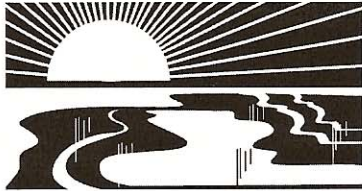


TOWN OF LINN
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2011

TOWN OF LINN
TABLE OF CONTENTS
For the Year Ended December 31, 2011

	<u>Page</u>
Independent Auditor's Report	1 - 2
<u>Basic Financial Statements:</u>	
Balance Sheet and Statement of Net Assets	3
Statement of Activities	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	5
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Assets - Fiduciary Fund	7
Notes to the Financial Statements	8 - 20
<u>Supplementary Information:</u>	
General Fund - Schedule of Revenues - Budget and Actual	22 - 23
General Fund - Schedule of Expenditures - Budget and Actual	24 - 26



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

1001 Host Drive • P.O. Box 508 • Lake Geneva, Wisconsin 53147
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, 2011, 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.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

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.

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 accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the of the basic financial statements. This supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling

such information directly to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The historical and other supplemental information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

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 30, 2012

TOWN OF LINN
BALANCE SHEET AND STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Assets</u>
<u>Assets</u>			
Cash and investments	\$ 2,877,270	\$ -	\$ 2,877,270
Taxes receivable	2,480,344	-	2,480,344
Accounts receivable	8,320	-	8,320
Prepayments	5,773	-	5,773
Capital assets, net of accumulated depreciation	-	6,366,848	6,366,848
Total assets	<u>5,371,707</u>	<u>6,366,848</u>	<u>11,738,555</u>
<u>Liabilities</u>			
Accounts payable	71,757	-	71,757
Accrued wages payable	58,421	-	58,421
Deferred revenues	2,480,798	-	2,480,798
Long-term liabilities:			
Due after one year	-	32,452	32,452
Total liabilities	<u>2,610,976</u>	<u>32,452</u>	<u>2,643,428</u>
<u>Fund Balances/Net Assets</u>			
Fund balances:			
Nonspendable	5,773	(5,773)	-
Assigned	1,597,929	(1,597,929)	-
Unassigned	1,157,029	(1,157,029)	-
Total fund balances	<u>2,760,731</u>	<u>(2,760,731)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 5,371,707</u>		
Net assets:			
Invested in capital assets, net of related debt		-	6,366,848
Unrestricted		-	2,728,279
Total net assets		<u>\$ -</u>	<u>\$ 9,095,127</u>

See accompanying notes to financial statements.

TOWN OF LINN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Functions/Programs</u>	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Assets	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Governmental activities:					
General government	\$ 295,817	\$ 22,215	\$ 7,470	\$ -	\$ (266,132)
Police	685,787	29,655	4,972	3,000	(648,160)
Fire protection	287,170	-	45,448	-	(241,722)
Rescue squad	35,796	13,316	5,005	-	(17,475)
Building inspection	70,236	-	86,167	-	15,931
Other public safety	63,791	212	27,675	-	(35,904)
Transportation	680,823	-	222,907	-	(457,916)
Health and sanitation	308,622	305,557	10,640	-	7,575
Leisure, conservation and development	79,603	94,653	14,375	3,500	32,925
Nondepartmental and general	111,216	-	-	-	(111,216)
Total	<u>\$ 2,618,861</u>	<u>\$ 465,608</u>	<u>\$ 424,659</u>	<u>\$ 6,500</u>	<u>(1,722,094)</u>
General revenues:					
Property taxes levied for general purposes					2,179,166
Intergovernmental revenues not restricted to specific programs					35,584
Franchise taxes					24,520
Gain on sale of town property					30,998
Investment income					6,948
Total general revenues and transfers					<u>2,277,216</u>
Change in net assets					555,122
Net assets - beginning					<u>8,540,005</u>
Net assets - ending					<u>\$ 9,095,127</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, 2011

