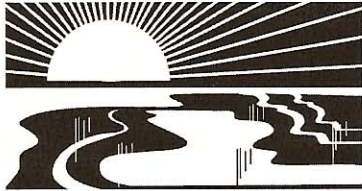


TOWN OF LINN
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2010

TOWN OF LINN
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For the Year Ended December 31, 2010

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Patrick W. Romenesko, S.C.
CERTIFIED PUBLIC ACCOUNTANT

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Telephone 262/248-0220 • Facsimile 262/248-8429

Independent Auditor's Report

To the Town Board
Town of Linn
Walworth County, Wisconsin

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Linn, as of and for the year ended December 31, 2010, which collectively comprise the Town of Linn's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Linn's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

The Town of Linn has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

As described in Note 1, the financial statements referred to above do not include financial activities of Linn Sanitary District, which should be included in order to conform with accounting principles generally accepted.

In my opinion, except for the effects on the financial statements of the omission in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Town of Linn at December 31, 2010, and the respective changes in financial position thereof and the respective budgetary information for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Linn's basic financial statements. The detailed general fund budget and actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The detailed general fund budget and actual schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Patrick W. Romenesko, S.C." The signature is written in a cursive style with a large initial 'P'.

PATRICK W. ROMENESKO, S.C.
CERTIFIED PUBLIC ACCOUNTANT

Lake Geneva, Wisconsin
March 31, 2011

TOWN OF LINN
BALANCE SHEET AND STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	General Fund	Adjustments (Note 2)	Statement of Net Assets
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Cash and investments	\$ 2,474,587	\$ -	\$ 2,474,587
Taxes receivable	2,459,416	-	2,459,416
Accounts receivable	10,525	-	10,525
Prepayments	8,232	-	8,232
Capital assets, net of accumulated depreciation	-	6,212,989	6,212,989
Total assets	<u>4,952,760</u>	<u>6,212,989</u>	<u>11,165,749</u>
<u>Liabilities</u>			
Accounts payable	89,088	-	89,088
Accrued wages payable	32,399	-	32,399
Deferred revenues	2,458,402	-	2,458,402
Long-term liabilities:			
Due after one year	-	45,855	45,855
Total liabilities	<u>2,579,889</u>	<u>45,855</u>	<u>2,625,744</u>
<u>Fund Balances/Net Assets</u>			
Fund balances:			
Nonspendable	8,232	(8,232)	-
Assigned	1,517,923	(1,517,923)	-
Unassigned	846,716	(846,716)	-
Total fund balances	<u>2,372,871</u>	<u>(2,372,871)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 4,952,760</u>		
Net assets:			
Invested in capital assets, net of related debt		-	6,212,989
Unrestricted		-	2,327,016
Total net assets		<u>\$ -</u>	<u>\$ 8,540,005</u>

See accompanying notes to financial statements.

TOWN OF LINN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Functions/Programs</u>					
Governmental activities:					
General government	\$ 320,131	\$ 17,552	\$ 5,589	\$ -	\$ (296,990)
Police	777,551	70,740	1,440	2,907	(702,464)
Fire protection	302,114	-	40,416	-	(261,698)
Rescue squad	28,619	15,910	5,079	-	(7,630)
Building inspection	46,155	-	63,419	-	17,264
Other public safety	61,204	220	30,413	-	(30,571)
Transportation	645,562	-	177,485	-	(468,077)
Health and sanitation	306,166	330,210	16,458	-	40,502
Leisure, conservation and development	95,376	103,381	16,875	-	24,880
Nondepartmental and general	103,878	-	-	-	(103,878)
Interest on long-term debt	11,220	-	-	-	(11,220)
Total	<u>\$ 2,697,976</u>	<u>\$ 538,013</u>	<u>\$ 357,174</u>	<u>\$ 2,907</u>	<u>(1,799,882)</u>
General revenues:					
Property taxes levied for general purposes					2,074,989
Property taxes levied for debt service					132,040
Intergovernmental revenues not restricted to specific programs					35,135
Franchise taxes					24,993
Insurance recoveries					1,342
Investment income					9,251
Total general revenues and transfers					<u>2,277,750</u>
Change in net assets					477,868
Net assets - beginning					<u>8,062,137</u>
Net assets - ending					<u>\$ 8,540,005</u>

See accompanying notes to financial statements.

