

MONROE COUNTY, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2012

MONROE COUNTY, WISCONSIN
December 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the County Board
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, 2012, 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 of America; 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.

Auditors' 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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 County'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 County'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 the County as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the human services special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Emphasis of Matter

As described in Note A.5h, the County has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended December 31, 2012. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress and the schedule of employer contributions on pages 3 through 9 and 46 through 47 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial information listed in the table of contents as supplementary information 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 relate 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 of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance



Certified Public Accountants
Green Bay, Wisconsin
July 17, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

MONROE COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2012

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, 2012.

Financial Highlights

- The assets of the County exceeded its liabilities and deferred inflow of resources as of December 31, 2012 by \$71.6 million (*net position*). Of this amount, \$21.2 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 \$3.9 million comprised of a \$3.6 million increase in governmental activities and a \$0.3 million increase in business-type activities. This increase was due primarily to favorable revenue and expenditure budget variances of the County's governmental funds.
- As of December 31, 2012, the County's governmental funds reported combined ending fund balances of \$21.2 million, an increase of \$2.9 million in comparison with the prior year. Approximately 43% of this total amount, \$9.0 million is *available for spending* at the County's discretion (*unassigned fund balance*).
- As of December 31, 2012, unassigned fund balance for the general fund was \$9.0 million.
- The County transferred \$5 million from its general fund balance to its capital projects fund for construction of its justice center.
- The County's total general-obligation debt decreased by \$350,000 during 2012.

Overview of the Basic Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23 - 46 of this report.

Required supplemental information. Information on the County's other post-employment benefit plan is presented immediately following the notes to the basic financial statements and can be found on pages 47 - 49.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the basic financial statements and can be found on pages 50 - 51.

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 exceeded liabilities and deferred inflows of resources by \$71.6 million at the close of 2012.

Monroe County, Wisconsin						
	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 40,181,104	\$ 37,204,405	\$ 10,624,764	\$ 9,643,036	\$ 50,805,868	\$ 46,847,441
Capital assets	40,755,026	40,694,967	7,884,503	8,223,834	48,639,529	48,918,801
Total Assets	80,936,130	77,899,372	18,509,267	17,866,870	99,445,397	95,766,242
Long-term liabilities outstanding	3,381,305	3,670,707	2,323,920	2,149,701	5,705,225	5,820,408
Other liabilities	5,889,799	6,292,047	849,837	715,614	6,739,636	7,007,661
Total Liabilities	9,271,104	9,962,754	3,173,757	2,865,315	12,444,861	12,828,069
Deferred inflows of resources						
Property taxes	11,667,423	11,499,194	3,738,394	3,750,527	15,405,817	15,249,721
Net Position						
Net investment in capital assets	40,755,026	40,694,967	7,884,503	8,223,834	48,639,529	48,918,801
Restricted	868,673	734,418	848,277	832,881	1,716,950	1,567,299
Unrestricted	18,373,904	15,008,039	2,864,336	2,194,313	21,238,240	17,202,352
Total Net Position	\$ 59,997,603	\$ 56,437,424	\$ 11,597,116	\$ 11,251,028	\$ 71,594,719	\$ 67,688,452

By far the largest portion of the County's net position (68%) 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 (2.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$21 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 \$3,583,136 while business-type activities increased net position by \$346,088. A summary of the changes in net position follows:

Monroe County, Wisconsin						
	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for services	\$ 4,665,062	\$ 4,362,879	\$ 10,416,076	\$ 11,278,172	\$ 15,081,138	\$ 15,641,051
Operating grants and contributions	6,322,230	7,996,554	1,158,484	1,044,198	7,480,714	9,040,752
Capital grants and contributions	45,840	827,835	-	-	45,840	827,835
General Revenues						
Property taxes	14,086,216	13,783,082	1,168,827	1,240,579	15,255,043	15,023,661
Sales tax	3,020,019	2,828,766	-	-	3,020,019	2,828,766
Other taxes	30,839	24,053	-	-	30,839	24,053
Grants and contributions not restricted to specific programs	2,409,571	2,805,718	-	-	2,409,571	2,805,718
Interest	760,790	775,215	8,423	9,851	769,213	785,066
Other	321,534	122,542	-	-	321,534	122,542
Total Revenues	31,662,101	33,526,644	12,751,810	13,572,800	44,413,911	47,099,444
Expenses						
General government	6,710,995	5,841,621	-	-	6,710,995	5,841,621
Public safety	6,450,167	6,222,171	-	-	6,450,167	6,222,171
Public works	3,745,676	3,824,190	-	-	3,745,676	3,824,190
Health and human services	9,642,118	10,517,092	-	-	9,642,118	10,517,092
Culture, recreation and education	832,488	911,454	-	-	832,488	911,454
Conservation and development	499,372	874,829	-	-	499,372	874,829
Interest on long-term debt	115,697	136,197	-	-	115,697	136,197
Nursing home	-	-	7,975,843	8,388,479	7,975,843	8,388,479
Solid waste	-	-	1,555,180	1,710,743	1,555,180	1,710,743
Highway	-	-	2,957,151	3,264,430	2,957,151	3,264,430
Economic revolving loan	-	-	-	2,265	-	2,265
Total Expenses	27,996,513	28,327,554	12,488,174	13,365,917	40,484,687	41,693,471
Change in Net Position Before Transfers	3,665,588	5,199,090	263,636	206,883	3,929,224	5,405,973
Transfers	(82,452)	(418,307)	82,452	418,307	-	-
Change in Net Position	3,583,136	4,780,783	346,088	625,190	3,929,224	5,405,973
Cumulative effect of change in accounting principle	(22,957)	-	-	-	(22,957)	-
Net Position - January 1	56,437,424	51,656,641	11,251,028	10,625,838	67,688,452	62,282,479
Net Position - December 31	\$ 59,997,603	\$ 56,437,424	\$ 11,597,116	\$ 11,251,028	\$ 71,594,719	\$ 67,688,452