	Original and Final Budget	Actual Amounts	Variance with Budget
<u>Revenues</u>			
General property taxes	\$ 2,175,955	\$ 2,179,166	\$ 3,211
Intergovernmental	320,180	361,826	41,646
Licenses and permits	75,800	123,149	47,349
Fines and forfeitures	50,000	29,655	(20,345)
Charges for services	432,360	433,204	844
Investment income	10,000	6,948	(3,052)
Miscellaneous	37,000	40,035	3,035
Total revenues	<u>3,101,295</u>	<u>3,173,983</u>	<u>72,688</u>
<u>Expenditures</u>			
Current:			
General government	436,290	269,059	167,231
Public safety	1,039,979	1,018,782	21,197
Public works	276,054	288,971	(12,917)
Health and sanitation	310,080	308,622	1,458
Leisure, conservation and development	95,900	72,063	23,837
Nondepartmental and general	118,168	111,216	6,952
Capital outlay	724,544	717,410	7,134
Total expenditures	<u>3,001,015</u>	<u>2,786,123</u>	<u>214,892</u>
Excess of revenues over expenditures	100,280	387,860	287,580
Fund balances - beginning	<u>2,372,871</u>	<u>2,372,871</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 2,473,151</u></u>	<u><u>\$ 2,760,731</u></u>	<u><u>\$ -</u></u>

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, 2011

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

Net change in fund balances - general fund	\$ 387,860
--	------------

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	624,787
---	---------

Depreciation that is reported in the statement of activities	(470,928)
--	-----------

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	<u>13,403</u>
---------------------------------	---------------

Change in net assets of governmental activities	<u><u>\$ 555,122</u></u>
---	--------------------------

See accompanying notes to financial statements.

TOWN OF LINN
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011

	Agency Funds		Totals
	Tax Collection Fund	Municipal Court	
<u>Assets</u>			
Cash and investments	\$ 4,221,371	\$ 18,967	\$ 4,240,338
Taxes receivable	19,164,474	-	19,164,474
Total Assets	23,385,845	18,967	23,404,812
<u>Liabilities</u>			
Court bonds held	-	18,967	18,967
Due to other governments	23,385,845	-	23,385,845
Total Liabilities	23,385,845	18,967	23,404,812
Net Assets	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

TOWN OF LINN
INDEX TO NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011

<u>Note Number</u>	<u>Page</u>
1. Summary Of Significant Accounting Policies	
A. Reporting Entity	9
B. Government-Wide and Fund Financial Statements	9
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	10 - 11
D. Assets, Liabilities, and Net Assets or Equity	
1. Receivables	11
2. Inventories and Prepaid Items	11
3. Capital Assets	12
4. Compensated Absences	12
5. Long-Term Obligations	12
6. Fund Equity	13
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	13
3. Stewardship, Compliance, and Accountability	
A. Budgetary Information	13 - 14
B. General Fund Assigned and Nonspendable Fund Balances	14
4. Detailed Notes on All Funds	
A. Deposits and Investments	15 - 16
B. Receivables	17
C. Capital Assets	17 - 18
D. Long-Term Obligations	18
5. Other Information	
A. Risk Management	18
B. Employees' Pensions	18 - 19
C. Litigation and Contingencies	19
D. Lease Income	19 - 20
E. Subsequent Events	20

TOWN OF LINN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

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" and GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". 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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - 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 2011 tax levy follows:

Lien and levy dates	December 2011
Real estate collection due dates:	
First installment due	January 31, 2012
Second installment due	July 31, 2012
Personal property tax due in full	January 31, 2012
Final settlement with county	August 2012
Tax sale of 2011 delinquent real estate taxes	October 2014

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, 2011, accumulated vacation leave of \$12,408 and accumulated sick leave of \$20,044 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. The town has no outstanding bonds or notes payable. Long-term obligations reported in the statement of net assets consists of accumulated vacation and sick pay.

Note 1 - Summary Of Significant Accounting Policies - Continued

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	\$12,250,427
Less: accumulated depreciation	<u>(5,883,579)</u>
Net capital assets	<u>\$ 6,366,848</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>\$ 32,452</u>
------------------------------	------------------

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.

Note 3 - Stewardship, Compliance, and Accountability - Continued

A. Budgetary Information - Continued

The budget may be 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 2011 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	\$ 30,500
Police communications	5,000
Police vehicles	15,000
Emergency government siren	15,000
Fire capital outlay	100,000
Highway equipment outlay	64,780
Road construction	90,000
Master plan update	<u>10,000</u>
Total	<u>\$ 330,280</u>

B. General Fund Assigned and Nonspendable Fund Balances

The fund balance of the general fund has been assigned at December 31, 2011 for the following:

Building fund	\$ 280,000
Property acquisition	300,000
Road construction	430,355
Property reassessment	160,500
Police communications	27,607
Police vehicle	24,547
Emergency government siren	15,000
Parks	32,000
Fire/EMS - capital outlay	196,615
Town hall - capital outlay	20,972
Town hall - technology	12,854
Comprehensive land use plan	30,000
Fire 2%	15,971
Health insurance co-payments	18,866
DARE	1,812
Utilities carryover	<u>30,830</u>
Total	<u>\$ 1,597,929</u>

The fund balance of the general fund was nonspendable at December 31, 2011 for prepaid expenditures of \$5,773.

