

Monroe County, Wisconsin
Sparta, Wisconsin
**Financial Statements and
Supplementary Financial Information**
Year Ended December 31, 2016

Monroe County, Wisconsin

Financial Statements and Supplementary Financial Information Year Ended December 31, 2016

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Independent Auditor's Report

County Board of Supervisors
Monroe County
Sparta, Wisconsin

Report on the Financial Statements

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, 2016 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with accounting standards generally accepted in the United States 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Monroe County, Wisconsin, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Human Services Funds for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis, the schedule of funding progress – other post-employment benefit fund, and the schedule of proportionate share of the net pension liability (asset) and contributions – Wisconsin Retirement System on pages 3 through 9 and 54 through 55 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, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2017, on our consideration of the County's internal control over financial reporting and on 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* in considering the County's internal control over financial reporting and compliance.



Wipfli LLP

July 11, 2017
Madison, Wisconsin

Management's Discussion and Analysis

Monroe County, Wisconsin

Management's Discussion and Analysis

December 31, 2016

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, 2016.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflow of resources as of December 31, 2016 by \$94.9 million (net position). Of this amount, \$22.7 million (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$1.8 million. This increase was due primarily to an increase in net investment in capital assets.
- As of December 31, 2016, the County's governmental funds reported combined ending fund balances of \$22.2 million, a decrease of \$10.5 million in comparison with the prior year. Fund balance decreased due to \$10.8 million being spent in the capital projects fund while only taking in an additional \$4.2 million of which \$4 million was transferred from the general fund to cover these expenditures.
- As of December 31, 2016, unassigned fund balance for the general fund was \$10.4 million.
- The County's total general-obligation debt decreased by \$2,355,000 during 2016.

Overview of the Basic Financial Statements

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

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

The statement of net position presents information on all of the County's assets, liabilities and deferred outflows and inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent year. All changes in net position 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, capital projects fund, and debt service fund. Data from the other five 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. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its information systems, technology pool, and self-funded workers' compensation.

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 three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 19 - 23 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 24 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 25 - 53 of this report.

Required supplementary information. Information on the County's pension and other post-employment benefit plan is presented immediately following the notes to the basic financial statements and can be found on pages 54 - 55.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the basic financial statements and can be found on pages 56 – 60.

Government-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$94.9 million at the close of 2016.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 40,921,989	\$ 54,157,135	\$ 13,308,044	\$ 14,767,881	\$ 54,230,033	\$ 68,925,016
Capital assets	78,618,572	67,097,289	9,521,203	8,654,956	88,139,775	75,752,245
Total assets	119,540,561	121,254,424	22,829,247	23,422,837	142,369,808	144,677,261
Total deferred outflows of resources	6,583,065	1,839,260	3,643,153	1,044,965	10,226,218	2,884,225
Long-term liabilities	27,573,261	28,836,279	4,226,189	2,806,449	31,799,450	31,642,728
Other liabilities	3,632,775	4,016,362	1,505,018	908,201	5,137,793	4,924,563
Total liabilities	31,206,036	32,852,641	5,731,207	3,714,650	36,937,243	36,567,291
Total deferred inflows of resources	14,662,353	12,724,922	6,057,348	5,126,400	20,719,701	17,851,322
Net position:						
Net investment in capital assets	56,588,864	48,172,155	9,494,902	8,616,162	66,083,766	56,788,317
Restricted	5,263,150	6,261,617	862,219	3,330,494	6,125,369	9,592,111
Unrestricted	18,403,223	23,082,349	4,326,724	3,680,096	22,729,947	26,762,445
Total net position	\$ 80,255,237	\$ 77,516,121	\$ 14,683,845	\$ 15,626,752	\$ 94,939,082	\$ 93,142,873

By far the largest portion of the County's net position (70%) 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 position (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$22.7 million) may be used to meet the County's ongoing obligations to citizens and creditors.

Change in net position. Governmental activities increased the County's net position by \$2,739,116 while business-type activities decreased net position by \$942,907. A summary of the changes in net position follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 3,537,607	\$ 3,470,749	\$ 10,959,576	\$ 10,620,437	\$ 14,497,183	\$ 14,091,186
Operating grants and contributions	7,403,873	7,248,104	2,097,281	2,344,511	9,501,154	9,592,615
Capital grants and contributions					-	-
General revenues:						
Property taxes	12,733,115	13,427,688	5,027,401	5,014,644	17,760,516	18,442,332
Sales tax	3,323,689	3,314,137	-	-	3,323,689	3,314,137
Other taxes	56,452	52,125	-	-	56,452	52,125
Grants and contributions not restricted to specific programs	2,581,330	2,481,330	-	-	2,581,330	2,481,330
Investment income	446,553	450,295	14,129	5,551	460,682	455,846
Other	119,051	182,797	-	-	119,051	182,797
Total revenues	30,201,670	30,627,225	18,098,387	17,985,143	48,300,057	48,612,368
Expenses:						
General government	6,725,418	6,184,195	-	-	6,725,418	6,184,195
Public safety	6,466,119	7,625,118	-	-	6,466,119	7,625,118
Public works	1,586,307	604,602	-	-	1,586,307	604,602
Health and human services	11,405,675	10,520,387	-	-	11,405,675	10,520,387
Culture, recreation, and education	897,969	789,484	-	-	897,969	789,484
Conservation and development	787,242	629,446	-	-	787,242	629,446
Interest and fiscal charges	624,041	521,946	-	-	624,041	521,946
Nursing home	-	-	7,606,042	7,392,296	7,606,042	7,392,296
Solid waste	-	-	2,444,615	1,634,853	2,444,615	1,634,853
Highway	-	-	7,954,409	6,815,648	7,954,409	6,815,648
Economic revolving loan	-	-	6,011	3,211	6,011	3,211
Total expenses	28,492,771	26,875,178	18,011,077	15,846,008	46,503,848	42,721,186
Change in net position before transfers	1,708,899	3,752,047	87,310	2,139,135	1,796,209	5,891,182
Transfers	1,030,217	709,474	(1,030,217)	(709,474)	-	-
Change in net position	2,739,116	4,461,521	(942,907)	1,429,661	1,796,209	5,891,182
Net position - January 1	77,516,121	73,054,600	15,626,752	14,197,091	93,142,873	87,251,691
Net position - December 31	\$ 80,255,237	\$ 77,516,121	\$ 14,683,845	\$ 15,626,752	\$ 94,939,082	\$ 93,142,873

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, unassigned 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, 2016, the County's governmental funds reported combined ending fund balances of \$22,195,816, a decrease of \$10,499,343 in comparison with the prior year. Approximately 46% of this amount (\$10.4 million) constitutes unassigned fund balance. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been accounted for. The nonspendable amounts include 1) current year prepayments that benefit periods beyond the end of the current year (\$321,162), 2) the portion of delinquent taxes purchased from other taxing jurisdictions (\$1,316,367) and 3) nonspendable contributions for Wegner Grotto, local history room endowment and Haney Reserve (\$689,045). The restricted include 1) amounts restricted for debt service (\$3,649,070), 2) amounts restricted by statutes (\$556,626), 3) amounts restricted by grant programs (\$171,538), 4) amounts restricted by donors (\$206,585), and 5) amounts restricted for construction projects (\$286). The committed amount of \$4,039,668 is for various projects approved by the County Board, including \$3.5 million committed to the justice center construction. The assigned amounts represent tentative management plans for certain items in the General Fund (\$582,745), Human Services special revenue fund (\$120,084), and the Local History Room special revenue fund (\$188,350).

The general fund is the chief operating fund of the County. At the end of the current year, unassigned fund balance of the general fund was \$10,354,290 while total fund balance was \$13,443,862. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 67% of total general fund expenditures, while total fund balance represents 87% of that same amount. Because the County annually transfers back unassigned 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 decreased \$6,252,395 during the current year. Key factors in this change are as follows:

- The general fund transferred \$4 million to the capital projects fund for use on the justice center project and \$3,563,246 to the debt service fund for future debt payments.
- Overall expenditure variances totaled \$2,060,588.
- General Government and Capital Outlay expenditures were under budget by \$471,113 and \$870,870.

The County's capital projects fund decreased \$6,535,079 due primarily to the County spending \$10.8 million on construction projects while only transferring in \$4 million from the general fund.

The County's debt service fund increased by \$2,377,827 due to transfers in from the general fund.

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 position of the Rolling Hills Rehabilitation Center at the end of the year amounted to \$3,095,950, an increase of \$561,912 over the prior year due primarily to fiscal oversight by management.

Net position of the solid waste fund at the end of the year amounted to \$1,992,505, a decrease of \$736,700 over the prior year due primarily to a one-time adjustment of \$652,834 to post closure liabilities.

Net position of the highway fund at the end of the year amounted to \$8,221,134, a decrease of \$803,180 over the prior year due primarily to a decrease in cash balance that was used towards projects and equipment in 2016.

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, 2016 amounts to \$88,139,775 (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 \$12,387,530 over last year and primarily due to governmental activities related to the construction of the justice center construction project and various road improvements.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,328,985	\$ 1,328,985	\$ 574,911	\$ 574,911	\$ 1,903,896	\$ 1,903,896
Construction in progress	39,313,474	26,837,978	160,560	-	39,474,034	26,837,978
Land improvements	135,654	150,360	1,313,783	1,361,867	1,449,437	1,512,227
Buildings	1,290,254	1,313,823	1,449,263	1,580,891	2,739,517	2,894,714
Machinery and equipment	884,451	1,007,545	6,022,686	5,137,287	6,907,137	6,144,832
Infrastructure	35,665,754	36,458,598	-	-	35,665,754	36,458,598
Total	\$ 78,618,572	\$ 67,097,289	\$ 9,521,203	\$ 8,654,956	\$ 88,139,775	\$ 75,752,245

Long-term debt. At the end of the current fiscal year, the County had total general obligation debt outstanding of \$25,020,000 backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation debt:						
Bonds	\$ 24,725,000	\$ 26,800,000	\$ -	\$ -	\$ 24,725,000	\$ 26,800,000
Notes	295,000	575,000	-	-	295,000	575,000
Total	\$ 25,020,000	\$ 27,375,000	\$ -	\$ -	\$ 25,020,000	\$ 27,375,000

The County's general obligation debt decreased \$2,355,000 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 \$158,501,470, which is significantly in excess of the County's \$25,020,000 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, 124 N Court Street, Sparta, WI 54656.

Basic Financial Statements

Monroe County, Wisconsin

Statement of Net Position

December 31, 2016

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	\$ 23,349,509	\$ 1,490,046	\$ 24,839,555
Receivables			
Taxes	12,184,056	4,693,924	16,877,980
Delinquent taxes	1,786,418	-	1,786,418
Accounts	1,838,534	1,408,995	3,247,529
Loans	-	39,495	39,495
Other	22,367	-	22,367
Internal balances	(484,540)	484,540	-
Due from other governments	-	901,036	901,036
Inventories and prepaid items	1,109,028	1,252,759	2,361,787
Restricted assets:			
Cash and investments	1,116,616	1,053,032	2,169,648
Deposits with the State	-	1,699,792	1,699,792
Loans receivables	-	284,425	284,425
Capital assets, nondepreciable	40,642,459	735,471	41,377,930
Capital assets, depreciable, net	37,976,113	8,785,732	46,761,845
Total assets	<u>119,540,560</u>	<u>22,829,247</u>	<u>142,369,807</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	6,583,065	3,643,153	10,226,218
Liabilities:			
Accounts payable	1,790,923	906,138	2,697,061
Other accrued liabilities	1,164,506	419,267	1,583,773
Accrued interest payable	204,833	-	204,833
Due to other governments	408,051	529	408,580
Unearned revenues	64,461	165,159	229,620
Payable from restricted assets			
Resident trust fund payable	-	13,925	13,925
Long-term obligations			
Due within one year	3,369,954	258,882	3,628,836
Due in more than one year	24,203,307	3,967,307	28,170,614
Total liabilities	<u>31,206,035</u>	<u>5,731,207</u>	<u>36,937,242</u>
Deferred inflows of resources:			
Property taxes	12,184,056	4,693,924	16,877,980
Deferred inflows related to pensions	2,478,297	1,363,424	3,841,721
Total deferred inflows of resources	<u>14,662,353</u>	<u>6,057,348</u>	<u>20,719,701</u>
Net position:			
Net investment in capital assets	56,588,864	9,494,902	66,083,766
Restricted	5,263,150	862,219	6,125,369
Unrestricted	18,403,223	4,326,724	22,729,947
Total net position	<u>\$ 80,255,237</u>	<u>\$ 14,683,845</u>	<u>\$ 94,939,082</u>

See accompanying notes to the financial statements.