TOWN OF LINN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final Budget	Actual Amounts	Variance with Budget
<u>Revenues</u>			
General property taxes	\$ 2,199,999	\$ 2,207,029	\$ 7,030
Intergovernmental	330,755	318,626	(12,129)
Licenses and permits	63,600	98,896	35,296
Fines and forfeitures	28,000	69,682	41,682
Charges for services	426,720	468,111	41,391
Investment income	30,000	9,251	(20,749)
Miscellaneous	6,000	4,249	(1,751)
Total revenues	3,085,074	3,175,844	90,770
<u>Expenditures</u>			
Current:			
General government	339,841	294,606	45,235
Public safety	1,025,361	1,067,348	(41,987)
Public works	268,042	274,448	(6,406)
Health and sanitation	309,540	306,166	3,374
Leisure, conservation and development	130,300	89,499	40,801
Nondepartmental and general	107,750	103,878	3,872
Debt service	132,040	368,120	(236,080)
Capital outlay	495,700	691,299	(195,599)
Total expenditures	2,808,574	3,195,364	(386,790)
Excess (deficiency) of revenues over (under) expenditures	276,500	(19,520)	(296,020)
Fund balances - beginning	2,392,391	2,392,391	-
Fund balances - ending	\$ 2,668,891	\$ 2,372,871	\$ -

See accompanying notes to financial statements.

TOWN OF LINN
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Amounts reported for governmental activities in the statement of activities are different as a result of:

Net change in fund balances - general fund	\$ (19,520)
--	-------------

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 in the statement of activities.

Certain capital outlay that is reported as an expenditure in the general fund governmental financial statements is capitalized in the statement of activities	598,297
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Depreciation that is reported in the statement of activities	(443,206)
--	-----------

The issuance of long-term debt provides current financial resources to the general fund, while the repayment of the principal of long-term debt uses the current financial resources of the general fund. Neither transaction, however, has any effect on net assets.

Principal payments on long-term debt	356,469
--------------------------------------	---------

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 the general fund.

Changes in compensated absences	(14,603)
Interest accrued on long-term debt	431
	431

Change in net assets of governmental activities	\$ 477,868
---	------------

See accompanying notes to financial statements.

TOWN OF LINN
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2010

	<u>Agency Funds</u>		<u>Totals</u>
	<u>Tax Collection Fund</u>	<u>Municipal Court</u>	
<u>Assets</u>			
Cash and investments	\$ 4,980,047	\$ 21,832	\$ 5,001,879
Taxes receivable	19,211,260	-	19,211,260
Total Assets	<u>24,191,307</u>	<u>21,832</u>	<u>24,213,139</u>
<u>Liabilities</u>			
Court bonds held	-	18,339	18,339
Due to other governments	24,191,307	3,493	24,194,800
Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

TOWN OF LINN
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For the Year Ended December 31, 2010

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TOWN OF LINN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010

Note 1 - Summary Of Significant Accounting Policies

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles of state and local governments, except the Management's Discussion and Analysis has not been presented. Statement No. 34 calls for the inclusion of this information as required supplementary information.