Note 4 - Detailed Notes on All Funds

A. Cash and Investments

The town's cash and investments 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, 2011 consisted of the following:

	<u>Carrying Amount</u>	<u>Amounts Deposited</u>
Savings accounts and interest-bearing checking accounts	\$ 746,115	\$ 413,362
Local Government Investment Pool	<u>6,371,493</u>	<u>6,371,493</u>
	<u>\$ 7,117,608</u>	<u>\$ 6,784,855</u>

Cash deposits are reported in the financial statements as follows:

Balance sheet and statement of net assets	\$ 2,877,270
Statement of net assets - fiduciary fund	<u>4,240,338</u>
Total	<u>\$ 7,117,608</u>

Note 4 - Detailed Notes on All Funds - Continued

A. Cash and Investments - Continued

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, 2011, \$144,046 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, 2011 the town's investment in the Local Government Investment Pool (LGIP) had a fair value balance of \$6,371,493. The LGIP had a weighted average maturity of 97 days at December 31, 2011.

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 \$6,371,493 at December 31, 2011 is at cost basis. The fair value of the LGIP investment at December 31, 2011 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	\$ 2,479,482	\$ 19,164,474	\$ 21,643,956
Taxes - delinquent	862	---	862
Accounts	8,320	---	8,320
Total receivables	<u>\$ 2,488,664</u>	<u>\$ 19,164,474</u>	<u>\$ 21,653,138</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, 2011, the *deferred revenue* reported in the governmental fund consisted of property taxes receivable in the amount of \$2,479,482 and January cellular tower rental in the amount of \$1,316.

C. Capital Assets

Capital asset activity for the year ended December 31, 2011 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	556,518	8,000	---	564,518
Machinery and equipment	2,656,300	260,186	(46,635)	2,869,851
Infrastructure	6,411,348	356,601	---	6,767,949
Total capital assets being depreciated	<u>11,303,020</u>	<u>624,787</u>	<u>(46,635)</u>	<u>11,881,172</u>
Less accumulated depreciation for:				
Buildings	353,825	40,204	---	394,029
Improvements other than buildings	277,381	14,503	---	291,884
Machinery and equipment	1,156,115	194,020	(46,635)	1,303,500
Infrastructure	3,671,965	222,201	---	3,894,166
Total accumulated depreciation	<u>5,459,286</u>	<u>470,928</u>	<u>(46,635)</u>	<u>5,883,579</u>
Total capital assets, being depreciated, net	<u>5,843,734</u>	<u>153,859</u>	<u>---</u>	<u>5,997,593</u>
Governmental activities capital assets, net	<u>\$ 6,212,989</u>	<u>\$ 153,859</u>	<u>\$ ---</u>	<u>\$ 6,366,848</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	\$ 26,758
Police	27,314
Fire	101,206
Rescue	7,078
Other public safety	823
Highways and streets, including depreciation of general infrastructure assets	300,209
Parks	<u>7,540</u>
Total depreciation expense - governmental activities	<u>\$ 470,928</u>

D. Long-Term Obligations

Long-term obligations of the town was comprised of the following at December 31, 2011:

Compensated absences	<u>\$ 32,452</u>
----------------------	------------------

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.

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). New hires who were not previously employed by a WRS participating employer are required to work at least 1,200 hours per year (increased from the current 600 hours per year) in order to be eligible for coverage under the WRS. Current employees will remain covered under WRS even if they work less than 1,200 hours per year. Covered employees in the General category are required by state statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security and 5.8% for Protective Occupations without Social Security) to the plan. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits. The Wisconsin legislature enacted Act 10 (the Act) that made changes to the employee and employer required contributions to the System and to what employers are allowed to pay toward System contributions for employees. Public safety employees are exempt from making contributions to the plan and the town makes the contributions on behalf of those employees. The town implemented the required changes effective August 1, 2011.