Monroe County, Wisconsin

Statement of Activities

For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 6,725,418	\$ 1,416,061	\$ 375,519	\$ -
Public safety	6,466,119	455,347	133,288	-
Public works	1,586,307	78,381	31,708	-
Health and human services	11,405,675	1,294,451	6,225,265	-
Culture, recreation and education	897,969	173,683	203,829	-
Conservation and development	787,242	119,684	434,264	-
Interest and fiscal charges	624,041	-	-	-
Total governmental activities	28,492,771	3,537,607	7,403,873	-
Business-type activities:				
Nursing home	7,606,042	5,864,204	903,600	-
Solid waste	2,444,615	1,855,694	137,571	-
Highway	7,954,409	3,233,370	1,056,110	-
Economic revolving loan	6,011	6,308	-	-
Total business-type activities	18,011,077	10,959,576	2,097,281	-
Total	\$46,503,848	\$ 14,497,183	\$ 9,501,154	\$ -

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

Investment income

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

See accompanying notes to the financial statements.

Monroe County, Wisconsin

Statement of Activities - Continued

For the Year Ended December 31, 2016

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (4,933,838)	\$ -	\$ (4,933,838)
(5,877,484)	-	(5,877,484)
(1,476,218)	-	(1,476,218)
(3,885,959)	-	(3,885,959)
(520,457)	-	(520,457)
(233,294)	-	(233,294)
(624,041)	-	(624,041)
<u>(17,551,291)</u>	<u>-</u>	<u>(17,551,291)</u>
-	(838,238)	(838,238)
-	(451,350)	(451,350)
-	(3,664,929)	(3,664,929)
-	297	297
<u>-</u>	<u>(4,954,220)</u>	<u>(4,954,220)</u>
<u>(17,551,291)</u>	<u>(4,954,220)</u>	<u>(22,505,511)</u>
11,203,576	5,027,401	16,230,977
1,529,539	-	1,529,539
3,323,689	-	3,323,689
56,452	-	56,452
2,581,330	-	2,581,330
446,553	14,129	460,682
119,051	-	119,051
1,030,217	(1,030,217)	-
<u>20,290,407</u>	<u>4,011,313</u>	<u>24,301,720</u>
2,739,116	(942,907)	1,796,209
<u>77,516,121</u>	<u>15,626,752</u>	<u>93,142,873</u>
<u>\$80,255,237</u>	<u>\$ 14,683,845</u>	<u>\$ 94,939,082</u>

See accompanying notes to the financial statements.

Monroe County, Wisconsin

Balance Sheet Governmental Funds December 31, 2016

	General	Human Services	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and investments	\$ 12,004,785	\$ 52,935	\$4,412,753	\$2,871,204	\$ 524,480	\$19,866,157
Restricted cash and investments	221,020	8,007	307	-	887,282	1,116,616
Receivables						
Taxes	7,403,093	2,970,773	-	-	647,444	11,021,310
Delinquent taxes	1,786,418	-	-	-	-	1,786,418
Accounts	951,549	697,885	-	-	189,100	1,838,534
Other	22,367	-	-	-	-	22,367
Due from other funds	75,980	-	-	-	-	75,980
Inventories and prepaid items	321,162	-	-	777,866	10,000	1,109,028
Total assets	\$ 22,786,374	\$3,729,600	\$4,413,060	\$3,649,070	\$ 2,258,306	\$36,836,410
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Accounts payable	326,762	509,505	886,053	-	43,101	1,765,421
Other accrued liabilities	601,970	129,238	-	-	73,349	804,557
Due to other funds	-	-	-	-	34,626	34,626
Due to other governments	408,051	-	-	-	-	408,051
Unearned revenues	60,468	-	-	-	3,993	64,461
Total liabilities	1,397,251	638,743	886,053	-	155,069	3,077,116
Deferred inflows of resources:						
Property taxes	7,403,093	2,970,773	-	-	647,444	11,021,310
Delinquent taxes	542,168	-	-	-	-	542,168
Total deferred inflows of resources	7,945,261	2,970,773	-	-	647,444	11,563,478
Fund balances:						
Nonspendable	1,638,529	-	-	777,866	688,045	3,104,440
Restricted	355,351	-	286	2,871,204	579,398	3,806,239
Committed	512,947	-	3,526,721	-	-	4,039,668
Assigned	582,745	120,084	-	-	188,350	891,179
Unassigned	10,354,290	-	-	-	-	10,354,290
Total fund balances	13,443,862	120,084	3,527,007	3,649,070	1,455,793	22,195,816
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 22,786,374	\$3,729,600	\$4,413,060	\$3,649,070	\$ 2,258,306	\$36,836,410

See accompanying notes to the financial statements.

Monroe County, Wisconsin

Reconciliation of the Balance Sheet - Governmental Funds - to the Statement of Net Position December 31, 2016

Total fund balance - governmental funds	\$ 22,195,816
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements	78,618,572
Other long-term assets are not available to pay current expenditures and therefore are deferred in the funds:	
Delinquent taxes	542,168
The County's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource, therefore, it is not reported in the fund statements:	
Deferred outflows of resources	6,583,065
Deferred inflows of resources	(2,478,297)
Internal service funds are used by management to charge costs of various services to individual funds. Internal service funds are included in the governmental activities on the statement of net position	2,572,007
Some liabilities are not due and payable in the current period and, therefore are not reported in the funds:	
Bonds and notes payable	(25,020,000)
Debt premium	(536,655)
Compensated absences	(680,820)
Net pension liability	(1,154,465)
Post-employment health benefits payable	(181,321)
Accrued interest on long-term obligations	(204,833)
Total net position of governmental activities	<u>\$ 80,255,237</u>

Monroe County, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2016

	General	Human Services	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 10,304,152	\$2,880,816	\$ 188,500	\$1,529,539	\$ 661,376	\$15,564,383
Intergovernmental	3,717,837	5,016,423	52,500	-	1,198,492	9,985,252
Licenses and permits	200,573	-	-	-	-	200,573
Fines and forfeits	226,047	-	-	-	-	226,047
Public charges for services	1,143,303	755,391	-	-	458,365	2,357,059
Intergovernmental charges	660,504	-	-	-	-	660,504
Miscellaneous	351,965	-	36,688	-	79,567	468,220
Total revenues	16,604,381	8,652,630	277,688	1,529,539	2,397,800	29,462,038
Expenditures:						
Current:						
General government	5,551,343	-	-	-	-	5,551,343
Public safety	7,428,491	-	-	-	53,648	7,482,139
Public works	148,089	-	-	-	-	148,089
Health and human services	246,731	8,832,546	-	-	2,114,915	11,194,192
Culture and recreation	884,169	-	-	-	-	884,169
Conservation and development	765,148	-	-	-	-	765,148
Debt service:						
Principal	-	-	-	2,355,000	-	2,355,000
Interest and fiscal charges	-	-	-	657,721	-	657,721
Capital outlay	434,981	-	10,812,767	-	-	11,247,748
Total expenditures	15,458,952	8,832,546	10,812,767	3,012,721	2,168,563	40,285,549
Excess of revenues over (under) expenditures	1,145,429	(179,916)	(10,535,079)	(1,483,182)	229,237	(10,823,511)
Other Financing Sources (Uses)						
Transfers in	178,617	-	4,000,000	3,861,009	13,195	8,052,821
Transfers out	(7,576,441)	-	-	-	(152,212)	(7,728,653)
Total other financing sources (uses)	(7,397,824)	-	4,000,000	3,861,009	(139,017)	324,168
Net Change in Fund Balances	(6,252,395)	(179,916)	(6,535,079)	2,377,827	90,220	(10,499,343)
Fund Balances - Beginning	19,696,257	300,000	10,062,086	1,271,243	1,365,573	32,695,159
Fund Balances - Ending	\$ 13,443,862	\$ 120,084	\$ 3,527,007	\$3,649,070	\$ 1,455,793	\$22,195,816

Monroe County, Wisconsin

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities December 31, 2016

Net change in fund balance - governmental funds	\$ (10,499,343)
<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	13,502,269
Depreciation expense reported in the statement of activities	(1,844,967)
Book value of capital assets retired during current year	(80,948)
<p>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:</p>	
	(673,460)
<p>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 position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:</p>	
	2,355,000
<p>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.</p>	
	33,680
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Delinquent taxes	(154,238)
The net expenses of certain activities of internal service funds are reported with governmental activities	<u>101,123</u>
Change in net position - governmental activities	<u><u>\$ 2,739,116</u></u>

Monroe County, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

General Fund

For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 10,153,636	\$ 10,178,009	\$ 10,304,152	\$ 126,143
Intergovernmental	3,535,658	3,852,616	3,717,837	(134,779)
Licenses and permits	184,820	184,820	200,573	15,753
Fines and forfeits	200,750	204,218	226,047	21,829
Public charges for services	967,462	1,022,665	1,143,303	120,638
Intergovernmental charges	684,721	692,062	660,504	(31,558)
Miscellaneous	206,199	248,445	351,965	103,520
Total revenues	15,933,246	16,382,835	16,604,381	221,546
Expenditures:				
Current:				
General government	6,114,476	6,022,456	5,551,343	(471,113)
Public safety	7,326,746	7,683,355	7,428,491	(254,864)
Public works	171,741	171,975	148,089	(23,886)
Health and human services	251,278	300,532	246,731	(53,801)
Culture and recreation	1,000,277	1,046,470	884,169	(162,301)
Conservation and development	638,326	988,901	765,148	(223,753)
Capital outlay	511,713	1,305,851	434,981	(870,870)
Total expenditures	16,014,557	17,519,540	15,458,952	(2,060,588)
Excess of revenues over (under) expenditures	(81,311)	(1,136,705)	1,145,429	2,282,134
Other Financing Sources (Uses)				
Transfers in	15,000	21,640	178,617	156,977
Transfers out	-	(7,563,246)	(7,576,441)	(13,195)
Total other financing sources (uses)	15,000	(7,541,606)	(7,397,824)	143,782
Net Change in Fund Balances	(66,311)	(8,678,311)	(6,252,395)	2,425,916
Fund Balances - Beginning	66,311	8,678,311	19,696,257	11,017,946
Fund Balances - Ending	\$ -	\$ -	\$ 13,443,862	\$ 13,443,862

See accompanying notes to the financial statements.

