.

Unrestricted net assets of the Public Works fund at the end of the year amounted to \$4,206,528. The total growth in net assets was \$134,733.

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 \$812,830 in appropriations; the majority consists of approximately \$800,000 for new grant revenues and expenditures.

During the year, actual revenues exceeded budgeted revenues by \$68,125, primarily in investment income. Actual expenditures were less than budgeted expenditures by \$3,192,398, primarily due to operational efficiencies from each department and capital projects not completed and carried over to 2006.

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, 2005 amounts to \$99,115,089 (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 10.5% (a 12% increase in governmental activities and a 4.5% decrease in business-type activities).

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

- Completion of the new Judicial Center, at a cost of \$12,539,961
- Replacement of various police vehicles, at a cost of \$286,360
- Construction of a storage barn for the Sheriff's department, at a cost of \$232,120
- Purchase of video conferencing equipment for the courtrooms, at a cost of \$361,010
- Purchase of an emergency response vehicle, at a cost of \$215,393
- Replacement of chiller for the Government Center, at a cost of \$145,946
- Upgrade telephone system for Health and Human Services, at a cost of \$134,934
- County road resurfacing, at a cost of \$1,923,526

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 \$47,535,000. 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 \$531,180,564, which is significantly in excess of the County's \$47,535,000 in outstanding general obligation debt.

WALWORTH COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2005

The County's total general obligation debt increased by \$5,175,000 (12%) during the current fiscal year. The key factors in this increase were the issuance of notes in the amount of \$9,800,000 for construction of a new nursing home facility and road construction, and the retirement of \$4,625,000 of prior issuances.

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

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the County is currently 4.1%. This is favorable when compared to the State of Wisconsin's average unemployment rate of 4.7% and the national average of 4.9%.
- 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 that 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 2006 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 2006, 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, 2005

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 48,824,949	\$ 10,092,418	\$ 58,917,367
Restricted cash and investments	575,531	60,810	636,341
Receivables (net of allowance for uncollectibles):			
Taxes	42,873,577	6,325,789	49,199,366
Delinquent taxes	4,235,576	-	4,235,576
Accounts	2,160,389	722,892	2,883,281
Internal balances	(380,733)	380,733	-
Due from other governments	3,453,791	4,590,034	8,043,825
Inventories	2,931	582,332	585,263
Prepaid items	25,604	9,996	35,600
Unamortized debt issuance costs	34,351	-	34,351
Total current assets	<u>101,805,966</u>	<u>22,765,004</u>	<u>124,570,970</u>
Noncurrent assets:			
Long-term receivable	282,771	-	282,771
Capital assets (net of accumulated depreciation):			
Land and construction in progress	17,162,899	104,624	17,267,523
Infrastructure and other capital assets	<u>74,277,936</u>	<u>7,569,630</u>	<u>81,847,566</u>
Total capital assets	<u>91,440,835</u>	<u>7,674,254</u>	<u>99,115,089</u>
Total noncurrent assets	<u>91,723,606</u>	<u>7,674,254</u>	<u>99,397,860</u>
Total assets	<u>193,529,572</u>	<u>30,439,258</u>	<u>223,968,830</u>
LIABILITIES			
Current liabilities:			
Accounts payable	4,477,779	287,626	4,765,405
Accrued liabilities	1,755,660	354,092	2,109,752
Due to other governments	151,866	182	152,048
Accrued interest payable	551,066	-	551,066
Deposits	1,124,549	60,810	1,185,359
Unearned tax revenues	42,873,577	6,325,789	49,199,366
Other unearned revenues	92,563	18,272	110,835
Claims payable	<u>2,097,514</u>	<u>-</u>	<u>2,097,514</u>
Total current liabilities	53,124,574	7,046,771	60,171,345
Noncurrent liabilities:			
Due within one year	8,615,387	956,280	9,571,667
Due in more than one year	<u>44,651,431</u>	<u>381,461</u>	<u>45,032,892</u>
Total liabilities	<u>106,391,392</u>	<u>8,384,512</u>	<u>114,775,904</u>
NET ASSETS			
Invested in capital assets, net of related debt	49,641,480	7,674,254	57,315,734
Restricted for:			
Public safety	988,698	-	988,698
Culture, recreation, and education	2,145	-	2,145
Conservation and development	468,383	-	468,383
Debt service	453,929	-	453,929
Nursing home	-	250,998	250,998
Unrestricted	<u>35,583,545</u>	<u>14,129,494</u>	<u>49,713,039</u>
Total net assets	<u>\$ 87,138,180</u>	<u>\$ 22,054,746</u>	<u>\$ 109,192,926</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, 2005

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	\$ 13,034,915	\$ 2,654,039	\$ 542,107	\$ -	\$ (9,838,769)	\$ -	\$ (9,838,769)
Public safety	20,694,984	1,389,687	803,228	542,469	(17,959,600)	-	(17,959,600)
Health and human services	29,228,166	3,602,941	16,640,899	-	(8,984,326)	-	(8,984,326)
Culture, recreation and education	12,511,033	173,618	6,201,662	-	(6,135,753)	-	(6,135,753)
Public works	1,612,019	26,180	-	922,761	(663,078)	-	(663,078)
Conservation and development	2,345,557	1,029,192	363,915	226,109	(726,341)	-	(726,341)
Interest on long-term debt	<u>1,750,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,750,429)</u>	<u>-</u>	<u>(1,750,429)</u>
Total governmental activities	<u>81,177,103</u>	<u>8,875,657</u>	<u>24,551,811</u>	<u>1,691,339</u>	<u>(46,058,296)</u>	<u>-</u>	<u>(46,058,296)</u>
Business-type activities:							
Nursing home	12,210,404	10,452,940	16,196	-	-	(1,741,268)	(1,741,268)
Highway/facilities administration	<u>7,369,426</u>	<u>3,407,112</u>	<u>67,891</u>	<u>2,740</u>	<u>-</u>	<u>(3,891,683)</u>	<u>(3,891,683)</u>
Total business-type activities	<u>19,579,830</u>	<u>13,860,052</u>	<u>84,087</u>	<u>2,740</u>	<u>-</u>	<u>(5,632,951)</u>	<u>(5,632,951)</u>
Total government	<u>\$ 100,756,933</u>	<u>\$ 22,735,709</u>	<u>\$ 24,635,898</u>	<u>\$ 1,694,079</u>	<u>(46,058,296)</u>	<u>(5,632,951)</u>	<u>(51,691,247)</u>
General revenues:							
General property taxes					38,031,659	3,349,396	41,381,055
Property taxes for debt service					6,051,593	-	6,051,593
County share of sales taxes					7,303,638	-	7,303,638
Real estate transfer fees					648,518	-	648,518
Other taxes					90,475	-	90,475
Grants and contributions not restricted to specific programs					325,169	3,750,920	4,076,089
Unrestricted investment earnings					2,873,982	75,608	2,949,590
Miscellaneous					7,225	25,590	32,815
Transfers					<u>(1,688,014)</u>	<u>1,688,014</u>	<u>-</u>
Total general revenues and transfers					<u>53,644,245</u>	<u>8,889,528</u>	<u>62,533,773</u>
Change in net assets					7,585,949	3,256,577	10,842,526
Net assets - beginning					<u>79,552,231</u>	<u>18,798,169</u>	<u>98,350,400</u>
Net assets - ending					<u>\$ 87,138,180</u>	<u>\$ 22,054,746</u>	<u>\$ 109,192,926</u>

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

WALWORTH COUNTY, WISCONSIN

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2005

	Special Revenue Funds						Total Governmental Funds
	General	Health & Human Services	Lakeland School	Debt Service	Nonmajor Governmental Funds		
ASSETS							
Cash and investments	\$ 24,734,106	\$ 1,133,209	\$ 8,958	\$ 474,232	\$ 11,446,413	\$ 37,796,918	
Receivables (net of allowance for uncollectibles):							
Taxes	18,840,569	9,490,337	6,344,418	7,716,392	481,861	42,873,577	
Delinquent taxes	3,348,493	-	-	-	-	3,348,493	
Accounts	481,912	832,491	-	-	1,889	1,316,292	
Due from other funds	712,767	-	-	-	-	712,767	
Due from other governments	1,546,551	158,841	1,327,234	-	421,165	3,453,791	
Inventories	2,931	-	-	-	-	2,931	
Prepaid items	15,008	7,672	2,012	-	-	24,692	
Long-term receivables	282,771	-	-	-	-	282,771	
Restricted assets							
Patient and school deposits	-	341,183	140,181	-	-	481,364	
Total assets	<u>\$ 49,965,108</u>	<u>\$ 11,963,733</u>	<u>\$ 7,822,803</u>	<u>\$ 8,190,624</u>	<u>\$ 12,351,328</u>	<u>\$ 90,293,596</u>	
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 793,690	\$ 1,506,004	\$ 285,906	\$ 20,303	\$ 1,764,363	\$ 4,370,266	
Accrued liabilities	1,267,044	149,690	333,883	-	5,043	1,755,660	
Due to other funds	5,387	7,077	705,367	-	163	717,994	
Due to other governments	7,323	144,457	-	-	86	151,866	
Deposits	448,201	194,984	-	-	-	643,185	
Deferred tax revenues	19,458,616	9,490,337	6,344,418	7,716,392	481,861	43,491,624	
Other deferred revenues	312,773	62,262	-	-	356,924	731,959	
Liabilities payable from restricted assets							
Patient and school deposits	-	341,183	140,181	-	-	481,364	
Other liabilities	827,556	-	-	-	-	827,556	
Total liabilities	<u>23,120,590</u>	<u>11,895,994</u>	<u>7,809,755</u>	<u>7,736,695</u>	<u>2,608,440</u>	<u>53,171,474</u>	

(Continued)

WALWORTH COUNTY, WISCONSIN

BALANCE SHEET (continued)
GOVERNMENTAL FUNDS
December 31, 2005

	Special Revenue Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General	Health & Human Services	Lakeland School	Debt Service		
Fund balances:						
Reserved, reported in:						
General fund	2,995,254	-	-	-	-	2,995,254
Special revenue funds	-	7,672	2,012	-	1,264,997	1,274,681
Debt service fund	-	-	-	453,929	-	453,929
Capital projects fund	-	-	-	-	5,690,376	5,690,376
Unreserved and designated, reported in:						
General fund	6,073,847	-	-	-	-	6,073,847
Special revenue funds	-	60,067	11,036	-	128,273	199,376
Capital projects fund	-	-	-	-	2,659,242	2,659,242
Unreserved and undesignated, reported in:						
General fund	17,775,417	-	-	-	-	17,775,417
Total fund balances	<u>26,844,518</u>	<u>67,739</u>	<u>13,048</u>	<u>453,929</u>	<u>9,742,888</u>	<u>37,122,122</u>
Total liabilities and fund balances	<u>\$ 49,965,108</u>	<u>\$ 11,963,733</u>	<u>\$ 7,822,803</u>	<u>\$ 8,190,624</u>	<u>\$ 12,351,328</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.	91,440,835
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	2,650,471
Internal service funds are used by management to charge the costs of 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.	8,880,729
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(52,955,977)</u>
Net assets of governmental activities as reported on the statement of net assets (see page 25)	<u>\$ 87,138,180</u>

WALWORTH COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended December 31, 2005

	Special Revenue Funds		
	General	Health & Human Services	Lakeland School
REVENUES			
Taxes	\$ 31,053,558	\$ 10,090,138	\$ 5,525,341
Intergovernmental	2,041,328	16,623,412	6,153,143
Licenses and permits	359,380	-	-
Fines, forfeitures and penalties	1,233,647	-	-
Public charges for services	3,023,116	3,476,683	29,748
Intergovernmental charges for services	466,031	77,769	75,541
Investment income	1,392,457	-	-
Miscellaneous	279,296	52,844	13,765
Total revenues	39,848,813	30,320,846	11,797,538
EXPENDITURES			
Current:			
General government	11,594,328	-	-
Public safety	19,698,802	-	-
Health and human services	145,218	28,835,859	-
Culture, recreation, and education	429,676	-	11,831,483
Conservation and development	1,818,925	-	-
Capital outlay	1,733,170	27,139	2,434
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	35,420,119	28,862,998	11,833,917
Excess (deficiency) of revenues over (under) expenditures	4,428,694	1,457,848	(36,379)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	-	-
Discount on long-term debt	-	-	-
Transfers in	2,761,800	527,135	208,362
Transfers out	(4,093,499)	(1,986,089)	(175,594)
Total other financing sources (uses)	(1,331,699)	(1,458,954)	32,768
Net change in fund balances	3,096,995	(1,106)	(3,611)
Fund balances - beginning	23,747,523	68,845	16,659
Fund balances - ending	\$ 26,844,518	\$ 67,739	\$ 13,048

(Continued)

WALWORTH COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued) GOVERNMENTAL FUNDS

For the Year Ended December 31, 2005

	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 6,051,593	\$ 328,064	\$ 53,048,694
Intergovernmental	-	144,817	24,962,700
Licenses and permits	-	-	359,380
Fines, forfeitures and penalties	-	-	1,233,647
Public charges for services	-	208,628	6,738,175
Intergovernmental charges for services	-	52,630	671,971
Investment income	247,789	19,911	1,660,157
Miscellaneous	-	293,266	639,171
Total revenues	<u>6,299,382</u>	<u>1,047,316</u>	<u>89,313,895</u>
EXPENDITURES			
Current:			
General government	-	-	11,594,328
Public safety	-	41,346	19,740,148
Health and human services	-	-	28,981,077
Culture, recreation, and education	-	-	12,261,159
Conservation and development	-	329,569	2,148,494
Capital outlay	-	11,392,703	13,155,446
Debt service:			
Principal retirement	4,625,000	-	4,625,000
Interest and fiscal charges	1,715,428	-	1,715,428
Total expenditures	<u>6,340,428</u>	<u>11,763,618</u>	<u>94,221,080</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(41,046)</u>	<u>(10,716,302)</u>	<u>(4,907,185)</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	9,800,000	9,800,000
Discount on long-term debt	(12,947)	-	(12,947)
Transfers in	4,435	1,630,127	5,131,859
Transfers out	-	(539,816)	(6,794,998)
Total other financing sources (uses)	<u>(8,512)</u>	<u>10,890,311</u>	<u>8,123,914</u>
Net change in fund balances	(49,558)	174,009	3,216,729
Fund balances - beginning	503,487	9,568,879	33,905,393
Fund balances - ending	<u>\$ 453,929</u>	<u>\$ 9,742,888</u>	<u>\$ 37,122,122</u>

