

Monroe County, Wisconsin
Sparta, Wisconsin
**Financial Statements and
Supplementary Financial Information**
Year Ended December 31, 2017

Monroe County, Wisconsin

Financial Statements and Supplementary Financial Information Year Ended December 31, 2017

Table of Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position.....	10
Statement of Activities.....	11
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	13
Reconciliation of the Balance Sheet – Governmental Funds – to the Statement of Net Position.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund	17
Special Revenue Funds - Human Services Fund	18
Statement of Net Position – Proprietary Funds.....	19
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	21
Statement of Cash Flows – Proprietary Funds	22
Statement of Net Position – Agency Funds	24
Notes to Basic Financial Statements.....	25
Required Supplementary Information	
Schedule of Funding Progress – Other Post-employment Benefit Plan	54
Schedule of Proportionate Share of the Net Pension Liability (Asset) and Contributions – Wisconsin Retirement System.....	55
Supplementary Financial Information	
Combining Fund Statements	
Combining Balance Sheet – Nonmajor Governmental Funds.....	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	57
Combining Statement of Net Position – Internal Service Funds	58
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	59
Combining Statement of Cash Flows – Internal Service Funds	60
Other Reports	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.....	61
Independent Auditor's Report on Compliance for Each Major Federal and State Program and Internal Control Over Compliance	63
Schedule of Federal and State Assistance.....	66
Notes to the Schedule of Federal and State Assistance.....	72
Schedule of Findings and Questioned Costs	74
Summary Schedule of Prior Year Findings	78



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, 2017 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 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. 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, 2017, 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 plan, 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 June 4, 2018, 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 solely 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 effectiveness of the County's 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

June 4, 2018
Madison, Wisconsin

Management's Discussion and Analysis

Monroe County, Wisconsin

Management's Discussion and Analysis

December 31, 2017

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, 2017.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflow of resources as of December 31, 2017 by \$97.7 million (net position). Of this amount, \$22.5 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 \$2.8 million. This increase was due primarily to an increase in net investment in capital assets.
- As of December 31, 2017, the County's governmental funds reported combined ending fund balances of \$14.5 million, a decrease of \$7.7 million in comparison with the prior year. Fund balance decreased mainly due to \$6.2 million being spent in the capital projects fund while only taking in an additional \$2.8 million transferred from the general fund to cover these expenditures as well as using \$3.4 million in fund balance to pay debt service instead of levying taxes for debt service.
- As of December 31, 2017, unassigned fund balance for the general fund was \$8.8 million.
- The County's total general-obligation debt decreased by \$2,845,000 during 2017.

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 eight 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 four 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 \$97.7 million at the close of 2017.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 36,098,222	\$ 40,921,988	\$ 16,989,669	\$ 13,308,044	\$ 53,087,891	\$ 54,230,032
Capital assets	83,505,825	78,618,572	9,254,917	9,521,203	92,760,742	88,139,775
Total assets	119,604,047	119,540,560	26,244,586	22,829,247	145,848,633	142,369,807
Total deferred outflows of resources	4,664,937	6,583,065	2,531,720	3,643,153	7,196,657	10,226,218
Long-term liabilities	24,162,959	27,573,261	4,738,229	4,226,189	28,901,188	31,799,450
Other liabilities	3,258,895	3,632,774	1,065,153	1,505,018	4,324,048	5,137,792
Total liabilities	27,421,854	31,206,035	5,803,382	5,731,207	33,225,236	36,937,242
Total deferred inflows of resources	16,152,609	14,662,353	5,961,730	6,057,348	22,114,339	20,719,701
Net position:						
Net investment in capital assets	60,990,349	56,588,864	9,238,254	9,494,902	70,228,603	66,083,766
Restricted	2,765,387	5,263,150	2,170,116	862,219	4,935,503	6,125,369
Unrestricted	16,938,785	18,403,223	5,602,824	4,326,724	22,541,609	22,729,947
Total net position	\$ 80,694,521	\$ 80,255,237	\$ 17,011,194	\$ 14,683,845	\$ 97,705,715	\$ 94,939,082

By far the largest portion of the County's net position (72%) 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 (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$22.6 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 \$439,284 while business-type activities increased net position by \$2,327,349. A summary of the changes in net position follows:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 3,652,359	\$ 3,537,607	\$ 10,882,691	\$ 10,959,576	\$ 14,535,050	\$ 14,497,183
Operating grants and contributions	9,087,692	7,403,873	3,582,647	2,097,281	12,670,339	9,501,154
General revenues:						
Property taxes	12,368,070	12,733,115	4,559,153	5,027,401	16,927,223	17,760,516
Sales tax	3,515,391	3,323,689	-	-	3,515,391	3,323,689
Other taxes	69,946	56,452	-	-	69,946	56,452
Grants and contributions not restricted to specific programs	2,553,420	2,581,330	-	-	2,553,420	2,581,330
Investment income	479,321	446,553	22,890	14,129	502,211	460,682
Other	511,246	119,051	-	-	511,246	119,051
Total revenues	32,237,445	30,201,670	19,047,381	18,098,387	51,284,826	48,300,057
Expenses:						
General government	7,400,704	6,725,418	-	-	7,400,704	6,725,418
Public safety	8,019,387	6,466,119	-	-	8,019,387	6,466,119
Public works	1,526,459	1,586,307	-	-	1,526,459	1,586,307
Health and human services	12,898,214	11,405,675	-	-	12,898,214	11,405,675
Culture, recreation, and education	1,006,533	897,969	-	-	1,006,533	897,969
Conservation and development	955,849	787,242	-	-	955,849	787,242
Interest and fiscal charges	483,929	624,041	-	-	483,929	624,041
Nursing home	-	-	7,677,741	7,606,042	7,677,741	7,606,042
Solid waste	-	-	2,393,846	2,444,615	2,393,846	2,444,615
Highway	-	-	6,153,454	7,954,409	6,153,454	7,954,409
Economic revolving loan	-	-	2,077	6,011	2,077	6,011
Total expenses	32,291,075	28,492,771	16,227,118	18,011,077	48,518,193	46,503,848
Change in net position before transfers	(53,630)	1,708,899	2,820,263	87,310	2,766,633	1,796,209
Transfers	492,914	1,030,217	(492,914)	(1,030,217)	-	-
Change in net position	439,284	2,739,116	2,327,349	(942,907)	2,766,633	1,796,209
Net position - January 1	80,255,237	77,516,121	14,683,845	15,626,752	94,939,082	93,142,873
Net position - December 31	\$ 80,694,521	\$ 80,255,237	\$ 17,011,194	\$ 14,683,845	\$ 97,705,715	\$ 94,939,082

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, 2017, the County's governmental funds reported combined ending fund balances of \$14,525,160, a decrease of \$7,670,656 in comparison with the prior year. Approximately 60% of this amount (\$8.8 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 (\$346,931), 2) the portion of delinquent taxes purchased from other taxing jurisdictions (\$1,377,318) and 3) nonspendable contributions for Wegner Grotto, local history room endowment and Haney Reserve (\$1,120,247). The restricted include 1) amounts restricted for debt service (\$536,786), 2) amounts restricted by statutes (\$678,995), 3) amounts restricted by donors (\$253,379), and 4) grant programs (\$175,980). The committed amount of \$355,530 is for various projects approved by the County Board. The assigned amounts represent tentative management plans for certain items in the General Fund (\$673,130), Human Services special revenue fund (\$10,287), and the Local History Room special revenue fund (\$208,085).

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 \$8,788,493 while total fund balance was \$11,872,786. 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 53% of total general fund expenditures, while total fund balance represents 72% 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 capital projects fund decreased \$3,386,958 due primarily to the County spending \$6.2 million on construction projects offset by \$2.8 million transferred from the general fund.

The County's debt service fund decreased by \$3,112,284 due to debt service payments being made using beginning fund balance.

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 \$3,240,929, an increase of \$144,979 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 \$1,616,372, a decrease of \$376,133 over the prior year due primarily to an adjustment to increase post closure liabilities.

Net position of the highway fund at the end of the year amounted to \$10,710,172, an increase of \$2,489,038 over the prior year due primarily to efforts to increase the cash reserves for future projects.

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

General Fund Budgetary Highlights

The County's general fund balance decreased \$1,571,076 during the current year. Key factors in this change are as follows:

- The general fund transferred \$2.8 million to the capital projects fund for use on the justice center and radio tower projects.
- Overall expenditure were less than final budget amounts by \$1,729,471
- Public Safety and Capital Outlay expenditures were under budget by \$325,063 and \$846,314.

Budgetary amendments were made during the year as noted on page 17 of the financial statements, but there was nothing of significance to specifically note here.

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, 2017 amounts to \$92,760,742 (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 \$4,620,967 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	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,328,985	\$ 1,328,985	\$ 574,911	\$ 574,911	\$ 1,903,896	\$ 1,903,896
Construction in progress	7,371,157	39,313,474	338,457	160,560	7,709,614	39,474,034
Land improvements	150,265	135,654	1,113,577	1,313,783	1,263,842	1,449,437
Buildings	39,198,064	1,290,254	1,266,973	1,449,263	40,465,037	2,739,517
Machinery and equipment	978,489	884,451	5,960,999	6,022,686	6,939,488	6,907,137
Infrastructure	34,478,865	35,665,754	-	-	34,478,865	35,665,754
Total	\$ 83,505,825	\$ 78,618,572	\$ 9,254,917	\$ 9,521,203	\$ 92,760,742	\$ 88,139,775

Long-term debt. At the end of the current fiscal year, the County had total general obligation debt outstanding of \$22,175,000 backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation debt:						
Bonds	\$22,175,000	\$24,725,000	\$ -	\$ -	\$22,175,000	\$24,725,000
Notes	-	295,000	-	-	-	295,000
Total	\$22,175,000	\$25,020,000	\$ -	\$ -	\$22,175,000	\$25,020,000

The County's general obligation debt decreased \$2,845,000 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 \$165,087,360, which is significantly in excess of the County's \$22,175,000 in outstanding general obligation debt.