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,879,822	\$ 2,884,819	\$ 2,880,816	\$ (4,003)
Intergovernmental charges	4,858,605	5,158,942	5,016,423	(142,519)
Public charges for services	571,060	674,360	755,391	81,031
Total revenues	8,309,487	8,718,121	8,652,630	(65,491)
Expenditures:				
Current:				
Health and human services	8,309,487	8,982,326	8,832,546	(149,780)
Net Change in Fund Balances	-	(264,205)	(179,916)	84,289
Fund Balances - Beginning	-	264,205	300,000	35,795
Fund Balances - Ending	\$ -	\$ -	\$ 120,084	\$ 120,084

Monroe County, Wisconsin

Statement of Net Position

Proprietary Funds

December 31, 2016

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund Revolving Loan	Total Enterprise Funds	Internal Service Funds
Assets:						
Current assets:						
Cash and investments	\$ 418,666	\$ 543,248	\$ -	\$ 528,132	\$ 1,490,046	\$ 3,483,352
Receivables						
Taxes	1,373,153	-	3,320,771	-	4,693,924	1,162,746
Accounts	707,866	165,002	536,127	-	1,408,995	-
Loans	-	-	-	39,495	39,495	-
Due from other governments	-	-	901,036	-	901,036	-
Inventories and prepaid items	49,562	-	1,203,197	-	1,252,759	-
Total current assets	2,549,247	708,250	5,961,131	567,627	9,786,255	4,646,098
Noncurrent assets:						
Restricted assets:						
Cash and investments	32,332	1,020,700	-	-	1,053,032	-
Deposits with the State	-	1,699,792	-	-	1,699,792	-
Loans receivables	-	-	-	284,425	284,425	-
Capital assets, nondepreciable						
Land	7,269	384,595	183,047	-	574,911	-
Construction in progress	-	160,560	-	-	160,560	-
Capital assets, depreciable						
Land improvements	510,400	4,421,886	511,697	-	5,443,983	-
Buildings and improvements	5,147,836	214,262	3,235,228	-	8,597,326	-
Machinery and equipment	2,728,430	242,286	14,009,706	-	16,980,422	-
Less: Accumulated depreciation	(6,858,228)	(3,637,014)	(11,740,757)	-	(22,235,999)	-
Total capital assets, net of accumulated depreciation	1,535,707	1,786,575	6,198,921	-	9,521,203	-
Total noncurrent assets	1,568,039	4,507,067	6,198,921	284,425	12,558,452	-
Total assets	4,117,286	5,215,317	12,160,052	852,052	22,344,707	4,646,098
Deferred outflows of resources:						
Deferred outflows related to pensions	2,294,245	54,587	1,294,321	-	3,643,153	-
Total assets and deferred outflows of resources	\$6,411,531	\$5,269,904	\$13,454,373	\$ 852,052	\$25,987,860	\$ 4,646,098

Monroe County, Wisconsin

Statement of Net Position - Continued

Proprietary Funds

December 31, 2016

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund Revolving Loan	Total Enterprise Funds	Internal Service Funds
Liabilities:						
Current liabilities:						
Accounts payable	81,377	267,464	557,826	-	906,667	25,502
Other accrued liabilities	226,038	6,163	187,066	-	419,267	359,949
Due to other funds	-	-	37,664	3,690	41,354	-
Unearned revenues	-	-	165,159	-	165,159	-
Compensated absences	147,098	6,666	105,118	-	258,882	-
Total current liabilities	454,513	280,293	1,052,833	3,690	1,791,329	385,451
Payable from restricted assets						
Resident trust fund payable	13,925	-	-	-	13,925	-
Noncurrent liabilities:						
Loans payable	-	26,301	-	-	26,301	-
Post-employment benefits payable	97,221	1,451	71,821	-	170,493	-
Compensated absences	86,752	5,096	76,215	-	168,063	-
Net pension liability	432,869	13,277	224,883	-	671,029	-
Post closure	-	2,931,421	-	-	2,931,421	-
Total noncurrent liabilities	616,842	2,977,546	372,919	-	3,967,307	-
Total liabilities	1,085,280	3,257,839	1,425,752	3,690	5,772,561	385,451
Deferred inflows of resources:						
Property taxes	1,373,153	-	3,320,771	-	4,693,924	1,162,746
Related to pensions	857,148	19,560	486,716	-	1,363,424	-
Total deferred inflows	2,230,301	19,560	3,807,487	-	6,057,348	1,162,746
Total liabilities and deferred inflows of resources						
	3,315,581	3,277,399	5,233,239	3,690	11,829,909	1,548,197
Net position:						
Net investment in capital assets	1,535,707	1,760,274	6,198,921	-	9,494,902	-
Restricted for:						
Resident trust	13,857	-	-	-	13,857	-
Community development	-	-	-	848,362	848,362	-
Unrestricted (deficit)	1,546,386	232,231	2,022,213	-	3,800,830	3,097,901
Total net position	3,095,950	1,992,505	8,221,134	848,362	14,157,951	3,097,901
Total liabilities, deferred inflows of resources and net position						
	\$6,411,531	\$5,269,904	\$13,454,373	\$852,052	\$25,987,860	\$4,646,098
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					525,894	
Net position of business-type activities as reported on the Statement of Net Position					<u>\$14,683,845</u>	

See accompanying notes to the financial statements.

Monroe County, Wisconsin

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Year Ended December 31, 2016

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund Revolving Loan	Total Enterprise Funds	Internal Service Funds
Operating revenues:						
Charges for services	\$ 5,864,204	\$ 1,855,694	\$ 3,233,370	\$ 6,308	\$ 10,959,576	\$ -
Intergovernmental charges for services	-	-	-	-	-	492,411
Other operating revenues	-	-	-	-	-	23,864
Total operating revenues	<u>5,864,204</u>	<u>1,855,694</u>	<u>3,233,370</u>	<u>6,308</u>	<u>10,959,576</u>	<u>516,275</u>
Operating expenses:						
Operation and maintenance	7,453,597	2,296,638	8,023,762	6,011	17,780,008	1,306,653
Depreciation	152,445	147,977	696,149	-	996,571	-
Total operating expenses	<u>7,606,042</u>	<u>2,444,615</u>	<u>8,719,911</u>	<u>6,011</u>	<u>18,776,579</u>	<u>1,306,653</u>
Operating income (loss)	<u>(1,741,838)</u>	<u>(588,921)</u>	<u>(5,486,541)</u>	<u>297</u>	<u>(7,817,003)</u>	<u>(790,378)</u>
Nonoperating revenues (expenses):						
General property taxes	1,400,150	-	3,627,251	-	5,027,401	943,080
Intergovernmental aids	903,600	137,571	1,056,110	-	2,097,281	-
Interest income	-	12,413	-	1,716	14,129	7,874
Total nonoperating revenues (expenses)	<u>2,303,750</u>	<u>149,984</u>	<u>4,683,361</u>	<u>1,716</u>	<u>7,138,811</u>	<u>950,954</u>
Net income before transfers	<u>561,912</u>	<u>(438,937)</u>	<u>(803,180)</u>	<u>2,013</u>	<u>(678,192)</u>	<u>160,576</u>
Transfers out	<u>-</u>	<u>(297,763)</u>	<u>-</u>	<u>-</u>	<u>(297,763)</u>	<u>(26,405)</u>
Change in net position	<u>561,912</u>	<u>(736,700)</u>	<u>(803,180)</u>	<u>2,013</u>	<u>(975,955)</u>	<u>134,171</u>
Net position - beginning	<u>2,534,038</u>	<u>2,729,205</u>	<u>9,024,314</u>	<u>846,349</u>		<u>2,963,730</u>
Net position - ending	<u>\$ 3,095,950</u>	<u>\$ 1,992,505</u>	<u>\$ 8,221,134</u>	<u>\$ 848,362</u>		<u>\$ 3,097,901</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					33,048	
Changes in net position of business-type activities as reported on the Statement of Activities					<u>\$ (942,907)</u>	

See accompanying notes to the financial statements.

Monroe County, Wisconsin

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2016

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund Revolving Loan	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:						
Cash received from customers	\$ 6,012,799	\$ 1,949,842	\$ 3,188,624	\$ 6,308	\$ 11,157,573	\$ 524,457
Cash payments to supplies	(1,865,021)	(1,248,526)	(4,297,302)	(4,354)	(7,415,203)	(1,001,065)
Cash payments to employees	(5,569,879)	(155,236)	(2,951,050)	-	(8,676,165)	(286,143)
Net cash provided (used) by operating activities	(1,422,101)	546,080	(4,059,728)	1,954	(4,933,795)	(762,751)
Cash flows from noncapital financing activities:						
General property taxes	1,359,868	-	3,235,057	-	4,594,925	943,080
Intergovernmental grants received	903,600	137,571	1,056,110	-	2,097,281	-
Transfer out	-	(297,763)	-	-	(297,763)	(26,405)
Net cash provided (used) by noncapital financing activities	2,263,468	(160,192)	4,291,167	-	6,394,443	916,675
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(428,762)	(215,364)	(1,218,692)	-	(1,862,818)	-
Principal payments on long-term debt	-	(12,493)	-	-	(12,493)	-
Net cash provided (used) by capital and related financing activities	(428,762)	(227,857)	(1,218,692)	-	(1,875,311)	-
Cash flows from investing activities:						
Loans issued	-	-	-	(227,500)	(227,500)	-
Loan repayments	-	-	-	27,627	27,627	-
Interest income received	-	12,413	-	1,716	14,129	7,874
Net cash provided (used) by investing activities	-	12,413	-	(198,157)	(185,744)	7,874
Change in cash and cash equivalents	412,605	170,444	(987,253)	(196,203)	(600,407)	161,798
Cash and cash equivalents - beginning	38,393	3,093,296	987,253	724,335	4,843,277	3,321,554
Cash and cash equivalents - ending	\$ 450,998	\$ 3,263,740	\$ -	\$ 528,132	\$ 4,242,870	\$ 3,483,352

See accompanying notes to the financial statements.

Monroe County, Wisconsin

Statement of Cash Flows - Continued

Proprietary Funds

For the Year Ended December 31, 2016

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund Revolving Loan	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (1,741,838)	\$ (588,921)	\$ (5,486,541)	\$ 297	\$ (7,817,003)	\$ (790,378)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	152,445	147,977	696,149	-	996,571	-
Change in pension related assets, deferred outflows, liabilities and deferred inflows	280,408	8,685	135,069	-	424,162	-
Changes in assets and liabilities						
Receivables	148,595	94,148	419,821	-	662,564	8,182
Due from other governments	-	-	(464,567)	-	(464,567)	-
Inventories and prepaid items	(38,611)	-	141,252	-	102,641	-
Accounts payable	(15,639)	130,008	331,655	-	446,024	(1,267)
Accrued and other current liabilities	17,018	954	37,293	-	55,265	20,712
Due to other funds	(235,505)	-	37,664	1,657	(196,184)	-
Compensated absences	9,283	1,354	(14,251)	-	(3,614)	-
Resident trust fund payable	(6,673)	-	-	-	(6,673)	-
Unearned revenues	-	-	102,201	-	102,201	-
Post-employment health benefits payable	8,416	57	4,527	-	13,000	-
Post closure liability	-	751,818	-	-	751,818	-
Net cash provided (used) by operating activities	(1,422,101)	546,080	(4,059,728)	1,954	(4,933,795)	(762,751)

Monroe County, Wisconsin

Statement of Net Position

Agency Funds

December 31, 2016

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 863,596
Taxes receivable	537,973
Total assets	<u>\$ 1,401,569</u>
Liabilities:	
Due to others	<u>\$ 1,401,569</u>

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 1 Summary of Significant Accounting Policies

Introduction

Financial statements presented in this report conform to Governmental Accounting and Financial Reporting Standards, published by the Governmental Accounting Standards Board (GASB). GASB sets forth accounting principles generally accepted in the United States for local governmental units. The more significant of the County's accounting policies are described below.

Reporting Entity

Monroe County, Wisconsin ("the County") is a municipal corporation organized and existing under the laws of the state of Wisconsin. An elected board of supervisors governs Monroe County. The financial reporting entity consists of the primary government, which includes (a) all the organizations that make up the County's legal entity, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. All funds, organizations, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. These financial statements present Monroe County as the primary government. All significant activities and organizations with which the County exercises oversight responsibility have been considered for inclusion in the general purpose financial statements. The County is not included in any other governmental entity. The County has not identified any component units that are required to be included in the financial statements.

Related Organizations - 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.

New Accounting Pronouncement

Management adopted new accounting guidance GASB Statement No. 72, Fair Value Measurement and Application. This statement provides guidance for determining a fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The County does not allocate indirect expenses to functions in the statement of activities.

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, capital projects and debt service funds. Proprietary funds include enterprise and internal service funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

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.

Special Revenue Fund – Human Services - This fund accounts for the resources accumulated and payments made for the human services department. The significant revenues for the fund are property taxes and state and federal grants.

Capital Projects Fund - This fund accounts for capital improvements of the County.

Debt Service Fund - This fund is used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt.

The County reports the following major proprietary 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.

In addition, the government reports the following fund types:

Internal Service Fund – This fund account for information systems, technology pool, and self-funded workers' compensation services provided to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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.

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

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 calendar year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, and interest associated with the current calendar year are all considered to be susceptible to accrual and so have been recognized as revenues in the current calendar year. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County's share of property taxes is recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

The property tax calendar for the 2016 tax roll, collected in 2017, is:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 tax roll delinquent real estate taxes	September 1, 2017

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's public works function (highway department) and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenues. Likewise, taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

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.