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, 2005**

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)	\$ 3,216,729
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.	9,844,932
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	79,944
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	111,648
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.	(5,175,000)
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.	(107,287)
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(385,017)</u>
Change in net assets of governmental activities as reported on the statement of activities (page 26)	<u><u>\$ 7,585,949</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 30,838,623	\$ 30,806,973	\$ 31,053,558	\$ 246,585
Intergovernmental	1,657,867	2,485,113	2,041,328	(443,785)
Licenses and permits	371,100	373,639	359,380	(14,259)
Fines, forfeitures and penalties	1,326,080	1,252,280	1,233,647	(18,633)
Public charges for services	3,166,421	3,201,841	3,023,116	(178,725)
Intergovernmental charges for services	488,520	376,316	466,031	89,715
Investment income	740,760	1,021,510	1,392,457	370,947
Miscellaneous	386,686	263,016	279,296	16,280
Total revenues	<u>38,976,057</u>	<u>39,780,688</u>	<u>39,848,813</u>	<u>68,125</u>
EXPENDITURES				
Current:				
General government	13,910,666	12,509,579	11,594,328	915,251
Public safety	19,839,384	20,475,392	19,698,802	776,590
Health and human services	145,728	148,163	145,218	2,945
Culture, recreation, and education	425,139	446,624	429,676	16,948
Conservation and development	2,008,125	2,090,018	1,818,925	271,093
Capital outlay:				
General government	993,350	1,563,912	716,364	847,548
Public safety	452,295	1,218,339	984,260	234,079
Culture, recreation, and education	-	110,490	11,652	98,838
Conservation and development	25,000	50,000	20,894	29,106
Total expenditures	<u>37,799,687</u>	<u>38,612,517</u>	<u>35,420,119</u>	<u>3,192,398</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,176,370</u>	<u>1,168,171</u>	<u>4,428,694</u>	<u>3,260,523</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	142,580	595,685	2,761,800	2,166,115
Transfers out	<u>(2,118,734)</u>	<u>(4,333,662)</u>	<u>(4,093,499)</u>	<u>240,163</u>
Total other financing sources (uses)	<u>(1,976,154)</u>	<u>(3,737,977)</u>	<u>(1,331,699)</u>	<u>2,406,278</u>
Net change in fund balances	(799,784)	(2,569,806)	3,096,995	5,666,801
Fund balances - beginning	23,747,523	23,747,523	23,747,523	-
Fund balances - ending	<u>\$ 22,947,739</u>	<u>\$ 21,177,717</u>	<u>\$ 26,844,518</u>	<u>\$ 5,666,801</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, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 10,090,138	\$ 10,090,138	\$10,090,138	\$ -
Intergovernmental	15,452,115	16,198,931	16,623,412	424,481
Public charges for services	4,479,080	4,553,152	3,476,683	(1,076,469)
Intergovernmental charges for services	81,000	81,000	77,769	(3,231)
Miscellaneous	9,200	9,805	52,844	43,039
Total revenues	<u>30,111,533</u>	<u>30,933,026</u>	<u>30,320,846</u>	<u>(612,180)</u>
EXPENDITURES				
Current:				
Health and human services	30,056,033	31,409,134	28,835,859	2,573,275
Capital outlay:				
Health and human services	55,500	109,500	27,139	82,361
Total expenditures	<u>30,111,533</u>	<u>31,518,634</u>	<u>28,862,998</u>	<u>2,655,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(585,608)</u>	<u>1,457,848</u>	<u>2,043,456</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	527,135	527,135	-
Transfers out	-	-	(1,986,089)	(1,986,089)
Total other financing sources (uses)	<u>-</u>	<u>527,135</u>	<u>(1,458,954)</u>	<u>(1,986,089)</u>
Net change in fund balances	-	(58,473)	(1,106)	57,367
Fund balances - beginning	68,845	68,845	68,845	-
Fund balances - ending	<u>\$ 68,845</u>	<u>\$ 10,372</u>	<u>\$ 67,739</u>	<u>\$ 57,367</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,525,341	\$ 5,525,341	\$ 5,525,341	\$ -
Intergovernmental	6,395,070	6,160,233	6,153,143	(7,090)
Public charges for services	25,250	25,236	29,748	4,512
Intergovernmental charges for services	30,500	63,703	75,541	11,838
Miscellaneous	25,700	12,958	13,765	807
Total revenues	<u>12,001,861</u>	<u>11,787,471</u>	<u>11,797,538</u>	<u>10,067</u>
EXPENDITURES				
Current:				
Culture, recreation, and education	11,990,127	11,972,833	11,831,483	141,350
Capital outlay:				
Culture, recreation, and education	<u>23,000</u>	<u>27,036</u>	<u>2,434</u>	<u>24,602</u>
Total expenditures	<u>12,013,127</u>	<u>11,999,869</u>	<u>11,833,917</u>	<u>165,952</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,266)</u>	<u>(212,398)</u>	<u>(36,379)</u>	<u>176,019</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	208,362	208,362	-
Transfers out	<u>(11,266)</u>	<u>(11,266)</u>	<u>(175,594)</u>	<u>(164,328)</u>
Total other financing sources (uses)	<u>(11,266)</u>	<u>197,096</u>	<u>32,768</u>	<u>(164,328)</u>
Net change in fund balances	(22,532)	(15,302)	(3,611)	11,691
Fund balances - beginning	16,659	16,659	16,659	-
Fund balances - ending	<u>\$ (5,873)</u>	<u>\$ 1,357</u>	<u>\$ 13,048</u>	<u>\$ 11,691</u>

WALWORTH COUNTY, WISCONSIN

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 December 31, 2005

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Lakeland Health Care Center	Public Works	Total Enterprise Funds	
ASSETS				
Current assets:				
Cash and investments	\$ 6,406,032	\$ 3,686,386	\$ 10,092,418	\$ 11,028,031
Restricted cash and investments:				
Patient deposits	60,810	-	60,810	-
Deposits held with fiscal agents	-	-	-	94,167
Taxes receivable	3,009,310	3,316,479	6,325,789	-
Accounts receivable	708,452	14,440	722,892	338,152
Due from other funds	-	-	-	23,388
Due from other governments	3,878,543	711,491	4,590,034	-
Inventories	35,595	546,737	582,332	-
Prepaid items	9,996	-	9,996	912
Total current assets	<u>14,108,738</u>	<u>8,275,533</u>	<u>22,384,271</u>	<u>11,484,650</u>
Noncurrent assets:				
Capital assets	10,029,454	12,357,742	22,387,196	-
Less: Accumulated depreciation	<u>(7,602,506)</u>	<u>(7,110,436)</u>	<u>(14,712,942)</u>	<u>-</u>
Net capital assets	<u>2,426,948</u>	<u>5,247,306</u>	<u>7,674,254</u>	<u>-</u>
Total assets	<u>16,535,686</u>	<u>13,522,839</u>	<u>30,058,525</u>	<u>11,484,650</u>
LIABILITIES				
Current liabilities:				
Accounts payable	120,225	167,401	287,626	107,513
Accrued liabilities	294,041	60,051	354,092	-
Due to other funds	15,524	2,637	18,161	-
Due to other governments	-	182	182	-
Deposits	60,810	-	60,810	-
Deferred tax revenues	3,009,310	3,316,479	6,325,789	-
Other deferred revenues	782	17,490	18,272	-
Current portion health insurance payable	-	23,868	23,868	-
Current portion accrued compensated absences	562,442	369,970	932,412	-
Claims payable	-	-	-	2,097,514
Total current liabilities	<u>4,063,134</u>	<u>3,958,078</u>	<u>8,021,212</u>	<u>2,205,027</u>
Noncurrent liabilities:				
Accrued compensated absences	<u>270,534</u>	<u>110,927</u>	<u>381,461</u>	<u>-</u>
Total noncurrent liabilities	<u>270,534</u>	<u>110,927</u>	<u>381,461</u>	<u>-</u>
Total liabilities	<u>4,333,668</u>	<u>4,069,005</u>	<u>8,402,673</u>	<u>2,205,027</u>

(Continued)

WALWORTH COUNTY, WISCONSIN

STATEMENT OF NET ASSETS (continued)
 PROPRIETARY FUNDS
 December 31, 2005

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Lakeland Health Care Center	Public Works	Total Enterprise Funds	
	NET ASSETS			
Invested in capital assets, net of related debt	2,426,948	5,247,306	7,674,254	-
Restricted for donations	250,998	-	250,998	-
Unrestricted	<u>9,524,072</u>	<u>4,206,528</u>	<u>13,730,600</u>	<u>9,279,623</u>
Total net assets	<u>\$ 12,202,018</u>	<u>\$ 9,453,834</u>	<u>\$ 21,655,852</u>	<u>\$ 9,279,623</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 and risk management 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.

398,894

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

\$ 22,054,746

WALWORTH COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUNDS

For the Year Ended December 31, 2005

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Lakeland Health Care Center	Public Works	Total Enterprise Funds	
Operating revenues:				
Charges for services	\$ 10,469,145	\$ 3,407,103	\$ 13,876,248	\$ 14,271,035
Operating expenses:				
Operation and maintenance	11,899,526	6,686,308	18,585,834	-
Insurance services	-	-	-	15,103,547
Depreciation	225,193	638,629	863,822	-
Total operating expenses	12,124,719	7,324,937	19,449,656	15,103,547
Operating income (loss)	(1,655,574)	(3,917,834)	(5,573,408)	(832,512)
Nonoperating revenues (expenses):				
Property taxes	2,937,971	411,425	3,349,396	-
Intergovernmental grants	1,761,321	2,057,490	3,818,811	-
Investment income	13,826	61,782	75,608	351,323
Loss on disposal of assets	(6,190)	(3,637)	(9,827)	-
Miscellaneous	16,206	9,384	25,590	700
Total nonoperating revenues	4,723,134	2,536,444	7,259,578	352,023
Income (loss) before contributed capital and transfers	3,067,560	(1,381,390)	1,686,170	(480,489)
Contributed capital	-	2,740	2,740	-
Transfers in	174,631	1,574,283	1,748,914	-
Transfers out	-	(60,900)	(60,900)	(24,875)
Change in net assets	3,242,191	134,733	3,376,924	(505,364)
Total net assets - beginning	8,959,827	9,319,101	18,278,928	9,784,987
Total net assets - ending	\$ 12,202,018	\$ 9,453,834	\$ 21,655,852	\$ 9,279,623

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

Net change in net assets-total enterprise funds	3,376,924
The net revenue of certain activities of internal service funds is reported within business-type activities.	(120,347)
Net change in net assets of business-type activities as reported on the statement of activities (see page 26)	\$ 3,256,577

WALWORTH COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2005

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Lakeland Health Care Center	Public Works	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 6,886,730	\$ 2,801,393	\$ 9,688,123	\$ 1,398,152
Receipts from interfund services provided	3,327	427,321	430,648	12,769,243
Payments to suppliers	(2,076,425)	(2,313,006)	(4,389,431)	(14,669,889)
Payments to employees	(9,874,499)	(4,103,232)	(13,977,731)	-
Payments for interfund services used	(10,005)	(2,613)	(12,618)	-
Payments of patient trust deposits	(2,199)	-	(2,199)	-
Net cash flows (used) by operating activities	<u>(5,073,071)</u>	<u>(3,190,137)</u>	<u>(8,263,208)</u>	<u>(502,494)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	174,631	1,574,283	1,748,914	-
Transfers out	-	(60,900)	(60,900)	(24,875)
General property taxes	2,937,971	411,425	3,349,396	-
Intergovernmental grants	1,761,321	2,057,491	3,818,812	-
Donations	16,196	488	16,684	-
Net cash flows provided (used) by non-capital financing activities	<u>4,890,119</u>	<u>3,982,787</u>	<u>8,872,906</u>	<u>(24,875)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(5,050)	(327,940)	(332,990)	-
Capital contributions	-	2,740	2,740	-
Sale of salvage and other assets	10	182	192	-
Net cash flows (used) by capital and related financing activities	<u>(5,040)</u>	<u>(325,018)</u>	<u>(330,058)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	13,826	61,782	75,608	351,323
Insurance recoveries	-	8,714	8,714	700
Net cash flows provided by investing activities	<u>13,826</u>	<u>70,496</u>	<u>84,322</u>	<u>352,023</u>
Net increase in cash and cash equivalents	(174,166)	538,128	363,962	(175,346)
Cash and cash equivalents - beginning	6,641,008	3,148,258	9,789,266	11,297,544
Cash and cash equivalents - ending	<u>\$ 6,466,842</u>	<u>\$ 3,686,386</u>	<u>\$ 10,153,228</u>	<u>\$ 11,122,198</u>

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

Cash	\$ 6,406,032	\$ 3,686,386	\$ 10,092,418	\$ 11,028,031
Restricted cash and investments	60,810	-	60,810	-
Deposits held with fiscal agents	-	-	-	94,167
	<u>\$ 6,466,842</u>	<u>\$ 3,686,386</u>	<u>\$ 10,153,228</u>	<u>\$ 11,122,198</u>

