

MONROE COUNTY, WISCONSIN

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2010

MONROE COUNTY, WISCONSIN

December 31, 2010

Table of Contents

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 9
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	10
Statement of Activities	11 - 12
Fund Financial Statements	
Balance Sheet - Governmental Funds	13 - 14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15 - 16
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Human Services Special Revenue Fund	18
Statement of Net Assets - Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21
Statement of Net Assets - Fiduciary Funds	22
Notes to Basic Financial Statements	23 - 41
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Funding Progress - Other Post-employment Benefit Plan	42
Schedule of Employer Contributions - Other Post-employment Benefit Plan	43
SUPPLEMENTAL INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	45

INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS

To the County Board
Monroe County
Sparta, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Monroe County, Wisconsin ("the County") as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Monroe County's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the human services special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2011, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions on pages 3 through 9 and 42 through 43 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The financial information listed in the table of contents as supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 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 underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Certified Public Accountants
Green Bay, Wisconsin
June 17, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

MONROE COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2010

As management of the Monroe County, Wisconsin, we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2010.

Financial Highlights

- The assets of the County exceeded its liabilities as of December 31, 2010 by \$62.3 million (*net assets*). Of this amount, \$13 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$4 million comprised of a \$4.2 million increase in governmental activities and a \$.2 million decrease in business-type activities. This increase was due primarily to favorable budget variances of governmental activities.
- As of December 31, 2010, the County's governmental funds reported combined ending fund balances of \$15.1 million, an increase of \$2.6 million in comparison with the prior year. Approximately 74% of this total amount, \$11.2 million is *available for spending* at the County's discretion (*unreserved fund balance*).
- As of December 31, 2010, unreserved fund balance for the general fund was \$9.5 million.
- The County's total general-obligation debt decreased by \$1,025,000 during 2010.

Overview of the Basic Financial Statements

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

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

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, public works, culture, recreation and education, and conservation and development. The business-type activities of the County include the County's nursing home, highway operations, landfill operations and economic revolving loan program.

The government-wide financial statements can be found on pages 10 - 12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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

The County maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, human service special revenue and capital projects funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 13 - 18 of this report.

Proprietary funds. The County maintains enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its nursing home, solid waste, highway and development loans.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the nursing home, solid waste and highway enterprise funds, which are considered to be major funds of the County.

The basic proprietary fund financial statements can be found on pages 19 - 21 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 22 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 - 41 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the basic financial statements and can be found on pages 42 - 45.

Government-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$62.3 million at the close of 2010.

Monroe County, Wisconsin						
	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$31,033,322	\$28,655,903	\$ 9,159,169	\$ 8,965,926	\$40,192,491	\$ 37,621,829
Capital assets	39,964,076	39,296,097	8,461,638	8,790,304	48,425,714	48,086,401
Total Assets	70,997,398	67,952,000	17,620,807	17,756,230	88,618,205	85,708,230
Long-term liabilities outstanding	4,255,919	5,269,877	2,041,335	1,935,894	6,297,254	7,205,771
Other liabilities	15,084,838	15,248,672	4,953,634	4,944,526	20,038,472	20,193,198
Total Liabilities	19,340,757	20,518,549	6,994,969	6,880,420	26,335,726	27,398,969
Net Assets						
Invested in capital assets, net of related debt	39,964,076	39,296,097	8,461,638	8,790,304	48,425,714	48,086,401
Restricted	85,761	85,657	818,863	801,277	904,624	886,934
Unrestricted	11,606,804	8,051,697	1,345,337	1,284,229	12,952,141	9,335,926
Total Net Assets	\$51,656,641	\$47,433,451	\$10,625,838	\$ 10,875,810	\$62,282,479	\$ 58,309,261

By far the largest portion of the County's net assets (78%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (1.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$13 million) may be used to meet the County's ongoing obligations to citizens and creditors.

Change in net assets. Governmental activities increased the County's net assets by \$4,223,190 while business-type activities decreased net assets by \$249,972. A summary of the changes in net assets follows:

Monroe County, Wisconsin						
	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for services	\$ 4,085,515	\$ 3,958,329	\$10,807,912	\$ 10,605,623	\$14,893,427	\$ 14,563,952
Operating grants and contributions	7,429,665	7,048,965	967,550	1,158,847	8,397,215	8,207,812
Capital grants and contributions	49,567	1,057,568	-	-	49,567	1,057,568
General Revenues						
Property taxes	14,067,476	13,678,311	1,045,202	983,210	15,112,678	14,661,521
Sales tax	2,714,131	2,656,974	-	-	2,714,131	2,656,974
Other taxes	54,687	16,496	-	-	54,687	16,496
Grants and contributions not restricted to specific programs	2,745,404	2,806,680	-	-	2,745,404	2,806,680
Interest	600,073	681,023	12,929	25,726	613,002	706,749
Other	129,449	132,685	-	-	129,449	132,685
Total Revenues	31,875,967	32,037,031	12,833,593	12,773,406	44,709,560	44,810,437
Expenses						
General government	5,155,438	6,019,946	-	-	5,155,438	6,019,946
Public safety	6,418,120	6,592,828	-	-	6,418,120	6,592,828
Public works	4,085,638	4,190,734	-	-	4,085,638	4,190,734
Health and human services	10,355,976	11,133,466	-	-	10,355,976	11,133,466
Culture, recreation and education	861,710	844,517	-	-	861,710	844,517
Conservation and development	792,265	624,850	-	-	792,265	624,850
Interest on long-term debt	166,019	212,714	-	-	166,019	212,714
Nursing home	-	-	8,042,670	7,688,857	8,042,670	7,688,857
Solid waste	-	-	1,817,310	1,704,494	1,817,310	1,704,494
Highway	-	-	3,041,196	3,188,156	3,041,196	3,188,156
Economic revolving loan	-	-	-	4,276	-	4,276
Total Expenses	27,835,166	29,619,055	12,901,176	12,585,783	40,736,342	42,204,838
Change in Net Assets Before Transfers	4,040,801	2,417,976	(67,583)	187,623	3,973,218	2,605,599
Transfers	182,389	112,014	(182,389)	(112,014)	-	-
Change in Net Assets	4,223,190	2,529,990	(249,972)	75,609	3,973,218	2,605,599
Net Assets - January 1	47,433,451	44,903,461	10,875,810	10,800,201	58,309,261	55,703,662
Net Assets - December 31	\$51,656,641	\$47,433,451	\$10,625,838	\$ 10,875,810	\$62,282,479	\$ 58,309,261

Financial Analysis of the County's Funds

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

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

As of December 31, 2010, the County's governmental funds reported combined ending fund balances of \$15,152,146, an increase of \$2,650,185 in comparison with the prior year. Approximately 74% of this amount (\$11.2 million) constitutes *unreserved fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for advances to other funds that are not expected to be liquidated in the next year (\$1,815,837), 2) for current year prepayments that benefit periods beyond the end of the current year (\$304,773), 3) for the portion of delinquent taxes purchased from other taxing jurisdictions (\$1,785,083), 4) for debt service (\$85,761).

The general fund is the chief operating fund of the County. At the end of the current year, unreserved fund balance of the general fund was \$9,524,963 while total fund balance reached \$13,430,656. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 70% of total general fund expenditures, while total fund balance represents 99% of that same amount. Because the County annually transfers back undesignated fund balances of special revenue funds, the reader of the financial statements should also consider the expenditures of these funds when analyzing the County's general fund.