Economic and Other Factors

There are no significant economic or other factors affecting the County at this time.

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, 2017

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments	\$ 14,866,537	\$ 4,665,936	\$ 19,532,473
Receivables			
Taxes	14,262,864	4,921,629	19,184,493
Delinquent taxes	1,699,693	-	1,699,693
Accounts	3,478,187	1,579,106	5,057,293
Loans	-	39,495	39,495
Other	30,146	-	30,146
Internal balances	(585,542)	585,542	-
Due from other governments	-	969,763	969,763
Inventories and prepaid items	470,889	1,207,422	1,678,311
Restricted assets:			
Cash and investments	1,875,448	1,057,411	2,932,859
Deposits with the State	-	1,714,355	1,714,355
Loans receivables	-	249,010	249,010
Capital assets, nondepreciable	8,700,142	913,368	9,613,510
Capital assets, depreciable, net	74,805,683	8,341,549	83,147,232
Total assets	<u>119,604,047</u>	<u>26,244,586</u>	<u>145,848,633</u>
Deferred outflows of resources:			
Deferred outflows related to pensions	4,664,937	2,531,720	7,196,657
Liabilities:			
Accounts payable	1,264,609	461,302	1,725,911
Other accrued liabilities	1,447,514	416,870	1,864,384
Accrued interest payable	176,345	-	176,345
Due to other governments	277,714	341	278,055
Unearned revenues	92,713	169,382	262,095
Payable from restricted assets			
Resident trust fund payable	-	17,258	17,258
Long-term obligations			
Due within one year	2,366,312	261,303	2,627,615
Due in more than one year	21,796,647	4,476,926	26,273,573
Total liabilities	<u>27,421,854</u>	<u>5,803,382</u>	<u>33,225,236</u>
Deferred inflows of resources:			
Property taxes	14,262,864	4,921,630	19,184,494
Deferred inflows related to pensions	1,889,745	1,040,100	2,929,845
Other	-	-	-
Total deferred inflows of resources	<u>16,152,609</u>	<u>5,961,730</u>	<u>22,114,339</u>
Net position:			
Net investment in capital assets	60,990,349	9,238,254	70,228,603
Restricted	2,765,387	2,170,116	4,935,503
Unrestricted	16,938,785	5,602,824	22,541,609
Total net position	<u>\$ 80,694,521</u>	<u>\$ 17,011,194</u>	<u>\$ 97,705,715</u>

See accompanying notes to the financial statements.

Monroe County, Wisconsin

Statement of Activities

For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 7,400,704	\$ 1,473,033	\$ 423,262	\$ -
Public safety	8,019,387	507,129	105,958	-
Public works	1,526,459	87,023	12,222	-
Health and human services	12,898,214	1,197,332	7,716,860	-
Culture, recreation and education	1,006,533	182,994	228,030	-
Conservation and development	955,849	204,848	601,360	-
Interest and fiscal charges	483,929	-	-	-
Total governmental activities	<u>32,291,075</u>	<u>3,652,359</u>	<u>9,087,692</u>	<u>-</u>
Business-type activities:				
Nursing home	7,677,741	5,582,518	894,320	-
Solid waste	2,393,846	2,145,635	153,644	-
Highway	6,153,454	3,146,556	2,534,683	-
Economic revolving loan	2,077	7,982	-	-
Total business-type activities	<u>16,227,118</u>	<u>10,882,691</u>	<u>3,582,647</u>	<u>-</u>
Total	<u>\$48,518,193</u>	<u>\$ 14,535,050</u>	<u>\$ 12,670,339</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
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, 2017

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (5,504,409)	\$ -	\$ (5,504,409)
(7,406,300)	-	(7,406,300)
(1,427,214)	-	(1,427,214)
(3,984,022)	-	(3,984,022)
(595,509)	-	(595,509)
(149,641)	-	(149,641)
(483,929)	-	(483,929)
<u>(19,551,024)</u>	<u>-</u>	<u>(19,551,024)</u>
-	(1,200,903)	(1,200,903)
-	(94,567)	(94,567)
-	(472,215)	(472,215)
-	5,905	5,905
<u>-</u>	<u>(1,761,780)</u>	<u>(1,761,780)</u>
<u>(19,551,024)</u>	<u>(1,761,780)</u>	<u>(21,312,804)</u>
12,368,070	4,559,153	16,927,223
3,515,391	-	3,515,391
69,946	-	69,946
2,553,420	-	2,553,420
479,321	22,890	502,211
511,246	-	511,246
492,914	(492,914)	-
<u>19,990,308</u>	<u>4,089,129</u>	<u>24,079,437</u>
439,284	2,327,349	2,766,633
<u>80,255,237</u>	<u>14,683,845</u>	<u>94,939,082</u>
<u>\$80,694,521</u>	<u>\$ 17,011,194</u>	<u>\$ 97,705,715</u>

See accompanying notes to the financial statements.

Monroe County, Wisconsin

Balance Sheet

Governmental Funds

December 31, 2017

	General	Human Services	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and investments	\$ 9,871,691	\$ 5,227	\$ 347,653	\$ 536,786	\$ 379,940	\$11,141,297
Restricted cash and investments	304,772	51,442	-	-	1,519,234	1,875,448
Receivables						
Taxes	7,214,913	3,458,448	-	1,881,206	470,832	13,025,399
Delinquent taxes	1,699,693	-	-	-	-	1,699,693
Accounts	2,012,315	1,253,833	-	-	212,039	3,478,187
Other	30,146	-	-	-	-	30,146
Due from other funds	611,915	-	-	-	-	611,915
Inventories and prepaid items	346,931	-	-	-	-	346,931
Total assets	\$ 22,092,376	\$4,768,950	\$ 347,653	\$2,417,992	\$ 2,582,045	\$32,209,016
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Accounts payable	298,480	620,938	207,604	-	9,806	1,136,828
Other accrued liabilities	917,000	156,427	-	-	41,914	1,115,341
Due to other funds	-	472,982	-	-	138,214	611,196
Due to other governments	277,714	-	-	-	-	277,714
Unearned revenues	86,818	5,895	-	-	-	92,713
Total liabilities	1,580,012	1,256,242	207,604	-	189,934	3,233,792
Deferred inflows of resources:						
Property taxes	7,214,913	3,458,448	-	1,881,206	470,832	13,025,399
Delinquent taxes	674,665	-	-	-	-	674,665
Other	750,000	-	-	-	-	750,000
Total deferred inflows of resources	8,639,578	3,458,448	-	1,881,206	470,832	14,450,064
Fund balances:						
Nonspendable	1,725,249	-	-	-	1,119,247	2,844,496
Restricted	470,433	43,974	-	536,786	593,947	1,645,140
Committed	215,481	-	140,049	-	-	355,530
Assigned	673,130	10,286	-	-	208,085	891,501
Unassigned	8,788,493	-	-	-	-	8,788,493
Total fund balances	11,872,786	54,260	140,049	536,786	1,921,279	14,525,160
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 22,092,376	\$4,768,950	\$ 347,653	\$2,417,992	\$ 2,582,045	\$32,209,016

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, 2017

Total fund balance - governmental funds	\$ 14,525,160
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	83,505,825
Other long-term assets are not available to pay current expenditures and therefore are deferred in the funds:	
Delinquent taxes	674,665
Other	750,000
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	4,664,937
Deferred inflows of resources	(1,889,745)
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	2,802,983
Some liabilities are not due and payable in the current period and, therefore are not reported in the funds:	
Bonds and notes payable	(22,175,000)
Debt premium	(480,525)
Compensated absences	(716,614)
Net pension liability	(600,890)
Post-employment health benefits payable	(189,930)
Accrued interest on long-term obligations	(176,345)
Total net position of governmental activities	<u>\$ 80,694,521</u>

Monroe County, Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2017

	General	Human Services	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 11,101,829	\$ 3,213,669	\$ -	\$ -	\$ 441,247	\$ 14,756,745
Intergovernmental	3,833,917	6,827,167	-	-	881,162	11,542,246
Licenses and permits	229,827	-	-	-	-	229,827
Fines and forfeits	271,280	-	-	-	-	271,280
Public charges for services	1,251,444	953,898	-	-	169,937	2,375,279
Intergovernmental charges	698,591	-	-	-	-	698,591
Miscellaneous	326,940	285	4,000	-	577,540	908,765
Total revenues	17,713,828	10,995,019	4,000	-	2,069,886	30,782,733
Expenditures:						
Current:						
General government	5,783,289	-	-	-	-	5,783,289
Public safety	7,560,367	-	-	-	31,735	7,592,102
Public works	133,184	-	-	-	-	133,184
Health and human services	252,227	11,080,725	-	-	1,359,040	12,691,992
Culture and recreation	991,985	-	-	-	-	991,985
Conservation and development	928,974	-	-	-	-	928,974
Debt service:						
Principal	-	-	-	2,845,000	-	2,845,000
Interest and fiscal charges	-	-	-	568,547	-	568,547
Capital outlay	948,524	-	6,186,143	-	-	7,134,667
Total expenditures	16,598,550	11,080,725	6,186,143	3,413,547	1,390,775	38,669,740
Excess of revenues over (under) expenditures	1,115,278	(85,706)	(6,182,143)	(3,413,547)	679,111	(7,887,007)
Other Financing Sources (Uses)						
Transfers in	193,743	-	2,795,185	301,263	-	3,290,191
Transfers out	(2,880,097)	(37,000)	-	-	(156,743)	(3,073,840)
Total other financing sources (uses)	(2,686,354)	(37,000)	2,795,185	301,263	(156,743)	216,351
Net Change in Fund Balances	(1,571,076)	(122,706)	(3,386,958)	(3,112,284)	522,368	(7,670,656)
Fund Balances - Beginning	13,443,862	176,966	3,527,007	3,649,070	1,398,911	22,195,816
Fund Balances - Ending	\$ 11,872,786	\$ 54,260	\$ 140,049	\$ 536,786	\$ 1,921,279	\$ 14,525,160

See accompanying notes to the financial statements.