(Continued)

WALWORTH COUNTY, WISCONSIN

STATEMENT OF CASH FLOWS (continued)
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2005

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Lakeland Health Care Center	Public Works	Total Enterprise Funds	
Reconciliation of operating (loss) to net cash (used) by operating activities:				
Operating (loss)	\$ (1,655,574)	\$ (3,917,834)	\$ (5,573,408)	\$ (832,512)
Adjustments to reconcile operating (loss) to net cash (used) from operating activities				
Noncash items included in operating (loss)				
Depreciation	225,193	638,629	863,822	-
Change in assets and liabilities:				
Accounts receivable	128,754	52,126	180,880	(164,231)
Due from other funds	-	-	-	(3,072)
Due from other governments	(3,708,098)	(233,403)	(3,941,501)	-
Inventories	5,846	150,076	155,922	-
Prepaid items	511	-	511	7,014
Accounts payable	(13,341)	(62,624)	(75,965)	99,421
Accrued liabilities	(37,458)	20,228	(17,230)	-
Due to other funds	2,454	1,551	4,005	-
Due to other governments	-	(358)	(358)	-
Deferred revenues	256	2,888	3,144	-
Claims payable	-	-	-	390,886
Patient deposits	(2,199)	-	(2,199)	-
Health insurance payable	-	(43,388)	(43,388)	-
Accrued compensated absences	(19,415)	201,972	182,557	-
Net cash (used) by operating activities	<u>\$ (5,073,071)</u>	<u>\$ (3,190,137)</u>	<u>\$ (8,263,208)</u>	<u>\$ (502,494)</u>
Noncash investing, capital, and financing activities:				
Capital assets transferred from government	<u>\$ -</u>	<u>\$ 18,268</u>	<u>\$ 18,268</u>	<u>\$ -</u>

WALWORTH COUNTY, WISCONSIN

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2005

	Private Purpose Trusts	Agency Funds	Total
ASSETS			
Cash and investments	<u>\$ 37,156</u>	<u>\$ 1,851,492</u>	<u>\$ 1,888,648</u>
LIABILITIES			
Accounts payable	-	156,015	156,015
Due to other governments	-	255,617	255,617
Deposits	-	1,439,860	1,439,860
Total liabilities	<u>-</u>	<u>1,851,492</u>	<u>1,851,492</u>
NET ASSETS			
Reserved for private purpose trust activities	<u>37,156</u>	<u>-</u>	<u>37,156</u>
Total net assets	<u>\$ 37,156</u>	<u>\$ -</u>	<u>\$ 37,156</u>

WALWORTH COUNTY, WISCONSIN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended December 31, 2005

	Private Purpose Trust Funds Total
ADDITIONS	
Investment income	\$ 1,116
Change in net assets	1,116
Net assets - beginning	36,040
Net assets - ending	<u>\$ 37,156</u>

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

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.

The Walworth County Economic Development Group is a related organization of Walworth County. Walworth County is responsible for appointing 2 of the 7 Board members of the Economic Development Group, but the Economic Development Group 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.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

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

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.

LAKELAND SCHOOL SPECIAL REVENUE FUND

This fund accounts for the financial activity of the Children 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.

PUBLIC WORKS 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. This fund also accounts for the administration costs in maintaining county property and buildings and the administration of the solid waste program.

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.

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 private purpose trust 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

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

4. Measurement Focus and Basis of Accounting (continued)

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 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. 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 in the financial statements. 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.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

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

b. Accounts Receivable

Accounts receivable have been shown net of allowance for uncollectible accounts of \$305,712 for the Health and Human Services fund and \$125,000 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 for funds, except for those listed above, since it is believed that the amount of such allowance would not be material to the basic financial statements.

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, 2005 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 Public Works 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. 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. Donated capital assets are recorded at estimated fair value at the date of donation.

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, 2005

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

<u>Assets</u>	Governmental Activities	Business-Type Activities
	Years	
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, 2005

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 \$52,955,977 difference are as follows:

Bonds and notes payable	\$ 47,535,000
Debt premium for 2003, 2004, and 2005 borrowing	81,250
Issuance costs for 2003, 2004, and 2005 borrowing	(34,351)
Compensated absences	3,321,358
Teachers/Deputies early retirement programs	1,501,654
Accrued interest on long-term obligations	551,066
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ 52,955,977

Another element of that reconciliation explains that "other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds." The details of this \$2,650,471 difference are as follows:

Deferred revenues	\$ 1,257,443
Interest and penalties for delinquent taxes	887,083
Court assessments	505,945
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ 2,650,471

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 \$9,844,932 difference are as follows:

Capital outlay	\$ 13,155,446
Capitalized general government expenditures	17,730
Depreciation expense	(3,328,244)
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>	\$ 9,844,932

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 \$79,944 difference are as follows:

In the statement of activities, only the *loss* 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.

Elimination of proceeds received from the sale of assets and insurance recoveries.	\$ (378,154)
Donations of capital assets.	(116,261)
	800,395

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

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)

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.	\$ (226,036)
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>	<u>\$ 79,944</u>

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 \$111,648 difference are as follows:

Deferred revenues	\$ 127,234
Interest and penalties for delinquent taxes	(68,389)
Court assessments	<u>52,803</u>
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>	<u>\$ 111,648</u>

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 \$5,175,000 difference are as follows:

Debt issued or incurred	
Issuance of general obligation notes	\$ 9,800,000
Principal repayments	
General obligation debt	<u>(4,625,000)</u>
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>	<u>\$ 5,175,000</u>

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 \$107,287 difference are as follows:

Compensated absences	\$ (17,348)
Post employment benefits	102,581
Accrued interest	78,902
Debt premium	(24,446)
Issuance costs	<u>(32,402)</u>
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>	<u>\$ 107,287</u>

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

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

1. Budgets and Budgetary Accounting (continued)

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.
- 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 2005 are as follows:

Department/Fund	Adopted Budget	Modified Budget	Increase/(Decrease)
County board	\$ 296,260	\$ 292,880	\$ (3,380)
County clerk	283,979	298,149	14,170
Elections	73,316	73,316	-
Administration	1,578,160	1,493,979	(84,181)
Finance	1,266,228	1,473,466	207,238
Treasurer	357,911	336,681	(21,230)
Coroner	283,311	289,473	6,162
Clerk of courts	2,673,789	2,827,363	153,574
District attorney	801,749	820,702	18,953
Register of deeds	407,013	449,657	42,644
Information systems	2,470,755	2,468,418	(2,337)
Facilities	2,826,931	2,691,223	(135,708)
Non-departmental	3,703,348	4,392,755	689,407
Sheriff	20,291,679	21,358,316	1,066,637
Veterans services	145,728	148,163	2,435
UW extension	364,754	372,968	8,214
Parks	60,385	142,889	82,504
Land use & resource management	2,033,125	2,213,129	90,004
Total General Fund	39,918,421	42,053,527	2,135,106
Health and Human Services Fund	30,111,533	31,460,161	1,348,628
Lakeland School Fund	12,024,393	12,007,099	(17,294)
Debt Service Fund	6,301,593	6,353,685	52,092
Land Information Fund	463,518	557,303	93,785
Capital Projects Fund	10,449,396	11,454,158	1,004,762

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

2. Excess of Expenditures Over Budget Appropriations

The modified budget includes transfers but does not include expenditure carryforwards from 2004 to 2005 budget. Carryforwards were as follows: General fund, \$892,652, Health and Human Services fund, \$58,473, Lakeland School fund \$4,036, Land Information fund \$461,564, and Capital Projects fund in the amount of \$8,462,090.

- 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, 2005.

The county maintains the expenditure budget at a department level for budgeted accounts of the general, special revenue with the exception of the Sheriff Trusts fund, debt service and capital project funds. At December 31, 2005, actual expenditures exceeded total budget appropriations for the Coroner department in the amount of \$4,578.

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 \$61,442,356 on December 31, 2005 as summarized below:

Petty cash funds	\$ 6,375
Deposits with financial institutions	4,256,767
Deposits with fiscal agents	94,167
Investments	57,085,047
	\$ 61,442,356

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 58,917,367
Restricted cash and investments	636,341
Fiduciary funds	
Private-purpose trust fund	37,156
Agency fund	1,851,492
	\$ 61,442,356

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the specific risks and the County's policy related to the risk.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

1. Cash and Investments (continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The County does not have an additional custodial credit policy.

On of December 31, 2005, \$485,467 of the County's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name).

On December 31, 2005, the County did not hold any repurchase agreement investments.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of year end for each investment type. The County does not have an additional credit risk policy.

Investment Type	Amount	Exempt From Disclosure	Rating as of Year End		
			AAA	Aa	Not Rated
U.S. Treasury notes	\$ 3,968,000	\$ 3,968,000	\$ -	\$ -	\$ -
Federal agency securities	14,767,852	29,112	14,738,740	-	-
Wisconsin local government investment pool	34,217,535	-	-	-	34,217,535
MBIA Investments WI Class pool	418,817	-	-	-	418,817
JP Morgan US Treasury Plus MMF	3,712,843	-	3,712,843	-	-
	<u>\$57,085,047</u>	<u>\$ 3,997,112</u>	<u>\$18,451,583</u>	<u>\$ -</u>	<u>\$34,636,352</u>

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total County investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal National Mortgage Association (FNMA)	Federal Agency Securities	10.3%
Federal Home Loan Bank (FHLB)	Federal Agency Securities	8.6%
Federal Home Loan Mortgage Corporation (FHLMC)	Federal Agency Securities	6.9%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by limiting security purchases to securities that mature or may be tendered for purchase at the

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

1. Cash and Investments (continued)

option of the holder for a term not to exceed five years from the date the security is acquired. This limit was placed into effect in the year 2000.

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury notes	\$ 3,968,000	\$ 1,985,200	\$1,982,800	\$ -	\$ -
Federal agency securities	14,767,852	5,946,279	5,870,800	2,921,670	29,103
Wisconsin local government investment pool	34,217,535	34,217,535	-	-	-
MBIA WI Class pool	418,817	418,817	-	-	-
JP Morgan US Treasury Plus MMF	3,712,843	3,712,843	-	-	-
Totals	\$57,085,047	\$46,280,674	\$7,853,600	\$2,921,670	\$ 29,103

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The County's investments include the following mortgage backed security investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above). These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates. The fair value at December 31, 2005 is \$14,767,852.

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$34,217,535 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, 2005, 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 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

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

2. Property Tax Apportionments

order to provide the County with a statutory lien.

The County apportionment of \$49,199,366 is for financing 2006 operations and will be transferred in 2006 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, 2005, the General fund showed an investment of \$3,348,493 in delinquent taxes as follows:

Tax certificates	\$ 3,334,111
Tax deeds	9,942
Personal property taxes	4,440
Total	<u>\$ 3,348,493</u>

An aging of the total delinquent taxes of \$3,348,493 on December 31, 2005 follows:

<u>Year Acquired</u>	<u>Total</u>	<u>Tax Certificates</u>	<u>Tax Deeds</u>	<u>Personal Property Taxes</u>
Prior to 2000	\$ 44,905	\$ 41,174	\$ 3,731	\$ -
2000	33,294	33,294	-	-
2001	71,541	67,531	4,010	-
2002	256,420	255,549	871	-
2003	762,320	757,880	-	4,440
2004	2,180,013	2,178,683	1,330	-
2005	-	-	-	-
	<u>\$ 3,348,493</u>	<u>\$ 3,334,111</u>	<u>\$ 9,942</u>	<u>\$ 4,440</u>

Of the total of \$3,334,111 for delinquent real estate taxes, the County collected \$507,331 within 60 days after December 31, 2005. The remaining unpaid balance of \$2,826,780 is recorded as reserved fund balance for the General fund for the county purchased portion of \$2,208,733, and recorded as a deferred revenue for the county levied portion of \$618,047.

4. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,103,694	\$ -	\$ -	\$ 1,103,694
Construction in progress	18,830,013	9,654,749	12,425,557	16,059,205
Total capital assets, not being depreciated	<u>\$ 19,933,707</u>	<u>\$ 9,654,749</u>	<u>\$ 12,425,557</u>	<u>\$ 17,162,899</u>

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

4. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 34,325,112	\$ 12,997,810	\$ -	\$ 47,322,922
Improvements other than buildings	5,095,310	-	-	5,095,310
Machinery and equipment	15,991,422	1,652,442	3,650,424	13,993,440
Infrastructure – roads	39,204,064	2,066,027	1,291,555	39,978,536
Infrastructure – bridges	3,410,639	-	-	3,410,639
Subtotals	98,026,547	16,716,279	4,941,979	109,800,847
Governmental activities:				
Less accumulated depreciation for:				
Buildings	\$ 8,706,143	\$ 773,010	\$ -	\$ 9,479,153
Improvements other than buildings	1,326,540	167,469	-	1,494,009
Machinery and equipment	8,717,184	1,153,867	3,282,521	6,588,530
Infrastructure – roads	16,439,287	1,178,561	967,107	16,650,741
Infrastructure – bridges	1,255,141	55,337	-	1,310,478
Subtotals	36,444,295	3,328,244	4,249,628	35,522,911
Total capital assets, being depreciated, net	61,582,252	13,388,035	692,351	74,277,936
Governmental activities capital assets, net	\$ 81,515,959	\$ 23,042,784	\$ 13,117,908	\$ 91,440,835
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 98,486	\$ -	\$ -	\$ 98,486
Construction in progress	-	6,138	-	6,138
Total capital assets, not being depreciated	98,486	6,138	-	104,624
Capital assets, being depreciated:				
Buildings	7,942,413	-	-	7,942,413
Improvements other than buildings	583,278	-	-	583,278
Machinery and equipment	13,715,718	342,379	301,217	13,756,880
Subtotals	22,241,409	342,379	301,217	22,282,571
Less accumulated depreciation for:				
Buildings	4,595,580	177,326	-	4,772,906
Improvements other than buildings	370,935	16,368	-	387,303
Machinery and equipment	9,158,466	685,656	291,390	9,552,733
Subtotals	14,124,981	879,350	291,390	14,712,941
Total capital assets, being depreciated, net	8,116,428	(536,971)	9,827	7,569,630
Business-type activities capital assets, net	\$ 8,214,914	\$ (530,833)	\$ 9,827	\$ 7,674,254

In 2005, \$226,036 of the capital outlay recorded in the governmental funds were expensed as repair and maintenance projects or amounts under the threshold in the government-wide activities, and therefore not recorded as capital assets.

