

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	15 - 30	10 - 30
Buildings	15 - 75	25 - 75
Improvements other than buildings	10 - 30	25 - 100
Machinery and equipment	3 - 25	3 - 25
Infrastructure	25 - 50	-

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 County policy. 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 Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied. The County also has an additional type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from various sources, interest receivable, delinquent property taxes and interest and penalty on delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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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 position. Bond premiums and discounts 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, whether or not withheld from the actual debt proceeds received, are reported as expenses.

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

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable fund balance** - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted fund balance** - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed fund balance** - Amounts that are constrained for specific purposes by action of the County Board. These constraints can only be removed or changed by the County Board using the same action that was used to create them.
- **Assigned fund balance** - Amounts that are constrained for specific purposes by action of County management. The County Board has not authorized any position to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned fund balance** - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The County has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND PROPRIETARY FUND FINANCIAL STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that is 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 position - Net position that is neither classified as restricted nor as net investment in capital assets.

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.

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, 2014.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
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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 \$42,611,951 on December 31, 2014 as summarized below:

Petty cash and cash on hand	\$ 4,295
Deposits with financial institutions	40,921,991
Investments	
Deposits with the State of Wisconsin	1,500,952
Mutual funds	182,948
Local Government Investment Pool	1,765
	\$ 42,611,951

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 25,781,562
Restricted cash and investments	16,347,195
Fiduciary fund statement of net position	
Agency fund	483,194
	\$ 42,611,951

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 the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing 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 for the combined amount of all deposit accounts per official custodian per depository institution. 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, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

As of December 31, 2014, \$28,774,319 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits. Financial institutions have collateralized these deposits at year end.

The County has on deposit with the State of Wisconsin of \$1,500,952 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.

Credit Risk

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

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Other	Not Rated
Mutual Bond Funds	\$ 40,226	\$ -	\$ -	\$ -	\$ 40,226	\$ -
Wisconsin Local Government Investment Pool	1,765	-	-	-	-	1,765
Totals	\$ 41,991	\$ -	\$ -	\$ -	\$ 40,226	\$ 1,765

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Remaining maturities on the County's investments are as follows:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Mutual Bond Funds	\$ 40,226	\$ -	\$ -	\$ 13,153	\$ 27,073
Wisconsin Local Government Investment Pool	1,765	1,765	-	-	-
Totals	\$ 41,991	\$ 1,765	\$ -	\$ 13,153	\$ 27,073

Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$1,765 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2014, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

2. Restricted Assets

Restricted assets on December 31, 2014 totaled \$16,347,195 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Governmental Activities		
Capital Projects Fund		
Justice bond	\$ 13,230,154	Bond proceeds to be used for Justice Building project expenditures
Senior Services Fund		
Transportation	63,455	DOT Trust
Human Services Fund		
Client Funds	10,600	Cash dedicated to cover expenses for two Human Services clients
Representative payee	1,131	Cash held for clients
Local History Room Fund	491,716	Endowments to cover expenditures at the Local History Room
Total Governmental Activities	<u>13,797,056</u>	
Business-Type Activities		
Rolling Hills Enterprise Fund		
Resident trust	15,993	Cash deposited by residents for their own use
Resident trust	18,861	Cash received from non-resident sources to be used to benefit residents
Subtotal	<u>34,854</u>	
Solid Waste Enterprise Fund		
Ridgeview I Long-term Care	294,478	State of Wisconsin Department of Natural Resources to finance the County's closure and postclosure financial responsibilities
Ridgeview II Closure	1,206,474	
Ridgeview II Long-term Care	1,014,333	
Subtotal	<u>2,515,285</u>	
Total Business-Type Activities	<u>2,550,139</u>	
Total Restricted Assets	<u>\$ 16,347,195</u>	

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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, 2014 for collection in 2015 consist of the County apportionment of \$18,434,008 for financing 2015 operations and will be transferred in 2015 from deferred inflows of resources to current revenues of the County's governmental and proprietary funds. In addition, the County has recorded a receivable of \$498,558 in its agency fund for State of Wisconsin taxes collected and remitted by the County.