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, 2017

Net change in fund balance - governmental funds	\$ (7,670,656)
<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	6,658,284
Depreciation expense reported in the statement of activities	(1,771,031)
<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>	
	(820,404)
<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>	
	2,845,000
<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>	
	84,618
<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	132,497
Other	750,000
<p>The net expenses of certain activities of internal service funds are reported with governmental activities</p>	
	<u>230,976</u>
Change in net position - governmental activities	<u><u>\$ 439,284</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 11,079,831	\$ 10,907,707	\$ 11,101,829	\$ 194,122
Intergovernmental	3,723,440	4,073,288	3,833,917	(239,371)
Licenses and permits	204,530	204,530	229,827	25,297
Fines and forfeits	207,010	207,205	271,280	64,076
Public charges for services	1,020,965	1,054,623	1,251,444	196,821
Intergovernmental charges	676,605	669,855	698,591	28,736
Miscellaneous	216,594	233,628	326,940	93,312
Total revenues	17,128,975	17,350,835	17,713,828	362,993
Expenditures:				
Current:				
General government	5,971,922	5,898,720	5,783,289	(115,431)
Public safety	7,827,422	7,885,430	7,560,367	(325,063)
Public works	173,379	173,420	133,184	(40,236)
Health and human services	258,978	308,076	252,227	(55,849)
Culture and recreation	1,096,122	1,180,553	991,985	(188,568)
Conservation and development	686,146	1,086,983	928,974	(158,009)
Capital outlay	1,130,006	1,794,838	948,524	(846,314)
Total expenditures	17,143,975	18,328,021	16,598,550	(1,729,471)
Excess of revenues over (under) expenditures	(15,000)	(977,186)	1,115,278	2,092,464
Other Financing Sources (Uses)				
Transfers in	15,000	62,227	193,743	131,516
Transfers out	-	(2,434,695)	(2,880,097)	(445,402)
Total other financing sources (uses)	15,000	(2,372,468)	(2,686,354)	(313,886)
Net Change in Fund Balances	-	(3,349,654)	(1,571,076)	1,778,578
Fund Balances - Beginning	13,443,862	13,443,862	13,443,862	-
Fund Balances - Ending	\$ 13,443,862	\$ 10,094,208	\$ 11,872,786	\$ 1,778,578

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 3,177,853	\$ 3,213,669	\$ 3,213,669	\$ -
Intergovernmental charges	5,405,247	6,091,053	6,827,167	736,114
Public charges for services	996,368	1,047,667	953,898	(93,769)
Miscellaneous	-	-	285	285
Total revenues	9,579,468	10,352,389	10,995,019	642,630
Expenditures:				
Current:				
Health and human services	9,579,468	10,499,474	11,080,725	581,251
Excess of revenues over (under) expenditures	-	(147,085)	(85,706)	61,379
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(37,000)	(37,000)
Total other financing sources (uses)	-	-	(37,000)	(37,000)
Net Change in Fund Balances	-	(147,085)	(122,706)	24,379
Fund Balances - Beginning	176,966	176,966	176,966	-
Fund Balances - Ending	\$ 176,966	\$ 29,881	\$ 54,260	\$ 24,379

Monroe County, Wisconsin

Statement of Net Position

Proprietary Funds

December 31, 2017

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund Revolving Loan	Total Enterprise Funds	Internal Service Funds
Assets:						
Current assets:						
Cash and investments	\$1,196,044	\$ 762,787	\$ 2,137,075	\$ 570,030	\$ 4,665,936	\$ 3,725,240
Receivables						
Taxes	1,002,811	-	3,918,818	-	4,921,629	1,237,465
Accounts	590,464	310,393	678,249	-	1,579,106	-
Loans	-	-	-	28,377	28,377	-
Due from other governments	-	-	969,763	-	969,763	-
Inventories and prepaid items	33,273	-	1,174,149	-	1,207,422	123,958
Total current assets	<u>2,822,592</u>	<u>1,073,180</u>	<u>8,878,054</u>	<u>598,407</u>	<u>13,372,233</u>	<u>5,086,663</u>
Noncurrent assets:						
Restricted assets:						
Cash and investments	32,619	1,024,792	-	-	1,057,411	-
Deposits with the State	-	1,714,355	-	-	1,714,355	-
Loans receivables	-	-	-	260,128	260,128	-
Capital assets, nondepreciable						
Land	7,269	384,595	183,047	-	574,911	-
Construction in progress	53,055	285,402	-	-	338,457	-
Capital assets, depreciable						
Land improvements	510,400	4,421,886	520,878	-	5,453,164	-
Buildings and improvements	5,135,921	214,262	3,235,228	-	8,585,411	-
Machinery and equipment	2,780,852	261,817	14,246,921	-	17,289,590	-
Less: Accumulated depreciation	(6,979,685)	(3,839,136)	(12,167,795)	-	(22,986,616)	-
Total capital assets, net of accumulated depreciation	<u>1,507,812</u>	<u>1,728,826</u>	<u>6,018,279</u>	<u>-</u>	<u>9,254,917</u>	<u>-</u>
Total noncurrent assets	<u>1,540,431</u>	<u>4,467,973</u>	<u>6,018,279</u>	<u>260,128</u>	<u>12,286,811</u>	<u>-</u>
Total assets	<u>4,363,023</u>	<u>5,541,153</u>	<u>14,896,333</u>	<u>858,535</u>	<u>25,659,044</u>	<u>5,086,663</u>
Deferred outflows of resources:						
Deferred outflows related to pensions	1,583,640	41,991	906,089	-	2,531,720	-
Total assets and deferred outflows of resources	<u>\$5,946,663</u>	<u>\$5,583,144</u>	<u>\$15,802,422</u>	<u>\$ 858,535</u>	<u>\$28,190,764</u>	<u>\$ 5,086,663</u>

Monroe County, Wisconsin

Statement of Net Position - Continued

Proprietary Funds

December 31, 2017

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund Revolving Loan	Total Enterprise Funds	Internal Service Funds
Liabilities:						
Current liabilities:						
Accounts payable	155,627	135,988	169,672	356	461,643	127,781
Other accrued liabilities	240,235	6,074	170,561	-	416,870	332,173
Due to other funds	-	-	-	719	719	-
Unearned revenues	75,911	-	93,471	-	169,382	-
Compensated absences	154,515	5,683	101,105	-	261,303	-
Total current liabilities	626,288	147,745	534,809	1,075	1,309,917	459,954
Payable from restricted assets						
Resident trust fund payable	17,258	-	-	-	17,258	-
Noncurrent liabilities:						
Loans payable	-	16,663	-	-	16,663	-
Post-employment benefits payable	101,310	1,529	73,574	-	176,413	-
Compensated absences	95,881	6,549	78,826	-	181,256	-
Net pension liability	208,010	5,408	117,306	-	330,724	-
Post closure	-	3,771,870	-	-	3,771,870	-
Total noncurrent liabilities	405,201	3,802,019	269,706	-	4,476,926	-
Total liabilities	1,048,747	3,949,764	804,515	1,075	5,804,101	459,954
Deferred inflows of resources:						
Property taxes	1,002,812	-	3,918,818	-	4,921,630	1,237,465
Related to pensions	654,175	17,008	368,917	-	1,040,100	-
Total deferred inflows	1,656,987	17,008	4,287,735	-	5,961,730	1,237,465
Total liabilities and deferred inflows of resources	2,705,734	3,966,772	5,092,250	1,075	11,765,831	1,697,419
Net position:						
Net investment in capital assets	1,507,812	1,712,163	6,018,279	-	9,238,254	-
Restricted for:						
Resident trust	15,360	-	-	-	15,360	-
ATC funds	-	-	1,297,296	-	1,297,296	-
Community development	-	-	-	857,460	857,460	-
Unrestricted (deficit)	1,717,757	(95,791)	3,394,597	-	5,016,563	3,389,244
Total net position	3,240,929	1,616,372	10,710,172	857,460	16,424,933	3,389,244
Total liabilities, deferred inflows of resources and net position	\$5,946,663	\$5,583,144	\$15,802,422	\$858,535	\$28,190,764	\$5,086,663
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					586,261	
Net position of business-type activities as reported on the Statement of Net Position					<u>\$17,011,194</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, 2017