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Deposits and Investments

For the statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The County considers deposits with financial institutions, including nonnegotiable certificates of deposit, to be nonparticipating contracts reported at cost.

Section 59.25 and Section 59.62 of the Wisconsin Statutes require that cash and investments belonging to the county be placed in the custody of the county treasurer. A central checking account is used for the majority of fund transactions.

The County is required to invest its funds in accordance with Wisconsin Statutes 66.0603 and 67.11(2), which limits investments to:

- a. Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in the state, if time deposits mature in not more than three years.
- b. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board, or other instrumentality of the federal government.
- c. Bonds or securities of any county, city, drainage district, technical college district, local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district, University of Wisconsin Hospitals and Clinics Authority, village, town, or school district of the state.
- d. Any security that matures or that may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating that is the highest or second highest rating category assigned by any of the nationally recognized rating agencies or if that security is senior to, or on a parity with, a security of the same issuer that has such a rating.
- e. Securities of an open-end management investment company or investment trust (mutual fund) if the investment company or investment trust does not charge a sales load, is registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, and if the portfolio is limited to (a) bonds and securities issued by the federal government or a commission, board, or other instrumentality of the federal government, (b) bonds that are guaranteed as to the principal and interest by the federal government or a commission, board, or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds or securities.
- f. Any bonds or securities under the authority of the municipality, whether the bonds or securities create a general municipality liability or liability of the property owners of a municipality for special improvements, and may sell or hypothecate these bonds or securities.
- g. The State of Wisconsin's Local Government Investment Pool Fund. The Pool is managed by the State of Wisconsin Investment Board with oversight by a Board of Trustees as authorized in Wisconsin Statutes 5.14 and 25.17. The Pool is not registered with the SEC as an investment company.
- h. Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities.

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on techniques that maximize the use of relevant observable inputs and minimizes the use of unobservable inputs.

Accounts Receivable

Accounts receivable in the governmental and proprietary funds are recorded at gross. No allowance for uncollectible accounts has been provided, since it is believed that the amount of such allowance would not be material.

Inventories and Prepaid Items

Inventories are stated at the lower of cost, determined on the first-in, first-out (FIFO) method, or market. Prepaid items represent payments made by the County for which benefits extend beyond December 31, 2016.

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. The Rolling Hills enterprise fund uses a \$1,000 capitalization threshold. Infrastructure capital assets have a \$25,000 capitalization threshold. 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.

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

Assets	Years	
	Governmental Activities	Business-Type Activities
Land improvements	15 to 30	10 to 30
Buildings	15 to 75	25 to 75
Improvements other than buildings	10 to 30	25 to 100
Machinery and equipment	3 to 25	3 to 25
Infrastructure	25 to 50	N/A

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Pension Plan

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet 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 and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The governmental activities, business-type activities, and the proprietary funds report its proportionate share of the collective deferred outflows of resources related to pensions.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section of 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 (revenues) until that time. The governmental activities, business-type activities, and the proprietary funds report its proportionate share of the collective deferred inflows of resources related to pensions. Property taxes levied for a subsequent year are deferred and recognized as an inflow of resources in the following year as the amounts become available. The governmental funds report unavailable revenues from delinquent taxes and loans outstanding. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Net Position/Fund Equity

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance (adjusted for unspent proceeds) of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide and proprietary fund statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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. Amounts in the governmental fund financial statements are reported as nonspendable when the amounts cannot be spent because they are either (a) not in spendable form (inventory or prepaids) or (b) legally or contractually required to be maintained intact (trust that must be retained in perpetuity). In the governmental fund financial statements, spendable fund balance can be restricted, committed, assigned, or unassigned. Restricted fund balance represents funds that are restricted in their use by creditors, grantors, contributors, or outside legislation. Fund balance is committed when a resolution adopted by the County Board limits the use of funds to a specific purpose and usually for a specified period of time. These constraints can only be removed or changed by the County Board using the same action that was used to create them. Fund balance is assigned when amounts 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. The general fund balance that is not restricted, committed, or assigned is considered unassigned and is available for general use.

When both restricted and unrestricted fund balances are available for use, it is the County's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are used first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes that the amounts in any of the unrestricted fund balance classifications can be used.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure on contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Budget and Appropriations, Over Expenditures, and Deficit Equity Balances

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund.

The County adopts an annual budget and appropriations ordinance for its governmental fund types in accordance with Chapter 65 of the Wisconsin Statutes. The County does not use the encumbrance method of budgetary accounting. The budget covers the calendar year and is available for public inspection at least 15 days prior to the public budget hearing.

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

The budget document includes a statement of actual revenues and expenditures of the preceding calendar year, actual revenues and expenditures of not less than six months of the current year, estimated revenues and expenditures for the remainder of the current year, and estimated revenues and proposed appropriations for each department, activity, and reserve account for the ensuing calendar year.

Comparisons of budget to actual for the general fund and major special revenues funds are presented as basic financial statements. Budgets are adopted at the broad functional category level of expenditure in the general fund and total expenditures level for other funds. The budgeted amounts include any amendments made. The Finance Committee may authorize transfers of budgeted amounts within departments. The County Board may supplement appropriations for an office or department by transfers from the contingency fund or available surplus. Appropriations lapse at year-end, unless specifically designated as non-lapsing appropriations, or are appropriations for capital projects. Budgetary comparisons are not required for proprietary funds.

Note 2 Cash and Investments

Deposits with Financial Institutions

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."

The carrying amount of the County's cash and investments on December 31, 2016 is summarized below:

Petty cash and cash on hand	\$ 8,636
Deposits with financial institutions	27,409,081
Investments	
Mutual funds	455,082
	<u>\$27,872,799</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$24,839,555
Restricted cash and investments	2,169,648
Fiduciary fund statement of net position	
Agency fund	863,596
	<u>\$27,872,799</u>

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 2 Cash and Investments (Continued)

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial risk. Deposits in banks within the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all time and savings accounts (including NOW accounts) and \$250,000 for all demand accounts (interest-bearing and non-interest-bearing). Accounts at each bank outside the state of Wisconsin are insured by the FDIC up to \$250,000 for the combined total of all deposit accounts. Additional coverage in case of losses caused by failure of public depositories is provided by the State of Wisconsin Deposit Guarantee Fund. The Fund provides additional coverage for each financial institution of \$400,000 above the applicable insurance coverage provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

As of December 31, 2016, \$21,336,526 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits. Financial institutions have collateralized \$20,571,213 of these deposits at year end, while \$765,313 remains uncollateralized.

Investments

The County has one deposit with the State of Wisconsin \$1,699,792 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.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy for custodial credit risk. As of December 31, 2016, none of the County's investment balances are considered uninsured and uncollateralized.

Interest Rate Risk: The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value Measurements: The County's investments consist of mutual funds of \$455,082 which are valued using quoted market prices (Level 1 inputs).

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 3 Restricted Assets

Restricted assets consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Governmental Activities:		
General Fund		
Section 125	\$ 25,865	Restricted for Flexible Benefit Claims
Recording fees	194,155	Cash restricted by statute for recording fees
Haney trust	1,000	Cash restricted by donor
Capital Projects Fund		
Justice bond	307	Bond proceeds to be used for Justice Building project expenditures
Senior Services Fund		
Transportation	56,882	DOT Trust
Human Services Fund		
Client Funds	8,007	Cash dedicated to cover expenses for a Human Services client
Local History Room Fund	830,400	Endowments to cover expenditures at the Local History Room
Total Governmental Activities	<u>1,116,616</u>	
Business-Type Activities:		
Rolling Hills Enterprise Fund		
Resident Trust	32,332	Cash deposited for the benefit of residents
Solid Waste Enterprise Fund		
Ridgeview I Long-Term Care	296,141	State of Wisconsin Department of Natural Resources to finance the County's closure and postclosure financial responsibilities
Ridgeview II Closure	1,403,651	
Ridgeview II Long-term Care	1,020,700	
Subtotal	<u>2,720,492</u>	
Total Business-Type Activities	<u>2,752,824</u>	
Total Restricted Assets	<u>\$ 3,869,440</u>	

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 4 Taxes Receivable

Taxes receivable at December 31, 2016, consist of the current (2016) tax roll collectible in 2017 amounting to \$16,877,980 and delinquent property taxes (certificates, sundry tax items, and deeds) amounting to \$1,645,821 for a total \$18,523,801. Property taxes levied in 2016 to finance the 2017 budget became a lien on the date levied and have been recorded as a receivable at December 31, 2016. Since they are not available to fund expenditures until 2017, the County's portion of the current tax roll is recorded as deferred inflows of resources while the state's portion is shown as a liability. Under Wisconsin Statutes, the County's tax levy is apportioned to the local taxing districts for collection. After settlement is made with the local taxing districts, the County treasurer is responsible for the collection of all delinquent property taxes, except delinquent personal property taxes, which may be retained for collection by local taxing districts as is the case in Monroe County. As of the December 31, 2016, delinquent property taxes totaled \$575,068, \$542,168 of which remained uncollected at February 28, 2017, and is recorded as deferred inflows of resources. This amount includes not only the delinquent taxes for levies by Monroe County, but also the delinquent taxes for levies by the state and other local governmental units (cities, villages, towns, school districts, and special districts) within the County. As provided in the statutes, Monroe County has paid the state and local governmental units for their equity in these delinquent property taxes. Experience of previous years' collection indicates it is not necessary to establish an amount for estimated uncollectible delinquent property taxes.

Delinquent property taxes on December 31, 2016, are aged as shown below:

Year Acquired	Total	Delinquent Special Assessments	Property Taxes	
			County Purchased	County Levied
Tax Certificates:				
2010	\$ 2	\$ -	\$ 1	\$ 1
2011	1,861	-	1,439	422
2012	14,998	-	11,739	3,259
2013	133,998	12,866	37,495	83,637
2014	371,951	6,896	268,633	96,422
2015	793,556	17,060	577,596	198,900
	<u>1,316,366</u>	<u>36,822</u>	<u>896,903</u>	<u>382,641</u>
Tax Deeds	329,455	216,453	61,172	51,830
Interest	140,597	-		140,597
	<u>\$ 1,786,418</u>	<u>\$ 253,275</u>	<u>\$ 958,075</u>	<u>575,068</u>
Less: 2016 collections within 60 days				<u>32,900</u>
Deferred inflow of resources - delinquent property taxes				<u>\$ 542,168</u>

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 5 Capital Assets

Capital asset activity for the year ended December 31, 2016, 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	26,837,978	12,604,035	128,539	39,313,474
Total	<u>28,166,963</u>	<u>12,604,035</u>	<u>128,539</u>	<u>40,642,459</u>
Capital assets, being depreciated:				
Land improvements	293,333	-	-	293,333
Buildings and improvements	2,096,988	19,384	-	2,116,372
Machinery and equipment	3,050,793	252,731	204,320	3,099,204
Infrastructure	57,609,236	732,454	80,948	58,260,742
Subtotals	<u>63,050,350</u>	<u>1,004,569</u>	<u>285,268</u>	<u>63,769,651</u>
Less accumulated depreciation for:				
Land improvements	142,973	14,706	-	157,679
Buildings and improvements	783,165	42,953	-	826,118
Machinery and equipment	2,027,178	359,028	171,453	2,214,753
Infrastructure	21,166,708	1,428,280	-	22,594,988
Subtotals	<u>24,120,024</u>	<u>1,844,967</u>	<u>171,453</u>	<u>25,793,538</u>
Net depreciated capital assets	<u>38,930,326</u>	<u>(840,398)</u>	<u>113,815</u>	<u>37,976,113</u>
Net capital assets	<u>\$67,097,289</u>	<u>\$ 11,763,637</u>	<u>\$ 242,354</u>	<u>78,618,572</u>
Less related long-term debt outstanding				<u>22,029,708</u>
Net investment in capital assets				<u>\$56,588,864</u>

Depreciation was charged to the following functions:

Governmental activities:	
General government	\$ 99,165
Public safety	216,705
Public works	1,439,208
Health and human services	73,017
Culture, recreation, and education	8,097
Conservation and development	8,775
Total governmental activities depreciation	<u>\$ 1,844,967</u>