The County's general fund balance increased \$2,616,501 during the current year. Key factors in this growth are as follows:

- Positive revenue variance totaled \$763,245.
- Overall expenditure variances totaled \$1,581,362.
- General Government and Public Safety expenditures were under budget by \$574,439 and \$637,876, due primarily to meticulous fiscal management by the Department Heads.

The County's human services fund reported revenues in excess of expenditures of \$300,000. The surplus of funds was due to the following:

- Public charges for services exceeded budget by \$417,732.
- Human services expenses were under budget by \$349,243.

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

Net assets of the Rolling Hills Rehabilitation Center and Special Care at the end of the year amounted to a deficit of \$948,207, a decrease in the deficit of \$15,172 over the prior year.

Net assets of the solid waste fund at the end of the year amounted to \$3,039,624, a decrease of \$36,446 over the prior year.

Net assets of the highway fund at the end of the year amounted to \$7,728,203, a decrease of \$242,940 over the prior year.

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

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2010 amounts to \$48,425,714 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, public domain infrastructure (highways and bridges), and construction in progress. The total increase in the County's investment in capital assets for the current year was \$339,313 over last year.

Monroe County, Wisconsin						
(net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,328,985	\$ 1,328,985	\$ 415,316	\$ 415,278	\$ 1,744,301	\$ 1,744,263
Construction in progress	147,469	1,005,862	-	-	147,469	1,005,862
Land improvements	135,392	135,113	1,557,298	1,854,113	1,692,690	1,989,226
Buildings	947,147	956,319	1,637,630	1,613,822	2,584,777	2,570,141
Machinery and equipment	1,305,513	1,365,208	4,840,979	4,895,653	6,146,492	6,260,861
Infrastructure	36,099,570	34,504,610	-	-	36,099,570	34,504,610
Other assets	-	-	10,415	11,438	10,415	11,438
Total	\$ 39,964,076	\$ 39,296,097	\$ 8,461,638	\$ 8,790,304	\$ 48,425,714	\$ 48,086,401

Long-term debt. At the end of the current fiscal year, the County had total general obligation debt outstanding of \$3,550,000 backed by the full faith and credit of the government.

Monroe County, Wisconsin's Outstanding Debt						
General Obligation Debt and Revenue Bonds						
	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General Obligation Debt						
Bonds	\$ 1,470,000	\$ 2,025,000	\$ -	\$ -	\$ 1,470,000	\$ 2,025,000
Notes	2,080,000	2,550,000	-	-	2,080,000	2,550,000
Total	\$ 3,550,000	\$ 4,575,000	\$ -	\$ -	\$ 3,550,000	\$ 4,575,000

The County's general obligation debt decreased \$1,025,000 during the current fiscal year. State statutes limit the amount of general obligation debt the County may issue to 5% of its total equalized valuation. The current debt limitation for the County is \$132,439,365, which is significantly in excess of the County's \$3,550,000 in outstanding general obligation debt.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 14345 Co Hwy B., Room 2, Sparta, WI 54656.

BASIC FINANCIAL STATEMENTS

MONROE COUNTY, WISCONSIN

Statement of Net Assets

December 31, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 13,406,775	\$ 1,350,398	\$ 14,757,173
Receivables			
Taxes	11,181,081	3,842,579	15,023,660
Delinquent taxes	2,676,479	-	2,676,479
Accounts	1,474,261	1,790,780	3,265,041
Loans	-	57,962	57,962
Internal balances	1,963,148	(1,963,148)	-
Due from other governments	-	699,708	699,708
Inventories and prepaid items	304,773	978,874	1,283,647
Deferred charges	26,805	-	26,805
Restricted assets			
Cash and investments	-	2,133,152	2,133,152
Loans receivable	-	268,864	268,864
Capital assets, nondepreciable			
Land	1,328,985	415,316	1,744,301
Construction in progress	147,469	-	147,469
Capital assets, depreciable			
Land improvements	231,903	4,415,193	4,647,096
Buildings and improvements	1,556,605	7,595,837	9,152,442
Machinery and equipment	2,474,494	14,167,941	16,642,435
Other assets	-	51,736	51,736
Infrastructure	51,899,239	-	51,899,239
Less: Accumulated depreciation	(17,674,619)	(18,184,385)	(35,859,004)
TOTAL ASSETS	70,997,398	17,620,807	88,618,205
LIABILITIES			
Accounts payable	948,223	553,709	1,501,932
Accrued and other current liabilities	2,522,795	126,217	2,649,012
Accrued interest payable	52,073	-	52,073
Due to other governments	201,490	-	201,490
Unearned revenues	11,360,257	4,254,285	15,614,542
Resident trust fund payable	-	19,423	19,423
Long-term obligations			
Due within one year	1,038,117	257,809	1,295,926
Due in more than one year	3,217,802	1,783,526	5,001,328
TOTAL LIABILITIES	19,340,757	6,994,969	26,335,726
NET ASSETS			
Invested in capital assets	39,964,076	8,461,638	48,425,714
Restricted for			
Debt service	85,761	-	85,761
Resident trust	-	12,645	12,645
Community development	-	806,218	806,218
Unrestricted	11,606,804	1,345,337	12,952,141
TOTAL NET ASSETS	\$ 51,656,641	\$ 10,625,838	\$ 62,282,479

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

MONROE COUNTY, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 5,155,438	\$ 1,140,022	\$ 288,439	\$ -
Public safety	6,418,120	338,617	217,223	-
Public works	4,085,638	79,773	1,120,575	25,567
Health and human services	10,355,976	2,264,741	5,106,247	-
Culture, recreation and education	861,710	110,860	231,979	24,000
Conservation and development	792,265	151,502	465,202	-
Interest and fiscal charges	166,019	-	-	-
Total Governmental Activities	27,835,166	4,085,515	7,429,665	49,567
Business-type Activities				
Nursing home	8,042,670	6,126,696	735,630	-
Solid waste	1,817,310	1,840,085	231,920	-
Highway	3,041,196	2,828,096	-	-
Economic revolving loan	-	13,035	-	-
Total Business-type Activities	12,901,176	10,807,912	967,550	-
Total	\$ 40,736,342	\$ 14,893,427	\$ 8,397,215	\$ 49,567

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales tax

Other taxes

Federal and state grants and other contributions
not restricted to specific functions

Interest and investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - January 1

Net assets - December 31

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total

\$ (3,726,977)	\$ -	\$ (3,726,977)
(5,862,280)	-	(5,862,280)
(2,859,723)	-	(2,859,723)
(2,984,988)	-	(2,984,988)
(494,871)	-	(494,871)
(175,561)	-	(175,561)
(166,019)	-	(166,019)
<u>(16,270,419)</u>	<u>-</u>	<u>(16,270,419)</u>

-	(1,180,344)	(1,180,344)
-	254,695	254,695
-	(213,100)	(213,100)
-	13,035	13,035
<u>-</u>	<u>(1,125,714)</u>	<u>(1,125,714)</u>

(16,270,419)	(1,125,714)	(17,396,133)
--------------	-------------	--------------

13,165,463	1,045,202	14,210,665
902,013	-	902,013
2,714,131	-	2,714,131
54,687	-	54,687