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund Revolving Loan	Total Enterprise Funds	Internal Service Funds
Operating revenues:						
Charges for services	\$ 5,582,518	\$ 2,145,635	\$ 3,146,556	\$ 7,982	\$ 10,882,691	\$ -
Intergovernmental charges for services	-	-	-	-	-	565,696
Other operating revenues	-	-	-	-	-	3,528
Total operating revenues	<u>5,582,518</u>	<u>2,145,635</u>	<u>3,146,556</u>	<u>7,982</u>	<u>10,882,691</u>	<u>569,224</u>
Operating expenses:						
Operation and maintenance	7,496,556	2,191,724	5,696,005	2,077	15,386,362	1,681,480
Depreciation	181,185	202,122	709,467	-	1,092,774	-
Total operating expenses	<u>7,677,741</u>	<u>2,393,846</u>	<u>6,405,472</u>	<u>2,077</u>	<u>16,479,136</u>	<u>1,681,480</u>
Operating income (loss)	<u>(2,095,223)</u>	<u>(248,211)</u>	<u>(3,258,916)</u>	<u>5,905</u>	<u>(5,596,445)</u>	<u>(1,112,256)</u>
Nonoperating revenues (expenses):						
General property taxes	1,345,882	-	3,213,271	-	4,559,153	1,303,155
Intergovernmental aids	894,320	153,644	2,534,683	-	3,582,647	-
Interest income	-	19,697	-	3,193	22,890	15,532
Total nonoperating revenues (expenses)	<u>2,240,202</u>	<u>173,341</u>	<u>5,747,954</u>	<u>3,193</u>	<u>8,164,690</u>	<u>1,318,687</u>
Net income before transfers	<u>144,979</u>	<u>(74,870)</u>	<u>2,489,038</u>	<u>9,098</u>	<u>2,568,245</u>	<u>206,431</u>
Transfers out	<u>-</u>	<u>(301,263)</u>	<u>-</u>	<u>-</u>	<u>(301,263)</u>	<u>84,912</u>
Change in net position	<u>144,979</u>	<u>(376,133)</u>	<u>2,489,038</u>	<u>9,098</u>	<u>2,266,982</u>	<u>291,343</u>
Net position - beginning	<u>3,095,950</u>	<u>1,992,505</u>	<u>8,221,134</u>	<u>848,362</u>		<u>3,097,901</u>
Net position - ending	<u>\$ 3,240,929</u>	<u>\$ 1,616,372</u>	<u>\$ 10,710,172</u>	<u>\$ 857,460</u>		<u>\$ 3,389,244</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					60,367	
Changes in net position of business-type activities as reported on the Statement of Activities					<u>\$ 2,327,349</u>	

See accompanying notes to the financial statements.

Monroe County, Wisconsin

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2017

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund Revolving Loan	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:						
Cash received from customers	\$ 5,699,920	\$ 2,000,244	\$ 2,935,707	\$ 7,982	\$ 10,643,853	\$ 569,224
Cash payments to suppliers	(1,420,358)	(1,326,301)	(2,940,087)	(4,692)	(5,691,438)	(1,436,437)
Cash payments to employees	(5,588,810)	(153,816)	(3,077,674)	-	(8,820,300)	(294,498)
Net cash provided (used) by operating activities	(1,309,248)	520,127	(3,082,054)	3,290	(3,867,885)	(1,161,711)
Cash flows from noncapital financing activities:						
General property taxes	1,345,882	-	3,213,271	-	4,559,153	1,303,155
Intergovernmental grants received	894,320	153,644	2,534,683	-	3,582,647	-
Transfer out	-	(301,263)	-	-	(301,263)	84,912
Net cash provided (used) by noncapital financing activities	2,240,202	(147,619)	5,747,954	-	7,840,537	1,388,067
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(153,289)	(144,373)	(528,825)	-	(826,487)	-
Principal payments on long-term debt	-	(9,638)	-	-	(9,638)	-
Net cash provided (used) by capital and related financing activities	(153,289)	(154,011)	(528,825)	-	(836,125)	-
Cash flows from investing activities:						
Loan repayments	-	-	-	35,415	35,415	-
Interest income received	-	19,697	-	3,193	22,890	15,532
Net cash provided (used) by investing activities	-	19,697	-	38,608	58,305	15,532
Change in cash and cash equivalents	777,665	238,194	2,137,075	41,898	3,194,832	241,888
Cash and cash equivalents - beginning	450,998	3,263,740	-	528,132	4,242,870	3,483,352
Cash and cash equivalents - ending	\$ 1,228,663	\$ 3,501,934	\$ 2,137,075	\$ 570,030	\$ 7,437,702	\$ 3,725,240

See accompanying notes to the financial statements.

Monroe County, Wisconsin

Statement of Cash Flows - Continued

Proprietary Funds

For the Year Ended December 31, 2017

	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)	\$ (2,095,223)	\$ (248,211)	\$ (3,258,916)	\$ 5,905	\$ (5,596,445)	\$ (1,112,256)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	181,185	202,122	709,467	-	1,092,774	-
Change in pension related assets, deferred outflows, liabilities and deferred inflows	282,773	2,175	162,856	-	447,804	-
Changes in assets and liabilities						
Receivables	117,402	(145,391)	(142,122)	-	(170,111)	-
Due from other governments	-	-	(68,727)	-	(68,727)	-
Inventories and prepaid items	16,289	-	29,048	-	45,337	(123,958)
Accounts payable	74,250	(131,476)	(388,154)	356	(445,024)	102,279
Accrued and other current liabilities	14,197	(89)	(16,505)	-	(2,397)	(27,776)
Due to other funds	-	-	(37,664)	(2,971)	(40,635)	-
Compensated absences	16,546	470	(1,402)	-	15,614	-
Resident trust fund payable	3,333	-	-	-	3,333	-
Unearned revenues	75,911	-	(71,688)	-	4,223	-
Post-employment health benefits payable	4,089	78	1,753	-	5,920	-
Post closure liability	-	840,449	-	-	840,449	-
Net cash provided (used) by operating activities	(1,309,248)	520,127	(3,082,054)	3,290	(3,867,885)	(1,161,711)

Monroe County, Wisconsin

Statement of Net Position

Agency Funds

December 31, 2017

	<u>Agency Funds</u>
Assets:	
Cash and investments	<u>\$ 1,022,439</u>
Liabilities:	
Due to others	<u>\$ 1,022,439</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.

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, which includes senior services that was reported in a separate fund in prior years. The beginning fund balance was combined in the current financial statements. 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 2017 tax roll, collected in 2017/2018, is:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale - 2016 tax roll delinquent real estate taxes	September 1, 2018

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, 2017.

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 acquisition 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 and the County contribution to the pension plan subsequent to the measurement date of the collective net pension liability.

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, settlements 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. The major special revenue fund was over budget by \$581,251. 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, 2017 is summarized below:

		<u>Fair Value Level</u>
Petty cash and cash on hand	\$ 13,745	N/A
Deposits with financial institutions	22,249,637	N/A
Investments		
Stocks	681,395	Level 1
Mutual funds	542,994	Level 1
	<u>\$23,487,771</u>	

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$19,532,473
Restricted cash and investments	2,932,859
Fiduciary fund statement of net position	
Agency fund	1,022,439
	<u>\$23,487,771</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, 2017, \$13,823,185 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits. Financial institutions have collateralized \$13,671,387 of these deposits at year end, while \$151,798 remains uncollateralized.

Investments

The County has one deposit with the State of Wisconsin \$1,714,355 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, 2017, 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.

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	\$ 25,583	Restricted for Flexible Benefit Claims
Recording fees	278,189	Cash restricted by statute for recording fees
Haney trust	1,000	Cash restricted by donor
Senior Services Fund		
Transportation	43,974	DOT Trust
Human Services Fund		
Client Funds	7,468	Cash dedicated to cover expenses for a Human Services client
Local History Room Fund	1,519,234	Endowments to cover expenditures at the Local History Room
Total Governmental Activities	<u>1,875,448</u>	
Business-Type Activities:		
Rolling Hills Enterprise Fund		
Resident Trust	32,619	Cash deposited for the benefit of residents
Solid Waste Enterprise Fund		
Ridgeview I Long-Term Care	298,702	State of Wisconsin Department of Natural Resources to finance the County's closure and postclosure financial responsibilities
Ridgeview II Closure	1,415,653	
Ridgeview II Long-term Care	1,024,792	
Subtotal	<u>2,739,147</u>	
Total Business-Type Activities	<u>2,771,766</u>	
Total Restricted Assets	<u>\$ 4,647,214</u>	

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 4: Taxes Receivable

Taxes receivable at December 31, 2017, consist of the current (2017) tax roll collectible in 2018 amounting to \$19,184,494 and delinquent property taxes (certificates, sundry tax items, and deeds) amounting to \$1,699,693 for a total \$20,884,186. Property taxes levied in 2017 to finance the 2018 budget became a lien on the date levied and have been recorded as a receivable at December 31, 2017. Since they are not available to fund expenditures until 2018, 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, 2017, delinquent property taxes totaled \$711,620, \$674,665 of which remained uncollected at February 28, 2018, 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, 2017, are aged as shown below:

Year Acquired	Total	Delinquent Special Assessments	Property Taxes	
			County Purchased	County Levied
Tax Certificates:				
2010	\$ 2	\$ -	\$ 1	\$ 1
2011	2	-	1	1
2012	3,844	-	3,228	616
2013	6,118	-	5,803	315
2014	133,629	2,917	95,016	35,696
2015	441,382	5,753	320,282	115,347
2016	792,341	49,446	505,626	237,269
	<u>1,377,318</u>	<u>58,116</u>	<u>929,957</u>	<u>389,245</u>
Tax Deeds	81,783	-	-	81,783
Interest	240,592	-	-	240,592
	<u>\$ 1,699,693</u>	<u>\$ 58,116</u>	<u>\$ 929,957</u>	<u>711,620</u>
Less: 2017 collections within 60 days				<u>36,955</u>
Deferred inflow of resources - delinquent property taxes				<u>\$ 674,665</u>