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 5 Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 574,911	\$ -	\$ -	\$ 574,911
Construction in progress	-	160,560	-	160,560
Total	<u>574,911</u>	<u>160,560</u>	<u>-</u>	<u>735,471</u>
Capital assets, being depreciated:				
Land improvements	5,344,007	99,976	-	5,443,983
Buildings and improvements	8,558,271	50,647	11,592	8,597,326
Machinery and equipment	15,598,831	1,509,885	128,294	16,980,422
Subtotals	<u>29,501,109</u>	<u>1,660,508</u>	<u>139,886</u>	<u>31,021,731</u>
Less accumulated depreciation for:				
Land improvements	3,982,140	148,160	100	4,130,200
Buildings and improvements	6,977,380	182,272	11,589	7,148,063
Machinery and equipment	10,461,544	666,139	169,947	10,957,736
Subtotals	<u>21,421,064</u>	<u>996,571</u>	<u>181,636</u>	<u>22,235,999</u>
Net depreciated capital assets	<u>8,080,045</u>	<u>663,937</u>	<u>(41,750)</u>	<u>8,785,732</u>
Net capital assets	<u>\$ 8,654,956</u>	<u>\$ 824,497</u>	<u>\$ (41,750)</u>	<u>9,521,203</u>
Less related long-term debt outstanding				<u>26,301</u>
Net investment in capital assets				<u>\$ 9,494,902</u>

Depreciation was charged to the following functions:

Business-type activities:	
Rolling Hills	\$ 152,445
Solid Waste	147,977
Highway	696,149
Total business-type activities depreciation	<u>\$ 996,571</u>

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 6 Long-Term Obligations

The County's long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation debt:					
Bonds	\$ 26,800,000	\$ -	\$ 2,075,000	\$ 24,725,000	\$ 2,550,000
Notes	575,000	-	280,000	295,000	295,000
Subtotal	27,375,000	-	2,355,000	25,020,000	2,845,000
Debt premium	592,786	-	56,131	536,655	56,130
Pension payable	-	1,154,465	-	1,154,465	-
Net OPEB Obligation	173,621	22,856	15,156	181,321	-
Compensated absences	694,872	-	14,052	680,820	468,824
Total	<u>\$ 28,836,279</u>	<u>\$ 1,177,321</u>	<u>\$ 2,440,339</u>	<u>\$ 27,573,261</u>	<u>\$ 3,369,954</u>
Business-Type Activities:					
Landfill closure/postclosure					
Ridgeville Cell I	\$ 129,170	\$ 667,651	\$ 46,821	\$ 750,000	\$ -
Ridgeville Cell II	2,050,433	130,988	-	2,181,421	-
County forest loan	38,794	-	12,493	26,301	-
Pension payable	-	671,029	-	671,029	-
Net OPEB Obligation	157,493	38,588	25,588	170,493	-
Compensated absences	430,559	-	3,614	426,945	258,882
Total	<u>\$ 2,806,449</u>	<u>\$ 1,508,256</u>	<u>\$ 88,516</u>	<u>\$ 4,226,189</u>	<u>\$ 258,882</u>

Total interest paid during the year on long-term debt totaled \$624,041.

For governmental activities, post-employment health benefits and compensated absences are generally funded by the general fund. The pension payable is funded by each individual fund in proportion to the salaries paid by each fund.

Legal Debt Limit

The Wisconsin State Statutes Chapter 67.03 provides that the amount of indebtedness of a county not exceed 5% of the equalized valuation of the taxable property in the county. The following computation compares the total debt allowable for the County with actual outstanding indebtedness at December 31, 2016:

Equalized valuation	<u>\$ 3,170,029,400</u>
Debt limit 5%	\$ 158,501,470
General obligation indebtedness	25,020,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>3,649,070</u>
Net outstanding general obligation debt applicable to debt limitation	<u>21,370,930</u>
Legal debt margin	<u>\$ 137,130,540</u>

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 6 Long-Term Obligations (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 consisted of the following issues:

Bonds

\$2,105,000 issued 8/15/01; \$130,000 to \$170,000 due annually through 2021; interest 3.80% to 5.00%	\$ 765,000
\$10,000,000 issued 10/1/13; \$200,000 to \$1,555,000 due annually through 2025; interest 2.00% to 3.00%	6,975,000
\$9,850,000 issued 10/15/14; \$380,000 to \$1,300,000 due annually through 2025; interest 1.00% to 2.00%	7,525,000
\$10,000,000 issued 8/15/16; \$250,000 to \$2,240,000 due annually through 2028; interest 2.00% to 3.00%	9,460,000
Total Bonds	<u>24,725,000</u>

Notes

\$2,500,000 issued 12/19/07; \$280,000 and \$295,000 due annually through 2017; interest 4.00%	295,000
Total	<u>\$ 25,020,000</u>

Principal and interest requirements, until maturity, on the general obligation debt are as follows:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2017	\$ 2,845,000	\$ 565,438	\$ 3,410,438
2018	1,820,000	510,833	2,330,833
2019	1,865,000	473,983	2,338,983
2020	1,900,000	436,833	2,336,833
2021	1,935,000	397,983	2,332,983
2022-2026	11,085,000	1,247,455	12,332,455
2027-2028	3,570,000	86,468	3,656,468
	<u>\$ 25,020,000</u>	<u>\$ 3,718,993</u>	<u>\$ 28,738,993</u>

Closure and Postclosure 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. 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 and the recording of these costs as operating expenses follow:

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 6 Long-Term Obligations (Continued)

	Landfill Closure and Postclosure Care		
	Ridgeville I	Ridgeville II	Total
Total estimated costs	\$ 750,000	\$ 3,218,385	
Percentage of storage capacity used	100%	67.78%	
	<u>\$ 750,000</u>	<u>\$ 2,181,421</u>	<u>\$ 2,931,421</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	\$ 750,000	\$ 3,218,385	
Less: Charged to operations	750,000	2,181,421	
Future year closure and postclosure costs	<u>\$ -</u>	<u>\$ 1,036,964</u>	<u>\$ 1,036,964</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 shown as deposits on the financial statements.

Note 7 Individual Fund Disclosures

Amounts due from/to other funds at December 31, 2016, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Enterprise funds:	
	Highway	\$ 37,664
	Revolving Loan	3,690
	Nonmajor governmental funds:	
	Child Support	27,064
	Health	5,171
	Jail Assessment	1,366
	Local History Room	1,025
		<u>\$ 75,980</u>

The interfund payables from Child Support and Health special revenue funds and Highway enterprise fund were cash advances to finance cash deficits. The interfund payable from local history room and jail assessment special revenue funds and revolving loan enterprise fund relates to operating costs paid by the general fund but not reimbursed until 2017.

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 7 Individual Fund Disclosures (Continued)

Amounts transferred between funds during the year ended December 31, 2016, are as follows:

Fund Transferred To	Fund Transferred From	Amount
	Special revenue funds:	
General Fund	Senior Services	\$ 57,186
	Child Support	34,259
	Health	42,082
	Local History Room	18,685
	Internal service fund:	
	Information systems	26,405
		<u>178,617</u>
Jail Assessment	General Fund	13,195
Capital Projects	General Fund	4,000,000
Debt Service	Solid Waste	297,763
	General Fund	3,563,246
		<u>3,861,009</u>
		<u>\$8,052,821</u>

Operating transfers were made for the following purposes:

	Amount
Special revenue fund surpluses returned to the general fund	\$ 159,932
Reimbursement of indirect costs and other expenses paid by the general fund	18,685
Subsidize costs in the jail assessment fund	13,195
General fund transfer to Capital Projects for communication system project	4,000,000
Debt service transfer from the general and solid waste funds	3,861,009
	<u>\$8,052,821</u>

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 8 Net Position/Fund Balance

Restricted net position reported on the government-wide statement of net position includes the following:

	Governmental Activities	Business-Type Activities	Total
Debt service	\$ 3,649,070	\$ -	\$ 3,649,070
Wegner Grotto	202,355	-	202,355
Local history room	628,045	-	628,045
Haney reserve	1,868	-	1,868
Child support technology purchases	41,329	-	41,329
WEDCS election grant	1,621	-	1,621
Redaction fees	33,639	-	33,639
Land records fees	194,155	-	194,155
K-9 unit donations	13,559	-	13,559
DOT trust	56,882	-	56,882
Dog control	34,182	-	34,182
Veterans' services donations	350	-	350
Parks	5,271	-	5,271
CREP program	19,611	-	19,611
Forestry maintenance - land acquisition	49,255	-	49,255
Forestry Habelman reforestation	1,471	-	1,471
Wildlife habitat	1,369	-	1,369
Justice center	286	-	286
Jail assessment	328,832	-	328,832
Resident trust		13,857	13,857
Community development		848,362	848,362
	<u>\$ 5,263,150</u>	<u>\$ 862,219</u>	<u>\$ 6,125,369</u>

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	\$ 1,316,367	\$ -	\$ -	\$ -	\$ -	\$ 1,316,367
Inventories and prepaid items	321,162	-	-	777,866	10,000	1,109,028
Haney reserve	1,000	-	-	-	-	1,000
Wegner Grotto	-	-	-	-	50,000	50,000
Local history room	-	-	-	-	628,045	628,045
	<u>\$ 1,638,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 777,866</u>	<u>\$ 688,045</u>	<u>\$ 3,104,440</u>

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 8 Net Position/Fund Balance (Continued)

	General	Human Services	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Restricted:						
Retirement of long-term debt	\$ -	\$ -	\$ -	\$ 2,871,204	\$ -	\$ 2,871,204
Wegner Grotto	-	-	-	-	152,355	152,355
DOT trust	-	-	-	-	56,882	56,882
Haney reserve	868	-	-	-	-	868
Child support technology purchases	-	-	-	-	41,329	41,329
WEDCS election grant	1,621	-	-	-	-	1,621
Redaction fees	33,639	-	-	-	-	33,639
Land records fees	194,155	-	-	-	-	194,155
K-9 unit donations	13,559	-	-	-	-	13,559
Dog control	34,182	-	-	-	-	34,182
Veterans' services donations	350	-	-	-	-	350
Parks	5,271	-	-	-	-	5,271
CREP program	19,611	-	-	-	-	19,611
Forestry maintenance - land acquisition	49,255	-	-	-	-	49,255
Forestry Habelman reforestation	1,471	-	-	-	-	1,471
Wildlife habitat	1,369	-	-	-	-	1,369
Justice center capital project	-	-	286	-	-	286
Jail assessment	-	-	-	-	328,832	328,832
	\$ 355,351	\$ -	\$ 286	\$ 2,871,204	\$ 579,398	\$ 3,806,239
Committed:						
Justice center reserve fund	\$ -	\$ -	\$ 3,526,721	\$ -	\$ -	\$ 3,526,721
Emergency radio system project	43,486	-	-	-	-	43,486
Cloud-based ERP financial and document software	386,012	-	-	-	-	386,012
CMHC financial software and equipment upgrade	-	-	-	-	-	-
New construction - educational purposes (farm proceeds)	55,919	-	-	-	-	55,919
IT infrastructure and upgrades	-	-	-	-	-	-
Justice community service program supplies	510	-	-	-	-	510
Angelo Wayside improvements	527	-	-	-	-	527
UW Extension Educational programs	26,493	-	-	-	-	26,493
	\$ 512,947	\$ -	\$ 3,526,721	\$ -	\$ -	\$ 4,039,668
Assigned:						
Long-range capital pool	\$ 582,745	\$ -	\$ -	\$ -	\$ -	\$ 582,745
Human services	-	120,084	-	-	-	120,084
Capital improvements	-	-	-	-	-	-
Local history	-	-	-	-	188,350	188,350
	\$ 582,745	\$ 120,084	\$ -	\$ -	\$ 188,350	\$ 891,179

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 8 Net Position/Fund Balance (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 by the County is as follows:

General fund cash balance December 31, 2016	\$ 19,912,574
Restricted funds	(202,810)
Committed funds	(7,824,194)
Assigned funds	(955,482)
General fund balance less restricted, committed and assigned funds	<u>\$ 10,930,088</u>
Actual 2016 Total County Adopted Budgeted Expenditures	48,452,635
Minimum Fund Balance %	(x) 25%
Subtotal	12,113,159
Provision for unexpected volatile operational costs	1,000,000
Provision for future delinquent taxes	2,000,000
Minimum Fund Balance Amount	<u>\$ 15,113,159</u>

The remaining contingency fund balance of \$182,118 will lapse into the general fund at the end of 2016 as the required fund balance per policy was not attained.