4. Delinquent Property Taxes and Assessments - 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 also accepts collection responsibility for delinquent special assessments; however, the County holds the delinquent special assessment in trust, reimbursing the local governments upon collection of the delinquent balances. At December 31, 2014, the County has recorded a liability of \$1,555,792 which represents the delinquent special assessment balance.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

The County's general fund showed an investment of \$3,839,418 in delinquent property taxes and assessments as follows:

Year Acquired	Total	Delinquent Special Assessments	Property Taxes	
			County Purchased	County Levied
Tax Certificates				
2002	\$ 984	\$ -	\$ 984	\$ -
2003	987	-	795	192
2004	985	-	765	220
2005	959	-	739	220
2006	99	-	77	22
2007	1,020	-	780	240
2008	1,719	-	1,349	370
2009	5,719	-	5,043	676
2010	35,096	-	29,098	5,998
2011	187,419	5,050	140,538	41,831
2012	407,143	6,312	313,188	87,643
2013	1,060,894	83,810	709,981	267,103
	<u>1,703,024</u>	<u>95,172</u>	<u>1,203,337</u>	<u>404,515</u>
Tax Deeds	1,833,560	1,460,620	284,502	88,438
Interest	302,834	-	-	302,834
	<u>\$ 3,839,418</u>	<u>\$ 1,555,792</u>	<u>\$ 1,487,839</u>	<u>795,787</u>

Less: 2015 collections within 60 days	<u>36,916</u>
Deferred inflow of resources - delinquent property taxes	<u>\$ 758,871</u>

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

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets

Capital asset activity for the year ended December 31, 2014 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	3,485,707	10,435,243	1,659,577	12,261,373
Total capital assets, not being depreciated	4,814,692	10,435,243	1,659,577	13,590,358
Capital assets, being depreciated:				
Land improvements	257,033	29,200	-	286,233
Buildings and improvements	1,992,389	-	-	1,992,389
Machinery and equipment	2,833,794	276,923	171,323	2,939,394
Infrastructure	54,362,204	1,880,914	599,000	55,644,118
Subtotals	59,445,420	2,187,037	770,323	60,862,134
Less accumulated depreciation for:				
Land improvements	122,388	9,248	-	131,636
Buildings and improvements	700,956	39,142	-	740,098
Machinery and equipment	1,559,477	311,609	146,647	1,724,439
Infrastructure	19,175,302	1,338,270	449,898	20,063,674
Subtotals	21,558,123	1,698,269	596,545	22,659,847
Total capital assets, being depreciated, net	37,887,297	488,768	173,778	38,202,287
Governmental activities capital assets, net	\$ 42,701,989	\$ 10,924,011	\$ 1,833,355	51,792,645
Less related long-term debt outstanding				6,022,871
Net investment in capital assets				\$ 45,769,774
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 574,911	\$ -	\$ -	\$ 574,911
Capital assets, being depreciated:				
Land improvements	5,333,985	-	-	5,333,985
Buildings and improvements	8,228,379	155,477	-	8,383,856
Machinery and equipment	14,964,075	959,870	301,997	15,621,948
Other assets	46,061	-	-	46,061
Subtotals	28,572,500	1,115,347	301,997	29,385,850
Less accumulated depreciation for:				
Land improvements	3,642,888	195,689	-	3,838,577
Buildings and improvements	6,571,801	231,939	-	6,803,740
Machinery and equipment	9,985,135	606,685	263,983	10,327,837
Other assets	39,152	-	-	39,152
Subtotals	20,238,976	1,034,313	263,983	21,009,306
Total capital assets, being depreciated, net	8,333,524	81,034	38,014	8,376,544
Business-type activities capital assets, net	\$ 8,908,435	\$ 81,034	\$ 38,014	8,951,455
Less related long-term debt outstanding				64,822
Net investment in capital assets				\$ 8,886,633

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

Governmental activities		
General government		\$ 98,752
Public safety		195,184
Public works		1,338,270
Health and human services		51,309
Culture, recreation, and education		10,684
Conservation and development		4,070
Total depreciation expense - governmental activities		<u>\$ 1,698,269</u>
Business-type activities		
Rolling Hills		\$ 193,250
Solid waste		178,319
Highway		662,744
Total depreciation expense - business-type activities		<u>\$ 1,034,313</u>

6. Interfund Receivables/Payables and Transfers

Interfund receivables and payables on December 31, 2014 were as follows:

Receivable Fund	Payable Fund	Amount
General fund	Enterprise fund	
	Rolling Hills	\$ 1,121,062
	Nonmajor governmental funds	
General fund	Senior Services	10,040
General fund	Child support	37,818
General fund	Revolving Loan	1,450
General fund	Local history room	35,749
Subtotal - Fund Financial Statements		<u>\$ 1,206,119</u>
Less: Internal service fund activities consolidation		(238,525)
Less: Fund eliminations		<u>(83,607)</u>
Total Internal Balances - Government-wide Statement of Net Position		<u>\$ 883,987</u>

The interfund payables from Senior Service and Child Support special revenue funds and Rolling Hills enterprise fund were cash advances to finance cash deficits. The interfund payable from local history room special revenue fund and revolving loan enterprise fund relates to operating costs paid by the general fund but not reimbursed until 2015.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Interfund transfers for the year ended December 31, 2014 were as follows:

Fund Transferred To	Fund Transferred From	Amount
	Special revenue funds	
General fund	Human services	\$ 384,391
	Senior services	18,869
	Child support	52,791
	Health	37,034
	Jail assessment	50,403
	Local history room	46,122
	Enterprise Funds	
	Rolling Hills Nursing Home	102,686
	Highway	58,507
	Internal Service Fund	
	Information systems	38,784
		<u>789,587</u>
Special revenue funds		
Human services	General fund	299,381
	Internal Service Fund	
	Information systems	42,105
	Subtotal	<u>341,486</u>
Senior services	General fund	60,043
Health	General fund	5,097
		<u>406,626</u>
Debt Service	Solid waste	299,363
	General Fund	3,722
		<u>303,085</u>
Enterprise funds		
Rolling Hills	General fund	427,604
	Internal Service Fund	
	Information systems	8,700
	Subtotal	<u>436,304</u>
Highway	General fund	2,946
	Internal Service Fund	
	Information systems	7,939
	Subtotal	<u>10,885</u>
		<u>447,189</u>
Internal service funds		
Information technology	General fund	382,748
Workers compensation	General fund	253,767
		<u>636,515</u>
Total Transfers - Fund Financial Statements		<u>\$ 2,583,002</u>
Total transfers		\$ 2,583,002
Less: Fund eliminations		(1,675,257)
Less: Transfers to enterprise funds		(894,378)
Add: Highway enterprise fund resources used to finance public works expenses reported in governmental activities		550,856
Total Transfers - Government-wide Statement of Activities		<u>\$ 564,223</u>

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Operating transfers totaled \$2,583,002 and were made for the following purposes:

	Amount
Special revenue fund surpluses returned to the general fund	\$ 430,243
Reimbursement of indirect costs and other expenses paid by the general fund	96,525
General fund transfer from Rolling Hills, highway, human services, public health, and senior services funds for insurance decrease	190,619
General fund transfer to Rolling Hills, human services, public health, senior services, and highway funds for information systems	58,744
General fund transfer to Rolling Hills, human services, public health, senior services, and highway funds for technology pool	33,623
General fund transfer to Rolling Hills for maintenance projects	235,657
Information services and workers compensation activities transferred from the general fund when creating internal service funds	636,515
Finance department charges to human services, senior services, and Rolling Hills	525,791
General fund transfer from Rolling Hills, human services, public health, and senior services funds for pay for performance adjustment increase	33,416
Internal service fund surplus returned to general fund	38,784
Debt service transfer from the general and solid waste enterprise funds	303,085
	<u>\$ 2,583,002</u>

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2014:

	Outstanding 1/1/14	Issued	Retired	Outstanding 12/31/14	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 11,140,000	\$ 9,850,000	\$ 2,115,000	\$ 18,875,000	\$ 2,075,000
Notes	1,105,000	-	260,000	845,000	270,000
Total General Obligation Debt	12,245,000	9,850,000	2,375,000	19,720,000	2,345,000
Debt premium	143,474	205,611	14,036	335,049	32,728
Post-employment health					
benefits payable	148,772	11,380	-	160,152	-
Compensated absences	651,666	456,937	456,162	652,441	430,769
Governmental activities					
Long-term obligations	<u>\$ 13,188,912</u>	<u>\$ 10,523,928</u>	<u>\$ 2,845,198</u>	<u>\$ 20,867,642</u>	<u>\$ 2,808,497</u>
Business-type activities:					
Landfill closure/postclosure					
Ridgeville Cell I	\$ 188,001	\$ -	\$ 45,876	\$ 142,125	\$ -
Ridgeville Cell II	1,727,819	161,167	-	1,888,986	-
County forest loan	98,532	-	33,710	64,822	-
Post-employment health					
benefits payable	126,133	16,374	-	142,507	-
Compensated absences	424,345	328,563	337,870	415,038	275,216
Business-type activities					
Long-term obligations	<u>\$ 2,564,830</u>	<u>\$ 506,104</u>	<u>\$ 417,456</u>	<u>\$ 2,653,478</u>	<u>\$ 275,216</u>

Total interest paid during the year on long-term debt totaled \$278,375.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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, 2014 totaled \$19,720,000 and consisted of the following issues:

Bonds

\$2,105,000 issued 8/15/01; \$125,000 to \$170,000 due annually through 2021; interest 3.80% to 5.00%	\$ 1,020,000
\$10,000,000 issued 10/1/13; \$200,000 to \$1,420,000 due annually through 2025; interest 2.00% to 3.00%	8,005,000
\$9,850,000 issued 10/15/14; \$380,000 to \$1,450,000 due annually through 2025; interest 1.00% to 2.00%	<u>9,850,000</u>
Total Bonds	<u><u>18,875,000</u></u>

Notes

\$2,500,000 issued 12/19/07; \$270,000 to \$295,000 due annually through 2017; interest 4.00%	<u>845,000</u>
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Total Outstanding General Obligation Debt	<u><u>\$ 19,720,000</u></u>
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Annual principal and interest maturities of the outstanding general obligation debt of \$19,720,000 on December 31, 2014 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2015	\$ 2,345,000	\$ 419,371	\$ 2,764,371
2016	1,815,000	398,208	2,213,208
2017	1,950,000	350,909	2,300,909
2018	1,610,000	308,227	1,918,227
2019	1,600,000	271,775	1,871,775
2020-2024	8,600,000	803,338	9,403,338
2025	1,800,000	25,100	1,825,100
	<u>\$ 19,720,000</u>	<u>\$ 2,576,928</u>	<u>\$ 22,296,928</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, 2014 was \$127,413,023 as follows:

Equalized valuation of the County	\$ 2,937,775,800
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	146,888,790
Total outstanding general obligation debt applicable to debt limitation	\$ 19,720,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>244,233</u>
Net outstanding general obligation debt applicable to debt limitation	19,475,767
Legal Margin for New Debt	<u><u>\$ 127,413,023</u></u>

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

County Forest Loan

The County obtained a county forest loan through the Wisconsin Department of Natural Resources in 2013. The loan was used by the Solid Waste Enterprise Fund to partially fund a property purchase. The loan will be repaid as the county harvests wood products from County forest lands. The DNR requests 20% of the value of the wood products cut. The balance of the loan was \$64,822 at December 31, 2014.

8. 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, 2014 and the recording of these costs as operating expenses follow:

Landfill Closure and Postclosure Care			
	Ridgeville I	Ridgeville II	Total
Total estimated costs	\$ 142,125	\$ 3,138,371	
Percentage of storage capacity used	100%	60.19%	
	<u>\$ 142,125</u>	<u>\$ 1,888,986</u>	<u>\$ 2,031,111</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	\$ 142,125	\$ 3,138,371	
Less: Charged to operations	142,125	1,888,986	
Future year closure and postclosure costs	<u>\$ -</u>	<u>\$ 1,249,385</u>	<u>\$ 1,249,385</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.

9. Other Post Employment Benefits

Plan Description – Early retirees, who are eligible and draw a monthly retirement annuity from the Wisconsin Retirement System through age 65, may remain in the County's health insurance group provided the retiree pays the full premium for the applicable coverage. Effective in 2013, only employees working half time or more are eligible for this benefit. Grandfathered employees working less than half time remain eligible for the benefit. After age 65, the retiree is eligible to remain in the County's health insurance group for an additional 18 months (36 months for the retiree's dependents) provided the retiree pays the full premium for the applicable coverage. There are 373 active and 7 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.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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	\$ 58,841
Interest on net OPEB	11,667
Adjustment to annual required contribution	(9,656)
Annual OPEB cost (expense)	60,852
Contributions made	33,098
Change in net OPEB obligation	27,754
OPEB obligation - beginning of year	274,905
OPEB obligation - end of year	<u>\$ 302,659</u>

The annual required contribution for the current year was determined as part of the January 1, 2013 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4.1% 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, 2014 is 30 years, and the remaining amount is \$589,024.

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 2014 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$ 91,395	40.70%	\$ 239,417
12/31/2013	59,006	39.86%	274,905
12/31/2014	60,852	54.39%	302,659

Funded Status and Funding Progress - As of January 1, 2013, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$589,024. The annual payroll for active employees covered by the plan for the 2013 fiscal year was \$15,328,037 for a ratio of the UAAL to covered payroll of 3.84%.

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.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

In the January 1, 2013 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 4.1% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 10% for medical, reduced by 1% per year down to an ultimate rate of 5% for medical after six years. The investment rate of return is 5% which includes an assumed rate of inflation of 4%. The UAAL is being amortized using the level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

10. Fund Equity

Net position of the governmental activities reported on the government-wide statement of net position at December 31, 2014 includes the following:

	Governmental Activities	Business-type Activities	Total
Restricted			
Debt service	\$ 244,233	\$ -	\$ 244,233
Wegner Grotto	182,948	-	182,948
Local history room	308,768	-	308,768
Haney Reserve	1,864	-	1,864
Child support technology purchases	51,329	-	51,329
WEDCS election grant	1,621	-	1,621
Redaction fees	67,886	-	67,886
K-9 unit donations	1,000	-	1,000
Land records fees	145,886	-	145,886
DOT Trust	63,455	-	63,455
Dog control	22,572	-	22,572
Parks	4,399	-	4,399
CREP Program	37,707	-	37,707
Forestry maintenance - land acquisition	49,255	-	49,255
Forestry Habelman reforestation	3,280	-	3,280
Wildlife habitat	1,011	-	1,011
Jail assessment	325,081	-	325,081
Closure and postclosure	-	484,174	484,174
Resident trust	-	18,861	18,861
Community development	-	842,145	842,145
Totals	\$ 1,512,295	\$ 1,345,180	\$ 2,857,475

At December 31, 2014, the County has segregated its fund balance components into the following classifications:

	General	Human Services	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Nonspendable						
Delinquent taxes	\$ 1,487,839	\$ -	\$ -	\$ -	\$ -	\$ 1,487,839
Inventories and prepaid items	93,143	-	6,527	-	-	99,670
Haney Reserve	1,000	-	-	-	-	1,000
Wegner Grotto	-	-	-	-	50,000	50,000
Local History Room	-	-	-	-	308,055	308,055
Total	\$ 1,581,982	\$ -	\$ 6,527	\$ -	\$ 358,055	\$ 1,946,564

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	General	Human Services	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Restricted						
Retirement of long-term debt	\$ -	\$ -	\$ -	\$ 244,233	\$ -	\$ 244,233
Wegner Grotto	-	-	-	-	132,948	132,948
Local history room	-	-	-	-	713	713
DOT Trust	-	-	-	-	63,455	63,455
Haney Reserve	864	-	-	-	-	864
Child support technology purchases	-	-	-	-	51,329	51,329
WEDCS Election Grant	1,621	-	-	-	-	1,621
Redaction fees	67,886	-	-	-	-	67,886
K-9 Unit Donations	1,000	-	-	-	-	1,000
Land records fees	145,886	-	-	-	-	145,886
Dog control	22,572	-	-	-	-	22,572
Parks	4,399	-	-	-	-	4,399
CREP Program	37,707	-	-	-	-	37,707
Forestry maintenance - land acquisition	49,255	-	-	-	-	49,255
Forestry Habelman reforestation	3,280	-	-	-	-	3,280
Wildlife habitat	1,011	-	-	-	-	1,011
Justice Center capital project	-	-	11,655,094	-	-	11,655,094
Jail assessment	-	-	-	-	325,081	325,081
Total	\$ 335,481	\$ -	\$ 11,655,094	\$ 244,233	\$ 573,526	\$ 12,808,334
Committed						
Justice Center Reserve Fund	\$ -	\$ -	\$ 3,071,858	\$ -	\$ -	\$ 3,071,858
Emergency Radio System Project	784,500	-	-	-	-	784,500
Cloud-Based ERP Financial and Document Software	386,088	-	-	-	-	386,088
CMHC Financial Software & Equip Upgrade	107,100	-	-	-	-	107,100
IS Technical Installation, Support and Process Mapping	11,750	-	-	-	-	11,750
New Construction - Educational purposes (farm proceeds)	61,354	-	-	-	-	61,354
IT Infrastructure and upgrades	456,342	-	-	-	-	456,342
Justice Community Service Program supplies	510	-	-	-	-	510
Angelo Wayside Improvements	527	-	-	-	-	527
Watershed funds	1,764	-	-	-	-	1,764
UW Extension Educational Programs	17,236	-	-	-	-	17,236
Total	\$ 1,827,171	\$ -	\$ 3,071,858	\$ -	\$ -	\$ 4,899,029
Assigned						
Retirement/fringe pool	\$ 9,560	\$ -	\$ -	\$ -	\$ -	\$ 9,560
Long-range capital pool	307,688	-	-	-	-	307,688
Human services	-	300,000	-	-	-	300,000
Capital improvements	-	-	17,388	-	-	17,388
Local history	-	-	-	-	113,328	113,328
Total	\$ 317,248	\$ 300,000	\$ 17,388	\$ -	\$ 113,328	\$ 747,964

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Minimum Fund Balance Policy

The County Board has adopted a minimum cash fund balance policy that the amount of 25% of the total annual County operating budget excluding refundable prepayments and GAAP defined nonspendable, restricted, committed and assigned account balances. The minimum cash fund balance should also include \$1,000,000 as a provision to cover unexpected volatile operational costs, and \$2,000,000 as a provision to cover delinquent tax collections. The minimum fund balance amount is calculated as follows:

General fund cash balance December 31, 2014	\$ 21,854,324
Restricted funds	(485,158)
Committed funds	(4,899,029)
Assigned funds	(655,885)
General fund balance less restricted, committed and assigned funds	\$ 15,814,252
Actual 2014 Total County Adopted Budgeted Expenditures	\$ 47,160,217
Minimum Fund Balance %	(x) 25%
Subtotal	11,790,054
Provision for unexpected volatile operational costs	1,000,000
Provision for future delinquent taxes	2,000,000
Minimum Fund Balance Amount	\$ 14,790,054

The contingency fund balance of \$38,637 will roll forward into the 2015 contingency fund balance at the end of 2014 as the required fund balance per policy was attained.