2,745,404	-	2,745,404
600,073	12,929	613,002
129,449	-	129,449
182,389	(182,389)	-
<u>20,493,609</u>	<u>875,742</u>	<u>21,369,351</u>

4,223,190	(249,972)	3,973,218
-----------	-----------	-----------

<u>47,433,451</u>	<u>10,875,810</u>	<u>58,309,261</u>
-------------------	-------------------	-------------------

<u>\$ 51,656,641</u>	<u>\$ 10,625,838</u>	<u>\$ 62,282,479</u>
----------------------	----------------------	----------------------

MONROE COUNTY, WISCONSIN

Balance Sheet

Governmental Funds

December 31, 2010

	General	Human Services	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 11,573,677	\$ 348,267	\$ 698,104	\$ 786,727	\$ 13,406,775
Receivables					
Taxes	7,605,983	2,540,534	-	1,034,564	11,181,081
Delinquent taxes	2,676,479	-	-	-	2,676,479
Accounts	880,317	491,893	-	102,051	1,474,261
Due from other funds	1,965,273	-	-	-	1,965,273
Inventories and prepaid items	304,773	-	-	-	304,773
TOTAL ASSETS	\$ 25,006,502	\$ 3,380,694	\$ 698,104	\$ 1,923,342	\$ 31,008,642
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 396,509	\$ 490,204	\$ 14,898	\$ 46,612	\$ 948,223
Due to other funds	-	-	-	2,125	2,125
Accrued and other current liabilities	2,450,109	45,466	-	27,220	2,522,795
Due to other governments	201,490	-	-	-	201,490
Deferred revenues	8,527,738	2,545,024	-	1,109,101	12,181,863
Total Liabilities	11,575,846	3,080,694	14,898	1,185,058	15,856,496
Fund Balances					
Reserved for					
Inventories and prepaid items	304,773	-	-	-	304,773
Delinquent property taxes	1,785,083	-	-	-	1,785,083
Long-term cash advance	1,815,837	-	-	-	1,815,837
Retirement of long-term debt	-	-	-	85,761	85,761
Unreserved					
Designated for					
Subsequent year's expenditures	1,909,001	300,000	-	652,523	2,861,524
Undesignated, reported in					
General fund	7,615,962	-	-	-	7,615,962
Capital projects funds	-	-	683,206	-	683,206
Total Fund Balances	13,430,656	300,000	683,206	738,284	15,152,146
TOTAL LIABILITIES AND FUND BALANCES	\$ 25,006,502	\$ 3,380,694	\$ 698,104	\$ 1,923,342	\$ 31,008,642

(Continued)

MONROE COUNTY, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2010

Reconciliation to the Statement of Net Assets

Total Fund Balances as shown on previous page \$ 15,152,146

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 39,964,076

Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.

Delinquent taxes, including accrued interest 804,602

Interest on investments 17,004

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable \$ (3,550,000)

Compensated absences (614,750)

Deferred charges - bond issues 26,805

Debt premium (21,656)

Post-employment health benefits payable (69,513)

Accrued interest on long-term obligations (52,073) (4,281,187)

Net Assets of Governmental Activities as Reported on the Statement of Net Assets
(see page 10)

\$ 51,656,641

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

MONROE COUNTY, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2010

	General	Human Services	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 9,916,387	\$ 2,788,365	\$ -	\$ 1,527,149	\$ 14,231,901
Intergovernmental	3,994,643	4,214,638	-	859,983	9,069,264
Licenses and permits	187,292	-	-	-	187,292
Fines and forfeits	247,121	-	-	-	247,121
Public charges for services	924,207	1,340,880	-	879,003	3,144,090
Intergovernmental charges for services	396,121	-	-	-	396,121
Miscellaneous	355,625	-	2,219	60,606	418,450
Total Revenues	16,021,396	8,343,883	2,219	3,326,741	27,694,239
Expenditures					
Current					
General government	5,029,525	-	-	-	5,029,525
Public safety	6,327,366	-	-	74,320	6,401,686
Public works	223,286	-	-	-	223,286
Health and human services	251,412	7,814,897	-	2,266,436	10,332,745
Culture and recreation	855,926	-	-	-	855,926
Conservation and development	787,474	-	-	-	787,474
Debt service					
Principal	-	-	-	1,025,000	1,025,000
Interest and fiscal charges	-	-	-	179,876	179,876
Capital outlay					
	-	-	302,701	-	302,701
Total Expenditures	13,474,989	7,814,897	302,701	3,545,632	25,138,219
Excess of Revenues Over (Under)					
Expenditures	2,546,407	528,986	(300,482)	(218,891)	2,556,020
Other Financing Sources (Uses)					
Transfers in	415,966	91,856	-	348,181	856,003
Transfers out	(345,872)	(320,842)	-	(95,124)	(761,838)
Total Other Financing Sources (Uses)	70,094	(228,986)	-	253,057	94,165
Net Change in Fund Balances	2,616,501	300,000	(300,482)	34,166	2,650,185
Fund Balances - January 1	10,814,155	-	983,688	704,118	12,501,961
Fund Balances - December 31	\$ 13,430,656	\$ 300,000	\$ 683,206	\$ 738,284	\$ 15,152,146

(Continued)

MONROE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
Year Ended December 31, 2010

Reconciliation to the Statement of Activities

Net Change in Fund Balances - Total Governmental Funds from previous page		\$ 2,650,185
<p>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.</p>		
Capital expenditures reported in governmental fund statements	\$ 2,616,806	
Capital grants received by County	25,567	
Depreciation expense reported in the statement of activities	<u>(1,528,107)</u>	
Amount by which capital asset purchases exceeds depreciation in current year		1,114,266
Loss on disposal of capital assets not recognized in the fund financial statements		(446,287)
Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by:		(14,695)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:		1,025,000
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid; in the statement of activities interest is reported as it accrues.		15,043
Debt issuance costs are reported as expenditures in the fund financial statements but capitalized and amortized over the life of the bond issue in the government-wide financial statements. Amount by which debt issuance costs paid exceeds amortization in the current year.		(4,839)
Debt premium is reported as an other financing source in the fund financial statements but capitalized and amortized over the life of the bond issue in the government-wide financial statements. Amount by which debt premium received exceeds amortization in the current year.		3,653
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent taxes, including accrued interest		(115,683)
Interest on investments		<u>(3,453)</u>
Change in Net Assets of Governmental Activities as Reported on the Statement of Activities (pages 11 - 12)		<u>\$ 4,223,190</u>

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

MONROE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 9,177,776	\$ 9,177,776	\$ 9,916,387	\$ 738,611
Intergovernmental	3,567,123	4,053,511	3,994,643	(58,868)
Licenses and permits	168,633	178,859	187,292	8,433
Fines and forfeits	277,500	277,500	247,121	(30,379)
Public charges for services	835,850	835,850	924,207	88,357
Intergovernmental charges for services	397,250	398,654	396,121	(2,533)
Miscellaneous	234,444	335,696	355,625	19,929
Total Revenues	14,658,576	15,257,846	16,021,396	763,550
Expenditures				
Current				
General government	5,875,390	5,603,659	5,029,525	574,134
Public safety	6,888,106	6,965,242	6,327,366	637,876
Public works	173,311	234,966	223,286	11,680
Health and human services	222,725	246,473	251,412	(4,939)
Culture and recreation	805,361	925,312	855,926	69,386
Conservation and development	622,783	1,080,394	787,474	292,920
Total Expenditures	14,587,676	15,056,046	13,474,989	1,581,057
Excess of Revenues Over (Under) Expenditures	70,900	201,800	2,546,407	2,344,607
Other Financing Sources (Uses)				
Transfers in	10,000	15,037	415,966	400,929
Transfers out	(80,900)	(347,999)	(345,872)	2,127
Total Other Financing Sources (Uses)	(70,900)	(332,962)	70,094	403,056
Net Change in Fund Balance	-	(131,162)	2,616,501	2,747,663
Fund Balance - January 1	10,814,155	10,814,155	10,814,155	-
Fund Balance - December 31	\$ 10,814,155	\$ 10,682,993	\$ 13,430,656	\$ 2,747,663