Note 9 Employees' Retirement System – Wisconsin Retirement System

Plan Description - The Wisconsin Retirement System (WRS) is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 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.

Vesting - 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.

Benefits Provided - Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 9 Employees' Retirement System – Wisconsin Retirement System (Continued)

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments - The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3.0%
2007	3.0%	10.0%
2008	6.6%	0.0%
2009	(2.1%)	(42.0%)
2010	(1.3%)	22.0%
2011	(1.2%)	11.0%
2012	(7.0%)	(7.0%)
2013	(9.6%)	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%

Contributions - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, 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.

During the reporting period, the WRS recognized \$1,103,564 in contributions from the employer.

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 9 Employees' Retirement System – Wisconsin Retirement System (Continued)

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Executives and elected officials	6.6%	6.6%
Protective with social security	6.6%	9.4%
Protective without social security	6.6%	13.2%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2016, the County reported a liability of \$1,825,494 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014, rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the County's proportion was .11233943%, which was a decrease of .00078935% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the County recognized pension expense of \$2,207,537.

At December 31, 2016, the County reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 308,821	\$ 3,841,721
Changes in assumptions	1,277,195	-
Net differences between projected and actual earnings on pension plan investments	7,474,095	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	63,890	-
Employer contributions subsequent to the measurement date	1,102,217	-
Total	\$ 10,226,218	\$ 3,841,721

\$1,102,217 reported as deferred outflows related to pensions results from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 9 Employees' Retirement System – Wisconsin Retirement System (Continued)

Year Ended December 31:	Net Deferred Outflows of Resources
2017	\$ 1,440,679
2018	1,440,679
2019	1,440,679
2020	1,041,783
2021	(81,540)

Actuarial Assumptions - The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2014
Measurement date of net pension liability (asset)	December 31, 2015
Actuarial cost method	Entry Age
Asset valuation method	Fair market value
Long-term expected rate of return	7.2%
Discount rate	7.2%
Salary increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015, is based upon a roll-forward of the liability calculated from the December 31, 2014, actuarial valuation.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 9 Employees' Retirement System – Wisconsin Retirement System (Continued)

Asset Class	Long-Term Real Rate of Return	Target Allocation
Core Fund:		
US equities	4.7%	23%
International equities	5.6%	22%
Fixed income	1.6%	37%
Inflation sensitive assets	1.4%	20%
Real estate	3.6%	7%
Private equity/debt	6.5%	7%
Multi-asset	3.8%	4%
Cash	0.9%	(20%)
Variable Fund:		
US equities	4.7%	70%
International equities	5.6%	30%

Single Discount Rate - A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.57%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
WRS Employer's proportionate share of the net pension asset (liability)	(\$12,804,049)	(\$1,825,494)	\$6,748,954

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm> and reference report number 15-11.

Payables to the Pension Plan - At December 31, 2016, the County reported a payable of \$265,457 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2016.

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 10 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 367 active and 10 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	\$ 61,366
Interest on net OPEB	12,106
Adjustment to annual required contribution	<u>(12,028)</u>
Annual OPEB cost (expense)	61,444
Contributions made	<u>40,744</u>
Change in net OPEB obligation	20,700
OPEB obligation - beginning of year	331,114
OPEB obligation - end of year	<u>\$ 351,814</u>

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 2016 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$ 60,852	54.39%	\$ 302,659
12/31/2015	61,446	53.69%	331,114
12/31/2016	61,444	66.31%	351,814

Funded Status and Funding Progress – The funded status as of January 1, 2015, the most recent actuarial valuation date, was 0 percent funded. The actuarial accrued liability was \$567,466 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$567,466. The annual payroll for active employees covered by the plan for the 2015 fiscal year was \$16,439,338 for a ratio of the UAAL to covered payroll of 3.45%.

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 10 Other Post-Employment Benefits

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, 2015 actuarial valuation, the entry age normal method was used. The actuarial assumptions included a rate of 4.0% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 7.5% for medical, decreasing by 0.5% per year down to 6.5%, then by 0.1% per year down to an ultimate rate of 5.0% for medical after 18 years. The investment rate of return is 4% which includes an assumed rate of inflation of 3%. The UAAL is being amortized using the level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

Note 11 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. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year. 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:

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 \$347,607 reported in the fund at December 31, 2016 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. Self-insurance is in effect up to an aggregate stop/loss of \$2,329,545 with a \$500,000 per covered person stop/loss. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop/loss amount. Changes in the fund's claims liability amount for 2016 follows:

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 11 Risk Management (Continued)

	Liability January 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31,
2015	\$ 439,286	\$ (23,711)	\$ 86,897	\$ 328,678
2016	328,678	117,744	98,815	347,607

Public Entity Risk Pool - Monroe County, along with several other Wisconsin counties, jointly participates in the Wisconsin County Mutual Insurance Corporation (WCMIC) for general and automobile liability insurance. This company began operation in January 1, 1988.

The governing body is made up of 12 directors elected by the participating counties. The governing body has authority to adopt its own budget and control the financial affairs of the corporation.

Summary financial information of WCMIC as of December 31, 2016, can be obtained directly from WCMIC's offices.

Note 12 Commitments and Contingencies

Funding for the operating budget of the County comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The state of Wisconsin provides a variety of aid and grant programs that benefit the County. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature through their budget processes. The state of Wisconsin is currently experiencing budget problems and is considering numerous alternatives including reducing aid to local governments. Any changes made by the state to funding or eligibility of local aid programs could have a significant impact on the future operating results of the County.

From time to time, the County is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and appropriate legal counsel that the likelihood is remote that any such claim or proceedings will have a material adverse effect on the County's financial position or results of operations, due in part to insurance.

The County participates in a number of state and federally assisted grant programs, principal of which are health and human service programs. A single audit of these programs for the year ended December 31, 2016, has been conducted. These programs may be subject to additional program compliance audits by grantors or their representatives. The amount, if any, of the expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Note 13 Limitations on the County's Tax Levy and Its Ability to Issue New Debt

As part of Wisconsin's State Budget Bill (1993 Act 16), legislation was passed that limits the County's future tax levy rates. Generally, the County is limited to its 1992 tax levy rate based upon current legislation. However, this limitation does not affect debt authorized prior to August 12, 1993, or refunding bonds.

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 13 Limitations on the County's Tax Levy and Its Ability to Issue New Debt (Continued)

The County may also exceed the limitation by holding a referendum (according to state statutes) authorizing the County Board to approve a higher rate. The County may also exceed the rate if it increases the services it provides due to a transfer of these services from another governmental unit.

The 1994-5 State Budget Bill also imposed restrictions on the County's ability to issue new debt. Generally, referendum approval is required to issue unlimited tax general obligation debt, with the following exceptions:

- Refunding debt issues
- 75% approval by the County Board
- A reasonable expectation that the new debt can be accommodated within the existing tax rate
- Other exceptions as listed in State Statutes Section 67.045.

In addition to the above levy limit, Wisconsin's State Budget Bill for the 2011-2013 biennium (2011 Wisconsin Act 32) imposed an additional levy limit on its political subdivisions (city, village, town, or county). The 2011 Act amended statute section 66.0602 (local levy limits) and is effective for budgets prepared for 2012 and thereafter.

The 2011 Act imposes a limit on the percentage increase in the tax levy (excluding the debt service levy) for the 2012 budget year and thereafter. The increase in the levy is limited to the percentage change in the January 1 equalized value due to new construction less improvements removed between the previous year and the current year or 0 percent, whichever is higher. The previously described limits do not apply to any of the following:

1. The amount that a county levies in that year for a county children with disabilities education board.
2. The amount that a 1st class city levies in that year for school purposes.
3. The amount that a county levies in that year under s. 82.08(2) for bridge and culvert construction and repair.
4. The amount a county levies in that year to make payments to public libraries under s. 43.12.
5. The amount a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under s. 66.0621.
6. The amount that a county levies in that year for a countywide medical system.
7. The amount that a village levies for police protection services for the year immediately following after the year in which the village changes from town status and incorporates as a village, only if the town did not have a police force.

The County may also exceed the limitation by holding a referendum (according to state statutes) authorizing the County Board to approve a higher levy. The County may also exceed the limit if it increases the services it provides due to a transfer of these services from another governmental unit.

For the budget year 2016, the County's levy is the same as the tax levy calculated under the 2011 Act levy limit.

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 14 Pending Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" The County is required to implement this standard for the fiscal year ending December 31, 2018.

Management has not completed its assessment of these pending standards as to the effect, if any, they may have on the financial statements.

Required Supplementary Information

Monroe County, Wisconsin

Schedule of Funding Progress

Other Post-employment Benefit Plan

For the Year Ended December 31, 2016

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)
1/1/2011	\$ -	\$ 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%
1/1/2015	-	567,466	0.00%	567,466	16,439,338	3.45%

The January 1, 2015 actuarial valuation differs from the January 1, 2013 actuarial valuation due to the following factor:

The medical trend rate in the 2013 valuation started at 10% and decreased to 5% over a period of 6 years. The medical trend rate in the 2015 valuation started at 7.5% and decreased to 5% over a period of 18 years.

Monroe County, Wisconsin

Schedule of Proportionate Share of Net Pension Asset (Liability) and Contributions Wisconsin Retirement System Last 2 Fiscal Years

	2015	2016
County's proportion of the net pension asset (liability)	0.11312878%	0.11233943%
County's proportionate share of the net pension asset (liability)	\$ 2,778,752	\$ (1,825,494)
County's covered-employee payroll during the measurement period	\$ 14,638,347	\$ 15,187,864
County's proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	18.98%	(12.02%)
Plan fiduciary net position as a percentage of the total pension asset (liability)	102.74%	98.20%

* The amounts presented for each fiscal year were determined as of the calendar year-end of the prior year.

	2015	2016
Contractually required contribution for the fiscal period	\$ 1,098,694	\$ 1,075,225
Contributions in relation to the contractually required contribution	(1,098,694)	(1,075,225)
Contribution deficiency (excess)	\$ -	\$ -
County's covered-employee payroll for the fiscal period	\$ 14,638,347	\$ 15,187,864
Contributions as a percentage of covered-employee payroll	7.51%	7.08%

Notes to the Schedules:

Changes of benefit terms: There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions: There were no changes in the assumptions.