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 employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire, are eligible to participate in the WRS. All employees initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General category, including Teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

Contribution rates for 2014 are as follows:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

The payroll for County employees covered by the WRS for the year ended December 31, 2014 was \$14,683,347; the employer's total payroll was \$15,936,262. The total required contribution for the year ended December 31, 2014 was \$2,128,200, which consisted of \$1,098,851 or 7.50% of covered payroll from the employer, and \$1,029,349, or 7.00% of covered payroll from employees. Total contributions for the years ended December 31, 2013 and 2012 were \$2,030,387 and \$1,782,987, 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. A 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 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report that 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, 2014

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. The claims liability of \$439,286 reported in the fund at December 31, 2014 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 2014 follows:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2014	\$ 515,559	\$ 3,738	\$ 80,011	\$ 439,286

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.

The Village of Warrens, Wisconsin (the "Village") is currently in default on a \$3.4 million Clean Water Fund Loan from the Wisconsin Department of Administration. The Village has entered into a Forbearance Agreement whereby the State of Wisconsin ("State") has agreed not to take any action to enforce its rights as a result of the default; provided the Village takes certain actions to address the default. The Forbearance Agreement was set to expire on December 31, 2013. Under 66.0301, of the Wisconsin Statutes, the County is responsible if the Village defaults on the loan.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

In connection with this default, the Village has requested Monroe County to enter into an Intergovernmental Agreement pursuant to Section 66.0301, of the Wisconsin Statutes, for the purpose of creating the Warrens-Monroe Wastewater Commission (the "Commission") that will purchase and subsequently operate the wastewater treatment and collection system within the Village. On January 23, 2013, Monroe County approved of the Agreement; and executed it. The Village executed the Agreement on February 14, 2013. On September 25, 2013, the County authorized an unconditional guaranty of the pro rata share of the Warrens-Monroe Wastewater Commission not to exceed \$5,000,000. Once financing is received, the Commission will purchase from the Village, its wastewater facilities, including the treatment plant and collection system. The purchase price will equal the outstanding principal amount of the Clean Water Fund Loan, the principal amount of the BANS attributable to sewer facilities, and certain additional funds. It was anticipated that the Commission would receive a loan from the USDA in an amount sufficient to pay the entirety of the purchase price. The Commission will then be obligated to the USDA, to repay amounts borrowed over a loan having a term of forty years, at the applicable interest rate financed from actual sewer revenues from the wastewater system within the Village. On July 11, 2013, the USDA approved the Commission's application for a loan to finance the acquisition of the Village's wastewater treatment plant. The USDA loan was finalized during 2014.

4. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2014 and 2015 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the County's January 1 equalized value as a result of net new construction. The actual limit for the County for the 2014 budget was 3.72%. The actual limit for the County for the 2015 budget was 2.16%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

5. Prior Period Adjustment

In 2014, the County reclassified the activities of its workers compensation self-insurance program from the general fund to an internal service fund. As part of this reclassification, the County evaluated its incurred but not reported claims liability previously recorded and reduced the liability by \$1,323,041. The reduction was recorded as a prior period adjustment in the workers compensation internal service fund and the governmental activities of the County.

6. Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide and proprietary statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ending December 31, 2015.

REQUIRED SUPPLEMENTARY INFORMATION

MONROE COUNTY, WISCONSIN
 Schedule of Funding Progress
 Other Post-employment Benefit Plan
 For the Year Ended December 31, 2014

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%
1/1/2011	-	786,474	0.00%	786,474	15,526,975	5.07%
1/1/2013	-	589,024	0.00%	589,024	15,328,037	3.84%

See Notes to Required Supplementary Information.

MONROE COUNTY, WISCONSIN
Schedule of Employer Contributions
Other Post-employment Benefit Plan
For the Year Ended December 31, 2014

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2012	\$ 37,195	\$ 94,567	39.33%
2013	23,518	58,840	39.97%
2014	33,098	58,841	56.25%

See Notes to Required Supplementary Information.