A. Reporting Entity

The reporting entity for the town is based upon criteria set forth by GASB Statement No. 14, "The Financial Reporting Entity." The reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is a separately elected governing body that is legally separate and fiscally independent. All other functions of the town for which it exercises oversight responsibility are included, except for certain transactions of the fire department. The oversight responsibility includes, but is not limited to, financial interdependency between the town and the governmental entity; control by the town over the entity's governing authority or designation of management; the ability of the town to significantly influence operations of the entity; and whether the town is responsible for the accountability for fiscal matters. Also evaluated were the scope of public service and any special financing relationships. Although it is a legally separate entity, standards set forth in Statement No. 14 of the Governmental Accounting Standards Board require that the financial statements of Linn Sanitary District be reported as a component unit of the town. The required inclusion of these financial statements is due to the town board having the ability to impose its will on Linn Sanitary District. Separate audited financial statements of the sanitary district are available from the Town of Linn clerk-treasurer or from the Linn Sanitary District.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the town. 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 town has no business-type activities.

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

Note 1 - Summary Of Significant Accounting Policies - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue 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 government 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, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Funds are organized as either major funds or non-major funds within the governmental statements. A fund is considered major if it is the primary operating fund of the government or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and,
2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or proprietary fund that the government considers to be particularly important to financial statement users may be reported as a major fund.

Major Fund

The town's major fund is its general fund. The general fund is the town's primary operating fund and it accounts for all financial resources of the town except those required to be accounted for in another fund.

Additionally, the town reports the following fund type:

Agency Funds - Trust and agency funds are used to account for assets held by the government in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. For the town, agency funds consist of the tax roll and municipal court bond funds.

Note 1 - Summary Of Significant Accounting Policies - Continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide 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 subsequent private-sector guidance for their business-type activities, subject to this same limitation. The town has elected not to follow subsequent private-sector guidance.

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

D. Assets, Liabilities, and Net Assets or Equity

1. Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectable amounts.

Property taxes are levied in December on the assessed value as of the prior January 1. Property taxes are recorded as a receivable and deferred revenue in the appropriate fund in the year levied because the taxes are restricted to funding the succeeding year's budget appropriations. In addition to property taxes for the town, taxes are collected for and remitted to the state and county governments as well as the local school districts and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as deferred revenues and due to other governments on the statement of net assets. Property tax payments received prior to year end are reflected in the agency fund. Interest on delinquent property taxes is recognized as revenue when received.

Details of the town's property tax calendar for the 2010 tax levy follows:

Lien and levy dates	December 2010
Real estate collection due dates:	
First installment due	January 31, 2011
Second installment due	July 31, 2011
Personal property tax due in full	January 31, 2011
Final settlement with county	August 2011
Tax sale of 2010 delinquent real estate taxes	October 2013

2. Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the balance sheet and statement of net assets.

Note 1 - Summary Of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Assets or Equity - Continued

3. Capital Assets

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the town is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Land improvements	30
Roads	30
Vehicles	3 - 10
Office equipment	7 - 10
Computer equipment	6

4. Compensated Absences

Town employees earn vacation and sick time in varying amounts. All vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental (general) fund only if they have matured, for example, as a result of employee resignations and retirements. The town has not reported a liability for compensated absences in the governmental fund.

Employees are paid all of their accumulated vacation leave upon severance and one-half of their sick leave upon severance. At December 31, 2010, accumulated vacation leave of \$10,549 and accumulated sick leave of \$35,306 has been recorded in the statement of net assets as long-term liabilities. Payments made for accumulated vacation and sick leave are made at the salary rates in effect at the time of payment.

5. Long-Term Obligations

In the statement of net assets, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. 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.

Note 1 - Summary Of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Assets or Equity - Continued

5. Long-Term Obligations - Continued

In the fund financial statements, governmental fund types 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.

6. Fund Equity

In the fund financial statements, governmental funds report nonspendable fund balances for amounts that are not in spendable form or are legally or contractually required to be maintained intact. Assigned fund balances represent amounts intended for a specific use that is subject to change.

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Assets

The balance sheet and statement of net assets includes adjustments to convert the governmental fund balance sheet to the statement of net assets. These adjustments are summarized as follows:

Capital assets used in governmental funds are not financial resources and, accordingly, are not reported in the general fund balance sheet as they are in the statement of net assets.