Supplementary Financial Information

Monroe County, Wisconsin

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2016

	Special Revenue					Total Nonmajor Governmental Funds
	Senior Services	Child Support	Health	Jail Assessment	Local History Room	
Assets:						
Cash and investments	\$ 8,087	\$ -	\$ 50	\$ 326,968	\$ 189,375	\$ 524,480
Restricted cash and investments	56,882	-	-	-	830,400	887,282
Receivables						
Taxes	207,080	-	440,364	-	-	647,444
Accounts	41,571	96,802	46,570	4,157	-	189,100
Inventories and prepaid items	-	10,000	-	-	-	10,000
Total assets	<u>\$ 313,620</u>	<u>\$ 106,802</u>	<u>\$ 486,984</u>	<u>\$ 331,125</u>	<u>\$ 1,019,775</u>	<u>\$ 2,258,306</u>
Liabilities, Deferred inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 26,731	\$ 5,516	\$ 9,927	\$ 927	\$ -	\$ 43,101
Other accrued liabilities	19,538	22,893	30,918	-	-	73,349
Due to other funds	-	27,064	5,171	1,366	1,025	34,626
Unearned revenues	3,389	-	604	-	-	3,993
Total liabilities	<u>49,658</u>	<u>55,473</u>	<u>46,620</u>	<u>2,293</u>	<u>1,025</u>	<u>155,069</u>
Deferred inflows of resources:						
Property taxes	207,080	-	440,364	-	-	647,444
Fund balances:						
Nonspendable	-	10,000	-	-	678,045	688,045
Restricted	56,882	41,329	-	328,832	152,355	579,398
Assigned	-	-	-	-	188,350	188,350
Total fund balances	<u>56,882</u>	<u>51,329</u>	<u>-</u>	<u>328,832</u>	<u>1,018,750</u>	<u>1,455,793</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 313,620</u>	<u>\$ 106,802</u>	<u>\$ 486,984</u>	<u>\$ 331,125</u>	<u>\$ 1,019,775</u>	<u>\$ 2,258,306</u>

Monroe County, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2016

	Special Revenue					Total Nonmajor Governmental Funds
	Senior Services	Child Support	Health	Jail Assessment	Local History Room	
Revenues:						
Taxes	\$ 232,618	\$ -	\$ 428,758	\$ -	\$ -	\$ 661,376
Intergovernmental	367,182	497,522	333,788	-	-	1,198,492
Public charges for services	309,068	4,441	84,615	60,241	-	458,365
Miscellaneous	315	-	4,040	1,623	73,589	79,567
Total revenues	909,183	501,963	851,201	61,864	73,589	2,397,800
Expenditures:						
Current:						
Public safety	-	-	-	53,648	-	53,648
Health and human services	838,092	467,704	809,119	-	-	2,114,915
Total expenditures	838,092	467,704	809,119	53,648	-	2,168,563
Excess of revenues over (under) expenditures	71,091	34,259	42,082	8,216	73,589	229,237
Other Financing Uses						
Transfers in	-	-	-	13,195	-	13,195
Transfers out	(57,186)	(34,259)	(42,082)	-	(18,685)	(152,212)
Total other financing uses	(57,186)	(34,259)	(42,082)	13,195	(18,685)	(139,017)
Net Change in Fund Balances	13,905	-	-	21,411	54,904	90,220
Fund Balances - Beginning	42,977	51,329	-	307,421	963,846	1,365,573
Fund Balances - Ending	\$ 56,882	\$ 51,329	\$ -	\$ 328,832	\$ 1,018,750	\$ 1,455,793

Monroe County, Wisconsin

Combining Statement of Net Position

Internal Service Funds

December 31, 2016

	Information Systems	Information Technology	Workers Compensation	Total Internal Service Funds
Assets:				
Cash and investments	\$ 34,097	\$ 594,019	\$ 2,855,236	\$ 3,483,352
Receivables				
Taxes	1,162,746	-	-	1,162,746
Total assets	1,196,843	594,019	2,855,236	4,646,098
Liabilities:				
Accounts payable	21,755	-	3,747	25,502
Other accrued liabilities	12,342	-	347,607	359,949
Total liabilities	34,097	-	351,354	385,451
Deferred inflows of resources:				
Property taxes for subsequent year	1,162,746	-	-	1,162,746
Net Position:				
Unrestricted	\$ -	\$ 594,019	\$ 2,503,882	\$ 3,097,901

Monroe County, Wisconsin

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Year Ended December 31, 2016

	Information Systems	Information Technology	Workers Compensation	Total Internal Service Funds
Operating Revenues:				
Intergovernmental charges for services	\$ 51,995	\$ 136,237	\$ 304,179	\$ 492,411
Other operating revenues	-	-	23,864	23,864
Total operating revenues	51,995	136,237	328,043	516,275
Operating Expenses:				
Salaries and fringe benefits	290,104	-	-	290,104
Contractual services	690,011	70,780	137,717	898,508
Supplies	297	-	-	297
Insurance and other fixed charges	-	-	117,744	117,744
Total operating expenses	980,412	70,780	255,461	1,306,653
Operating income (loss)	(928,417)	65,457	72,582	(790,378)
Nonoperating Revenues:				
General property taxes	943,080	-	-	943,080
Interest income	-	-	7,874	7,874
Total nonoperating revenues	943,080	-	7,874	950,954
Net income before Transfers	14,663	65,457	80,456	160,576
Transfers out	(26,405)	-	-	(26,405)
Change in Net Position	(11,742)	65,457	80,456	134,171
Net Position - Beginning	11,742	528,562	2,423,426	2,963,730
Net Position - Ending	\$ -	\$ 594,019	\$ 2,503,882	\$ 3,097,901

Monroe County, Wisconsin

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2016

	Information Systems	Information Technology	Workers Compensation	Total Internal Service Funds
Cash Flows from Operating Activities:				
Cash received from customers	\$ 60,177	\$ 136,237	\$ 328,043	\$ 524,457
Cash payments to supplies	(694,096)	(74,184)	(232,785)	(1,001,065)
Cash payments to employees	(286,143)	-	-	(286,143)
Net cash provided (used) by operating activities	(920,062)	62,053	95,258	(762,751)
Cash Flows from Noncapital Financing Activities:				
General property taxes	943,080	-	-	943,080
Transfers out	(26,405)	-	-	(26,405)
Net cash provided by noncapital financing activities	916,675	-	-	916,675
Cash Flows from Investing Activities:				
Interest income received	-	-	7,874	7,874
Change in cash and cash equivalents	(3,387)	62,053	103,132	161,798
Cash and cash equivalents - Beginning	37,484	531,966	2,752,104	3,321,554
Cash and cash equivalents - Ending	\$ 34,097	\$ 594,019	\$ 2,855,236	\$ 3,483,352
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (928,417)	\$ 65,457	\$ 72,582	\$ (790,378)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Changes in assets and liabilities:				
Receivables	8,182	-	-	8,182
Accounts payable	(1,610)	(3,404)	3,747	(1,267)
Accrued and other current liabilities	1,783	-	18,929	20,712
Net cash provided (used) by operating activities	\$ (920,062)	\$ 62,053	\$ 95,258	\$ (762,751)



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

County Board of Supervisors
Monroe County
Sparta, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 11, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control that we consider to be a significant deficiency, which is described in the accompanying schedule of findings and questioned costs as item 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Responses to Findings

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

July 11, 2017
Madison, Wisconsin

Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance

County Board of Supervisors
Monroe County
Sparta, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Monroe County, Wisconsin's (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Compliance Supplement*) and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2016. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with statutes, regulations, and the terms and conditions of its grant awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"); and *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on the County's compliance with those requirements.

Opinion

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance (“internal control”) with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County’s internal control with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express any opinion on the effectiveness of the County’s internal control over compliance.

A deficiency in internal control exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency in internal control, or a combination of deficiencies, in internal control with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2016-002.

The County’s responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and *State of Wisconsin Single Audit Guidelines*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements. We issued our report thereon dated July 11, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of federal and state assistance is presented for purposes of additional analysis as required by the Uniform Guidance and *State of Wisconsin Single Audit Guidelines* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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

basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedules of federal and state assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Wipfli LLP

Wipfli LLP
July 11, 2017
Madison, Wisconsin

Monroe County, Wisconsin

Schedule of Federal and State Assistance For the Year Ended December 31, 2016

Grantor Agency/Pass Through Agency/Program Title	CFDA or State I.D. Number	Pass-Through Entity Identifying Number	Federal/State Expenditures
FEDERAL AWARDS			
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Wisconsin Department of Health Services Special Supplemental Food Program for Women, Infants and Children	10.557	154710	\$ 173,790
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	154661	6,657
Passed through LaCrosse County, Wisconsin State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	277, 284	<u>83,690</u>
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>90,347</u>
Passed through the Wisconsin Department of Natural Resources Schools and Roads - Grants to States	10.665		<u>149,318</u>
Total Forest Service Schools and Roads Cluster	10.665		<u>149,318</u>
Passed through the Wisconsin Natural Resources Conservation Service Soil and Water Conservation	10.902		682
Environmental Quality Incentives Program	10.912		4,777
Conservation Stewardship Program	10.924		<u>1,365</u>
Total U.S. Department of Agriculture			<u>420,279</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct program			
State Criminal Alien Assistance Program	16.606		17,157
Bulletproof Vest Partnership Program	16.607		<u>1,211</u>
Total U.S. Department of Justice			<u>18,368</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed through the Wisconsin Department of Transportation <i>Highway Safety Cluster</i>			
State and Community Highway Safety	20.600		14,707
Child Safety and Child Booster Seat Incentive Grants	20.613		4,000
Total Highway Safety Cluster			<u>18,707</u>
Total U.S. Department of Transportation			<u>18,707</u>

Monroe County, Wisconsin

Schedule of Federal and State Assistance For the Year Ended December 31, 2016

Grantor Agency/Pass Through Agency/Program Title	CFDA or State I.D. Number	Pass-Through Entity Identifying Number	Federal/State Expenditures
FEDERAL AWARDS (Continued)			
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Passed through the Wisconsin Department of Health Services State Indoor Radon Grants	66.032	150327	3,500
Total Environmental Protection Agency			3,500
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through the Wisconsin Department of Health Services Grants for Infants and Toddlers with Disabilities	84.181	550	33,262
Total U.S. Department of Education			33,262
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through the Greater Wisconsin Agency on Aging Health Promotion and Disease Prevention <i>Aging Cluster</i> Grants for Supportive Services and Senior Centers (Title III-B)	93.043		1,165
Nutrition Services (Title III-C)	93.044		46,664
Nutrition Services Incentive Program	93.045		80,220
Total Aging Cluster	93.053		24,263
National Family Caregiver Support Program (Title III-E)	93.052		151,147
Passed through the Wisconsin Department of Health Services Environmental Public Health and Emergency Response Hospital Preparedness Program Immunization Grants Preventive Health & Health Services Block Grant Block Grants for Community Mental Health Services Block Grants for Prevention and Treatment of Substance Abuse Maternal & Child Health Services Block Grant	93.070	11111	16,333
	93.074	155050	49,159
	93.268	155020, 155032	18,538
	93.758	159220	6,671
	93.958	569	18,307
	93.959	515, 570	61,768
	93.994	159320	30,637
Medical Assistance	93.778	159320, 878	15,885
Passed through LaCrosse County, Wisconsin Medical Assistance	93.778	277, 284	133,702
Total Medical Assistance	93.778		149,587
State Children's Insurance Program	93.767	277, 284	10,958

Monroe County, Wisconsin

Schedule of Federal and State Assistance For the Year Ended December 31, 2016

Grantor Agency/Pass Through Agency/Program Title	CFDA or State I.D. Number	Pass-Through Entity Identifying Number	Federal/State Expenditures
FEDERAL AWARDS (Continued)			
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>			
Passed through the Wisconsin Department of Children and Families			
Promoting Safe and Stable Families <i>TANF Cluster</i>	93.556	3306	<u>42,827</u>
Block Grants for Temporary Assistance for Needy Families (TANF)	93.558	3377, 3380	<u>109,968</u>
Total TANF Cluster			<u>109,968</u>
Child Support Enforcement (Title IV-D) <i>CCDF Cluster</i>	93.563	7477, 7482, 7506	285,928
Child Care Development Fund	93.596	3413	<u>15,438</u>
Total CCDF Cluster			<u>15,438</u>
Child Welfare Services	93.645	3411, 3413	5,431
Foster Care (Title IV-E)	93.658	3344, 3411, 3413 3554, 3561, 3604 3681	272,587
Adoption Assistance	93.659	3574	6,309
Passed through the Wisconsin Department of Administration			
Low-Income Home Energy Assistance	93.568		57,093
Total U.S. Department of Health and Human Services			<u>1,324,505</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through the Wisconsin Department of Military Affairs			
Emergency Management Performance Grant (EMPG)	97.042		<u>41,169</u>
Total U.S. Department of Homeland Security			<u>41,169</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,859,790</u>