MONROE COUNTY, WISCONSIN
Notes to Required Supplementary Information
For the Year Ended December 31, 2014

NOTE A - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 45

The County implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" for the fiscal year ended December 31, 2009. Information for prior years is not available.

NOTE B - SCHEDULE OF FUNDING PROGRESS

The January 1, 2013 actuarial valuation differs from the January 1, 2011 actuarial valuation due to the following factor:

The January 1, 2011 valuation assumed 25% of active employees currently electing medical coverage would elect to self-pay the full medical premium upon retirement and 50% of active employees currently selecting family coverage would switch to single coverage. The January 1, 2013 valuation assumed 25% of active employees currently electing medical coverage would elect to self-pay the full medical premium upon retirement and 100% of active employees currently selecting family coverage would switch to single coverage. The County also modified the eligibility requirements effective in 2013. Under the revised requirements, only employees working half time or more are eligible for the benefit.

SUPPLEMENTARY INFORMATION

MONROE COUNTY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Special Revenue					Total Nonmajor Governmental Funds
	Senior Services	Child Support	Health	Jail Assessment	Local History Room	
ASSETS						
Cash and investments	\$ 200	\$ 100	\$ 9,668	\$ 331,177	\$ 149,077	\$ 490,222
Restricted cash and investments	63,455	-	-	-	491,716	555,171
Receivables						
Taxes	258,486	-	376,044	-	-	634,530
Accounts	44,508	99,410	20,053	3,211	-	167,182
Other	15	-	-	-	-	15
TOTAL ASSETS	\$ 366,664	\$ 99,510	\$ 405,765	\$ 334,388	\$ 640,793	\$ 1,847,120
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 18,838	\$ 1,117	\$ 10,314	\$ 9,307	\$ -	\$ 39,576
Accrued and other current liabilities	13,326	9,246	19,407	-	-	41,979
Due to other funds	10,040	37,818	-	-	35,749	83,607
Unearned revenues	2,504	-	-	-	-	2,504
Total Liabilities	44,708	48,181	29,721	9,307	35,749	167,666
Deferred Inflows of Resources						
Property taxes	258,486	-	376,044	-	-	634,530
Interest	15	-	-	-	-	15
Total Deferred Inflows of Resources	258,501	-	376,044	-	-	634,545
Fund Balances						
Nonspendable	-	-	-	-	358,055	358,055
Restricted	63,455	51,329	-	325,081	133,661	573,526
Assigned	-	-	-	-	113,328	113,328
Total Fund Balances	63,455	51,329	-	325,081	605,044	1,044,909
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 366,664	\$ 99,510	\$ 405,765	\$ 334,388	\$ 640,793	\$ 1,847,120

MONROE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Special Revenue					Total Nonmajor Governmental Funds
	Senior Services	Child Support	Health	Jail Assessment	Local History Room	
Revenues						
Taxes	\$ 196,305	\$ -	\$ 386,356	\$ -	\$ -	\$ 582,661
Intergovernmental	447,009	473,445	348,655	-	-	1,269,109
Public charges for services	303,037	3,050	130,239	52,755	-	489,081
Miscellaneous	5,247	-	5,400	2,319	173,356	186,322
Total Revenues	951,598	476,495	870,650	55,074	173,356	2,527,173
Expenditures						
Current						
Health and human services	987,527	423,704	838,713	-	-	2,249,944
Excess of Revenues Over (Under) Expenditures	(35,929)	52,791	31,937	55,074	173,356	277,229
Other Financing Sources (Uses)						
Transfers in	60,043	-	5,097	-	-	65,140
Transfers out	(18,869)	(52,791)	(37,034)	(50,403)	(46,122)	(205,219)
Total Other Financing Sources (Uses)	41,174	(52,791)	(31,937)	(50,403)	(46,122)	(140,079)
Net Change in Fund Balances	5,245	-	-	4,671	127,234	137,150
Fund Balances - January 1	58,210	51,329	-	320,410	477,810	907,759
Fund Balances - December 31	\$ 63,455	\$ 51,329	\$ -	\$ 325,081	\$ 605,044	\$ 1,044,909

MONROE COUNTY, WISCONSIN
Combining Statement of Net Position
Internal Service Funds
December 31, 2014