Total capital assets	\$11,672,276
Less: accumulated depreciation	<u>(5,459,287)</u>
Net capital assets	<u>\$ 6,212,989</u>

Long-term liabilities applicable to the town's governmental activities are not due and payable in the current period. Therefore, they are not reported as fund liabilities in the general fund. All liabilities, whether current or long-term, are reported in the statement of net assets.

Accrued compensated absences	<u>\$ 45,855</u>
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Note 3 - Stewardship, Compliance, and Accountability

A. Budgetary Information

The town reviews and adopts its annual budget by December or earlier of the preceding year. The budgetary information included in the accompanying financial statements is comprised of the originally approved budget plus or minus approved revisions of budgeted revenues and expenditures. These budgets are adopted on a basis consistent with generally accepted accounting principles. Management control of the budgetary process has been established at the departmental level of expenditure. A department can be a fund, cost center, program or other activity for which control of expenditures is considered desirable. Expenditures cannot legally exceed their appropriations at the fund level.

The budget is amended for supplemental appropriations periodically during the year. Budget changes require a two-thirds approval by the town board. The town did not make amendments to its budget during the year. The budget includes certain amounts that are intended to be carried over and spent in future years. The cumulative amounts of those carryover appropriations are included in assigned fund balances. Individual amounts that were included in the 2010 budget but appropriated for the purpose of being carried over to future years and, therefore, not included in the accompanying budget presentation consist of the following:

Future reassessment	\$ 35,000
Land acquisition	20,000
Police communications	5,000
Police vehicles	15,000
Fire capital outlay	100,000
Road construction	<u>125,000</u>
Total	<u>\$ 300,000</u>

B. General Fund Assigned and Nonspendable Fund Balances

The fund balance of the general fund has been assigned at December 31, 2010 for the following:

Building fund	\$ 280,000
Property acquisition	300,000
Road construction	385,225
Property reassessment	130,000
Police communications	22,607
Police vehicle	16,500
Health insurance co-payments	16,845
Parks	27,000
Utilities carryover	23,499
Fire/EMS - capital outlay	255,072
Town hall - capital outlay	20,972
Town hall - technology	12,854
DARE	4,049
Comprehensive land use plan	20,000
Fire 2%	<u>3,300</u>
Total	<u>\$ 1,517,923</u>

Note 3 - Stewardship, Compliance, and Accountability - Continued

B. General Fund Assigned and Nonspendable Fund Balances - Continued

The fund balance of the general fund was nonspendable at December 31, 2010 for prepaid expenditures of \$8,232.

C. Excess of Expenditures Over Appropriations

Actual expenditures of the general fund for the year ended December 31, 2010 of \$3,195,364 exceeded their budget of \$2,808,574 by \$386,790.

Note 4 - Detailed Notes on All Funds

A. Deposits and Investments

The town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments of government funds are restricted by state statutes. Permitted investments for the town include any of the following:

(1) Time deposits maturing within three years in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to do business in Wisconsin. (2) Bonds or securities issued or guaranteed by the federal government and its agencies. (3) The Wisconsin Local Government Investment Pool and Wisconsin Investment Trust. (4) Bonds or securities of any county, city, drainage district, technical college district, local exposition district, local professional baseball park district, city, town, or school district of the state and the University of Wisconsin Hospitals and Clinics Authority. (5) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by a nationally recognized rating agency or if that security is senior to, or on parity with, a security of the same issuer which has such a rating. (6) Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities. (7) Securities of open-end management companies or investment trusts (mutual funds) if the portfolio is limited to (a) bonds or securities issued by the federal government or a commission, board or other instrumentality of the federal government, (b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds and securities.