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

MONROE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Human Services Special Revenue Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,788,365	\$ 2,788,365	\$ 2,788,365	\$ -
Intergovernmental	4,220,236	4,354,432	4,214,638	(139,794)
Public charges for services	834,386	923,148	1,340,880	417,732
Total Revenues	7,842,987	8,065,945	8,343,883	277,938
Expenditures				
Current				
Health and human services	7,884,687	8,164,140	7,814,897	349,243
Excess of Revenues Over (Under) Expenditures	(41,700)	(98,195)	528,986	627,181
Other Financing Sources (Uses)				
Transfers in	41,700	98,195	91,856	(6,339)
Transfers out	-	-	(320,842)	(320,842)
Total Other Financing Sources (Uses)	41,700	98,195	(228,986)	(327,181)
Net Change in Fund Balance	-	-	300,000	300,000
Fund Balance - January 1	-	-	-	-
Fund Balance - December 31	\$ -	\$ -	\$ 300,000	\$ 300,000

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

MONROE COUNTY, WISCONSIN

Statement of Net Assets

Proprietary Funds

December 31, 2010

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund Revolving Loan	Total Enterprise Funds
ASSETS					
Current assets					
Cash and investments	\$ 500	\$ 711,523	\$ 158,983	\$ 479,392	\$ 1,350,398
Receivables					
Taxes	804,551	-	3,038,028	-	3,842,579
Accounts	861,049	264,450	665,281	-	1,790,780
Loans	-	-	-	57,962	57,962
Due from other governments	-	-	699,708	-	699,708
Inventories and prepaid items	30,631	-	948,243	-	978,874
Total Current Assets	1,696,731	975,973	5,510,243	537,354	8,720,301
Noncurrent assets					
Restricted assets					
Cash and investments	32,068	2,101,084	-	-	2,133,152
Loans receivable	-	-	-	268,864	268,864
Capital assets, nondepreciable					
Land	7,269	225,000	183,047	-	415,316
Capital assets, depreciable					
Land improvements	443,420	3,618,925	352,848	-	4,415,193
Buildings	4,537,692	96,027	2,962,118	-	7,595,837
Machinery and equipment	2,018,263	208,737	11,940,941	-	14,167,941
Other assets	-	-	51,736	-	51,736
Less: Accumulated depreciation	(6,053,193)	(2,484,024)	(9,647,168)	-	(18,184,385)
Total Capital Assets, Net of Accumulated Depreciation	953,451	1,664,665	5,843,522	-	8,461,638
Total Noncurrent Assets	985,519	3,765,749	5,843,522	268,864	10,863,654
TOTAL ASSETS	2,682,250	4,741,722	11,353,765	806,218	19,583,955
LIABILITIES					
Current Liabilities					
Accounts and claims payable	118,804	106,052	328,853	-	553,709
Accrued and other current liabilities	66,632	1,209	58,376	-	126,217
Due to other funds	147,311	-	-	-	147,311
Deferred revenues	1,205,071	-	3,049,214	-	4,254,285
Compensated absences	158,913	6,086	92,810	-	257,809
Total Current Liabilities	1,696,731	113,347	3,529,253	-	5,339,331
Noncurrent Liabilities					
Resident trust fund payable	19,423	-	-	-	19,423
Post-employment health benefits payable	28,304	568	30,574	-	59,446
Compensated absences	70,162	3,075	65,735	-	138,972
Due to other funds	1,815,837	-	-	-	1,815,837
Post closure	-	1,585,108	-	-	1,585,108
Total Noncurrent Liabilities	1,933,726	1,588,751	96,309	-	3,618,786
TOTAL LIABILITIES	3,630,457	1,702,098	3,625,562	-	8,958,117
NET ASSETS (DEFICIT)					
Invested in capital assets	953,451	1,664,665	5,843,522	-	8,461,638
Restricted for					
Resident trust	12,645	-	-	-	12,645
Community development	-	-	-	806,218	806,218
Unrestricted (Deficit)	(1,914,303)	1,374,959	1,884,681	-	1,345,337
TOTAL NET ASSETS (DEFICIT)	\$ (948,207)	\$ 3,039,624	\$ 7,728,203	\$ 806,218	\$ 10,625,838

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

MONROE COUNTY, WISCONSIN
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2010

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund Revolving Loan	Total Enterprise Funds
Operating Revenues					
Charges for services	\$ 6,126,696	\$ 1,840,085	\$ 2,828,096	\$ 13,035	\$ 10,807,912
Operating Expenses					
Operation and maintenance	7,865,967	1,545,281	6,711,653	-	16,122,901
Depreciation	176,703	272,029	742,467	-	1,191,199
Total Operating Expenses	8,042,670	1,817,310	7,454,120	-	17,314,100
Operating Income (Loss)	(1,915,974)	22,775	(4,626,024)	13,035	(6,506,188)
Nonoperating Revenues (Expenses)					
General property taxes	1,045,202	-	3,252,191	-	4,297,393
Intergovernmental aids	735,630	231,920	1,072,509	-	2,040,059
Interest income	-	11,722	-	1,207	12,929
Total Nonoperating Revenues (Expenses)	1,780,832	243,642	4,324,700	1,207	6,350,381
Net Income (Loss) before Transfers	(135,142)	266,417	(301,324)	14,242	(155,807)
Transfers in	150,314	-	58,384	-	208,698
Transfers out	-	(302,863)	-	-	(302,863)
Change in Net Assets	15,172	(36,446)	(242,940)	14,242	(249,972)
Net Assets (Deficit) - January 1	(963,379)	3,076,070	7,971,143	791,976	10,875,810
Net Assets (Deficit) - December 31	\$ (948,207)	\$ 3,039,624	\$ 7,728,203	\$ 806,218	\$ 10,625,838