	Information Systems	Technology Pool	Workers Compensation	Total Internal Service Funds
ASSETS				
Current assets				
Cash and investments	\$ 56,688	\$ 466,835	\$ 2,453,013	\$ 2,976,536
Receivables				
Taxes	874,857	-	-	874,857
Prepaid items	14,381	-	-	14,381
Total Current Assets	<u>945,926</u>	<u>466,835</u>	<u>2,453,013</u>	<u>3,865,774</u>
TOTAL ASSETS	<u>945,926</u>	<u>466,835</u>	<u>2,453,013</u>	<u>3,865,774</u>
LIABILITIES				
Current Liabilities				
Accounts payable	52,150	10,188	-	62,338
Accrued and other current liabilities	7,169	-	439,286	446,455
TOTAL LIABILITIES	<u>59,319</u>	<u>10,188</u>	<u>439,286</u>	<u>508,793</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	<u>874,857</u>	-	-	<u>874,857</u>
NET POSITION				
Unrestricted	<u>\$ 11,750</u>	<u>\$ 456,647</u>	<u>\$ 2,013,727</u>	<u>\$ 2,482,124</u>

MONROE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2014

	Information Systems	Information Technology	Workers Compensation	Total Internal Service Funds
Operating Revenues				
Intergovernmental charges for services	\$ 58,699	\$ 130,237	\$ 479,813	\$ 668,749
Other operating revenues	-	-	979	979
Total Operating Revenues	<u>58,699</u>	<u>130,237</u>	<u>480,792</u>	<u>669,728</u>
Operating Expenses				
Salaries and fringe benefits	264,959	-	-	264,959
Contractual services	424,923	56,338	48,315	529,576
Supplies	704	-	-	704
Insurance and other fixed charges	-	-	3,739	3,739
Total Operating Expenses	<u>690,586</u>	<u>56,338</u>	<u>52,054</u>	<u>798,978</u>
Operating Income (Loss)	<u>(631,887)</u>	<u>73,899</u>	<u>428,738</u>	<u>(129,250)</u>
Nonoperating Revenues				
General property taxes	712,382	-	-	712,382
Interest income	-	-	8,181	8,181
Total Nonoperating Revenues	<u>712,382</u>	<u>-</u>	<u>8,181</u>	<u>720,563</u>
Net Income Before Transfers	80,495	73,899	436,919	591,313
Transfers in	-	382,748	253,767	636,515
Transfers out	<u>(68,745)</u>	<u>-</u>	<u>-</u>	<u>(68,745)</u>
Change in Net Position	<u>11,750</u>	<u>456,647</u>	<u>690,686</u>	<u>1,159,083</u>
Net Position - January 1	-	-	-	-
Prior period adjustment	<u>-</u>	<u>-</u>	<u>1,323,041</u>	<u>1,323,041</u>
Net Position - January 1 (adjusted)	<u>-</u>	<u>-</u>	<u>1,323,041</u>	<u>1,323,041</u>
Net Position - December 31	<u>\$ 11,750</u>	<u>\$ 456,647</u>	<u>\$ 2,013,727</u>	<u>\$ 2,482,124</u>

MONROE COUNTY, WISCONSIN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2014

	Information Systems	Technology Pool	Workers Compensation	Total Internal Service Funds
Cash Flows from Operating Activities				
Cash received from customers	\$ 58,699	\$ 130,237	\$ 480,792	\$ 669,728
Cash payments to suppliers	(387,858)	(46,150)	(128,327)	(562,335)
Cash payments to employees	(257,790)	-	-	(257,790)
Net Cash Provided (Used) by Operating Activities	<u>(586,949)</u>	<u>84,087</u>	<u>352,465</u>	<u>(150,397)</u>
Cash Flows from Noncapital Financing Activities				
General property taxes	712,382	-	-	712,382
Transfers in	-	382,748	2,092,367	2,475,115
Transfers out	(68,745)	-	-	(68,745)
Net Cash Provided by Noncapital Financing Activities	<u>643,637</u>	<u>382,748</u>	<u>2,092,367</u>	<u>3,118,752</u>
Cash Flows from Investing Activities				
Interest income received	-	-	8,181	8,181
Change in Cash and Cash Equivalents	56,688	466,835	2,453,013	2,976,536
Cash and Cash Equivalents - January 1	-	-	-	-
Cash and Cash Equivalents - December 31	<u>\$ 56,688</u>	<u>\$ 466,835</u>	<u>\$ 2,453,013</u>	<u>\$ 2,976,536</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (631,887)	\$ 73,899	\$ 428,738	\$ (129,250)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in assets and liabilities				
Prepaid items	(14,381)	-	-	(14,381)
Accounts payable	52,150	10,188	-	62,338
Accrued and other current liabilities	7,169	-	(76,273)	(69,104)
Net Cash Provided (Used) by Operating Activities	<u>\$ (586,949)</u>	<u>\$ 84,087</u>	<u>\$ 352,465</u>	<u>\$ (150,397)</u>
Noncash Investing, Capital and Financing Activities				
None				