The town's cash and investments at December 31, 2010 consisted of the following:

	<u>Carrying Amount</u>	<u>Amounts Deposited</u>
Savings accounts and interest-bearing checking accounts	\$ 2,232,776	\$ 2,241,792
Local Government Investment Pool	<u>5,243,690</u>	<u>5,243,690</u>
	<u>\$ 7,476,466</u>	<u>\$ 7,485,482</u>

Note 4 - Detailed Notes on All Funds - Continued

A. Deposits and Investments - Continued

Cash deposits are reported in the financial statements as follows:

Balance sheet and statement of net assets	\$ 2,474,587
Statement of net assets - fiduciary fund	<u>5,001,879</u>
Total	<u>\$ 7,476,466</u>

Town deposits are insured by the FDIC for up to \$250,000 for time and savings deposits (including interest-bearing NOW accounts), and an additional \$250,000 of FDIC insurance is available for demand (non-interest bearing checking accounts) for each bank used. For the period December 31, 2010 through December 31, 2012, all non-interest bearing accounts are fully insured, regardless of the balance of the account. All town deposits are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses of the pool may not be significant to individual municipalities.

For all investments shown, the fair value at the balance sheet date is substantially the same as the carrying value. The difference between the amounts reported as bank deposits and the carrying amounts above is due to the effect of outstanding checks and deposits in transit on the town's cash balances. Deposits exceed the amount of FDIC insurance available at certain times during the year due primarily to the collection of property taxes pending settlement with the other taxing districts.

The town addresses the following risks related to its cash and investments:

Custodial Credit Risk

Custodial credit risk represents the risk that in the event of a financial institution failure, the town's deposits may not be recovered. At December 31, 2010, \$1,969,960 of the town's bank deposits were above the FDIC insured amount and, therefore, exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the investment. The town has deposits in the Local Government Investment Pool which is not rated, however, consists of investments in federal government securities.

Interest Rate Risk

The town does not have formal policies related to interest rate risk, the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2010 the town's investment in the Local Government Investment Pool (LGIP) had a fair value balance of \$5,243,690. The LGIP had a weighted average maturity of 73 days at December 31, 2010.

The Local Government Investment Pool (LGIP) is an investment fund managed by the State of Wisconsin Investment Board. The LGIP accepts deposits from governmental units within the State of Wisconsin. The objectives of the LGIP are to provide safety of principal, liquidity and a reasonable rate of return. The LGIP is regulated by the Wisconsin Statutes and is not a SEC registered investment. The yield of the LGIP changes daily and its participants may invest or withdraw any or all amounts at par value at any time. The LGIP balance reported in the financial statements as \$5,243,690 at December 31, 2010 is at cost basis. The fair value of the LGIP investment at December 31, 2010 did not materially differ from its cost basis.

The town does not have a formal investment policy.

Note 4 - Detailed Notes on All Funds - Continued

B. Receivables

Receivables as of year end for the town's general and fiduciary funds, including the applicable allowances for uncollectable accounts when applicable, are as follows:

	General Fund	Tax Roll Fiduciary Fund	Totals
Taxes - current	\$ 2,458,402	\$ 19,211,260	\$ 21,669,662
Taxes - delinquent	1,014	---	1,014
Accounts	10,525	---	10,525
Total receivables	<u>\$ 2,469,941</u>	<u>\$ 19,211,260</u>	<u>\$ 21,681,201</u>

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. At December 31, 2010, the *deferred revenue* reported in the governmental fund consisted of property taxes receivable.

C. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 369,255	\$ ---	\$ ---	\$ 369,255
Capital assets, being depreciated:				
Buildings	1,678,854	---	---	1,678,854
Improvements other than buildings	445,300	111,218	---	556,518
Machinery and equipment	2,455,697	200,603	---	2,656,300
Infrastructure	6,124,874	286,476	---	6,411,350
Total capital assets being depreciated	<u>10,704,725</u>	<u>598,297</u>	<u>---</u>	<u>11,303,022</u>
Less accumulated depreciation for:				
Buildings	313,621	40,204	---	353,825
Improvements other than buildings	258,233	19,148	---	277,381
Machinery and equipment	975,104	181,011	---	1,156,115
Infrastructure	3,469,124	202,843	---	3,671,967
Total accumulated depreciation	<u>5,016,082</u>	<u>443,206</u>	<u>---</u>	<u>5,459,288</u>
Total capital assets, being depreciated, net	<u>5,688,643</u>	<u>155,091</u>	<u>---</u>	<u>5,843,734</u>
Governmental activities capital assets, net	<u>\$ 6,057,898</u>	<u>\$ 155,091</u>	<u>\$ ---</u>	<u>\$ 6,212,989</u>