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 5: Capital Assets

Capital asset activity for the year ended December 31, 2017, 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	39,313,474	7,607,114	39,549,431	7,371,157
Total	<u>40,642,459</u>	<u>7,607,114</u>	<u>39,549,431</u>	<u>8,700,142</u>
Capital assets, being depreciated:				
Land improvements	293,333	27,623	-	320,956
Buildings and improvements	2,116,372	37,965,150	-	40,081,522
Machinery and equipment	3,099,204	416,177	127,560	3,387,821
Infrastructure	<u>58,260,742</u>	<u>191,651</u>	<u>-</u>	<u>58,452,393</u>
Subtotals	<u>63,769,651</u>	<u>38,600,601</u>	<u>127,560</u>	<u>102,242,692</u>
Less accumulated depreciation for:				
Land improvements	157,679	13,012	-	170,691
Buildings and improvements	826,118	57,340	-	883,458
Machinery and equipment	2,214,753	322,139	127,560	2,409,332
Infrastructure	<u>22,594,988</u>	<u>1,378,540</u>	<u>-</u>	<u>23,973,528</u>
Subtotals	<u>25,793,538</u>	<u>1,771,031</u>	<u>127,560</u>	<u>27,437,009</u>
Net depreciated capital assets	<u>37,976,113</u>	<u>36,829,570</u>	<u>-</u>	<u>74,805,683</u>
Net capital assets	<u>\$78,618,572</u>	<u>\$ 44,436,684</u>	<u>\$ 39,549,431</u>	83,505,825
Less related long-term debt outstanding				<u>22,515,476</u>
Net investment in capital assets				<u>\$60,990,349</u>

Depreciation was charged to the following functions:

Governmental activities:	
General government	\$ 117,036
Public safety	206,405
Public works	1,389,074
Health and human services	37,144
Culture, recreation, and education	8,172
Conservation and development	13,200
Total governmental activities depreciation	<u>\$ 1,771,031</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	177,897	-	338,457
Total	<u>735,471</u>	<u>177,897</u>	<u>-</u>	<u>913,368</u>
Capital assets, being depreciated:				
Land improvements	5,443,983	9,181	-	5,453,164
Buildings and improvements	8,597,326	-	11,915	8,585,411
Machinery and equipment	16,980,422	569,990	260,822	17,289,590
Subtotals	<u>31,021,731</u>	<u>579,171</u>	<u>272,737</u>	<u>31,328,165</u>
Less accumulated depreciation for:				
Land improvements	4,130,200	209,387	-	4,339,587
Buildings and improvements	7,148,063	182,290	11,915	7,318,438
Machinery and equipment	10,957,736	681,671	310,816	11,328,591
Subtotals	<u>22,235,999</u>	<u>1,073,348</u>	<u>322,731</u>	<u>22,986,616</u>
Net depreciated capital assets	<u>8,785,732</u>	<u>(494,177)</u>	<u>(49,994)</u>	<u>8,341,549</u>
Net capital assets	<u>\$ 9,521,203</u>	<u>\$ (316,280)</u>	<u>\$ (49,994)</u>	<u>9,254,917</u>
Less related long-term debt outstanding				16,663
Net investment in capital assets				<u>\$ 9,238,254</u>

Depreciation was charged to the following functions:

Business-type activities:	
Rolling Hills	\$ 181,185
Solid Waste	202,122
Highway	690,041
Total business-type activities depreciation	<u>\$ 1,073,348</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, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation debt:					
Bonds	\$ 24,725,000	\$ -	\$ 2,550,000	\$ 22,175,000	\$ 1,820,000
Notes	295,000	-	295,000	-	-
Subtotal	25,020,000	-	2,845,000	22,175,000	1,820,000
Debt premium	536,654	-	56,129	480,525	56,130
Pension payable	1,154,465	-	553,575	600,890	-
Net OPEB Obligation	181,321	8,609	-	189,930	-
Compensated absences	680,820	35,794	-	716,614	490,182
Total	<u>\$ 27,573,260</u>	<u>\$ 44,403</u>	<u>\$ 3,454,704</u>	<u>\$ 24,162,959</u>	<u>\$ 2,366,312</u>
Business-Type Activities:					
Landfill closure/postclosure					
Ridgeville Cell I	\$ 750,000	\$ 282,945	\$ 32,945	\$ 1,000,000	\$ -
Ridgeville Cell II	2,181,421	590,449	-	2,771,870	-
County forest loan	26,301	-	9,638	16,663	-
Pension payable	671,029	-	340,305	330,724	-
Net OPEB Obligation	170,493	5,920	-	176,413	-
Compensated absences	426,945	15,614	-	442,559	261,303
Total	<u>\$ 4,226,189</u>	<u>\$ 894,928</u>	<u>\$ 382,888</u>	<u>\$ 4,738,229</u>	<u>\$ 261,303</u>

Total interest paid during the year on long-term debt totaled \$565,649.

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, 2017:

Equalized valuation	<u>\$ 3,301,747,200</u>
Debt limit 5%	\$ 165,087,360
General obligation indebtedness	22,175,000
Less: Amounts available for financing general obligation debt	
Debt service fund	536,786
Net outstanding general obligation debt applicable to debt limitation	<u>21,638,214</u>
Legal debt margin	<u>\$ 143,449,146</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

\$10,000,000 issued 10/1/13; \$200,000 to \$1,555,000 due annually through 2025; interest 2.00% to 3.00%	\$ 6,475,000
\$9,850,000 issued 10/15/14; \$380,000 to \$1,300,000 due annually through 2025; interest 1.00% to 2.00%	6,510,000
\$10,000,000 issued 8/15/16; \$250,000 to \$2,240,000 due annually through 2028; interest 2.00% to 3.00%	9,190,000
Total Bonds	<u>22,175,000</u>

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

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 1,820,000	\$ 510,833	\$ 2,330,833
2019	1,865,000	473,983	2,338,983
2020	1,900,000	436,333	2,336,333
2021	1,935,000	397,983	2,332,983
2022	2,150,000	357,008	2,507,008
2023-2027	11,175,000	959,292	12,134,292
2028-2032	1,330,000	17,623	1,347,623
	<u>\$ 22,175,000</u>	<u>\$ 3,153,055</u>	<u>\$ 25,328,055</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:

	Landfill Closure and Postclosure Care		
	Ridgeville I	Ridgeville II	Total
Total estimated costs	\$ 1,000,000	\$ 3,384,595	
Percentage of storage capacity used	100%	81.90%	
	<u>\$ 1,000,000</u>	<u>\$ 2,771,870</u>	<u>\$ 3,771,870</u>

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 6: Long-Term Obligations (Continued)

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	\$ 1,000,000	\$ 3,384,595	
Less: Charged to operations	1,000,000	2,771,870	
Future year closure and postclosure costs	\$ -	\$ 612,725	\$ 612,725

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, 2017, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Governmental funds:	
	Human Services	\$ 472,982
	Nonmajor enterprise funds:	
	Revolving Loan	719
	Nonmajor governmental funds:	
	Child Support	73,007
	Health	56,847
	Local History Room	8,360
		<u>\$ 611,915</u>

The interfund payables from Human Services, Child Support and Health special revenue funds were cash advances to finance cash deficits. The interfund payable from local history room and revolving loan enterprise fund relates to operating costs paid by the general fund but not reimbursed until 2018.

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 7: Individual Fund Disclosures (Continued)

Amounts transferred between funds during the year ended December 31, 2017, are as follows:

Fund Transferred To	Fund Transferred From	Amount
General Fund	Special revenue funds:	
	Human Services	\$ 37,000
	Child Support	54,895
	Health	39,959
	Local History Room	61,889
		<u>193,743</u>
Information Systems	General Fund	84,912
Capital Projects	General Fund	2,795,185
Debt Service	Solid Waste	301,263
		<u>\$3,375,103</u>

Operating transfers were made for the following purposes:

	Amount
Special revenue fund surpluses returned to the General fund	\$ 131,854
Reimbursement of indirect costs and other expenses paid by the General fund	61,889
Subsidize costs in the Information Systems fund	84,912
General fund transfer to Capital Projects for Justice Center Construction	2,795,185
Debt service transfer from the Solid Waste fund	301,263
	<u>\$3,375,103</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	\$ 536,786	\$ -	\$ 536,786
Wegner Grotto	250,448	-	250,448
DOT trust	43,974	-	43,974
Local history room	1,069,247	-	1,069,247
Haney reserve	1,870	-	1,870
Child support technology purchases	26,332	-	26,332
WEDCS election grant	1,621	-	1,621
Redaction fees	33,639	-	33,639
Land records fees	278,189	-	278,189
K-9 unit donations	19,992	-	19,992
Dog control	25,097	-	25,097
Veterans' services donations	650	-	650
Parks	5,367	-	5,367
CREP program	21,954	-	21,954
Forestry maintenance - land acquisition	49,255	-	49,255
Forestry Habelman reforestation	1,471	-	1,471
Wildlife habitat	1,373	-	1,373
Conservation Program	30,955	-	30,955
Jail assessment	367,167	-	367,167
Resident trust	-	15,360	15,360
ATC funds	-	1,297,296	1,297,296
Community development	-	857,460	857,460
	<u>\$ 2,765,387</u>	<u>\$ 2,170,116</u>	<u>\$ 4,935,503</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	\$ 1,377,318	\$ -	\$ -	\$ -	\$ -	\$ 1,377,318
Inventories and prepaid items	346,931	-	-	-	-	346,931
Haney reserve	1,000	-	-	-	-	1,000
Wegner Grotto	-	-	-	-	50,000	50,000
Local history room	-	-	-	-	1,069,247	1,069,247
	<u>\$ 1,725,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,119,247</u>	<u>\$ 2,844,496</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 Government Funds
Restricted:						
Retirement of long-term debt	\$ -	\$ -	\$ -	\$ 536,786	\$ -	\$ 536,786
Wegner Grotto	-	-	-	-	200,448	200,448
DOT trust	-	43,974	-	-	-	43,974
Haney reserve	870	-	-	-	-	870
Child support technology purchases	-	-	-	-	26,332	26,332
WEDCS election grant	1,621	-	-	-	-	1,621
Redaction fees	33,639	-	-	-	-	33,639
Land records fees	278,189	-	-	-	-	278,189
K-9 unit donations	19,992	-	-	-	-	19,992
Dog control	25,097	-	-	-	-	25,097
Veterans' services donations	650	-	-	-	-	650
Parks	5,367	-	-	-	-	5,367
CREP program	21,954	-	-	-	-	21,954
Forestry maintenance - land acquisition	49,255	-	-	-	-	49,255
Forestry Habelman reforestation	1,471	-	-	-	-	1,471
Wildlife habitat	1,373	-	-	-	-	1,373
Conservation Program	30,955	-	-	-	-	30,955
Jail assessment	-	-	-	-	367,167	367,167
	\$ 470,433	\$ 43,974	\$ -	\$ 536,786	\$ 593,947	\$ 1,645,140
Committed:						
Justice center reserve fund	\$ -	\$ -	\$ 140,049	\$ -	\$ -	\$ 140,049
Cloud-based ERP financial and document software	149,075	-	-	-	-	149,075
New construction - educational purposes (farm proceeds)	38,956	-	-	-	-	38,956
Justice community service program supplies	550	-	-	-	-	550
Angelo Wayside improvements	527	-	-	-	-	527
UW Extension Educational programs	26,373	-	-	-	-	26,373
	\$ 215,481	\$ -	\$ 140,049	\$ -	\$ -	\$ 355,530
Assigned:						
Long-range capital pool	\$ 673,130	\$ -	\$ -	\$ -	\$ -	\$ 673,130
Human services	-	10,286	-	-	-	10,286
Local history	-	-	-	-	208,085	208,085
	\$ 673,130	\$ 10,286	\$ -	\$ -	\$ 208,085	\$ 891,501