Several equipment transfers within the governmental funds have occurred during the year in the total amount of \$197,936. An equipment transfer from the governmental funds to the enterprise Public Works fund occurred in the amount of \$18,268, with associated accumulated depreciation of \$15,528.

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

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

4. Capital assets (continued)

Governmental activities

General government	\$ 1,207,855
Public safety	567,639
Health and human services	147,204
Culture, recreation and education	57,315
Public works	133,898
Conservation and development	114,333
Total depreciation expense – governmental activities	\$ 3,328,244

Business-type activities

Nursing home	\$ 225,193
Highway/facilities administration	638,629
Total depreciation expense – business-type activities	\$ 863,822

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, 2005 are detailed below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Health and Human Services	\$ 5,550
	Lakeland School	703,666
	Nonmajor Governmental Funds	159
	Lakeland Health Care Center	2,408
	Public Works	984
Internal Service Funds	General Fund	5,387
	Health and Human Services	1,527
	Lakeland School	4
	Nonmajor Governmental Funds	1,701
	Lakeland Health Care Center	13,116
	Public Works	1,653
		\$ 736,155

The General fund has loaned the Lakeland School fund \$703,666 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. The remaining amounts due to General fund are for phone charge allocations at year end.

In the government-wide statements, the governmental funds owe the business-type funds for over-collection of employee benefits insurance funds in the amounts of \$323,543 to the Lakeland Health Care Center fund and \$75,351 to the Public Works fund.

Interfund transfers for the year ended December 31, 2005 were as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
General Fund	Health and Human Services	\$ 1,986,089
	Lakeland School	164,328
	Nonmajor Governmental Funds	539,816
	Internal Service Funds	10,667
	Public Works	60,900

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

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

Health and Human Services	General Fund	\$ 523,067
	Internal Service Funds	4,068
Lakeland School	General Fund	204,558
	Internal Service Funds	3,804
Debt Service Fund	General Fund	4,435
Nonmajor Governmental Funds	General Fund	1,618,681
Nonmajor Governmental Funds	Lakeland School	11,266
	Internal Service Funds	180
Lakeland Health Care Center	General Fund	170,023
	Internal Service Funds	4,608
Public Works	General Fund	1,572,735
	Internal Service Funds	1,548
	Total Transfers	\$ 6,880,773

Operating purposes account for \$1,040,981 of total transfers. Transfers related to funding of capital-related projects account for \$2,074,705. Several funds had favorable revenue and expenditure variances at year end, which were transferred to undesignated funds of the General fund including the Health and Human Services fund for \$1,986,089, the Lakeland School fund for \$164,328, the Land Information nonmajor governmental fund for \$124,962, and the Capital Projects nonmajor governmental fund for \$76,856. Facilities and solid waste departments were transferred to the Public Works fund for \$1,513,926.

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. Internal service fund deposits are restricted as amounts are 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	\$ 341,183
Lakeland School	School/Student Deposits	140,181
Lakeland Health Care Center	Patient Deposits	60,810
Employee Benefits	Held by Fiscal Agent	15,568
Risk Management	Held by Fiscal Agent	78,599
Total Restricted Asset		\$ 636,341

7. Leases

The County has no material operating or capital leases for 2005.

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	\$ -	\$ 18,840,569
Health and Human Services	-	9,490,337
Lakeland School	-	6,344,418
Debt Service	-	7,716,392
Nonmajor Governmental Funds	-	481,861

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

Delinquent real estate taxes – County share	\$ 618,047	\$ -
Long-term receivable	282,771	-
Prepaid revenues	-	1,639
Grant draw downs not received meeting all eligibility requirements	356,625	-
Grant draw downs prior to meeting all eligibility requirements	-	90,924
Totals	\$ 1,257,443	\$ 42,966,140

9. Short-term Debt

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.

10. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2005:

	Outstanding 1/1/05	Issued	Retired	Outstanding 12/31/05	Due Within One Year
Governmental activities:					
General obligation debt					
Bonds	\$ 6,070,000	\$ -	\$ 2,350,000	\$ 3,720,000	\$ 750,000
Notes	36,290,000	9,800,000	2,275,000	43,815,000	5,395,000
Total general obligation debt	42,360,000	9,800,000	4,625,000	47,535,000	6,145,000
Early retirement incentive payable	1,399,073	254,058	151,477	1,501,654	169,475
Post-employment health benefits payable	840,337	117,793	130,574	827,556	115,148
Compensated absences	3,338,706	3,563,261	3,580,609	3,321,358	2,174,914
Unamortized debt premium	105,696	-	24,446	81,250	10,850
Governmental activities long-term liabilities	48,043,812	13,735,112	8,512,106	53,266,818	8,615,387
Business-type activities:					
Health insurance payable	67,256	-	43,388	23,868	23,868
Compensated absences	1,131,316	1,435,261	1,252,704	1,313,873	932,412
Business-type activities long-term liabilities	1,198,572	1,435,261	1,296,092	1,337,741	956,280
Total long-term liabilities	\$49,242,384	\$15,170,373	\$ 9,808,198	\$ 54,604,559	\$ 9,571,667

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 \$1,715,428.

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

\$6,995,000 issued 7/15/01; \$365,000 to \$735,000 due annually through 2010; interest 3.50% to 4.35% \$ 3,720,000

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% 7,325,000

\$7,320,000 issued 7/1/02; \$155,000 to \$1,085,000 due annually through 2012; interest 3.00% to 4.10% 6,860,000

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

10. Long-term Obligations (continued)

\$9,205,000 issued 11/1/03; \$570,000 to \$1,250,000 due annually through 2012; interest 1.00% to 3.40%	\$ 7,635,000
\$6,070,000 issued 9/1/04; \$500,000 to \$725,000 due annually through 2014; interest 3.00% to 3.55%	5,570,000
\$9,800,000 issued 8/1/05; \$785,000 to \$1,155,000 due annually through 2015; interest 3.38% to 3.50%	9,800,000
Total Outstanding General Obligation Debt	\$ 47,535,000

Annual principal and interest maturities of the outstanding general obligation debt of \$47,535,000 on December 31, 2005 are detailed as follows:

General Obligation Debt

Year Ended December 31	Governmental Activities	
	Principal	Interest
2006	\$ 6,145,000	\$ 1,818,592
2007	6,775,000	1,506,536
2008	6,655,000	1,235,214
2009	6,440,000	967,105
2010	5,935,000	709,124
2011-2015	15,585,000	980,653
	\$ 47,535,000	\$ 7,217,224

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2005 was \$531,180,564 as follows:

Equalized valuation of the County	\$ 11,565,232,700
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	578,261,635
Total outstanding general obligation debt applicable to debt limitation	\$ 47,535,000
Less: Amounts available for financing general obligation debt Debt service fund	(453,929)
Net outstanding general obligation debt applicable to debt limitation	47,081,071
Legal Margin for New Debt	\$ 531,180,564

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.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

11. Fund Equity (continued)

Government-wide Statements (continued)

Net assets of the governmental activities reported on the government-wide statement of net assets at December 31, 2005 includes the following:

Invested in capital assets, net of related debt	
Land	\$ 1,103,694
Construction in progress	16,059,205
Buildings, net of accumulated depreciation	37,843,769
Improvements other than buildings, net of accumulated depreciation	3,601,301
Machinery and equipment, net of accumulated depreciation	7,404,910
Infrastructure, net of accumulated depreciation	25,427,956
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds of \$5,654,395)	<u>\$(41,799,355)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>49,641,480</u>
Restricted	
Alpine Valley surplus	154,933
Debt service	453,929
UW-Extension EPA program	495
Land modernization/public access fees	334,556
Park donations	1,650
Public access fees	133,827
Sheriff donations	37,091
Sheriff trusts	<u>796,674</u>
Total Restricted	<u>1,913,155</u>
Unrestricted	<u>35,583,545</u>
Total Governmental Activities Net Assets	<u>\$ 87,138,180</u>

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, 2005, fund balance was reserved as follows:

General Fund	
Reserved for Alpine Valley	\$ 154,933
Reserved for delinquent personal property taxes	2,208,733
Reserved for sheriff donations	37,091
Reserved for parks (donations)	1,650
Reserved for other post employment benefits (OPEB)	315,932
Reserved for inventories	2,931
Reserved for prepaid items	15,008
Reserved for receivables	258,481
Reserved for UW-Extension EPA program	495
	<u>\$2,995,254</u>
Health and Human Services Fund	
Reserved for prepaid items	<u>\$ 7,672</u>
Lakeland School Fund	
Reserved for prepaid items	<u>\$ 2,012</u>
Debt Service Fund	
Reserved for debt retirement	<u>\$ 453,929</u>

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

11. Fund Equity (continued)
Fund Statements (continued)

Special Revenue Funds	
Reserved for land modernization projects	\$ 334,556
Reserved for public access project	133,827
Reserved for sheriff trusts	796,614
	<u>\$1,264,997</u>
Capital Projects Fund	
Reserved for receivables	\$ 35,981
Reserved for unspent debt proceeds	5,654,395
	<u>\$5,690,376</u>
Fiduciary Funds	
Reserved for private purpose trust funds	\$ 37,156
	<u>\$ 37,156</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, 2005, fund balance was designated as follows:

General Fund	
Designated for subsequent year budget	\$6,073,847
Health and Human Services	
Designated for subsequent year budget	\$ 60,067
Lakeland School	
Designated for subsequent year budget	\$ 11,036
Nonmajor Governmental Funds	
Special Revenue Funds	
Designated for subsequent year budget	\$ 128,273
Capital Projects Fund	
Designated for subsequent year budget	\$2,659,242

13. Special or Extraordinary Items

There are no known material special or extraordinary items for the year ended December 31, 2005.

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 5.8% of their salary (2.8% for Executives and Elected Officials, 4.9% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers 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, 2005 was \$38,573,034; the employer's total payroll was \$38,841,909. The total required contribution for the year ended December 31, 2005 was \$4,072,706 or 10.6% of covered payroll financed by the County. Total contributions for the years ending December 31, 2004 and 2003 were \$3,991,363 and \$3,768,418 respectively, equal to the required contributions for each year.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

1. Retirement Commitments (continued)

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.

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, 42 employees meet the eligibility requirements for this benefit. During 2005, approximately \$130,574 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, \$827,556 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 have 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, 2005, there were 5 participants and a liability of \$105,016 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, 2005, 32 retirees were eligible to receive future benefits and an estimated liability of \$1,396,638 had been recorded in the government-wide statement of net assets as a result of this program.

4. Health Insurance Payable

Three Public Works employees accepted an early retirement benefit to retire during 2004. Two employees with 30 or more years of service received 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 Public Works Fund for \$23,868 for the balance remaining for the 2 employees with 30 or more years of service.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

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.

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 for workers compensation and dental insurance have not exceeded reinsurance coverage in any of the last three years. Individual claims exceeding \$200,000 resulted in reinsurance amounts received in each of the last 3 years in the following amounts:

<u>Year Ended</u>	<u>Reinsurance Amount</u>
2003	\$ 11,187
2004	294,253
2005	556,385
Total	<u>\$ 861,825</u>

The County has recognized \$1,919,122 of claims liabilities in the employee benefits insurance fund at December 31, 2005. This liability amount was determined from reviewing the 2005 claim settlements recorded during the first three months of 2005 and extrapolating forward. The calculation of the claims liability is below:

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	(15,450)
2004 claims payments	<u>(11,669,476)</u>
January 1, 2005 claims liabilities	1,656,570
2005 claims incurred during the period	15,187,272
2005 discounts, rebates, and refunds	(576,475)
2005 change in estimates of prior years	(27,161)
2005 claims payments	<u>(14,321,084)</u>
Unpaid claims – end of year	<u>\$ 1,919,122</u>

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

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

5. Risk Management (continued)

Self Insurance of Liability Insurance (continued)

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, 2005, net assets of \$5,460,812 have been reserved for payment of future unreported claims. The claims liability of \$178,392 reported in the fund at December 31, 2005 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 2004 and 2005 follow:

January 1, 2004 claims liabilities	\$ 61,036
2004 claims incurred during the period	16,642
2004 change in estimates of prior years	49,366
2004 claims payments	<u>(76,986)</u>
Unpaid claims – January 1, 2005	<u>\$ 50,058</u>
Unpaid claims – January 1, 2005	\$ 50,058
2005 claims incurred during the period	288,232
2005 change in estimates of prior years	28,500
2005 claims payments	<u>(188,398)</u>
Unpaid claims – December 31, 2005	<u>\$ 178,392</u>

Summary financial information of WCMIC as of December 31, 2005 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

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2005

6. Contingencies and Commitments (continued)

costs. Current bond funds reserved in the Capital Projects 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, 2005</u>
County road construction	\$ 4,481,717	\$ 986,948
New Lakeland Health Care Center facility	15,252,300	8,167,144
Remodel Government Center	4,859,200	306,379

d. Property Tax Levy Limit

Wisconsin Act 25, effective July 27, 2005, imposes a limit on the property tax levies for all Wisconsin cities, villages, towns and counties for a two-year period. The Act limits the increase in the tax levy to the greater of the percentage change in the County's January 1 equalized value as a result of net new construction or two percent. The limit for the County for the 2006 budget was 2.825%. The levy limit is applied to both operations and debt service. However, the Act allows the limit to be increased for debt service authorized prior to July 1, 2005, and the County's Children with Disabilities Education Board.