Note 4 - Detailed Notes on All Funds - Continued

C. Capital Assets - Continued

Depreciation expense was charged to functions/programs of the town as follows:

Governmental activities:

General government	\$ 25,525
Police	28,279
Fire	95,850
Rescue	1,383
Other public safety	823
Highways and streets, including depreciation of general infrastructure assets	285,469
Parks	<u>5,877</u>
Total depreciation expense - governmental activities	<u>\$ 443,206</u>

D. Long-Term Obligations

Other long-term obligations of the town was comprised of the following at December 31, 2010:

Other long-term obligations:

Compensated absences	<u>\$ 45,855</u>
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General obligation long-term debt:

Changes in general obligation debt for the year ended December 31, 2010 follows:

Outstanding - January 1, 2010	\$ 356,469
Proceeds from borrowing	- - -
Scheduled principal payments on notes	(120,388)
Additional principal to retire debt	<u>(236,081)</u>
Outstanding - December 31, 2010	<u>\$ - - -</u>

The town elected to use unassigned funds of its general fund to retire the remaining balance of its general obligation debt which had a balance of \$236,081 at December 31, 2010, the date the debt was retired. The note was payable to Chase Bank with interest charged at 3.15%. The original loan proceeds were used for the construction of the town fire/EMS building.

Note 5 - Other Information

A. Risk Management

The town has purchased commercial insurance policies for various risks of loss related to litigation, theft, damage or destruction of assets, errors or omissions, injuries to employees, or acts of God. Payments of premiums for these policies are recorded as expenditures in the general fund of the town. There were no settlements that exceeded insurance coverage in any of the past three years.

Note 5 - Other Information - Continued

B. Employees' Pensions

All eligible town employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work at least 600 hours a year are eligible to participate in the WRS. Covered employees in the General category are required by state statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security and 3.9% for Protective Occupations without Social Security) to the plan. The town makes 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 town employees covered by the WRS for the year ended December 31, 2010 was \$629,359 the employer's total payroll was \$790,541. The total required contribution for the year ended December 31, 2010 was \$82,070, which consisted of \$47,764, or 7.6% of covered payroll from the employer and \$34,306, or 5.5% of covered payroll from employees. Total contributions for the years ended December 31, 2009 and 2008 were \$69,450 and \$76,204, respectively, equal to the required contributions for each year.

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

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

C. Litigation and Contingencies

In the opinion of management and the town's legal counsel, the town was involved in no claims or lawsuits at year end that would have a material effect on the financial statements in the event of an unfavorable outcome.

During 2010, the town entered into a separation agreement with a town employee. The agreement stated, among other things, that a lump sum payment of \$75,000 be paid to the employee. This payment is reported in the town's expenditures.

Note 5 - Other Information - Continued

D. Lease Income

The town rents space on its property to the U. S. Postal Service and to U.S. Cellular Operating Company. Rental income for the year ended December 31, 2010 was \$16,027.

The remaining future rental payments due on the leases are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 2,000
2012	2,000
2013	2,000
2014	2,000
2015	2,000
	<u>\$ 10,000</u>

The town entered into a lease extension with the U.S. Postal Service that expires in October 2015. The lease provides for annual rental payments of \$2,000. The U.S. Cellular Operating Company lease expired in June 2009, however, lease payments are made on a monthly basis.