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 20% of the total annual County operating budget excluding refundable prepayments and GAAP defined nonspendable, restricted, committed and assigned account balances. Note that the fund balance policy does not follow generally accepted accounting principles as it is based on a modified cash basis method. The minimum fund balance amount is calculated by the County is as follows:

Commingled fund cash balance December 31, 2017	\$ 15,366,263
Restricted funds	(1,515,872)
Committed funds	(1,637,343)
Assigned funds	(750,715)
Commingled fund balance less restricted, committed and assigned funds	<u>\$ 11,462,333</u>
Actual 2018 Total County Adopted Budgeted Expenditures	50,244,578
Minimum Fund Balance %	(x) 20%
Subtotal	<u>\$ 10,048,916</u>

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.

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.

Monroe County, Wisconsin

Notes to Basic Financial Statements

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

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
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%
2016	0.5%	(5.0%)

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 \$1,180,624 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, 2017 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives and elected officials	6.8%	6.8%
Protective with social security	6.8%	10.6%
Protective without social security	6.8%	14.9%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2017, the County reported a liability of \$931,614 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, rolled forward to December 31, 2016. 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, 2016, the County's proportion was .11302718%, which was an increase of .00068775% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the County recognized pension expense of \$2,404,428.

At December 31, 2017, 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	\$ 355,224	\$ 2,929,845
Changes in assumptions	974,038	-
Net differences between projected and actual earnings on pension plan investments	4,637,278	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,493	-
Employer contributions subsequent to the measurement date	1,180,624	-
Total	\$ 7,196,657	\$ 2,929,845

\$1,180,624 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, 2018. 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
2018	\$ 1,254,310
2019	1,254,310
2020	853,026
2021	(277,120)
2022	1,662

Actuarial Assumptions - The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2015
Measurement date of net pension liability (asset)	December 31, 2016
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 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016, is based upon a roll-forward of the liability calculated from the December 31, 2015, 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 Allocation %	Destination Target Asset Allocation %	Destination Target Asset Allocation %	Destination Target Asset Allocation %
Core Fund Asset Class				
Global equities	50.0%	45.0%	8.3%	5.4%
Fixed income	24.5%	37.0%	4.2%	1.4%
Inflation sensitive assets	15.5%	20.0%	4.3%	1.5%
Real estate	8.0%	7.0%	6.5%	3.6%
Private equity/debt	8.0%	7.0%	9.4%	6.5%
Multi-asset	4.0%	4.0%	6.6%	3.7%
Total core fund	110%	120%	7.4%	4.5%
Variable Fund Asset Class				
US equities	70%	70%	7.6%	4.7%
International equities	30%	30%	8.5%	5.6%
Total variable fund	100%	100%	7.9%	5.0%

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

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 3.78%. 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:

Monroe County, Wisconsin

Notes to Basic Financial Statements

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

	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)	(\$12,255,977)	(\$931,614)	\$7,788,659

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>.

Payables to the Pension Plan - At December 31, 2017, the County reported a payable of \$277,371 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2017.

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 373 active and 11 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	\$ 50,035
Interest on net OPEB	13,193
Adjustment to annual required contribution	<u>(13,490)</u>
Annual OPEB cost (expense)	49,738
Contributions made	<u>35,209</u>
Change in net OPEB obligation	14,529
OPEB obligation - beginning of year	<u>351,814</u>
OPEB obligation - end of year	<u>\$ 366,343</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 2015 to 2017 is as follows:

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 10: Other Post-Employment Benefits

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 61,446	53.69%	\$ 331,114
12/31/2016	61,444	66.31%	351,814
12/31/2017	49,738	70.79%	366,343

Funded Status and Funding Progress – The funded status as of January 1, 2017, the most recent actuarial valuation date, was 0 percent funded. The actuarial accrued liability was \$476,890 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$476,890. The annual payroll for active employees covered by the plan for the 2017 fiscal year was \$18,324,313 for a ratio of the UAAL to covered payroll of 2.60%.

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, 2017 actuarial valuation, the entry age normal method was used. The actuarial assumptions included a rate of 3.75% 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%, and level thereafter. The investment rate of return is 3.75% 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, 2017 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:

Monroe County, Wisconsin

Notes to Basic Financial Statements

Note 11: Risk Management (Continued)

Workers Compensation - The County is self-funded for workers compensation claims. Funding is provided by charges to County departments. The program is supplemented by stop loss protection, which limits the County's annual liability. Expenses consist of payments to a third-party administrator for claims, stop loss insurance premiums and administrative fees. The claims liability of \$319,695 reported in the fund at December 31, 2017 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 2017 follows:

	Liability January 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31,
2016	\$ 328,678	117,744	\$ 98,815	\$ 347,607
2017	347,607	74,060	101,972	319,695

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, 2017, 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, 2017, 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.

Monroe County, Wisconsin

Notes to Basic Financial Statements

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.

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 2017, 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: Subsequent Events

In September 2017, the County Board approved a site location to build a new nursing home. In December 2017, the Board approved a resolution to issue General Obligation Bonds not to exceed \$16 million to be used to for the new building. The bonds have not been issued and no commitments have been made related to this project as of the date of the audit report.

Note 15: 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.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* amends the required the presentation to include the covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2017.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of a government’s asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 85, *Omnibus 2017*, addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other post-employment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87, *Leases*, will be effective for the District beginning with its year ending June 30, 2021. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

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, 2017

	(1)	(2)	(3)	(4)	(5)	
	Actuarial	Actuarial	Funded Ratio	Unfunded	Covered	UAAL as a
Valuation Date	Value of	Accrued Liability	(1) / (2)	Actuarial Accrued	Payroll	Percentage of
	Assets	(AAL) Entry Age Normal		Liability (UAAL)		Covered Payroll
				(2) - (1)		(4) / (5)
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%
1/1/2017	-	476,890	0.00%	476,890	18,324,313	2.60%

The January 1, 2017 actuarial valuation differs from the January 1, 2015 actuarial valuation due to the following factor:

The discount rate and investment rate of return were decreased from 4% to 3.75%.

Monroe County, Wisconsin

Schedule of Proportionate Share of Net Pension Asset (Liability) and Contributions Wisconsin Retirement System Last 3 Fiscal Years

Measurement Year Ended December 31,	County's proportion of the net pension asset (liability)	County's proportionate share of the net pension asset (liability)	County's covered-employee payroll during the measurement period	County's proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension asset (liability)
2016	0.11302718%	\$ (931,614)	\$16,065,265	-5.80%	99.12%
2015	0.11233943%	(1,825,494)	15,187,864	-12.02%	98.20%
2014	0.11312878%	2,778,752	14,638,347	18.98%	102.74%

* The amounts presented for each year were determined as of the calendar year-end that occurred 12 months prior to the fiscal year.

Year ended December 31,	Contractually required contribution for the fiscal period	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	County's covered-employee payroll for the fiscal period	Contributions as a percentage of covered-employee payroll
2017	\$ 1,180,624	\$ 1,180,624	\$ -	\$ 16,486,773	7.16%
2016	1,075,225	1,075,225	-	16,065,265	6.69%
2015	1,098,694	1,098,694	-	15,187,864	7.23%

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, 2017

	Child Support	Health	Jail Assessment	Local History Room	Total Nonmajor Governmental Funds
Assets:					
Cash and investments	\$ -	\$ 50	\$ 362,984	\$ 16,906	\$ 379,940
Restricted cash and investments	-	-	-	1,519,234	1,519,234
Receivables					
Taxes	-	470,832	-	-	470,832
Accounts	118,457	88,856	4,726	-	212,039
Total assets	<u>\$ 118,457</u>	<u>\$ 559,738</u>	<u>\$ 367,710</u>	<u>\$ 1,536,140</u>	<u>\$ 2,582,045</u>
Liabilities, Deferred inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 6,314	\$ 2,949	\$ 543	\$ -	\$ 9,806
Other accrued liabilities	12,804	29,110	-	-	41,914
Due to other funds	73,007	56,847	-	8,360	138,214
Total liabilities	<u>92,125</u>	<u>88,906</u>	<u>543</u>	<u>8,360</u>	<u>189,934</u>
Deferred inflows of resources:					
Property taxes	-	470,832	-	-	470,832
Fund balances:					
Nonspendable	-	-	-	1,119,247	1,119,247
Restricted	26,332	-	367,167	200,448	593,947
Assigned	-	-	-	208,085	208,085
Total fund balances	<u>26,332</u>	<u>-</u>	<u>367,167</u>	<u>1,527,780</u>	<u>1,921,279</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 118,457</u>	<u>\$ 559,738</u>	<u>\$ 367,710</u>	<u>\$ 1,536,140</u>	<u>\$ 2,582,045</u>