7. Subsequent Events

Operating Lease

The County has entered into an operating lease with Aurora Healthcare Southern Lakes, Inc. effective April 1, 2006, for the use of the County's steam plant. Aurora will maintain and allocate to the County any steam use charges incurred by the County until August 31, 2006 or until the County will no longer need steam. The length of the lease is 5 years with an option to exercise a 5-year extension. Rent payments will be \$100/month until the County no longer receives steam allocations, with payments increasing to \$850/month thereafter.

Long Term Debt Obligations

On April 4, 2006 the County borrowed \$7,350,000 of general obligation promissory notes with interest rates ranging from 3.75% to 3.8% over the next 10 years with a final repayment date of April 1, 2016. Proceeds will be used to fund the construction of the new Lakeland Health Care Center facility and County road construction.

**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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
TAXES				
Real and personal property taxes	\$ 23,148,423	\$ 22,999,423	\$ 23,069,050	\$ 69,627
Retail sales and use taxes	7,235,200	7,232,550	7,335,990	103,440
Other taxes	455,000	575,000	648,518	73,518
TOTAL	30,838,623	30,806,973	31,053,558	246,585
INTERGOVERNMENTAL				
State shared taxes	367,100	325,147	325,169	22
Federal grants	-	104,627	87,319	(17,308)
State grants	1,290,767	2,055,339	1,628,840	(426,499)
TOTAL	1,657,867	2,485,113	2,041,328	(443,785)
LICENSES AND PERMITS				
Licenses	19,900	22,400	19,760	(2,640)
Permits	351,200	351,239	339,620	(11,619)
TOTAL	371,100	373,639	359,380	(14,259)
FINES, FORFEITURES AND PENALTIES				
Law and ordinance violations	751,280	626,280	589,454	(36,826)
Court fees and costs	574,800	626,000	642,575	16,575
Awards and damages	-	-	1,618	1,618
TOTAL	1,326,080	1,252,280	1,233,647	(18,633)
PUBLIC CHARGES FOR SERVICES				
Public charges for services	3,146,421	3,181,841	3,014,284	(167,557)
Patient/client revenue	20,000	20,000	8,832	(11,168)
TOTAL	3,166,421	3,201,841	3,023,116	(178,725)
INTERGOVERNMENTAL CHARGES FOR SERVICES				
State and federal	166,110	136,010	224,533	88,523
Local districts	150,625	66,183	84,584	18,401
Interdepartmental revenues	171,785	174,123	156,914	(17,209)
TOTAL	488,520	376,316	466,031	89,715

(Continued)

WALWORTH COUNTY, WISCONSIN

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
 BUDGET AND ACTUAL - GENERAL FUND (continued)
 For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
INVESTMENT INCOME				
Investment income	740,760	1,021,510	1,392,457	370,947
MISCELLANEOUS				
Rental revenue	70,101	70,100	73,440	3,340
Property sales and loss compensation	259,760	130,935	123,396	(7,539)
Donations and contributions	56,775	16,625	30,925	14,300
Other	50	45,356	51,535	6,179
TOTAL	386,686	263,016	279,296	16,280
TOTAL REVENUES	38,976,057	39,780,688	39,848,813	68,125
OTHER FINANCING SOURCES				
Transfers in	142,580	595,685	2,761,800	2,166,115
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 39,118,637	\$ 40,376,373	\$ 42,610,613	\$ 2,234,240

WALWORTH COUNTY, WISCONSIN

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
CURRENT:				
GENERAL GOVERNMENT				
County board	\$ 296,260	\$ 296,033	\$ 254,186	\$ 41,847
County clerk	283,979	298,499	279,142	19,357
Elections	73,316	73,316	52,880	20,436
Administration	1,578,160	1,548,653	1,422,053	126,600
Finance	1,266,228	1,363,439	1,253,932	109,507
Treasurer	357,911	336,681	334,897	1,784
Coroner	283,311	289,473	294,051	(4,578)
Clerk of courts	2,501,789	2,520,363	2,435,066	85,297
District attorney	791,749	799,402	770,533	28,869
Register of deeds	407,013	449,657	434,765	14,892
Information systems	1,659,405	1,707,040	1,536,602	170,438
Facilities	2,826,931	1,252,494	980,278	272,216
Non-departmental	1,584,614	1,574,529	1,545,943	28,586
TOTAL	13,910,666	12,509,579	11,594,328	915,251
PUBLIC SAFETY				
Sheriff	19,839,384	20,475,392	19,698,802	776,590
HEALTH AND HUMAN SERVICES				
Veterans services	145,728	148,163	145,218	2,945
CULTURE, RECREATION, AND EDUCATION				
UW extension	364,754	376,234	359,698	16,536
Parks	60,385	70,390	69,978	412
TOTAL	425,139	446,624	429,676	16,948
CONSERVATION AND DEVELOPMENT				
Land use and resource management	2,008,125	2,090,018	1,818,925	271,093
TOTAL CURRENT EXPENDITURES	36,329,042	35,669,776	33,686,949	1,982,827

(Continued)

WALWORTH COUNTY, WISCONSIN

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - GENERAL FUND (continued)
 For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
CAPITAL OUTLAY:				
GENERAL GOVERNMENT				
Finance	-	197,027	133,498	63,529
Clerk of courts	172,000	307,000	291,775	15,225
District attorney	10,000	25,300	1,814	23,486
Information systems	811,350	941,656	216,348	725,308
Facilities	-	92,929	72,929	20,000
TOTAL	<u>993,350</u>	<u>1,563,912</u>	<u>716,364</u>	<u>847,548</u>
PUBLIC SAFETY				
Sheriff	<u>452,295</u>	<u>1,218,339</u>	<u>984,260</u>	<u>234,079</u>
CULTURE, RECREATION, AND EDUCATION				
Parks	-	110,490	11,652	98,838
CONSERVATION AND DEVELOPMENT				
Land use and resource management	<u>25,000</u>	<u>50,000</u>	<u>20,894</u>	<u>29,106</u>
TOTAL CAPITAL OUTLAY	<u>1,470,645</u>	<u>2,942,741</u>	<u>1,733,170</u>	<u>1,209,571</u>
TOTAL EXPENDITURES	<u>37,799,687</u>	<u>38,612,517</u>	<u>35,420,119</u>	<u>3,192,398</u>
OTHER FINANCING USES:				
Transfers out	<u>2,118,734</u>	<u>4,333,662</u>	<u>4,093,499</u>	<u>240,163</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 39,918,421</u>	<u>\$ 42,946,179</u>	<u>\$ 39,513,618</u>	<u>\$ 3,432,561</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 6,051,593	\$ 6,051,593	\$ 6,051,593	\$ -
Investment income	-	47,657	247,789	200,132
Total revenues	<u>6,051,593</u>	<u>6,099,250</u>	<u>6,299,382</u>	<u>200,132</u>
EXPENDITURES				
Debt service:				
Principal retirement	4,625,000	4,625,000	4,625,000	-
Interest and fiscal charges	1,676,593	1,715,738	1,715,428	310
Total expenditures	<u>6,301,593</u>	<u>6,340,738</u>	<u>6,340,428</u>	<u>310</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(250,000)</u>	<u>(241,488)</u>	<u>(41,046)</u>	<u>200,442</u>
OTHER FINANCING SOURCES				
Discount on long-term debt	-	(12,947)	(12,947)	-
Transfers in	-	4,435	4,435	-
Total other financing sources	<u>-</u>	<u>(8,512)</u>	<u>(8,512)</u>	<u>-</u>
Net change in fund balances	(250,000)	(250,000)	(49,558)	200,442
Fund balances - beginning	<u>503,487</u>	<u>503,487</u>	<u>503,487</u>	<u>-</u>
Fund balances - ending	<u>\$ 253,487</u>	<u>\$ 253,487</u>	<u>\$ 453,929</u>	<u>\$ 200,442</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, 2005

	Special Revenue Funds			Totals
	Land Information	Sheriff Trusts	Capital Projects	
ASSETS				
Cash and investments	\$ 618,206	\$ 786,853	\$ 10,041,354	\$ 11,446,413
Taxes receivable	86,561	-	395,300	481,861
Accounts receivable	1,591	-	298	1,889
Due from other governments	626	9,761	410,778	421,165
Total assets	<u>\$ 706,984</u>	<u>\$ 796,614</u>	<u>\$ 10,847,730</u>	<u>\$ 12,351,328</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 18,176	\$ -	\$ 1,746,187	\$ 1,764,363
Accrued liabilities	5,043	-	-	5,043
Due to other funds	163	-	-	163
Due to other governments	86	-	-	86
Deferred tax revenues	86,561	-	395,300	481,861
Other deferred revenues	299	-	356,625	356,924
Total liabilities	<u>110,328</u>	<u>-</u>	<u>2,498,112</u>	<u>2,608,440</u>
Fund balances:				
Reserved for:				
Modernization fees	334,556	-	-	334,556
Public access fees	133,827	-	-	133,827
Sheriff trusts	-	796,614	-	796,614
Receivables	-	-	35,981	35,981
Unspent debt proceeds	-	-	5,654,395	5,654,395
Unreserved, reported in:				
Special revenue funds	128,273	-	-	128,273
Capital project fund	-	-	2,659,242	2,659,242
Total fund balance	<u>596,656</u>	<u>796,614</u>	<u>8,349,618</u>	<u>9,742,888</u>
Total liabilities and fund balances	<u>\$ 706,984</u>	<u>\$ 796,614</u>	<u>\$ 10,847,730</u>	<u>\$ 12,351,328</u>

WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2005

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Land Information	Sheriff Trusts	Capital Projects	
REVENUES				
Taxes	\$ 168,668	\$ -	\$ 159,396	\$ 328,064
Intergovernmental	11,210	-	133,607	144,817
Public charges for services	208,628	-	-	208,628
Intergovernmental charges for services	26,449	-	26,181	52,630
Investment income	19,911	-	-	19,911
Miscellaneous	3,760	289,506	-	293,266
Total revenues	438,626	289,506	319,184	1,047,316
EXPENDITURES				
Current:				
Public safety	-	41,346	-	41,346
Conservation and development	329,569	-	-	329,569
Capital outlay:				
General government	-	-	631,550	631,550
Public safety	-	-	211,952	211,952
Health and human services	-	-	7,596,723	7,596,723
Culture, recreation, and education	-	-	12,337	12,337
Public works	-	-	2,461,684	2,461,684
Conservation and development	452,584	-	25,873	478,457
Total expenditures	782,153	41,346	10,940,119	11,763,618
Excess (deficiency) of revenues over (under) expenditures	(343,527)	248,160	(10,620,935)	(10,716,302)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	9,800,000	9,800,000
Transfers in	219,842	-	1,410,285	1,630,127
Transfers out	(124,962)	(188,116)	(226,738)	(539,816)
Total other financing sources (uses)	94,880	(188,116)	10,983,547	10,890,311
Net change in fund balances	(248,647)	60,044	362,612	174,009
Fund balances - beginning	845,303	736,570	7,987,006	9,568,879
Fund balances - ending	\$ 596,656	\$ 796,614	\$ 8,349,618	\$ 9,742,888

WALWORTH COUNTY, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL LAND INFORMATION SPECIAL REVENUE FUND For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 168,668	\$ 168,668	\$ 168,668	\$ -
Intergovernmental	-	1,500	11,210	9,710
Public charges for services	211,150	211,150	208,628	(2,522)
Intergovernmental charges for services	-	26,109	26,449	340
Investment income	3,000	3,000	19,911	16,911
Miscellaneous	3,900	3,900	3,760	(140)
Total revenues	<u>386,718</u>	<u>414,327</u>	<u>438,626</u>	<u>24,299</u>
EXPENDITURES				
Current:				
Conservation and development	453,518	369,536	329,569	39,967
Capital outlay:				
Conservation and development	<u>10,000</u>	<u>548,257</u>	<u>452,584</u>	<u>95,673</u>
Total expenditures	<u>463,518</u>	<u>917,793</u>	<u>782,153</u>	<u>135,640</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(76,800)</u>	<u>(503,466)</u>	<u>(343,527)</u>	<u>159,939</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	219,842	219,842	-
Transfers out	<u>-</u>	<u>(101,074)</u>	<u>(124,962)</u>	<u>(23,888)</u>
Total other financing sources (uses)	<u>-</u>	<u>118,768</u>	<u>94,880</u>	<u>(23,888)</u>
Net change in fund balances	(76,800)	(384,698)	(248,647)	136,051
Fund balances - beginning	<u>845,303</u>	<u>845,303</u>	<u>845,303</u>	<u>-</u>
Fund balances - ending	<u>\$ 768,503</u>	<u>\$ 460,605</u>	<u>\$ 596,656</u>	<u>\$ 136,051</u>