E. Implementation of Accounting Standard

The Governmental Accounting Standards Board issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* with the objective of improving the usefulness, including the understandability, of governmental fund balance information. The requirements of the statement are effective for periods beginning after June 15, 2010, however, the town elected early implementation of the standard.

SUPPLEMENTAL INFORMATION

TOWN OF LINN
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final Budget	Actual	Variance with Budget
<u>Taxes</u>			
Town taxes	\$ 2,199,999	\$ 2,203,919	\$ 3,920
Managed forest land tax	-	17	17
Agricultural use value penalties	-	533	533
Annexation taxes	-	2,535	2,535
Interest and penalties on taxes	-	25	25
Total Taxes	<u>2,199,999</u>	<u>2,207,029</u>	<u>7,030</u>
<u>Intergovernmental</u>			
State shared revenue	35,992	34,779	(1,213)
State transportation aid	175,739	175,796	57
Boating enforcement aid	30,000	30,413	413
Fire insurance dues	33,000	35,741	2,741
Park grants	33,750	16,875	(16,875)
Police training aid	1,600	1,440	(160)
State aids rescue squad	4,000	5,079	1,079
Managed forest land aid	-	6	6
Exempt computer aid	-	282	282
DNR cropland aid	-	68	68
Municipal services aid	1,674	1,689	15
Recycling grant	15,000	16,458	1,458
Total Intergovernmental	<u>330,755</u>	<u>318,626</u>	<u>(12,129)</u>
<u>Licenses and Permits</u>			
Business and occupational	5,400	5,589	189
Dog licenses	200	220	20
Building permits/zoning fees	35,000	63,419	28,419
Fireworks and other permits	3,000	4,675	1,675
Cable TV franchise fees	20,000	24,993	4,993
Total Licenses and Permits	<u>63,600</u>	<u>98,896</u>	<u>35,296</u>
<u>Fines and Forfeitures</u>			
Fines and restitution	<u>\$ 28,000</u>	<u>\$ 69,682</u>	<u>\$ 41,682</u>

TOWN OF LINN
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final Budget	Actual	Variance with Budget
<u>Charges for Services</u>			
Recycling and garbage charges	\$ 301,540	\$ 303,560	\$ 2,020
Fuel rebate - garbage and recycling	-	26,400	26,400
Boat launching fees	70,000	71,265	1,265
Boat stall rent	23,000	24,000	1,000
Clerk's and legal fees	1,000	1,000	-
Public safety fees	-	1,058	1,058
Weed removal fees	-	250	250
Plan commission fees	1,000	1,460	460
Rescue squad fees and charges	15,000	15,910	910
Engineering fees	-	6,656	6,656
Town hall rental	300	525	225
Cell tower rent	12,480	13,627	1,147
Post office rent	2,400	2,400	-
	<u>426,720</u>	<u>468,111</u>	<u>41,391</u>
<u>Investment income</u>			
Interest earned on savings	<u>30,000</u>	<u>9,251</u>	<u>(20,749)</u>
<u>Miscellaneous Revenues</u>			
Sale of town property	5,000	-	(5,000)
Insurance recoveries	-	1,342	1,342
DARE donations	1,000	2,907	1,907
	<u>6,000</u>	<u>4,249</u>	<u>(1,751)</u>
Total Revenues	<u><u>\$ 3,085,074</u></u>	<u><u>\$ 3,175,844</u></u>	<u><u>\$ 90,770</u></u>