Note 5 - Other Information - Continued

B. Employees' Pensions -Continued

The payroll for town employees covered by the WRS for the year ended December 31, 2011 was \$630,260 the employer's total payroll was \$770,025. The total required contribution for the year ended December 31, 2011 was \$95,991, which consisted of \$92,134, or 14.6% of covered payroll from the employer and \$3,857, or .61% of covered payroll from employees. Total contributions for the years ended December 31, 2010 and 2009 were \$82,070 and \$69,450, 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.

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, 2011 was \$17,757.

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

<u>Year</u>	<u>Amount</u>
2012	\$ 2,000
2013	2,000
2014	2,000
2015	2,000
	<u>\$ 8,000</u>

Note 5 - Other Information - Continued

D. Lease Income - Continued

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. Subsequent Events

Management has evaluated the need for disclosure or recording of transactions resulting from subsequent events through March 30, 2012, the date the financial statements were available to be issued; and concluded there were no matters to be disclosed.

SUPPLEMENTAL INFORMATION

TOWN OF LINN
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original and Final Budget	Actual	Variance with Budget
<u>Taxes</u>			
Town taxes	\$ 2,175,955	\$ 2,175,949	\$ (6)
Managed forest land tax	-	17	17
Annexation taxes	-	3,189	3,189
Interest and penalties on taxes	-	11	11
	<u>2,175,955</u>	<u>2,179,166</u>	<u>3,211</u>
<u>Intergovernmental</u>			
State shared revenue	35,772	34,769	(1,003)
State transportation aid	197,208	197,189	(19)
Boating enforcement aid	30,000	27,675	(2,325)
Fire insurance dues	35,000	38,373	3,373
FEMA grants	-	19,055	19,055
Fire grants	-	1,800	1,800
Park grants	-	14,375	14,375
Law enforcement aid	1,600	4,972	3,372
Hwy safety-federal transportation	-	5,249	5,249
State aids rescue squad	4,000	5,005	1,005
Managed forest land aid	-	5	5
Exempt computer aid	-	206	206
DNR aids	-	604	604
Municipal services aid	1,600	1,414	(186)
Election reimburse	-	495	495
Recycling grant	15,000	10,640	(4,360)
	<u>320,180</u>	<u>361,826</u>	<u>41,646</u>
<u>Licenses and Permits</u>			
Business and occupational	7,600	6,975	(625)
Dog licenses	200	212	12
Building permits/zoning fees	45,000	86,167	41,167
Fireworks and other permits	3,000	5,275	2,275
Cable TV franchise fees	20,000	24,520	4,520
	<u>75,800</u>	<u>123,149</u>	<u>47,349</u>
<u>Fines and Forfeitures</u>			
Fines and restitution	\$ 50,000	\$ 29,655	\$ (20,345)

TOWN OF LINN
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original and Final Budget	Actual	Variance with Budget
<u>Charges for Services</u>			
Recycling and garbage charges	\$ 307,080	\$ 283,397	\$ (23,683)
Fuel rebate - garbage and recycling	-	22,000	22,000
Boat launching fees	70,000	66,319	(3,681)
Boat stall rent	24,000	25,774	1,774
Clerk's and legal fees	500	1,641	1,141
Weed removal fees	-	160	160
Plan commission fees	1,000	1,196	196
Rescue squad fees and charges	15,000	13,316	(1,684)
Engineering fees	-	1,364	1,364
Town hall rental	300	280	(20)
Cell tower rent	12,480	15,437	2,957
Post office rent	2,000	2,320	320
	<u>432,360</u>	<u>433,204</u>	<u>844</u>
<u>Investment income</u>			
Interest earned on savings	<u>10,000</u>	<u>6,948</u>	<u>(3,052)</u>
<u>Miscellaneous Revenues</u>			
Sale of town property	35,000	30,998	(4,002)
Other miscellaneous revenues	-	2,537	2,537
Parks donations	-	3,500	3,500
DARE donations	2,000	3,000	1,000
	<u>37,000</u>	<u>40,035</u>	<u>3,035</u>
Total Revenues	<u><u>\$ 3,101,295</u></u>	<u><u>\$ 3,173,983</u></u>	<u><u>\$ 72,688</u></u>