Monroe County, Wisconsin

Schedule of Federal and State Assistance For the Year Ended December 31, 2016

Grantor Agency/Pass Through Agency/Program Title	CFDA or State I.D. Number	Pass-Through Entity Identifying Number	Federal/State Expenditures
STATE FINANCIAL ASSISTANCE			
<u>DEPARTMENT OF AGRICULTURE, TRADE, AND CONSUMER PROTECTION</u>			
Direct program			
County staff and support	115.150		\$ 106,728
Agriculture Resource Management	115.400		228,651
			335,379
<u>DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES</u>			
Direct program			
Private Sewage Replacement and Rehabilitation	143.110		31,708
<u>DEPARTMENT OF NATURAL RESOURCES</u>			
Direct program			
Wildlife Damage Claims and Abatement	370.553		23,054
Recreation Aids - Snowmobile Trail Areas-Trans Fd	370.574		130,445
Recreation Aids - Fish	370.564		343
Resource Aids-Forest Croplands & Managed Land Aids	370.566		22,925
Urban & Community Forestry	370.572		42,025
Recycling Grants to Responsible Units	370.670		125,928
Recycling Consolidation Grants	370.673		11,603
			356,323
<u>DEPARTMENT OF TRANSPORTATION</u>			
Direct program			
Elderly Handicapped Transportation Aid	395.101		108,277
<u>DEPARTMENT OF HEALTH SERVICES</u>			
Direct program			
APS Adult Protective Services	435.312		37,732
Children's COP	435.377		40,711
Alzheimer's Family Support	435.381		16,621
Coordinated Services County	435.515		24,768
Community Mental Health	435.516		179,509
Birth to Three Initiative	435.550		32,009
State Funded-Basic County Allocation	435.561		1,196,423
IDP Emergency Funds	435.567		31,989
Community and Mental Health Services	435.681		128,490
CLTS Other GPR	435.871		117,166
CLTS Grandfather GPR	435.874		256
CLTS Other CWA Admin GPR	435.877		10,545
WIC Farmer's Market	435.154720		1,434

Monroe County, Wisconsin

Schedule of Federal and State Assistance For the Year Ended December 31, 2016

Grantor Agency/Pass Through Agency/Program Title	CFDA or State I.D. Number	Pass-Through Entity Identifying Number	Federal/State Expenditures
STATE FINANCIAL ASSISTANCE (CONTINUED)			
<u>DEPARTMENT OF HEALTH SERVICES (CONTINUED)</u>			
Lead Poisoning Prevention	435.127720		6,003
Maternal and Child Health Services Block	435.159320		1,627
Elderly Benefit Specialist Program	435.560320		28,215
EBS OCI Replacement	435.560327		3,954
State Senior Community Services	435.560330		7,335
Congregate Meal Program	435.560350		45,590
Home Delivered Meals	435.560360		2,681
Elder Abuse Service	435.560490		17,705
Passed through LaCrosse County, Wisconsin			
IMAA State Share ACA	435.276		56,174
IMAA Federal Share ACA	435.277		337
IMAA State Share	435.283		173,555
IMAA Federal Share	435.284		1,041
Aging and Disability Resource Center	435.560100		224,701
ADRC MFP - NH Relocation	435.560065		10,479
			<hr/>
Total Department of Health Services			2,397,050
<u>DEPARTMENT OF CHILDREN AND FAMILIES</u>			
Direct program			
Food Stamp Agency Initiatives	437.965		7,470
AFDC Agency Initiatives	437.975		112
Medicaid Agency Initiatives	437.980		3,705
JJ Community Intervention Program	437.3410		12,100
JJ AODA	437.3411		13,357
JJ Youth Aids	437.3413		595,686
Basic County Allocation	437.3561		330,072
Basic County Allocation Overmatch	437.3681		26,329
CS WSACWIS Annual Op Maint Fee	437.3935		(5,963)
CS MSL Incentive (Even FFY payments)	437.7332		21,025
Child Support Enforcement	437.7502		74,766
CS Medical Support GPR Earned	437.7606		3,774
			<hr/>
Total Department of Children and Families			1,082,433

Monroe County, Wisconsin

Schedule of Federal and State Assistance For the Year Ended December 31, 2016

<u>Grantor Agency/Pass Through Agency/Program Title</u>	<u>CFDA or State I.D. Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal/State Expenditures</u>
STATE FINANCIAL ASSISTANCE (CONTINUED)			
<u>DEPARTMENT OF JUSTICE</u>			
Direct program			
Tribal Law Enforcement	455.263		22,496
Victim Witness Assistance Program - A Program Cluster	455.532		<u>39,824</u>
Total Department of Justice			<u>62,320</u>
<u>DEPARTMENT OF MILITARY AFFAIRS</u>			
Direct program			
EPCRA Emergency Planning Grant Program	465.337		14,362
Homeland Security/Miles Paratus 2016 Participation	465.350		534
Computer and Hazmat Equipment Grant	435.367		<u>7,924</u>
Total Department of Military Affairs			<u>22,820</u>
<u>DEPARTMENT OF VETERAN'S AFFAIRS</u>			
Direct program			
Grants to Counties	485.001		<u>10,000</u>
<u>DEPARTMENT OF ADMINISTRATION</u>			
Direct program			
Public Benefits - LIHEAP	505.371		42,767
Land Information Board Grant	505.118		<u>93,448</u>
Total Department of Administration			<u>136,215</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 4,542,525</u></u>

Monroe County, Wisconsin

Notes to the Schedules of Federal and State Assistance
Year Ended December 31, 2016

Note 1 Basis of Presentation

The accompanying schedule of federal and state assistance include the federal and state grant activity of Monroe County under programs of the federal and state government for the year ended December 31, 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance") and *State of Wisconsin Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of Monroe County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Monroe County.

Note 2 Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Monroe County has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 Subrecipients

For the year ended December 31, 2016, the County had no sub-recipients of federal funds.

Note 4 State Direct Payments

Payments made directly to recipients and vendors by the State of Wisconsin on behalf of the County for the food stamp program totaled \$6,407,311 for 2016. The amounts are not included in the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance.

Note 5 Soil and Water Resource Management (SWRM) Activities

Detail of the sources and uses of the SWRM program for County Staff and Support and Land and Water Resource Management (LWRM) Plan Implementation for 2016 are as follows:

SWRM - County Staff and Support 115.150

Sources:

Receipts from state	\$ 108,884
Less beginning receivable	(108,884)
Plus ending receivable	<u>106,728</u>
Total sources	<u>\$ 106,728</u>

Uses:

Reimbursed staff and support	<u>\$ 106,728</u>
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Monroe County, Wisconsin

Notes to the Schedules of Federal and State Assistance (Continued)
Year Ended December 31, 2016

Note 5 Soil and Water Resource Management (SWRM) Activities (Continued)

LWRM Plan Implementation 115.400

Sources:

Receipts from state	\$ 140,459
Less beginning receivable	(84,708)
Plus ending receivable	<u>172,900</u>

Total sources \$ 228,651

Uses:

Total cost share payments \$ 228,651

Note 6 State of Wisconsin Community Aids Reporting System

The Wisconsin Department of Children and Families (DCF) and Health Services (DHS) utilize the Community Aids Reporting System (CARS) and the Central Office Reporting System (CORe) for reimbursing the County for various federal and state program expenditures. The expenditures reported on the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance for various DCF and DHS programs agree with the expenditures reported on the February 1, 2017 CARS for the Human Services and Public Health departments and the December 31, 2016 CORe for Child Support and Human Service departments, with adjustments for anticipated receivables.

Monroe County, Wisconsin

Schedule of Findings and Questioned Costs

Year Ended December 31, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major federal and state programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	Yes

Type of auditor's report issued on compliance for major program	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)] or <i>State Single Audit Guidelines</i> ?	No
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Identification of major federal programs:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
Temporary Assistance for Needy Families (TANF)	93.558
Child Support Enforcement	93.563

<u>Name of State Major Program or Cluster</u>	<u>State ID No.</u>
Elderly Handicapped Transportation Aid	395.101
State Funded – Basic County Allocation	435.561
JJ Youth Aids	437.3413

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	\$750,000
State	\$250,000

Auditee qualified as low-risk auditee?	Yes
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Monroe County, Wisconsin

Schedule of Findings and Questioned Costs

Year Ended December 31, 2016

Section II - Financial Statement Findings

Finding 2016-001 – Financial Accounting and Reporting

Criteria – The County is responsible for reporting financial data reliably in accordance with accounting principles generally accepted in the United States (GAAP).

Condition – As part of our professional services for the year ended December 31, 2016, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause – The County does not expect, nor does it require, its financial staff to have the ability to prepare GAAP financial statements.

Effect – As a result of not having an individual trained in the preparation of GAAP basis financial statements, the completeness of the financial statement disclosures and the accuracy of the financial statement presentation are negatively impacted as outside auditors do not have the same comprehensive understanding of the County as its own management.

Recommendation – We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

View of responsible officials and planned corrective actions – We agree with the finding and have developed a corrective action plan.

Monroe County, Wisconsin

Schedule of Findings and Questioned Costs Year Ended December 31, 2016

Section III - Federal and State Award Findings and Questioned Costs

Finding 2016-002 – Financial Reporting for Federal and State Financial Assistance

Applicable to all federal and state awards.

Criteria - In accordance with the Uniform Guidance and Wisconsin State Single Audit Guidelines, the auditee is responsible for maintaining internal control over Federal and State programs that provide reasonable assurance that the auditee is managing Federal and State awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal and State programs. The Uniform Guidance and Wisconsin State Single Audit Guidelines indicates the auditee shall prepare financial statements and the auditee shall also prepare a schedule of expenditures of Federal and State awards for the period covered by the auditee's financial statements.

Condition - The County does not have a complete system in place for identifying federal and state financial assistance to enable management to identify all federal and state programs and complete its Schedule of Expenditures of Federal and State Assistance. In addition, each Department separately manages individual County grants, without complete administrative oversight from one Office or designated individual.

Questioned Costs – None.

Cause – The County has not designated one office or individual to administer or oversee its grants. Therefore, each department head is fiscally responsible for the grantee department's federal grants, without management or administrative oversight from the County.

Effect – The lack of a complete system to administer Federal and State awards indicates a deficiency in the design and operation of internal control that could result in violations of laws, regulations, provisions of contract or grant agreements, fraud or abuse having a direct and material effect on the financial statements or the audit objectives of the Federal and State grants.

Recommendation - We recommend the County establish a centralized grant identification system with one office or individual who will be responsible for obtaining the requisite information from the various departments for the grants it administers. This identification system should include, at a minimum, information necessary to prepare the Schedule of Expenditures of Federal and State Assistance and accompanying notes as indicated in the Uniform Guidance and Wisconsin State Single Audit Guidelines. We also recommend this designated office or individual oversee the administration of the County's Federal and State grants to ensure proper compliance with regulations and grant agreements.

View of responsible officials and planned corrective actions – We agree with the finding and have developed a corrective action plan.

MONROE COUNTY FINANCE

124 N Court St
Sparta WI 54656

Phone: 608-269- 8707 or 608 269 - 8791
Fax: 608- 366- 1809



Corrective Action Plan

Finding 2016-001 – Financial Accounting and Reporting

Corrective Action Plan:

None. The County will continue to review the financial statements and required footnotes prepared by the external auditors. The County believes this process to be the most economical and appropriate to help ensure complete and proper financial reporting. There is no anticipated completion date for this item.

Person(s) Responsible: County Management and County Board

Timing for Implementation: There is no anticipated completion date for this item.

Finding 2016-002 – Financial Reporting for Federal and State Financial Assistance

Corrective Action Plan:

None. The County would prefer to keep the grants decentralized to the appropriate officeholder and utilize the auditors to compile the Schedule of Expenditures of Federal and State Assistance as part of their audit services. There is no anticipated completion date for this item.

Person(s) Responsible: County Management and County Board

Timing for Implementation: There is no anticipated completion date for this item.

Monroe County, Wisconsin

Schedule of Findings and Questioned Costs

Year Ended December 31, 2016

Section IV - Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

No

Does the audit report show audit issues related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*?

Department of Agriculture, Trade, and Consumer Protection

Yes

Department of Safety and Professional Services

Yes

Department of Natural Resources

Yes

Department of Transportation

Yes

Department of Health Services

Yes

Department of Children and Families

Yes

Department of Justice

Yes

Department of Military Affairs

Yes

Department of Veteran's Affairs

Yes

Department of Administration

Yes

Was a management letter or other document conveying audit comments issued as a result of this audit?

Yes

Name and signature of partner



Dan Walker, CPA

Date of report

May 8, 2017

Monroe County, Wisconsin

Summary Schedule of Prior Year Findings

Year Ended December 31, 2016

2014-001 Financial Accounting and Reporting – See finding 2016-001.

2014-002 Financial Reporting for Federal and State Financial Assistance – See finding 2016-002.

2015-001 Uniform Grant Guidance Implementation – This finding was corrected in 2016.