WALWORTH COUNTY, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CAPITAL PROJECTS FUND For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 159,396	\$ 159,396	\$ 159,396	\$ -
Intergovernmental	-	402,002	133,607	(268,395)
Intergovernmental charges for services	-	25,081	26,181	1,100
Total revenues	<u>159,396</u>	<u>586,479</u>	<u>319,184</u>	<u>(267,295)</u>
EXPENDITURES				
Current:				
General government	100,000	100,000	-	100,000
Capital outlay:				
General government	440,000	4,619,320	631,550	3,987,770
Public safety	-	339,543	211,952	127,591
Health and human services	7,600,000	8,421,927	7,596,723	825,204
Culture, recreation, and education	50,000	50,000	12,337	37,663
Public works	2,259,396	6,201,847	2,461,684	3,740,163
Conservation and development	-	33,729	25,873	7,856
Total expenditures	<u>10,449,396</u>	<u>19,766,366</u>	<u>10,940,119</u>	<u>8,826,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,290,000)</u>	<u>(19,179,887)</u>	<u>(10,620,935)</u>	<u>8,558,952</u>
OTHER FINANCING SOURCES				
Long-term debt issued	9,800,000	9,800,000	9,800,000	-
Transfers in	490,000	1,410,285	1,410,285	-
Transfers out	-	(149,882)	(226,738)	(76,856)
Total other financing sources	<u>10,290,000</u>	<u>11,060,403</u>	<u>10,983,547</u>	<u>(76,856)</u>
Net change in fund balances	-	(8,119,484)	362,612	8,482,096
Fund balances - beginning	<u>7,987,006</u>	<u>7,987,006</u>	<u>7,987,006</u>	<u>-</u>
Fund balances - ending	<u>\$ 7,987,006</u>	<u>\$ (132,478)</u>	<u>\$ 8,349,618</u>	<u>\$ 8,482,096</u>

INTERNAL SERVICE FUNDS

- ◆ **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, 2005

	Employee Benefits & Insurance	Risk Management	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 5,531,845	\$ 5,496,186	\$ 11,028,031
Deposits held with fiscal agents	15,568	78,599	94,167
Accounts receivable	274,489	63,663	338,152
Due from other funds	23,388	-	23,388
Prepaid items	-	912	912
	<u>5,845,290</u>	<u>5,639,360</u>	<u>11,484,650</u>
Total current assets	5,845,290	5,639,360	11,484,650
Total assets	<u>5,845,290</u>	<u>5,639,360</u>	<u>11,484,650</u>
LIABILITIES			
Current liabilities:			
Accounts payable	107,357	156	107,513
Claims payable	<u>1,919,122</u>	<u>178,392</u>	<u>2,097,514</u>
Total current liabilities	<u>2,026,479</u>	<u>178,548</u>	<u>2,205,027</u>
Total liabilities	<u>2,026,479</u>	<u>178,548</u>	<u>2,205,027</u>
NET ASSETS			
Unrestricted	<u>3,818,811</u>	<u>5,460,812</u>	<u>9,279,623</u>
Total net assets	<u>\$ 3,818,811</u>	<u>\$ 5,460,812</u>	<u>\$ 9,279,623</u>

WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2005

	Employee Benefits & Insurance	Risk Management	Totals
Operating revenues:			
Charges for services	\$ 14,123,008	\$ 148,027	\$ 14,271,035
Operating expenses:			
Insurance services	14,670,348	433,199	15,103,547
Total operating expenses	14,670,348	433,199	15,103,547
Operating income (loss)	(547,340)	(285,172)	(832,512)
Nonoperating revenues:			
Investment income	178,198	173,125	351,323
Miscellaneous	-	700	700
Total nonoperating revenues	178,198	173,825	352,023
Income (loss) before transfers	(369,142)	(111,347)	(480,489)
Transfers in	-	-	-
Transfers out	(24,875)	-	(24,875)
Total transfers	(24,875)	-	(24,875)
Net change in net assets	(394,017)	(111,347)	(505,364)
Total net assets - beginning	4,212,828	5,572,159	9,784,987
Total net assets - ending	\$ 3,818,811	\$ 5,460,812	\$ 9,279,623

WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2005

	Employee Benefits & Insurance	Risk Management	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,398,152	\$ -	\$ 1,398,152
Receipts from interfund services provided	12,621,216	148,027	12,769,243
Payments to suppliers	<u>(14,308,531)</u>	<u>(361,358)</u>	<u>(14,669,889)</u>
Net cash flows (used) by operating activities	<u>(289,163)</u>	<u>(213,331)</u>	<u>(502,494)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers out	<u>(24,875)</u>	-	<u>(24,875)</u>
Net cash flows (used) by non-capital financing activities	<u>(24,875)</u>	-	<u>(24,875)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	178,198	173,125	351,323
Insurance recoveries	-	700	700
Net cash flows provided by investing activities	<u>178,198</u>	<u>173,825</u>	<u>352,023</u>
Net increase in cash and cash equivalents	(135,840)	(39,506)	(175,346)
Cash and cash equivalents - beginning	<u>5,683,253</u>	<u>5,614,291</u>	<u>11,297,544</u>
Cash and cash equivalents - ending	<u>\$ 5,547,413</u>	<u>\$ 5,574,785</u>	<u>\$ 11,122,198</u>
Reconciliation of operating (loss) to net cash (used) by operating activities:			
Operating (loss)	\$ (547,340)	\$ (285,172)	\$ (832,512)
Adjustments to reconcile operating (loss) to net cash (used) from operating activities			
Change in assets and liabilities:			
Accounts receivable	(100,568)	(63,663)	(164,231)
Due from other funds	(3,072)	-	(3,072)
Prepaid items	-	7,014	7,014
Accounts payable	99,265	156	99,421
Claims payable	<u>262,552</u>	<u>128,334</u>	<u>390,886</u>
Net cash (used) by operating activities	<u>\$ (289,163)</u>	<u>\$ (213,331)</u>	<u>\$ (502,494)</u>



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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 is 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 Society, Inc., 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 FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2005

	Private Purpose Trusts		Fiduciary Funds Total
	G. Charter Harrison Trust	Tricentennial Trust	
ASSETS			
Cash and investments	<u>\$ 36,529</u>	<u>\$ 627</u>	<u>\$ 37,156</u>
NET ASSETS			
Reserved for private purpose trust activities	<u>36,529</u>	<u>627</u>	<u>37,156</u>
Total net assets	<u>\$ 36,529</u>	<u>\$ 627</u>	<u>\$ 37,156</u>

WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS For the Year Ended December 31, 2005

	<u>Balance January 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2005</u>
<u>PENDING COURT CASES</u>				
ASSETS				
Cash and investments	\$ 1,487,755	\$ 3,115,948	\$ 3,066,452	\$ 1,537,251
LIABILITIES				
Accounts payable	\$ 162,842	\$ 2,075,028	\$ 2,081,855	\$ 156,015
Deposits	1,324,913	1,040,920	984,597	1,381,236
Total liabilities	<u>\$ 1,487,755</u>	<u>\$ 3,115,948</u>	<u>\$ 3,066,452</u>	<u>\$ 1,537,251</u>
<u>OTHER</u>				
ASSETS				
Cash and investments	\$ 294,229	\$ 5,967,873	\$ 5,947,861	\$ 314,241
LIABILITIES				
Due to other governments	\$ 239,076	\$ 2,714,015	\$ 2,697,474	\$ 255,617
Deposits	55,153	2,512,380	2,508,909	58,624
Total liabilities	<u>\$ 294,229</u>	<u>\$ 5,226,395</u>	<u>\$ 5,206,383</u>	<u>\$ 314,241</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 1,781,984	\$ 9,083,821	\$ 9,014,313	\$ 1,851,492
LIABILITIES				
Accounts payable	\$ 162,842	\$ 2,075,028	\$ 2,081,855	\$ 156,015
Due to other governments	239,076	2,714,015	2,697,474	255,617
Deposits	1,380,066	3,553,300	3,493,506	1,439,860
Total liabilities	<u>\$ 1,781,984</u>	<u>\$ 8,342,343</u>	<u>\$ 8,272,835</u>	<u>\$ 1,851,492</u>

WALWORTH COUNTY, WISCONSIN

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

For the Year Ended December 31, 2005

	Private Purpose Trusts		
	G. Charter Harrison Trust	Tricentennial Trust	Fiduciary Funds Total
ADDITIONS			
Investment income	\$ 1,114	\$ 2	\$ 1,116
Change in net assets	1,114	2	1,116
Net assets - beginning	35,415	625	36,040
Net assets - ending	<u>\$ 36,529</u>	<u>\$ 627</u>	<u>\$ 37,156</u>



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



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**COUNTY OF WALWORTH
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY SOURCE
DECEMBER 31, 2005 AND 2004**

	2005	2004
Capital Assets:		
Land	\$ 1,103,694	\$ 1,103,694
Buildings	47,322,922	34,325,112
Improvements other than buildings	5,095,310	5,095,310
Infrastructure	43,389,175	42,614,703
Machinery and equipment *	13,993,440	15,991,422
Construction in Progress	16,059,205	18,830,013
TOTAL CAPITAL ASSETS	\$ 126,963,746	\$ 117,960,254
 Investment in capital assets by source:		
Bonds	\$ 57,933,077	\$ 49,128,795
Donations	470,525	263,056
Grants	484,088	185,733
Tax levy	24,686,881	25,767,967
Capital projects **	43,389,175	42,614,703
TOTAL INVESTMENT IN CAPITAL ASSETS	\$ 126,963,746	\$ 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.

** 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.

WALWORTH COUNTY, WISCONSIN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
 December 31, 2005

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	-	-	-	-	17,841	127,602	145,443
Clerk of courts	-	-	-	-	480,169	-	480,169
District attorney	-	-	-	-	43,040	-	43,040
Register of deeds	-	-	-	-	23,389	-	23,389
Information systems	-	-	-	-	3,480,819	217,092	3,697,911
Facilities	-	13,378,549	1,843,154	-	873,713	-	16,095,416
TOTAL GENERAL GOVERNMENT	665,000	34,265,439	4,952,528	-	8,526,042	344,694	48,753,703
Public Safety							
Sheriff	-	4,941,930	26,163	-	4,394,663	571,561	9,934,317
TOTAL PUBLIC SAFETY	-	4,941,930	26,163	-	4,394,663	571,561	9,934,317
Health and Human Services							
Human services	-	5,528,232	30,285	-	188,989	-	5,747,506
TOTAL HEALTH AND HUMAN SERVICES	-	5,528,232	30,285	-	188,989	-	5,747,506
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	408,547	75,737	-	-	214,751	1,082,299
Lakeland agricultural complex	55,430	59,587	-	-	-	-	115,017
TOTAL CULTURE, RECREATION AND EDUCATION	438,694	2,587,321	86,334	-	342,729	214,751	3,669,829
Public Works							
Capital projects	-	-	-	-	-	9,757,397	9,757,397
Infrastructure	-	-	-	43,389,175	-	-	43,389,175
TOTAL PUBLIC WORKS	-	-	-	43,389,175	-	9,757,397	53,146,572
Conservation and Development							
Land use & resource management	-	-	-	-	167,409	-	167,409
County land information	-	-	-	-	373,608	5,170,802	5,544,410
TOTAL CONSERVATION AND DEVELOPMENT	-	-	-	-	541,017	5,170,802	5,711,819
TOTAL CAPITAL ASSETS	\$ 1,103,694	\$ 47,322,922	\$ 5,095,310	\$ 43,389,175	\$ 13,993,440	\$ 16,059,205	\$ 126,963,746

This schedule presents only the capital asset balances related to governmental funds. Current Internal Service funds have no Capital Assets.

WALWORTH COUNTY, WISCONSIN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
December 31, 2005

<u>FUNCTION AND ACTIVITY</u>	CAPITAL ASSETS JANUARY 1, 2005	ADDITIONS	DEDUCTIONS	CAPITAL ASSETS DECEMBER 31, 2005
General Government				
County board	\$ 27,739,653	\$ -	\$ -	\$ 27,739,653
County clerk	11,886	-	-	11,886
Elections	11,350	-	-	11,350
Administration	505,446	-	-	505,446
Finance	11,945	133,498	-	145,443
Treasurer	-	-	-	-
Coroner	-	-	-	-
Clerk of courts	305,965	372,140	197,936	480,169
District attorney	43,040	-	-	43,040
Register of deeds	23,389	-	-	23,389
Information systems	5,219,937	202,647	1,724,673	3,697,911
Facilities	3,318,947	12,800,310	23,841	16,095,416
TOTAL GENERAL GOVERNMENT	37,191,558	13,508,595	1,946,450	48,753,703
Public Safety				
Sheriff	10,399,053	1,107,015	1,571,751	9,934,317
TOTAL PUBLIC SAFETY	10,399,053	1,107,015	1,571,751	9,934,317
Health and Human Services				
Veterans	-	-	-	-
Human services	5,771,113	20,000	43,607	5,747,506
TOTAL HEALTH AND HUMAN SERVICES	5,771,113	20,000	43,607	5,747,506
Culture, Recreation, and Education				
Lakeland school	2,467,395	-	-	2,467,395
UW extension	5,118	-	-	5,118
Parks	870,648	211,651	-	1,082,299
Lakeland agricultural complex	115,017	-	-	115,017
TOTAL CULTURE, RECREATION AND EDUCATION	3,458,178	211,651	-	3,669,829
Public Works				
Capital projects	13,139,201	8,963,829	12,345,633	9,757,397
Infrastructure	42,614,703	2,066,027	1,291,555	43,389,175
TOTAL PUBLIC WORKS	55,753,904	11,029,856	13,637,188	53,146,572
Conservation and Development				
Land use and resource management	242,038	20,894	95,523	167,409
County land information	5,144,410	400,000	-	5,544,410
TOTAL CONSERVATION AND DEVELOPMENT	5,386,448	420,894	95,523	5,711,819
TOTAL CAPITAL ASSETS	\$ 117,960,254	\$ 26,298,011	\$ 17,294,519	\$ 126,963,746

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.