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

MONROE COUNTY, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund Revolving Loan	Total Enterprise Funds
Cash Flows from Operating Activities					
Cash received from customers	\$ 6,243,559	\$ 1,881,165	\$ 2,609,390	\$ 68,901	\$ 10,803,015
Cash payments to suppliers	(1,116,979)	(1,307,026)	(3,154,876)	(100,000)	(5,678,881)
Cash payments to employees	(6,278,737)	(142,014)	(3,025,139)	-	(9,445,890)
Net Cash Provided (Used) by Operating Activities	(1,152,157)	432,125	(3,570,625)	(31,099)	(4,321,756)
Cash Flows from Noncapital Financing Activities					
General property taxes	1,045,202	-	3,252,191	-	4,297,393
Intergovernmental grants received	735,630	231,920	1,072,509	-	2,040,059
Cash advance from general fund	(675,393)	-	-	-	(675,393)
Transfer in	150,314	-	58,384	-	208,698
Transfer out	-	(302,863)	-	-	(302,863)
Net Cash Provided (Used) by Noncapital Financing Activities	1,255,753	(70,943)	4,383,084	-	5,567,894
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(103,596)	501	(775,222)	-	(878,317)
Proceeds from sale of capital assets	-	-	15,785	-	15,785
Net Cash Used by Capital and Related Financing Activities	(103,596)	501	(759,437)	-	(862,532)
Cash Flows from Investing Activities					
Interest income received	-	11,722	-	1,207	12,929
Redemption of investments	-	(106,282)	-	-	(106,282)
Cash Flows Provided by Investing Activities	-	(94,560)	-	1,207	(93,353)
Change in Cash and Cash Equivalents	-	267,123	53,022	(29,892)	290,253
Cash and Cash Equivalents - January 1	500	444,400	105,961	509,284	1,060,145
Cash and Cash Equivalents - December 31	\$ 500	\$ 711,523	\$ 158,983	\$ 479,392	\$ 1,350,398
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (1,915,974)	\$ 22,775	\$ (4,626,024)	\$ 13,035	\$ (6,506,188)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:					
Depreciation	176,703	272,029	742,467	-	1,191,199
Cash restricted by donors	(4,403)	-	-	-	(4,403)
Changes in assets and liabilities					
Accounts receivable	121,266	41,080	(39,019)	(44,134)	79,193
Due from other governments	-	-	(160,233)	-	(160,233)
Inventories and prepaid expenses	14,951	-	494,363	-	509,314
Accounts payable	27,697	10,981	53,610	-	92,288
Accrued and other current liabilities	8,219	296	(18,896)	-	(10,381)
Due to other governments	-	-	(111)	-	(111)
Patient trust fund payable	1,059	-	-	-	1,059
Deferred revenues	400,520	-	(19,454)	-	381,066
Post-employment health benefits payable	13,481	271	14,562	-	28,314
Compensated absences	4,324	1,618	(11,890)	-	(5,948)
Net Cash Provided (Used) by Operating Activities	\$ (1,152,157)	\$ 432,125	\$ (3,570,625)	\$ (31,099)	\$ (4,321,756)
Noncash Investing, Capital and Financing Activities					
Capital assets contributed by County	\$ -	\$ -	\$ -	\$ -	\$ -

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

MONROE COUNTY, WISCONSIN

Statement of Net Assets

Fiduciary Funds

December 31, 2010

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 707,092
Taxes receivable	449,785
Total Assets	<u>\$ 1,156,877</u>
LIABILITIES	
Due to other governments	\$ 449,785
Deposits payable	707,092
Total Liabilities	<u>\$ 1,156,877</u>

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

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

Monroe County is a municipal corporation governed by an elected board. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units that have a significant operational or financial relationship with the County. The County has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. Related Organization

The County's officials are responsible for appointing the members of the board for the Monroe County Housing Authority and Monroe County Shelter Care but, the County's accountability for these organizations does not extend beyond making the appointments. Therefore these organizations are not included in the County's reporting entity.

3. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The County has no internal service funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

GENERAL FUND

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

HUMAN SERVICES

This fund accounts for programs operated by the County's Department of Human Services with financing provided by federal and state grants and property taxes.

CAPITAL PROJECTS

This fund accounts for capital improvements of the County.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major enterprise funds:

ROLLING HILLS

This fund accounts for the operation of a health care center supported by patient charges and property taxes.

SOLID WASTE

This fund accounts for waste disposal and recycling activities of the County and is financed by user charges and an intergovernmental grant.

HIGHWAY

This fund accounts for the highway department which maintains state, county and local roads and bridges and is financed on a cost reimbursement basis and property taxes.

Additionally, the government reports the following fund type:

The County accounts for assets held for individuals by various departments and funds held for other governmental agencies in an *agency fund*.

4. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

5. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

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

b. Accounts and Loans Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method with the exception of the Rolling Hills enterprise fund which has an allowance of \$95,000 at year end. No other allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

c. Interfund Receivables and Payables

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

The amount reported on the statement of net assets for internal balances represents the residual balance outstanding between the governmental and business-type activities.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

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

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Prepaid Items

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

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

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of 2 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

	Governmental Activities	Business-type Activities
	Years	
<u>Assets</u>		
Land improvements	10 - 20	10 - 30
Buildings	10 - 20	25 - 50
Improvements other than buildings	10 - 100	25 - 100
Machinery and equipment	3 - 10	3 - 10
Infrastructure	15 - 70	-

g. Compensated Absences

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

Employees who retire from the County are paid 25% of their accumulated sick leave at their current rate of pay. If an employee leaves for reasons other than retirement, all unused sick leave is forfeited.

h. Deferred Revenue

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

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Long-term Obligations

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

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

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE AND PROPRIETARY FUND FINANCIAL STATEMENTS

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

- Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets - Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

6. Use of Estimates

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

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

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

- a. During November, County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by County Board action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general, special revenue, debt service and capital projects funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the general, special revenue, debt service and capital projects funds.
- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the County. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the County Board.
- e. Encumbrance accounting is not used by the County to record commitments related to unperformed contracts for goods or services.

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2010.

2. Deficit Fund Equity

The following fund had deficit fund equity as of December 31, 2010:

Fund	Deficit Fund Equity
Enterprise	
Rolling Hills	\$ 948,207

The County anticipates funding the above deficit from future revenues and tax levies of the fund.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

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

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

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

The carrying amount of the County's cash and investments totaled \$17,597,417 on December 31, 2010 as summarized below:

Petty cash and cash on hand	\$ 4,495
Deposits with financial institutions	16,388,232
Investments	
Deposits with the State of Wisconsin	1,103,965
Mutual funds	100,725
	\$ 17,597,417

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 14,757,173
Restricted cash and investments	2,133,152
Fiduciary fund	
Agency fund	707,092
	\$ 17,597,417

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

Custodial Credit Risk

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

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. In addition, the County's non-interest bearing transaction accounts are fully insured through December 31, 2012. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

As of December 31, 2010, the County had \$524,469 of deposits with financial institutions in excess of federal depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name).

The County has on deposit with the State of Wisconsin \$1,103,965 for long-term care and closure requirements related to its solid waste enterprise fund. No information on the risk associated with its deposits held by the State of Wisconsin is available.

2. Restricted Assets

Restricted assets on December 31, 2010 totaled \$2,133,152 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Business-Type Activities		
Rolling Hills Enterprise Fund		
Resident trust	\$ 19,423	Cash deposited by residents for their own use
	12,645	Cash received from non-resident sources to be used to benefit residents
Subtotal	32,068	
Solid Waste Enterprise Fund		
Ridgeview I Long-term Care	377,270	Restricted deposits held jointly by the County and the State of Wisconsin Department of Natural Resources to finance the County's closure and postclosure financial responsibilities
Ridgeview II Closure	726,695	
Ridgeview II Long-term Care	997,119	
Subtotal	2,101,084	
Total	\$ 2,133,152	

3. Property Tax Apportionments

Property taxes are apportioned annually in November to local taxing units within the County for financing state charges and the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as deferred revenue at year-end. Property tax payments from individual property owners are due in two installments by January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent. The delinquent taxes are then acquired by the County's general fund in accordance with state statutes in order to provide the County with a statutory lien.