Monroe County, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2017

	Child Support	Health	Jail Assessment	Local History Room	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ -	\$ 441,247	\$ -	\$ -	\$ 441,247
Intergovernmental	535,331	345,831	-	-	881,162
Public charges for services	3,477	98,481	67,979	-	169,937
Miscellaneous	-	4,530	2,091	570,919	577,540
Total revenues	538,808	890,089	70,070	570,919	2,069,886
Expenditures:					
Current:					
Public safety	-	-	31,735	-	31,735
Health and human services	508,910	850,130	-	-	1,359,040
Total expenditures	508,910	850,130	31,735	-	1,390,775
Excess of revenues over (under) expenditures	29,898	39,959	38,335	570,919	679,111
Other Financing Uses					
Transfers in	-	-	-	-	-
Transfers out	(54,895)	(39,959)	-	(61,889)	(156,743)
Total other financing uses	(54,895)	(39,959)	-	(61,889)	(156,743)
Net Change in Fund Balances	(24,997)	-	38,335	509,030	522,368
Fund Balances - Beginning	51,329	-	328,832	1,018,750	1,398,911
Fund Balances - Ending	\$ 26,332	\$ -	\$ 367,167	\$ 1,527,780	\$ 1,921,279

Monroe County, Wisconsin

Combining Statement of Net Position

Internal Service Funds

December 31, 2017

	Information Systems	Information Technology	Workers Compensation	Total Internal Service Funds
Assets:				
Cash and investments	\$ 255,191	\$ 633,598	\$ 2,836,451	\$ 3,725,240
Taxes receivable	1,237,465	-	-	1,237,465
Prepaid expenses	24,675	-	99,283	123,958
	<hr/>			
Total assets	1,517,331	633,598	2,935,734	5,086,663
<hr/>				
Liabilities:				
Accounts payable	119,505	-	8,276	127,781
Other accrued liabilities	12,478	-	319,695	332,173
	<hr/>			
Total liabilities	131,983	-	327,971	459,954
<hr/>				
Deferred inflows of resources:				
Property taxes for subsequent year	1,237,465	-	-	1,237,465
<hr/>				
Net Position:				
Unrestricted	\$ 147,883	\$ 633,598	\$ 2,607,763	\$ 3,389,244
	<hr/> <hr/>			

Monroe County, Wisconsin

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Year Ended December 31, 2017

	Information Systems	Information Technology	Workers Compensation	Total Internal Service Funds
Operating Revenues:				
Intergovernmental charges for services	\$ 51,449	\$ 213,393	\$ 300,854	\$ 565,696
Other operating revenues	-	-	3,528	3,528
Total operating revenues	51,449	213,393	304,382	569,224
Operating Expenses:				
Salaries and fringe benefits	296,643	-	-	296,643
Contractual services	994,759	173,814	141,973	1,310,546
Supplies	231	-	-	231
Insurance and other fixed charges	-	-	74,060	74,060
Total operating expenses	1,291,633	173,814	216,033	1,681,480
Operating income (loss)	(1,240,184)	39,579	88,349	(1,112,256)
Nonoperating Revenues:				
General property taxes	1,303,155	-	-	1,303,155
Interest income	-	-	15,532	15,532
Total nonoperating revenues	1,303,155	-	15,532	1,318,687
Net income before Transfers	62,971	39,579	103,881	206,431
Transfers in	84,912	-	-	84,912
Change in Net Position	147,883	39,579	103,881	291,343
Net Position - Beginning	-	594,019	2,503,882	3,097,901
Net Position - Ending	\$ 147,883	\$ 633,598	\$ 2,607,763	\$ 3,389,244

Monroe County, Wisconsin

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2017

	Information Systems	Information Technology	Workers Compensation	Total Internal Service Funds
Cash Flows from Operating Activities:				
Cash received from customers	\$ 51,449	\$ 213,393	\$ 304,382	\$ 569,224
Cash payments to suppliers	(923,924)	(173,814)	(338,699)	(1,436,437)
Cash payments to employees	(294,498)	-	-	(294,498)
Net cash provided (used) by operating activities	(1,166,973)	39,579	(34,317)	(1,161,711)
Cash Flows from Noncapital Financing Activities:				
General property taxes	1,303,155	-	-	1,303,155
Transfers out	84,912	-	-	84,912
Net cash provided by noncapital financing activities	1,388,067	-	-	1,388,067
Cash Flows from Investing Activities:				
Interest income received	-	-	15,532	15,532
Change in cash and cash equivalents	221,094	39,579	(18,785)	241,888
Cash and cash equivalents - Beginning	34,097	594,019	2,855,236	3,483,352
Cash and cash equivalents - Ending	\$ 255,191	\$ 633,598	\$ 2,836,451	\$ 3,725,240
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (1,240,184)	\$ 39,579	\$ 88,349	\$ (1,112,256)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Changes in assets and liabilities:				
Prepaid expenses	(24,675)	-	(99,283)	(123,958)
Accounts payable	97,750	-	4,529	102,279
Accrued and other current liabilities	136	-	(27,912)	(27,776)
Net cash provided (used) by operating activities	\$ (1,166,973)	\$ 39,579	\$ (34,317)	\$ (1,161,711)



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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 4, 2018.

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 a 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 2017-001.

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

June 4, 2018
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, 2017. 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 or state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-002. Our opinion on each major federal and state program is not modified with respect to these matters.

The County's responses to the noncompliance 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.

Report on Internal Control Over Compliance

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 and the *State of Wisconsin Single Audit Guidelines*, 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 a 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. However, material weaknesses may exist that have not been identified.

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 and the *State of Wisconsin Single Audit Guidelines*. 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 4, 2018, 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

June 4, 2018
Madison, Wisconsin

Monroe County, Wisconsin
Schedule of Federal and State Assistance
For the Year Ended December 31 ,2017

Grantor Agency/Pass Through Agency/Program Title	CFDA or State I.D. Number	Pass-Through Entity Identifying	Federal/State Expenditures
FEDERAL AWARDS			
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Wisconsin Department of Health Services			
Special Supplemental Food Program for Women, Infants and Children	10.557	154710	183,765
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	154661	10,390
Passed through LaCrosse County, Wisconsin			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	277, 284	104,058
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		114,448
Forest Service Schools and Roads Cluster			
Passed through the Wisconsin Department of Natural Resources			
Schools and Roads - Grants to States	10.665		141,707
Total Forest Service Schools and Roads Cluster	10.665		141,707
Passed through the Wisconsin Natural Resources Conservation Service			
Soil and Water Conservation	10.902		2,139
Environmental Quality Incentives Program	10.912		14,971
Conservation Stewardship Program	10.924		4,277
Total U.S. Department of Agriculture			461,307
U.S. DEPARTMENT OF JUSTICE			
Direct program			
Bulletproof Vest Partnership Program	16.607		2,173
Total U.S. Department of Justice			2,173
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through the Wisconsin Department of Transportation			
Highway Safety Cluster			
Child Safety and Child Booster Seat Incentive Grants	20.613		5,500
Total Highway Safety Cluster			5,500
Total U.S. Department of Transportation			5,500
U.S. DEPARTMENT OF EDUCATION			
Passed through the Wisconsin Department of Health Services			
Grants for Infants and Toddlers with Disabilities	84.181	550	32,942
Total U.S. Department of Education			32,942

Monroe County, Wisconsin
Schedule of Federal and State Assistance
For the Year Ended December 31 ,2017

Grantor Agency/Pass Through Agency/Program Title	CFDA or State I.D. Number	Pass-Through Entity Identifying	Federal/State Expenditures
FEDERAL AWARDS (continued)			
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Greater Wisconsin Agency on Aging			
Health Promotion and Disease Prevention	93.043		4,349
Aging Cluster			
Grants for Supportive Services and Senior Centers (Title III-B)	93.044		45,370
Nutrition Services (Title III-C)	93.045		80,594
Nutrition Services Incentive Program	93.053		23,303
Total Aging Cluster			<u>149,267</u>
National Family Caregiver Support Program (Title III-E)	93.052		<u>14,542</u>
Passed through the Wisconsin Department of Health Services			
Public Health Emergency Preparedness	93.069	155050	1,125
Environmental Public Health and Emergency Response	93.070	155078	9,934
Hospital Preparedness Program	93.074	155015	51,430
Immunization Grants	93.268	155020	14,688
Building Assistance to Strengthen Immunization Infrastructure	93.733	155032	3,876
Social Service Block Grant	93.667	561	161,293
Preventive Health & Health Services Block Grant	93.758	159220	7,185
Block Grants for Community Mental Health Services	93.958	569	24,732
Block Grants for Prevention and Treatment of Substance Abuse	93.959	515, 570	71,115
Maternal & Child Health Services Block Grant	93.994	159320	27,703
Medicaid Cluster			
Medical Assistance	93.778	159320, 878	24,503
Passed through LaCrosse County, Wisconsin			
Medical Assistance	93.778	277, 284, 560061, 560071, 560081, 560087, 560091	<u>414,390</u>
Total Medical Assistance	93.778		<u>438,893</u>
State Children's Insurance Program	93.767	277, 284	<u>13,792</u>
Passed through the Wisconsin Department of Children and Families			
Promoting Safe and Stable Families	93.556	3306	<u>42,827</u>
TANF Cluster			
Block Grants for Temporary Assistance for Needy Families (TANF)	93.558	3377, 3380, 3612	<u>279,693</u>
Total TANF Cluster			<u>279,693</u>
Child Support Enforcement (Title IV-D)	93.563	7477, 7482, 7506, 7615	436,662
CCDF Cluster			
Child Care Development Fund	93.596	3413	<u>10,114</u>
Total CCDF Cluster			<u>10,114</u>
Child Welfare Services	93.645	3411,3413	29,941
Foster Care (Title IV-E)	93.658	3344,3411,3413, 3554, 3561, 3604, 3681	339,801
Adoption Assistance	93.659	3574	23,313