TOWN OF LINN
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final Budget	Actual	Variance with Budget
<u>General Government</u>			
Town board salaries	\$ 30,000	\$ 28,167	\$ 1,833
Town board benefits	2,600	2,155	445
Town board other expense	8,783	4,694	4,089
Legal counsel	47,000	41,783	5,217
Municipal court	11,750	10,272	1,478
Clerk-treasurer salaries	62,065	62,065	-
Clerk-treasurer assistant	17,551	13,107	4,444
Clerk-treasurer/assistant benefits	21,550	22,213	(663)
Clerk-treasurer other expense	12,925	10,919	2,006
Elections	6,550	5,782	768
ITC consulting	12,000	6,311	5,689
ITC hardware and software	6,340	7,955	(1,615)
Accounting and accounting	10,000	13,086	(3,086)
Property assessment	31,680	32,379	(699)
Board of review	100	-	100
Contingency fund	14,797	-	14,797
Town complex other expense	43,150	33,718	9,432
Unemployment compensation	1,000	-	1,000
	<u>339,841</u>	<u>294,606</u>	<u>45,235</u>
<u>Public Safety</u>			
Police salaries	395,280	424,154	(28,874)
Police benefits	179,576	169,063	10,513
Police employee separation agreement	-	75,000	(75,000)
Police fuel	16,000	15,671	329
Police other expense	43,900	53,615	(9,715)
Fire salaries	53,853	46,841	7,012
Fire benefits	13,035	11,868	1,167
Fire other expense	186,034	137,364	48,670
Dive team	3,700	3,228	472
Rescue squad	43,050	27,236	15,814
Building inspector fees	30,000	45,696	(15,696)
Building inspector other expense	1,500	459	1,041
Geneva Lake Law Enforcement Agency	45,265	45,265	-
Water safety patrol	10,468	10,468	-
Emergency government - siren maintenance	3,700	1,420	2,280
	<u>\$ 1,025,361</u>	<u>\$ 1,067,348</u>	<u>\$ (41,987)</u>

TOWN OF LINN
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final Budget	Actual	Variance with Budget
<u>Transportation</u>			
Highway salaries	\$ 140,000	\$ 145,515	\$ (5,515)
Highway benefits	45,042	51,726	(6,684)
Highway fuel	34,000	33,117	883
Highway other expense	37,000	32,718	4,282
Street lighting	12,000	11,372	628
	<u>268,042</u>	<u>274,448</u>	<u>(6,406)</u>
<u>Health and Sanitation</u>			
Yard waste	3,000	4,626	(1,626)
Recycling expenses	76,340	76,340	-
Garbage	225,200	225,200	-
Insect control	5,000	-	5,000
	<u>309,540</u>	<u>306,166</u>	<u>3,374</u>
<u>Leisure, Conservation and Development</u>			
Piers salaries	22,000	28,019	(6,019)
Piers benefits	1,690	2,124	(434)
Piers other expense	30,610	29,999	611
Parks other expense	31,000	27,399	3,601
Other lake expense	500	500	-
Engineering	5,000	1,458	3,542
Zoning administration	39,500	-	39,500
	<u>130,300</u>	<u>89,499</u>	<u>40,801</u>
<u>Nondepartmental and General</u>			
Health insurance-co-payments	11,100	10,508	592
Property & liability insurance	47,000	45,356	1,644
Workers comp insurance	35,150	35,137	13
Buildings & grounds-maintenance	14,500	12,877	1,623
	<u>\$ 107,750</u>	<u>\$ 103,878</u>	<u>\$ 3,872</u>

TOWN OF LINN
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Budget</u>
<u>Debt Service</u>			
Principal retirement	\$ 121,719	\$ 356,469	\$ (234,750)
Interest expense	10,321	11,651	(1,330)
	<u>132,040</u>	<u>368,120</u>	<u>(236,080)</u>
<u>Capital Outlay</u>			
Police outlay	30,400	29,418	982
Fire outlay	2,300	47,121	(44,821)
Road construction and maintenance	345,500	364,863	(19,363)
Highway bridges	-	48,411	(48,411)
Highway equipment outlay	50,000	142,986	(92,986)
Parks outlay	67,500	58,500	9,000
	<u>495,700</u>	<u>691,299</u>	<u>(195,599)</u>
Total Expenditures	<u>\$ 2,808,574</u>	<u>\$ 3,195,364</u>	<u>\$ (386,790)</u>