A work in progress asset with a value of \$73,017 as of 2004 was completed in 2005. In the notes to the financial statement, Note C-4, this amount is included as an increase and decrease within asset classifications.



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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	84 - 88
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	89 - 94
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	
DEBT CAPACITY	95 - 98
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	99 - 100
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 Three Fiscal Years

	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005
Governmental activities			
Invested in capital assets, net of related debt	\$ 39,965,835	\$ 45,152,949	\$ 49,641,480
Restricted	2,717,020	1,772,359	1,913,155
Unrestricted	31,516,690	32,626,923	35,583,545
Subtotal governmental activities net assets	<u>\$ 74,199,545</u>	<u>\$ 79,552,231</u>	<u>\$ 87,138,180</u>
Business-type activities			
Invested in capital assets, net of related debt	8,439,267	8,214,914	7,674,254
Restricted	-	-	250,998
Unrestricted	8,650,148	10,583,255	14,129,494
Subtotal business-type activities net assets	<u>\$ 17,089,415</u>	<u>\$ 18,798,169</u>	<u>\$ 22,054,746</u>
Primary government			
Invested in capital assets, net of related debt	\$ 48,405,102	\$ 53,367,863	\$ 57,315,734
Restricted	2,717,020	1,772,359	2,164,153
Unrestricted	40,166,838	43,210,178	49,713,039
Total primary government net assets	<u>\$ 91,288,960</u>	<u>\$ 98,350,400</u>	<u>\$ 109,192,926</u>

TABLE 2
WALWORTH COUNTY, WISCONSIN
 Changes in Net Assets
 Last Three Fiscal Years

	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005
Expenses			
Governmental activities:			
General government	\$ 11,680,604	\$ 13,384,447	\$ 13,034,915
Public safety	18,706,689	19,747,239	20,694,984
Health and human services	29,577,094	29,940,303	29,228,166
Culture, recreation and education	11,181,802	11,602,673	12,511,033
Public works	1,322,027	1,286,584	1,612,019
Conservation and development	2,433,761	2,292,313	2,345,557
Interest on long-term debt	1,448,636	1,648,922	1,750,429
Subtotal governmental activities expenses	<u>76,350,613</u>	<u>79,902,481</u>	<u>81,177,103</u>
Business-type activities:			
Nursing home	16,177,451	13,587,405	12,210,404
Highway	5,989,487	5,079,508	7,369,426
Subtotal business-type activities expenses	<u>22,166,938</u>	<u>18,666,913</u>	<u>19,579,830</u>
Total primary government expenses	<u>\$ 98,517,551</u>	<u>\$ 98,569,394</u>	<u>\$ 100,756,933</u>
Program Revenues			
Governmental activities:			
Charges for services	\$ 8,896,323	\$ 9,292,039	\$ 8,875,657
Operating grants and contributions	23,485,700	23,954,715	24,551,811
Capital grants and contributions	636,030	388,833	1,691,339
Subtotal governmental activities program revenues	<u>33,018,053</u>	<u>33,635,587</u>	<u>35,118,807</u>
Business-type activities			
Charges for services	14,346,474	12,324,902	13,860,052
Operating grants and contributions	6,252,145	4,014,552	84,087
Capital grants and contributions	-	-	2,740
Subtotal business-type activities program revenues	<u>20,598,619</u>	<u>16,339,454</u>	<u>13,944,139</u>
Total primary government program revenues	<u>\$ 53,616,672</u>	<u>\$ 49,975,041</u>	<u>\$ 49,062,946</u>
Net (Expense) Revenue by Function:			
Governmental activities:			
General government	\$ (8,659,941)	\$ (9,851,938)	\$ (9,838,769)
Public safety	(16,411,219)	(17,236,694)	(17,959,600)
Health and human services	(10,293,107)	(10,248,215)	(8,984,326)
Culture, recreation and education	(4,683,159)	(5,241,975)	(6,135,753)
Public works	(931,600)	(1,281,500)	(663,078)
Conservation and development	(904,898)	(757,650)	(726,341)
Interest on long-term debt	(1,448,636)	(1,648,922)	(1,750,429)
Subtotal governmental activities expenses	<u>(43,332,560)</u>	<u>(46,266,894)</u>	<u>(46,058,296)</u>
Business-type activities:			
Nursing home	(798,196)	(2,206,273)	(1,741,268)
Highway	(770,123)	(121,186)	(3,891,683)
Subtotal business-type activities expenses	<u>(1,568,319)</u>	<u>(2,327,459)</u>	<u>(5,632,951)</u>
Total primary government net (expense)/revenue	<u>\$ (44,900,879)</u>	<u>\$ (48,594,353)</u>	<u>\$ (51,691,247)</u>

(continued)

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

	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes			
General property taxes	\$ 35,453,371	\$ 37,150,309	\$ 38,031,659
Property taxes for debt service	4,690,152	5,242,764	6,051,593
Sales taxes	6,556,865	7,336,138	7,303,638
Real estate transfer fees	455,045	573,046	648,518
Other taxes	89,923	81,920	90,475
Unrestricted grants and contributions	776,327	367,357	325,169
Unrestricted investment earnings	853,927	839,240	2,873,982
Miscellaneous	190,113	30,360	7,225
Transfers	23,528	(1,554)	(1,688,014)
Subtotal governmental activities general revenues	<u>49,089,251</u>	<u>51,619,580</u>	<u>53,644,245</u>
Business-type activities:			
Property taxes	3,890,008	3,989,468	3,349,396
Unrestricted grants and contributions	-	-	3,750,920
Unrestricted investment earnings	4,768	31,223	75,608
Gain/(Loss) on sale of capital assets	6,109	-	-
Miscellaneous	47,135	13,968	25,590
Capital contributions	404,423	-	-
Transfers	(23,528)	1,554	1,688,014
Subtotal business-type activities general revenues	<u>4,328,915</u>	<u>4,036,213</u>	<u>8,889,528</u>
Total primary government general revenues	<u>\$ 53,418,166</u>	<u>\$ 55,655,793</u>	<u>\$ 62,533,773</u>
Change in Net Assets			
Governmental activities	\$ 5,756,691	\$ 5,352,686	\$ 7,585,949
Business-type activities	2,760,596	1,708,754	3,256,577
Total primary government change in net assets	<u>\$ 8,517,287</u>	<u>\$ 7,061,440</u>	<u>\$ 10,842,526</u>

TABLE 3
WALWORTH COUNTY, WISCONSIN
Fund Balances - Governmental Funds
Last Ten Fiscal Years

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General fund										
Reserved	\$ 4,269,406	\$ 3,600,010	\$ 3,838,037	\$ 3,898,114	\$ 4,913,451	\$ 4,957,073	\$ 5,048,481	\$ 3,180,879	\$ 2,506,336	\$ 2,995,254
Unreserved	14,526,067	13,493,190	15,559,753	14,074,537	15,793,662	17,559,634	21,570,984	25,410,679	21,241,187	23,849,264
Total general fund	<u>\$ 18,795,473</u>	<u>\$ 17,093,200</u>	<u>\$ 19,397,790</u>	<u>\$ 17,972,651</u>	<u>\$ 20,707,113</u>	<u>\$ 22,516,707</u>	<u>\$ 26,619,465</u>	<u>\$ 28,591,558</u>	<u>\$ 23,747,523</u>	<u>\$ 26,844,518</u>
All other governmental funds										
Reserved	\$ 1,353,276	\$ 1,348,736	\$ 1,174,027	\$ 1,200,585	\$ 5,039,716	\$ 5,465,055	\$ 3,686,966	\$ 5,627,188	\$ 7,526,442	\$ 7,418,986
Unreserved										
Special revenue funds	271,441	466,412	532,470	1,265,413	1,120,727	1,706,707	3,430,833	1,558,663	524,073	199,376
Debt service funds	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	1,599,101	2,107,355	2,659,242
Total all other governmental funds	<u>\$ 1,624,717</u>	<u>\$ 1,815,148</u>	<u>\$ 1,706,497</u>	<u>\$ 2,465,998</u>	<u>\$ 6,160,443</u>	<u>\$ 7,171,762</u>	<u>\$ 7,117,799</u>	<u>\$ 8,784,952</u>	<u>\$ 10,157,870</u>	<u>\$ 10,277,604</u>
Total governmental funds, fund balance	<u>\$ 20,420,190</u>	<u>\$ 18,908,348</u>	<u>\$ 21,104,287</u>	<u>\$ 20,438,649</u>	<u>\$ 26,867,556</u>	<u>\$ 29,688,469</u>	<u>\$ 33,737,264</u>	<u>\$ 37,376,510</u>	<u>\$ 33,905,393</u>	<u>\$ 37,122,122</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 Trusts 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 Funds Balances - Governmental Funds
 Last Ten Fiscal Years

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Revenues										
Taxes	\$ 32,191,895	\$ 32,031,284	\$ 31,203,308	\$ 32,694,445	\$ 38,053,570	\$ 40,584,929	\$ 45,010,223	\$ 47,333,317	\$ 50,615,811	\$ 53,048,694
Intergovernmental	17,218,155	15,491,600	16,441,142	17,604,151	18,656,032	21,017,279	24,352,928	24,290,647	24,092,046	24,962,700
Licenses, fees and permits ^(a)	-	189,320	214,458	209,985	242,590	375,293	324,951	387,352	399,561	359,380
Fines, forfeits and penalties	998,358	1,012,383	1,026,203	1,040,903	1,063,562	1,043,360	1,111,757	1,437,647	1,357,723	1,233,647
Charges for services	6,701,738	5,780,044	5,770,381	6,119,295	6,466,598	6,281,891	7,503,810	6,410,038	6,712,146	6,738,175
Other	3,113,145	15,298,224	3,544,711	2,514,522	3,132,991	2,803,535	1,790,189	2,159,660	2,290,721	2,971,299
Total revenues	60,223,291	69,802,855	58,200,203	60,183,301	67,615,343	72,106,287	80,093,858	82,018,661	85,468,008	89,313,895
Expenditures										
General government	7,545,001	12,310,177	7,633,039	8,154,384	8,877,903	9,688,190	10,066,733	9,710,912	12,410,128	11,594,328
Public safety	13,077,280	13,383,188	14,152,773	15,209,978	16,159,278	16,606,214	17,333,121	18,384,651	19,030,720	19,740,148
Health and human services	20,033,736	19,542,164	20,710,269	23,947,111	24,711,698	26,208,884	27,646,305	29,434,868	29,992,775	28,981,077
Culture, recreation and education	7,357,916	7,535,808	8,320,202	8,538,138	9,136,350	10,430,412	10,886,520	11,264,203	11,726,546	12,261,159
Conservation and development	1,583,936	1,747,741	2,025,090	2,300,992	3,188,084	3,126,138	4,131,680	2,365,568	2,254,858	2,148,494
Capital outlay	1,217,240	581,628	271,289	314,390	2,867,096	7,810,957	10,989,667	11,051,109	9,659,829	13,155,446
Debt service										
Interest	1,586,691	1,298,702	1,094,145	835,988	856,781	1,593,279	1,373,926	1,522,521	1,589,718	1,715,428
Principal	1,805,000	10,570,000	2,065,000	1,270,000	1,300,000	1,885,159	2,572,415	3,619,483	3,695,000	4,625,000
Total expenditures	54,206,800	66,969,408	56,271,807	60,570,981	67,097,190	77,349,233	85,000,367	87,353,315	90,359,574	94,221,080
Excess of revenues over (under) expenditures	6,016,491	2,833,447	1,928,396	(387,680)	518,153	(5,242,946)	(4,906,509)	(5,334,654)	(4,891,566)	(4,907,185)
Other financing sources (uses)										
Proceeds from borrowing, net	-	-	-	-	6,952,011	7,912,951	7,538,749	9,318,413	6,122,999	9,787,053
Proceeds from refunding	-	2,499,523	-	-	-	7,035,670	3,875,000	-	-	-
Payments to escrow agent	-	(2,479,600)	-	-	-	(7,035,670)	(3,850,000)	-	-	-
Transfers in	13,157,778	13,960,578	2,858,485	6,089,259	2,295,805	1,310,101	3,478,027	3,443,750	3,734,982	5,131,859
Transfers out	(18,099,815)	(18,325,790)	(2,590,942)	(6,367,217)	(3,337,062)	(1,159,193)	(2,086,472)	(3,788,263)	(8,437,532)	(6,794,998)
Total other financing sources (uses)	(4,942,037)	(4,345,289)	267,543	(277,958)	5,910,754	8,063,859	8,955,304	8,973,900	1,420,449	8,123,914
Net change in fund balances^(b)	\$ 1,074,454	\$ (1,511,842)	\$ 2,195,939	\$ (665,638)	\$ 6,428,907	\$ 2,820,913	\$ 4,048,795	\$ 3,639,246	\$ (3,471,117)	\$ 3,216,729
Debt service as a percentage of non-capital expenditures	6.40%	17.88%	5.64%	3.50%	3.36%	5.00%	5.33%	6.74%	6.55%	7.82%

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.