Property taxes recorded on December 31, 2010 for collection in 2011 consist of the County apportionment of \$15,023,660 for financing 2011 operations and will be transferred in 2011 from deferred revenue to current revenues of the County's governmental and proprietary funds. In addition, the County has recorded a receivable of \$449,785 in its agency fund for State of Wisconsin taxes collected and remitted by the County.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Delinquent Property Taxes - General Fund

Delinquent property taxes of the general fund represent unpaid property taxes on real estate, including state and local government equities therein. Under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deeded properties.

The County's general fund showed an investment of \$2,676,479 in delinquent property taxes as follows:

Year Acquired	Total	County Purchased	County Levied
Tax Certificates			
1999	\$ 881	\$ 721	\$ 160
2000	944	761	183
2001	961	777	184
2002	984	984	-
2003	986	794	192
2004	985	765	220
2005	959	739	220
2006	3,066	2,219	847
2007	221,491	174,313	47,178
2008	789,668	639,661	150,007
2009	1,232,168	946,915	285,253
	2,253,093	1,768,649	484,444
Tax Deeds	20,936	16,434	4,502
Interest	402,450	-	402,450
	\$ 2,676,479	\$ 1,785,083	891,396
Less: 2011 collections within 60 days			86,794
Deferred Revenue			\$ 804,602

Delinquent property taxes levied by the County are recorded as deferred revenue and excluded from fund balance until collected. Delinquent property taxes purchased from other taxing entities is reported as a reserved fund balance at year end.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

5. 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	\$ 1,328,985	\$ -	\$ -	\$ 1,328,985
Construction in progress	1,005,862	2,094,938	2,953,331	147,469
Total capital assets, not being depreciated	<u>2,334,847</u>	<u>2,094,938</u>	<u>2,953,331</u>	<u>1,476,454</u>
Capital assets, being depreciated:				
Land improvements	223,457	8,446	-	231,903
Buildings	1,538,483	18,122	-	1,556,605
Machinery and equipment	2,410,119	256,167	191,792	2,474,494
Infrastructure	49,758,376	3,218,031	1,077,168	51,899,239
Subtotals	<u>53,930,435</u>	<u>3,500,766</u>	<u>1,268,960</u>	<u>56,162,241</u>
Less accumulated depreciation for:				
Land improvements	88,344	8,167	-	96,511
Buildings	582,164	27,294	-	609,458
Machinery and equipment	1,044,911	275,626	151,556	1,168,981
Infrastructure	15,253,766	1,217,020	671,117	15,799,669
Subtotals	<u>16,969,185</u>	<u>1,528,107</u>	<u>822,673</u>	<u>17,674,619</u>
Total capital assets, being depreciated, net	<u>36,961,250</u>	<u>1,972,659</u>	<u>446,287</u>	<u>38,487,622</u>
Governmental activities capital assets, net	<u>\$ 39,296,097</u>	<u>\$ 4,067,597</u>	<u>\$ 3,399,618</u>	39,964,076
Less related long-term debt outstanding				<u>-</u>
Invested in capital assets, net of related debt				<u>\$ 39,964,076</u>

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 415,278	\$ 38	\$ -	\$ 415,316
Capital assets, being depreciated:				
Land improvements	4,415,193	-	-	4,415,193
Buildings	7,545,863	63,630	13,656	7,595,837
Machinery and equipment	13,904,900	589,512	326,471	14,167,941
Other assets	51,736	-	-	51,736
Subtotals	25,917,692	653,142	340,127	26,230,707
Less accumulated depreciation for:				
Land improvements	2,561,080	296,815	-	2,857,895
Buildings	5,932,041	196,383	170,217	5,958,207
Machinery and equipment	9,009,247	696,978	379,263	9,326,962
Other assets	40,298	1,023	-	41,321
Subtotals	17,542,666	1,191,199	549,480	18,184,385
Total capital assets, being depreciated, net	8,375,026	(538,057)	(209,353)	8,046,322
Business-type activities capital assets, net	<u>\$ 8,790,304</u>	<u>\$ (538,019)</u>	<u>\$ (209,353)</u>	8,461,638
Less related long-term debt outstanding				<u>-</u>
Invested in capital assets, net of related debt				<u>\$ 8,461,638</u>

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

Governmental activities	
General government	\$ 63,882
Public safety	196,545
Public works	1,217,020
Health and human services	40,752
Culture, recreation, and education	5,686
Conservation and development	4,222
Total depreciation expense - governmental activities	<u>\$ 1,528,107</u>
Business-type activities	
Rolling Hills	\$ 176,703
Solid waste	272,029
Highway	742,467
Total depreciation expense - business-type activities	<u>\$ 1,191,199</u>

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Interfund Receivables/Payables and Transfers

Interfund receivables and payables on December 31, 2010 were as follows:

Receivable Fund	Payable Fund	Amount	Amount not Due Within One Year
General fund	Enterprise fund		
	Rolling Hills	\$ 1,963,148	\$ 1,815,837
	Nonmajor governmental funds		
General fund	Local history room	2,125	-
		<u>\$ 1,965,273</u>	<u>\$ 1,815,837</u>

The interfund payable from Rolling Hills enterprise fund was cash advances to finance cash deficits. The interfund payable from local history room special revenue fund relates to operating costs paid by the general fund but not reimbursed until 2011.

Interfund transfers for the year ended December 31, 2010 were as follows:

Fund Transferred To	Fund Transferred From	Amount
	Special revenue funds	
General fund	Human services	\$ 320,842
	Child support	35,948
	Health	47,493
	Local history room	11,683
		<u>415,966</u>
Special revenue funds		
Human services	General fund	91,856
Senior services	General fund	26,899
Child support	General fund	7,258
Health	General fund	11,161
		<u>137,174</u>
Debt Service	Solid waste	<u>302,863</u>
Enterprise funds		
Rolling Hills	General fund	150,314
Highway	General fund	58,384
		<u>208,698</u>
Subtotal - Fund Financial Statements		<u>\$ 1,064,701</u>
Government fund transfers in		\$ 856,003
Less: Fund eliminations		(1,064,701)
Add: Transfer from enterprise funds		302,863
Add: Highway project funds transferred to highway fund		88,224
Total Transfers - Government-wide Statement of Activities		<u>\$ 182,389</u>

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Operating transfers totaled \$1,064,701 and were made for the following purposes:

	Amount
Special revenue fund surpluses returned to the general fund	\$ 404,283
Reimbursement of indirect costs and other expenses paid by the general fund	11,683
Special revenue fund deficits financed by the general fund	5,956
General fund transfer to Rolling Hills and human services funds for information systems	45,815
Approved allocation of contingency funds	294,101
Debt service transfer from the solid waste enterprise fund	302,863
	\$ 1,064,701