Monroe County, Wisconsin
 Schedule of Federal and State Assistance
 For the Year Ended December 31 ,2017

Grantor Agency/Pass Through Agency/Program Title	CFDA or State I.D. Number	Pass-Through Entity Identifying	Federal/State Expenditures
FEDERAL AWARDS (continued)			
<u>(continued)</u>			
Passed through the Wisconsin Department of Administration Low-Income Home Energy Assistance	93.568		54,850
Total U.S. Department of Health and Human Services			<u>2,211,125</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through the Wisconsin Department of Military Affairs Emergency Management Performance Grant (EMPG)	97.042		44,688
Total U.S. Department of Homeland Security			<u>44,688</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>2,757,735</u></u>

Monroe County, Wisconsin
Schedule of Federal and State Assistance
For the Year Ended December 31 ,2017

Grantor Agency/Pass Through Agency/Program Title	CFDA or State I.D. Number	Pass-Through Entity Identifying	Federal/State Expenditures
STATE FINANCIAL ASSISTANCE			
DEPARTMENT OF AGRICULTURE, TRADE, AND CONSUMER PROTECTION			
<u>Direct program</u>			
Agriculture Clean Sweep	115.04		9,480
County staff and support	115.150		107,048
Agriculture Resource Management	115.400		<u>344,924</u>
Total Department of Agriculture, Trade, and Consumer Protection			<u>461,452</u>
<u>DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES</u>			
<u>Direct program</u>			
Private Sewage Replacement and Rehabilitation	143.110		<u>12,222</u>
<u>DEPARTMENT OF NATURAL RESOURCES</u>			
<u>Direct program</u>			
Wildlife Damage Claims and Abatement	370.553		23,915
Recreation Aids - Snowmobile TrailAreas-Trans Fd	370.574		105,579
Recreation Aids - Fish	370.564		342
Resource Aids-Forest Croplands & Managed Land Aids	370.566		20,943
Urban & Community Forestry	370.572		42,269
Recycling Grants to Responsible Units	370.670		132,712
Recycling Consolidation Grants	370.673		<u>11,452</u>
Total Department of Natural Resources			<u>337,212</u>
<u>DEPARTMENT OF TRANSPORTATION</u>			
<u>Direct program</u>			
Elderly Handicapped Transportation Aid	395.101		<u>111,081</u>
<u>DEPARTMENT OF HEALTH SERVICES</u>			
<u>Direct program</u>			
APS Adult Protective Services	435.312		37,732
Children's COP	435.377		77,017
Alzheimer's Family Support	435.381		21,492
Coordinated Services County	435.515		50,080
Community Mental Health	435.516		179,509
Birth to Three Initiative	435.550		32,329
State Funded-Basic County Allocation	435.561		921,472
Community and Mental Health Services	435.681		128,490
CLTS Other CWA Admin GPR	435.877		11,298
WIC Farmer's Market	435.154720		1,434
Lead Poisoning Prevention	435.157720		5,980
Maternal and Child Health Services Block	435.159320		1,471
Elderly Benefit Specialist Program	435.560320		24,152
EBS OCI Replacement	435.560327		2,760
State Senior Community Services	435.560330		5,335
Congregate Meal Program	435.560350		45,745
Home Delivered Meals	435.560360		2,699
Elder Abuse Service	435.560490		17,705

Monroe County, Wisconsin
Schedule of Federal and State Assistance
For the Year Ended December 31 ,2017

Grantor Agency/Pass Through Agency/Program Title	CFDA or State I.D. Number	Pass-Through Entity Identifying	Federal/State Expenditures
<u>STATE FINANCIAL ASSISTANCE (continued)</u>			
<u>DEPARTMENT OF HEALTH SERVICES (continued)</u>			
Passed through LaCrosse County, Wisconsin			
IMAA State Share	435.283		262,707
IMAA Federal Share	435.284		2,995
Aging and Disability Resource Center	435.560100		325,823
ADRC MFP - NH Relocation	435.560065		<u>11,435</u>
Total Department of Health Services			<u>2,169,660</u>
<u>DEPARTMENT OF CHILDREN AND FAMILIES</u>			
Direct program			
Food Stamp Agency Initiatives	437.965		9,321
AFDC Agency Initiatives	437.975		85
Medicaid Agency Initiatives	437.980		2,906
JJ Community Intervention Program	437.3410		13,560
JJ AODA	437.3411		13,230
JJ Youth Aids	437.3413		597,580
Basic County Allocation	437.3561		283,738
CS WSACWIS Annual Op Maint Fee	437.3935		(5,963)
PDS Partnership Fees	437.394		(2,042)
CS MSL Incentive (Odd FFY payments)	437.7332		22,919
Child Support Enforcement	437.7502		74,281
CS Medical Support GPR Earned	437.7606		3,182
CS Federal Parent Locator Services	437.7903		<u>(1,329)</u>
Total Department of Children and Families			<u>1,011,468</u>
<u>DEPARTMENT OF JUSTICE</u>			
Direct program			
DNA Sample Reimbursement	455.221		3,050
Tribal Law Enforcement	455.263		22,496
Victim Witness Assistance Program - A Program Cluster	455.532		<u>39,893</u>
Total Department of Justice			<u>65,439</u>
<u>DEPARTMENT OF MILITARY AFFAIRS</u>			
Direct program			
EPCRA Emergency Planning Grant Program	465.337		14,504
Computer and Hazmat Equipment Grant	465.367		<u>8,892</u>
Total Department of Military Affairs			<u>23,396</u>
<u>DEPARTMENT OF VETERAN'S AFFAIRS</u>			
Direct program			
Grants to Counties	485.001		<u>7,132</u>

Monroe County, Wisconsin
 Schedule of Federal and State Assistance
 For the Year Ended December 31 ,2017

Grantor Agency/Pass Through Agency/Program Title	CFDA or State I.D. Number	Pass-Through Entity Identifying	Federal/State Expenditures
STATE FINANCIAL ASSISTANCE (continued)			
DEPARTMENT OF ADMINISTRATION			
<hr/>			
Direct program			
Public Benefits - LIHEAP	505.371		41,879
Land Information Board Grant	505.118		<u>87,584</u>
Total Department of Administration			<u>129,463</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>4,328,525</u></u>

Monroe County, Wisconsin

Notes to the Schedule of Federal and State Assistance
Year Ended December 31, 2017

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, 2017. 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, 2017, 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 \$6,105,496 for 2017. 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 2017 are as follows:

SWRM - County Staff and Support 115.150

Sources:

Receipts from state	\$ 106,728
Less beginning receivable	(106,728)
Plus ending receivable	<u>107,048</u>
Total sources	<u>\$ 107,048</u>

Uses:

Reimbursed staff and support	<u>\$ 107,048</u>
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Monroe County, Wisconsin

Notes to the Schedules of Federal Awards and State Financial Assistance
(Continued)
Year Ended December 31, 2017

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

LWRM Plan Implementation 115.400

Sources:

Receipts from state	\$ 236,764
Less beginning receivable	(172,900)
Plus ending receivable	<u>281,060</u>

Total sources \$ 344,924

Uses:

Total cost share payments \$ 344,924

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 April 6, 2018 CARS for the Human Services and Public Health departments and the December 31, 2017 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, 2017

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 Awards

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

Type of auditor's report issued on compliance for major program Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]? No

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

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

Auditee qualified as low-risk auditee? Yes

State Awards

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

Type of auditor's report issued on compliance for major program Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? Yes

Identification of major state programs:

<u>Name of State Major Program or Cluster</u>	<u>State ID No.</u>
State Funded – Basic County Allocation	435.561
Aging and Disability Resource Center	435.560100

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

Monroe County, Wisconsin

Schedule of Findings and Questioned Costs

Year Ended December 31, 2017

Section II - Financial Statement Findings

Finding 2017-001 – 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, 2017, 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, 2017

Section III - Federal and State Award Findings and Questioned Costs

Finding 2017-002 – Department of Health Services Re-notification of Rights

Applicable to all Wisconsin Department of Health Service Grants

Criteria – In accordance with the Wisconsin Department of Health Services Audit Guide, the County should document its annual re-notification of rights, including the right to file a grievance.

Condition – The County transitioned from a paper system to an electronic system during the year and was unable to locate the re-notification of rights for some of the patient files that we tested.

Questioned Costs – None.

Cause – During the transition to a paperless system, the County was unable to find some of its re-notification of rights.

Effect – The County is not in compliance with Wisconsin Stat. § 51.61 and Wis. Admin. Code ch. DHS 94, Patient Rights.

Recommendation - We recommend the County have every patient sign the re-notification of rights the first time that the patient is seen every year.

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, 2017

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

No

Department of Safety and Professional Services

No

Department of Natural Resources

No

Department of Transportation

No

Department of Health Services

Yes

Department of Children and Families

No

Department of Justice

No

Department of Military Affairs

No

Department of Veteran's Affairs

No

Department of Administration

No

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

June 4, 2018

Monroe County, Wisconsin

Summary Schedule of Prior Year Findings

Year Ended December 31, 2017

2016-001 Financial Accounting and Reporting – See finding 2017-001.

2016-002 Financial Reporting for Federal and State Financial Assistance – This finding was corrected in 2017.