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	
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%	3.0%	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%	1.8%	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%	1.8%	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%	1.7%	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%	1.8%	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%	1.7%	100.0%
2005	\$ 11,594,328	\$19,740,148	\$ 28,981,077	\$12,261,159	\$ 2,148,494	\$13,155,446	\$ 4,625,000	\$ 1,715,428	\$94,221,080
% of Total	12.3%	21.0%	30.8%	13.0%	2.3%	14.0%	4.9%	1.7%	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
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%	5.1%	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%	21.8%	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%	4.5%	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%	4.0%	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%	2.6%	100.0%
2005	\$ 53,048,694	\$ 24,962,700	\$ 359,380	\$ 1,233,647	\$ 6,738,175	\$ 2,971,299	\$ 89,313,895
% of Total	59.4%	27.9%	0.4%	1.4%	7.5%	3.4%	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
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%
2005	\$ 11,565,232,700	12.92%	\$ 380,372,500	\$ 11,184,860,200	12.73%

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	2005 TOTAL EQUALIZED VALUE	NET TAX RATE - YEAR LEVIED									
		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
CITY											
Delavan	\$ 554,043,800	\$ 20.28	\$ 21.36	\$ 22.36	\$ 22.99	\$ 23.62	\$ 23.49	\$ 22.77	\$ 22.22	\$ 21.31	\$ 19.41
Elkhorn	594,227,000	18.15	20.43	21.38	21.70	21.09	21.44	21.08	23.46	22.62	22.25
Lake Geneva	974,801,100	19.60	21.62	21.43	22.79	23.91	23.53	23.51	24.25	25.18	22.58
Whitewater	479,129,400	19.16	20.06	20.57	20.81	21.84	22.26	21.07	19.93	20.68	20.41
CITY TOTAL	\$ 2,602,201,300										
TOWN											
Bloomfield	\$ 425,500,600	\$ 17.26	\$ 19.30	\$ 18.84	\$ 19.91	\$ 22.68	\$ 23.17	\$ 21.68	\$ 21.73	\$ 19.63	\$ 18.38
Darien	151,151,700	12.46	12.92	13.23	13.50	14.09	14.42	14.63	15.44	15.74	14.36
Delavan	883,400,800	15.14	16.47	16.79	18.17	18.85	18.80	18.56	18.65	18.15	17.80
East Troy	627,601,600	13.84	15.23	15.77	16.45	21.98	19.11	16.82	17.30	16.83	17.04
Geneva	674,551,100	15.32	16.93	17.06	19.06	19.53	18.49	18.35	18.75	19.40	17.18
La Fayette	203,887,000	14.46	16.11	16.04	18.10	19.12	18.28	17.61	18.04	18.68	16.14
La Grange	626,774,900	13.81	15.12	15.70	16.26	17.21	17.47	16.84	17.02	16.65	17.18
Linn	1,240,283,000	14.99	16.38	17.10	19.12	19.08	19.68	18.48	18.79	18.98	17.19
Lyons	418,330,600	13.70	15.16	16.51	16.87	18.40	17.27	17.21	17.49	18.48	15.75
Richmond	210,141,600	13.98	14.93	15.25	16.77	17.44	18.14	17.56	16.93	17.84	16.92
Sharon	64,340,700	18.12	19.31	19.80	22.09	22.09	22.29	22.03	19.86	20.32	19.86
Spring Prairie	206,167,200	15.87	17.66	17.87	20.64	20.98	22.91	18.24	17.94	18.66	15.86
Sugar Creek	323,623,600	13.79	15.15	15.45	16.70	17.40	18.54	17.72	17.49	17.65	16.98
Troy	233,872,000	15.09	16.73	16.51	17.23	16.82	17.09	16.83	17.79	16.20	14.92
Walworth	179,319,500	14.68	15.32	15.77	18.15	18.73	18.32	17.28	17.51	18.63	15.86
Whitewater	265,479,100	14.45	15.61	15.80	16.13	16.90	17.54	16.96	15.80	16.30	16.62
TOWN TOTAL	\$ 6,734,425,000										
VILLAGE											
Darien	\$ 90,971,600	\$ 23.87	\$ 24.87	\$ 25.71	\$ 25.50	\$ 25.81	\$ 26.42	\$ 26.78	\$ 27.34	\$ 26.94	\$ 24.60
East Troy	295,530,700	18.21	19.82	20.13	20.53	20.78	20.44	20.23	20.76	20.77	20.47
Fontana	855,038,200	15.35	16.58	17.54	19.52	19.29	19.65	19.64	20.51	20.83	19.62
Genoa City	169,886,600	22.44	27.57	23.62	25.51	27.52	27.29	26.82	27.29	24.44	23.85
Mukwonago	2,494,800	18.73	20.16	21.59	18.59	22.58	26.20	19.57	22.80	25.81	22.60
Sharon	67,615,400	25.36	26.47	27.24	27.90	27.36	29.36	28.76	27.19	27.61	28.59
Walworth	188,279,200	18.79	20.32	21.24	21.79	21.94	22.07	21.52	22.41	23.31	21.54
Williams Bay	558,789,900	15.43	16.77	18.02	18.23	23.62	20.10	20.04	20.61	20.92	21.25
VILLAGE TOTAL	\$ 2,228,606,400										
COUNTY TOTAL	\$ 11,565,232,700										

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 Property Tax Payers
For December 31, 2005 and Nine Years Prior

Taxpayer	2005			1996		
	Equalized Value	Rank	Percentage of Total County Equalized Value	Equalized Value	Rank	Percentage of Total County Equalized Value
Grand Geneva (Americana)	\$ 41,943,037	1	0.36%	\$ 7,797,093	10	0.13%
DLK Enterprises, Inc.	\$ 37,121,400	2	0.32%	17,950,448	1	0.31%
Wal-Mart	\$ 27,296,127	3	0.24%			
Geneva Project	\$ 25,168,898	4	0.22%			
Lake Lawn Lodge/Airport	\$ 18,972,350	5	0.16%	13,543,807	3	0.23%
Kikkoman Foods, Inc.	\$ 17,554,231	6	0.15%	12,159,522	5	0.21%
Versacold Cascade (Geneva Lakes Cold Storage)	\$ 17,228,580	7	0.15%			
Paloma Geneva National, LLC	\$ 16,802,575	8	0.15%	10,215,756	7	0.17%
Lake Geneva Investors, LLC	\$ 11,601,947	9	0.10%			
Edwin Kowalski	\$ 11,390,829	10	0.10%			
Midwest Track Associates				16,577,875	2	0.28%
ABKA (The Abbey)				13,179,216	4	0.22%
Elgin Club				10,619,478	6	0.18%
UPS Real Estate				8,289,861	8	0.14%
Northmonte Partnership				7,914,510	9	0.14%
Total	\$ 225,079,974		1.95%	\$ 118,247,566		2.02%

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
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%	\$ 212,604	\$ 29,223,192	99.98%	\$ 4,680	0.02%
1998	1999	\$ 31,059,316	\$30,463,810	98.1%	\$ 588,438	\$ 31,052,248	99.98%	\$ 7,068	0.02%
1999	2000	\$ 33,022,473	\$32,600,353	98.7%	\$ 413,487	\$ 33,013,840	99.97%	\$ 8,633	0.03%
2000	2001	\$ 35,913,644	\$35,275,498	98.2%	\$ 614,988	\$ 35,890,486	99.94%	\$ 23,158	0.06%
2001	2002	\$ 39,588,237	\$38,987,517	98.5%	\$ 542,360	\$ 39,529,877	99.85%	\$ 58,360	0.15%
2002	2003	\$ 42,594,222	\$40,035,888	94.0%	\$ 2,373,562	\$ 42,409,450	99.57%	\$ 184,772	0.43%
2003	2004	\$ 45,014,093	\$43,342,996	96.3%	\$ 1,006,459	\$ 44,349,455	98.52%	\$ 664,638	1.48%
2004	2005	\$ 47,082,255	\$45,216,101	96.0%	\$ -	\$ 45,216,101	96.04%	\$ 1,866,154	3.96%

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, 2005		<u>\$ 11,565,232,700</u>
Legal debt margin:		
Debt limitation, 5% of total equalized value (Wisconsin Statutory Limitation)		578,261,635
Debt applicable to limitation:		
General obligation bonds	3,720,000	
General obligation notes	<u>43,815,000</u>	
Total debt applicable to limitation at December 31, 2005	47,535,000	
Less amount available in debt service fund	<u>(453,929)</u>	<u>(47,081,071)</u>
Legal debt margin for year ending December 31, 2005		<u>\$ 531,180,564</u>

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total equalized value - 12/31	\$ 5,860,088,600	\$ 6,248,243,800	\$ 6,594,326,600	\$ 7,025,341,000	\$ 7,293,679,000	\$ 7,939,464,400	\$ 8,589,744,800	\$ 9,478,615,400	\$ 10,242,367,900	\$ 11,565,232,700
Legal debt margin (5% of equalized value)	293,004,430	312,412,190	329,716,330	351,267,050	364,683,950	396,973,220	429,487,240	473,930,770	512,118,395	578,261,635
Debt applicable to limitation										
State Trust Funds	-	-	-	-	650,000	609,980	879,601	-	-	-
General Obligation Bonds	21,075,000	19,840,000	17,775,000	16,505,000	15,205,000	13,950,000	11,660,000	8,940,000	6,070,000	3,720,000
General Obligation Notes	9,300,000	-	-	-	7,291,000	14,825,000	22,045,000	31,045,000	36,290,000	43,815,000
Total debt applicable to limitation - 12/31	<u>30,375,000</u>	<u>19,840,000</u>	<u>17,775,000</u>	<u>16,505,000</u>	<u>23,146,000</u>	<u>29,384,980</u>	<u>34,584,601</u>	<u>39,985,000</u>	<u>42,360,000</u>	<u>47,535,000</u>
Less amount available in debt service fund	<u>(383,531)</u>	<u>(335,479)</u>	<u>(338,077)</u>	<u>(340,622)</u>	<u>(342,962)</u>	<u>(361,866)</u>	<u>(474,729)</u>	<u>(468,389)</u>	<u>(503,487)</u>	<u>(453,929)</u>
Total debt applicable to limitation - 12/31	29,991,469	19,504,521	17,436,923	16,164,378	22,803,038	29,023,114	34,109,872	39,516,611	41,856,513	47,081,071
Legal debt margin - 12/31	<u>\$ 263,012,961</u>	<u>\$ 292,907,669</u>	<u>\$ 312,279,407</u>	<u>\$ 335,102,672</u>	<u>\$ 341,880,912</u>	<u>\$ 367,950,106</u>	<u>\$ 395,377,368</u>	<u>\$ 434,414,159</u>	<u>\$ 470,261,882</u>	<u>\$ 531,180,564</u>

Total net debt applicable to the limit

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
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
2005	98,496	\$ 11,565,232,700	\$ 47,535,000	\$ 453,929	\$ 47,081,071	0.41%	\$ 478

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
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	\$ 1,559,157	\$ 5,254,157	\$ 90,359,574	5.8%
2005	\$ 4,625,000	\$ 1,674,092	\$ 6,299,092	\$ 94,221,080	6.7%

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 former 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, 2005

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Walworth County	Amount Applicable to Government
Direct:			
Walworth County	\$ 47,535,000	100.00%	\$ 47,535,000
Overlapping:			
City:			
Delavan	14,690,000	100.00%	14,690,000
Elkhorn	20,040,000	100.00%	20,040,000
Lake Geneva	6,515,000	100.00%	6,515,000
Whitewater	11,731,416	89.20%	10,464,423
CITY TOTAL	<u>52,976,416</u>		<u>51,709,423</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-on-Geneva Lake	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	1,268,648	100.00%	1,268,648
Walworth	400,587	100.00%	400,587
Williams Bay	2,502,159	100.00%	2,502,159
VILLAGE TOTAL	<u>37,391,718</u>		<u>22,661,043</u>
School Districts:			
Big Foot	10,526,680	100.00%	10,526,680
Clinton	1,526,219	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
SCHOOL DISTRICT TOTAL	<u>174,206,324</u>		<u>130,044,083</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
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><u>\$ 370,424,017</u></u>		<u><u>\$ 292,455,208</u></u>

Source: Robert W. Baird & Company

TABLE 15
WALWORTH COUNTY, WISCONSIN
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	Population ^(a)	Personal Income ^(a)	Per Capita Personal Income ^(a)	School Enrollment ^(b)	Unemployment Rate ^(c)	Total Residential Housing Units ^(a)
1996	81,395	\$ 1,897,835	\$ 21,841	14,377	2.6%	n/a
1997	82,906	2,026,537	22,805	14,752	3.1%	n/a
1998	84,414	2,206,355	24,319	15,375	2.6%	n/a
1999	85,493	2,315,525	25,058	15,570	2.4%	n/a
2000	92,013	2,522,363	27,293	16,561	2.6%	43,783
2001	93,032	2,539,118	27,144	16,727	3.6%	44,729
2002	94,532	2,589,936	27,202	17,290	4.5%	45,563
2003	95,630	2,676,919	27,626	17,483	4.3%	46,534
2004	97,052	n/a	n/a	17,010	4.3%	47,508
2005	98,496	n/a	n/a	16,958	4.1%	48,587

Source:

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

(b) Wisconsin Department of Public Instruction - Includes public and private enrollment

**Data for 2005-06 school year for Public Enrollment was not available at the time of this report

(c) Wisconsin Department of Workforce Development

n/a - information not yet available

TABLE 16
WALWORTH COUNTY, WISCONSIN
Principal Employers
For December 31, 2005 and Nine Years Prior

Taxpayer	2005		1996	
	Employees	Rank	Employees	Rank
University of Wisconsin - Whitewater	1000+	1	1000+	2
County of Walworth	1000+	2	1000+	1
Wicor, Inc.	500-999	3		
Grand Geneva LLC	500-999	4		
Wal-Mart	500-999	5		
Miniature Precision Components Inc.	500-999	6	250-499	6
Aurora Health Care of Southern Lakes	500-999	7	500-999	5
Elkhorn Area School District	250-499	8	250-499	10
Compass Group He Services LLC	250-499	9		
The Abbey	250-499	10	250-499	8
Sta-rite Industries			500-999	3
Pfister Corp			500-999	4
Southern Wisconsin Foods			250-499	7
United Dominion Industries			250-499	9

Source: Wisconsin Department of Workforce Development, Bureau of Workforce Information



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