7. Deferred Revenues

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

	Unavailable	Unearned	Total
Governmental Activities			
Subsequent year tax levy receivable			
General fund	\$ -	\$ 7,605,983	\$ 7,605,983
Special revenue funds			
Human services	-	2,540,534	2,540,534
Senior services	-	233,443	233,443
Health	-	365,830	365,830
Debt service fund	-	435,291	435,291
Delinquent property taxes			
General fund	804,602	-	804,602
Interest receivable			
General fund	17,004	-	17,004
Grant draw downs prior to meeting all eligibility requirements			
General fund	-	100,149	100,149
Special revenue funds			
Human services	-	4,490	4,490
Senior services	-	3,727	3,727
Health	-	782	782
Child support	-	70,028	70,028
Subtotal	821,606	11,360,257	12,181,863
Business-type Activities			
Subsequent year tax levy receivable			
Rolling Hills	-	804,551	804,551
Highway	-	3,038,028	3,038,028
Revenues received prior to meeting all eligibility requirements			
Rolling Hills	-	400,520	400,520
Highway	-	11,186	11,186
Subtotal	-	4,254,285	4,254,285
Total	\$ 821,606	\$ 15,614,542	\$ 16,436,148

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

8. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2010:

	Outstanding 1/1/10	Issued	Retired	Outstanding 12/31/10	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 2,025,000	\$ -	\$ 555,000	\$ 1,470,000	\$ 105,000
Notes	2,550,000	-	470,000	2,080,000	485,000
Total General Obligation Debt	4,575,000	-	1,025,000	3,550,000	590,000
Debt premium	25,309	-	3,653	21,656	-
Post-employment health					
benefits payable	36,405	48,943	15,835	69,513	-
Compensated absences	633,163	415,093	433,506	614,750	448,117
Governmental activities Long-term obligations	<u>\$ 5,269,877</u>	<u>\$ 464,036</u>	<u>\$ 1,477,994</u>	<u>\$ 4,255,919</u>	<u>\$ 1,038,117</u>
Business-type activities:					
Landfill closure/postclosure					
Ridgeville Cell I	\$ 396,604	\$ 14,944	\$ 91,502	\$ 320,046	\$ -
Ridgeville Cell II	1,105,429	159,633	-	1,265,062	-
Post-employment health					
benefits payable	31,132	41,854	13,540	59,446	-
Compensated absences	402,729	5,942	11,890	396,781	257,809
Business-type activities Long-term obligations	<u>\$ 1,935,894</u>	<u>\$ 222,373</u>	<u>\$ 116,932</u>	<u>\$ 2,041,335</u>	<u>\$ 257,809</u>

Total interest paid during the year on long-term debt totaled \$178,786.

General Obligation Debt

The County has issued general obligation debt to provide funds for the acquisition and construction of major capital facilities. General obligation debt service requirements are direct obligations and pledge the full faith and credit of the County. General obligation debt outstanding on December 31, 2010 totaled \$3,550,000 and consisted of the following issues:

Bonds		
\$2,105,000 issued 8/15/01; \$110,000 to \$170,000 due annually through 2021; interest 3.80% to 5.00%		<u>\$ 1,470,000</u>
Notes		
\$2,000,000 issued 3/15/01; \$245,000 to \$255,000 due in 2011; interest 4.55%		255,000
\$2,500,000 issued 12/19/07; \$230,000 to \$295,000 due annually through 2017; interest 4.00%		1,825,000
Total Notes		<u>2,080,000</u>
Total Outstanding General Obligation Debt		<u>\$ 3,550,000</u>

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$3,550,000 on December 31, 2010 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2011	\$ 590,000	\$ 143,327	\$ 733,327
2012	350,000	123,020	473,020
2013	365,000	107,905	472,905
2014	380,000	92,152	472,152
2015	395,000	75,702	470,702
2016-2020	1,300,000	159,269	1,459,269
2021	170,000	4,250	174,250
	<u>\$ 3,550,000</u>	<u>\$ 705,625</u>	<u>\$ 4,255,625</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2010 was \$128,975,126 as follows:

Equalized valuation of the County	\$ 2,648,787,300
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>132,439,365</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 3,550,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>85,761</u>
Net outstanding general obligation debt applicable to debt limitation	<u>3,464,239</u>
Legal Margin for New Debt	<u>\$ 128,975,126</u>

9. Closure and Post closure Care Costs

Federal and state laws and regulations require the County to place covers on landfill increments as they are filled (closure costs) and to perform certain maintenance and monitoring functions (post closure care) of the landfill site for forty years after the landfill stops accepting waste. Most closure costs are paid when individual landfill increments reach capacity for accepting waste and post closure care costs will normally only be paid after the entire landfill stops accepting waste. In accordance with GASB Statement No. 18, the County annually records an estimate of these closure and post closure care costs as an operating expense during the life of its landfills based on landfill capacity used compared to total estimated capacity available. The resultant liabilities for these estimated operating expenses are reduced each year for actual payments made. An analysis of the estimated liabilities for closure and post closure care costs on December 31, 2010 and the recording of these costs as operating expenses follow:

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Landfill Closure and Postclosure Care		
	Ridgeville I	Ridgeville II	Total
Total estimated costs	\$ 320,046	\$ 2,878,412	
Percentage of storage capacity used	100%	43.95%	
	<u>\$ 320,046</u>	<u>\$ 1,265,062</u>	<u>\$ 1,585,108</u>

The Ridgeville I landfill closed in 2002. Presented below is a summary of estimated closure and post closure care costs that will be charged to operations of future years based on landfill usage:

	Landfill Closure and Postclosure Care		
	Ridgeville I	Ridgeville II	Total
Total estimated costs	\$ 320,046	\$ 2,878,412	
Less: Charged to operations	320,046	1,265,062	
Future year closure and postclosure costs	<u>\$ -</u>	<u>\$ 1,613,350</u>	<u>\$ 1,613,350</u>

The above total costs for closure and post closure care are estimates and subject to changes resulting from inflation/deflation, technology, or changes in applicable laws or regulations.

A portion of the closure and post closure care financial requirements are being met through annual deposits into separate restricted cash escrow accounts held by local banks or the Wisconsin Department of Natural Resources as detailed in Note C. 2.

10. Other Post Employment Benefits

Plan Description - The County provides health care insurance coverage for employees eligible for retirement under Wisconsin Retirement System who retire until they reach the age of 65. The retired employee contributes 100% of the premium for family coverage or 100% of the premium for single coverage. There are 402 active and 8 retired employees in the plan. The County funds this cost on a pay-as-you-go or cash basis, recognizing the cost in their fund financial statements when paid.

Annual OPEB Cost and Net OPEB Obligation - The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 91,814
Interest on net OPEB	3,377
Adjustment to annual required contribution	<u>(4,394)</u>
Annual OPEB cost (expense)	90,797
Contributions made	<u>29,375</u>
Change in net OPEB obligation	61,422
OPEB obligation - beginning of year	<u>67,537</u>
OPEB obligation - end of year	<u>\$ 128,959</u>

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

The annual required contribution for the current year was determined as part of the January 1, 2009 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 5.0% discount rate, and (b) projected salary increases at 3.0%.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level percentage amount of projected payroll. The remaining amortization period at December 31, 2010 is 28 years, and the remaining amount is \$619,578.