TOWN OF LINN
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original and Final Budget	Actual	Variance with Budget
<u>General Government</u>			
Town board salaries	\$ 30,000	\$ 30,917	\$ (917)
Town board benefits	2,600	2,365	235
Town board other expense	5,800	3,509	2,291
Legal counsel-general	36,000	18,189	17,811
Municipal court	11,750	10,249	1,501
Clerk-treasurer salaries	62,065	62,185	(120)
Clerk-treasurer assistant	17,551	12,194	5,357
Clerk-treasurer/assistant benefits	22,344	20,742	1,602
Clerk-treasurer other expense	12,425	11,251	1,174
Elections	4,137	5,479	(1,342)
ITC consulting	12,000	8,168	3,832
ITC hardware and software	20,588	11,693	8,895
Accounting and accounting	11,000	11,887	(887)
Property assessment	31,680	32,408	(728)
Human resources consulting	12,000	-	12,000
Board of review	100	-	100
Contingency fund	100,000	-	100,000
Town complex other expense	44,250	27,823	16,427
	<hr/>	<hr/>	<hr/>
Total General Government	436,290	269,059	167,231
<u>Public Safety</u>			
Police salaries	408,174	434,095	(25,921)
Police benefits	174,177	171,794	2,383
Police fuel	17,600	17,778	(178)
Police legal counsel	12,000	9,248	2,752
Police other expense	45,900	40,946	4,954
Fire salaries	47,103	46,481	622
Fire benefits	12,470	11,084	1,386
Fire other expense	175,891	125,434	50,457
Dive team	2,400	3,467	(1,067)
Rescue squad	47,850	28,718	19,132
Building inspector fees	36,000	70,233	(34,233)
Building inspector other expense	1,000	3	997
Geneva Lake Law Enforcement Agency	45,174	45,174	-
Water safety patrol	10,540	10,540	-
Emergency government - siren maintenance	3,700	3,787	(87)
	<hr/>	<hr/>	<hr/>
Total Public Safety	\$ 1,039,979	\$ 1,018,782	\$ 21,197

TOWN OF LINN
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original and Final Budget	Actual	Variance with Budget
<u>Transportation</u>			
Highway salaries	\$ 140,800	\$ 152,251	\$ (11,451)
Highway benefits	47,354	49,920	(2,566)
Highway fuel	37,400	43,658	(6,258)
Highway other expense	38,500	31,786	6,714
Street lighting	12,000	11,356	644
	<u>276,054</u>	<u>288,971</u>	<u>(12,917)</u>
<u>Health and Sanitation</u>			
Yard waste	3,000	1,542	1,458
Recycling expenses	77,760	77,760	-
Garbage	229,320	229,320	-
	<u>310,080</u>	<u>308,622</u>	<u>1,458</u>
<u>Leisure, Conservation and Development</u>			
Piers salaries	22,000	20,738	1,262
Piers benefits	1,690	1,567	123
Piers other expense	31,310	28,497	2,813
Parks other expense	39,400	19,510	19,890
Other lake expense	500	500	-
Engineering	1,000	921	79
Zoning administration	-	330	(330)
	<u>95,900</u>	<u>72,063</u>	<u>23,837</u>
<u>Nondepartmental and General</u>			
Health insurance-co-payments	11,100	8,410	2,690
Property & liability insurance	52,692	41,859	10,833
Workers comp insurance	36,176	38,862	(2,686)
Buildings & grounds-maintenance	18,200	22,085	(3,885)
	<u>\$ 118,168</u>	<u>\$ 111,216</u>	<u>\$ 6,952</u>

TOWN OF LINN
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original and Final Budget	Actual	Variance with Budget
<u>Capital Outlay</u>			
Police outlay	\$ 45,850	\$ 43,818	\$ 2,032
Town hall outlay	-	10,994	(10,994)
Municipal court outlay	5,500	6,826	(1,326)
Fire outlay	4,100	32,194	(28,094)
Rescue squad outlay	173,000	173,801	(801)
Road construction and maintenance	442,094	396,907	45,187
Highway bridges	42,000	44,870	(2,870)
Parks outlay	12,000	8,000	4,000
	<u>724,544</u>	<u>717,410</u>	<u>7,134</u>
Total Capital Outlay	<u>724,544</u>	<u>717,410</u>	<u>7,134</u>
Total Expenditures	<u>\$ 3,001,015</u>	<u>\$ 2,786,123</u>	<u>\$ 214,892</u>