Trend Information - The County's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	\$ 87,420	22.74%	\$ 67,537
12/31/2010	\$ 90,797	32.35%	\$ 128,959

Funded Status and Funding Progress - As of January 1, 2009, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$712,240. The annual payroll for active employees covered by the plan for the 2009 fiscal year was \$14,997,307 for a ratio of the UAAL to covered payroll of 4.75%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

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

In the January 1, 2009 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 5.0% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 12% for medical, reduced by decrements to an ultimate rate of 5% for medical after eight years. The UAAL is being amortized using the level dollar method. The remaining amortization period at December 31, 2010 was 28 years.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer, defined benefit, public employee retirement system. All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General category are required by 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. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the WRS for the year ended December 31, 2010 was \$14,720,520; the employer's total payroll was \$15,282,588. The total required contribution for the year ended December 31, 2010 was \$1,682,202, which consisted of \$789,224, or 5.4% of covered payroll from the employer and \$892,978, or 6.1% of covered payroll from employees. The required contribution for employees for the year ended December 31, 2010 was financed by the County. Total contributions for the years ending December 31, 2009 and 2008 were \$1,567,253 and \$1,627,597 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 a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 or after April 24, 1998 are immediately vested.

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

2. Risk Management

The County is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; employee health and accident claims; or acts of God. The County participates in a public entity risk pool called the Wisconsin County Mutual Insurance Corporation to provide coverage for general liability, automotive liability, and errors and omissions insurance and purchases insurance to provide coverage for losses from torts; thefts of, damage to, or destruction of assets; and health care for its employees. However, other risks such as workers compensation are accounted for in the County's general fund. A description of the County's self-insurance risk management programs is presented below:

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE D - OTHER INFORMATION (Continued)

Workers Compensation

The County is self-funded for workers compensation claims. Funding is provided by charges to County departments. The program is supplemented by stop loss protection, which limits the County's annual liability. Expenses consist of payments to a third-party administrator for claims, stop loss insurance premiums and administrative fees. On December 31, 2010, the County's general fund has a fund balance of \$1,799,447 designated for workers compensation. The claims liability of \$1,667,655 reported in the fund at December 31, 2010 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for 2009 and 2010 follows:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2009	\$ 1,008,564	\$ 554,240	\$ 238,154	\$ 1,324,650
2010	1,324,650	568,306	225,301	1,667,655

Public Entity Risk Pool

Monroe County, along with other Wisconsin counties, jointly participates in the Wisconsin County Mutual Insurance Corporation for general liability, automobile liability, and errors and omission insurance. The creation of County Mutual Insurance Corporation required the establishment of capital reserves with each of the participating counties depositing amounts as specified in projected rates. This company began operations on January 1, 1989.

The governing body is made up of directors from participating counties. The directors have the authority to adopt a budget and control the financial affairs of the corporation.

The County's uninsured risk of loss is \$50,000 per incident and \$250,000 in aggregate for liability claims in a policy year. For errors and omission claims, the uninsured risk of loss is \$50,000 per incident and \$250,000 in aggregate for a policy year. The County is a member of a risk pool for claims in excess of those amounts. Settled claims have not exceeded the risk pool coverage in any of the past three years.

3. Contingencies

- a. The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under OMB Circular A-133 has been conducted but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.
- b. From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations

REQUIRED SUPPLEMENTAL INFORMATION

MONROE COUNTY, WISCONSIN
 Schedule of Funding Progress
 Other Post-employment Benefit Plan
 December 31, 2010

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
1/1/2009	\$ -	\$ 712,240	0.00%	\$ 712,240	\$ 14,997,307	4.75%

The County implemented GASB Statement No. 45 for the fiscal year ended December 31, 2009. Information for prior years is not available.

MONROE COUNTY, WISCONSIN
 Schedule of Employer Contributions
 Other Post-employment Benefit Plan
 December 31, 2010

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 19,883	\$ 87,420	22.74%
2010	29,375	91,814	31.99%

The County implemented GASB Statement No. 45 for the fiscal year ended December 31, 2009. Information for prior years is not available.

SUPPLEMENTAL INFORMATION

MONROE COUNTY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Senior Services	Child Support	Health	Jail Assessment	Local History Room	Total		
ASSETS								
Cash and investments	\$ 71,298	\$ 89,008	\$ 533	\$ 259,179	\$ 280,948	\$ 700,966	\$ 85,761	\$ 786,727
Receivables								
Taxes	233,443	-	365,830	-	-	599,273	435,291	1,034,564
Accounts	35,191	39,073	22,370	5,417	-	102,051	-	102,051
TOTAL ASSETS	\$ 339,932	\$ 128,081	\$ 388,733	\$ 264,596	\$ 280,948	\$ 1,402,290	\$ 521,052	\$ 1,923,342
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 36,513	\$ 1,315	\$ 8,784	\$ -	\$ -	\$ 46,612	\$ -	\$ 46,612
Accrued and other current liabilities	8,474	5,409	13,337	-	-	27,220	-	27,220
Due to other funds	-	-	-	-	2,125	2,125	-	2,125
Deferred revenues	237,170	70,028	366,612	-	-	673,810	435,291	1,109,101
Total Liabilities	282,157	76,752	388,733	-	2,125	749,767	435,291	1,185,058
Fund Balances								
Reserved for Retirement of long-term debt	-	-	-	-	-	-	85,761	85,761
Unreserved								
Designated for								
Subsequent years' expenditures	57,775	51,329	-	264,596	278,823	652,523	-	652,523
Total Fund Balances	57,775	51,329	-	264,596	278,823	652,523	85,761	738,284
TOTAL LIABILITIES AND FUND BALANCES	\$ 339,932	\$ 128,081	\$ 388,733	\$ 264,596	\$ 280,948	\$ 1,402,290	\$ 521,052	\$ 1,923,342

MONROE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2010

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Senior Services	Child Support	Health	Jail Assessment	Local History Room	Total		
Revenues								
Taxes	\$ 251,366	\$ -	\$ 373,770	\$ -	\$ -	\$ 625,136	\$ 902,013	\$ 1,527,149
Intergovernmental	404,628	455,355	-	-	-	859,983	-	859,983
Public charges for services	269,461	-	548,952	60,590	-	879,003	-	879,003
Miscellaneous	976	6,007	-	8,943	44,576	60,502	104	60,606
Total Revenues	926,431	461,362	922,722	69,533	44,576	2,424,624	902,117	3,326,741
Expenditures								
Current								
Public safety	-	-	-	74,320	-	74,320	-	74,320
Health and human services	947,374	432,672	886,390	-	-	2,266,436	-	2,266,436
Debt service								
Principal	-	-	-	-	-	-	1,025,000	1,025,000
Interest and fiscal charges	-	-	-	-	-	-	179,876	179,876
Total Expenditures	947,374	432,672	886,390	74,320	-	2,340,756	1,204,876	3,545,632
Excess of Revenues Over (Under) Expenditures	(20,943)	28,690	36,332	(4,787)	44,576	83,868	(302,759)	(218,891)
Other Financing Sources (Uses)								
Transfers in	26,899	7,258	11,161	-	-	45,318	302,863	348,181
Transfers out	-	(35,948)	(47,493)	-	(11,683)	(95,124)	-	(95,124)
Total Other Financing Sources (Uses)	26,899	(28,690)	(36,332)	-	(11,683)	(49,806)	302,863	253,057
Net Change in Fund Balances	5,956	-	-	(4,787)	32,893	34,062	104	34,166
Fund Balances - January 1	51,819	51,329	-	269,383	245,930	618,461	85,657	704,118
Fund Balances - December 31	\$ 57,775	\$ 51,329	\$ -	\$ 264,596	\$ 278,823	\$ 652,523	\$ 85,761	\$ 738,284