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, 2012, the County's governmental funds reported combined ending fund balances of \$21,170,845, an increase of \$2,888,354 in comparison with the prior year. Approximately 43% of this amount (\$9.0 million) constitutes *unassigned fund balance*, which is available for spending at the County's discretion. 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. The *nonspendable* amounts include 1) advances to other funds that are not expected to be liquidated in the next year (\$498,414), 2) current year prepayments that benefit periods beyond the end of the current year (\$73,780), 3) the portion of delinquent taxes purchased from other taxing jurisdictions (\$4,100,629) and 4) nonspendable contributions for Wegner Grotto and Haney Reserve (\$51,000). The *restricted* include 1) amounts restricted for debt service (\$85,822), 2) amounts restricted by statutes (\$535,152), 3) amounts restricted by grant programs (\$181,268), and 4) amounts restricted by donors (\$100,479). The *committed* amount of \$5,382,476 is for various projects approved by the County Board, including \$5 million committed to the justice center construction. The *assigned* amounts represent tentative management plans for certain items in the General Fund (\$116,690), Human Services special revenue fund (\$298,019), Capital projects (\$492,790), and the Local History Room special revenue fund (\$215,486).

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 \$9,038,840 while total fund balance was \$14,533,382. 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 62% of total general fund expenditures, while total fund balance represents 99% of that same amount. Because the County annually transfers back unassigned fund balances of special revenue funds, the reader of the financial statements should also consider the expenditures of these funds when analyzing the County's general fund.

The County's general fund balance decreased \$2,121,761 during the current year. Key factors in this change are as follows:

- Positive revenue variance totaled \$604,154.
- Overall expenditure variances totaled \$2,430,606.
- General Government and Public Safety expenditures were under budget by \$1,463,737 and \$560,015, due primarily to meticulous fiscal management by the Department Heads.
- The County Board committed \$5 million from the general fund, which was transferred to the County's capital project fund in 2012.

The County's human services fund reported revenues in excess of expenditures of \$177,779, which was transferred to the general fund at year end. The surplus of funds was due primarily to additional revenues.

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 and Special Care at the end of the year amounted to a deficit of \$425,440, a decrease in the deficit of \$347,150 over the prior year.

Net position of the solid waste fund at the end of the year amounted to \$2,899,632, a decrease of \$78,255 over the prior year.

Net position of the highway fund at the end of the year amounted to \$8,293,694, an increase of \$65,051 over the prior year.

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

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2012 amounts to \$48,639,529 (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 decrease in the County's investment in capital assets for the current year was \$279,272 over last year and primarily due to business-type activities.

Monroe County, Wisconsin						
(net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,328,985	\$ 1,328,985	\$ 415,316	\$ 415,316	\$ 1,744,301	\$ 1,744,301
Construction in progress	442,510	85,575	150,461	69,920	592,971	155,495
Land improvements	130,890	126,994	1,157,460	1,392,619	1,288,350	1,519,613
Buildings	956,785	981,145	1,439,871	1,513,890	2,396,656	2,495,035
Machinery and equipment	1,375,172	1,415,902	4,714,486	4,822,156	6,089,658	6,238,058
Infrastructure	36,520,684	36,756,366	-	-	36,520,684	36,756,366
Other assets	-	-	6,909	9,933	6,909	9,933
Total	\$ 40,755,026	\$ 40,694,967	\$ 7,884,503	\$ 8,223,834	\$ 48,639,529	\$ 48,918,801

Long-term debt. At the end of the current fiscal year, the County had total general obligation debt outstanding of \$2,610,000 backed by the full faith and credit of the government.

Monroe County, Wisconsin's Outstanding Debt						
General Obligation Debt and Revenue Bonds						
	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
General Obligation Debt						
Bonds	\$ 1,255,000	\$ 1,365,000	\$ -	\$ -	\$ 1,255,000	\$ 1,365,000
Notes	1,355,000	1,595,000	-	-	1,355,000	1,595,000
Total	\$ 2,610,000	\$ 2,960,000	\$ -	\$ -	\$ 2,610,000	\$ 2,960,000

The County's general obligation debt decreased \$350,000 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 \$133,979,075, which is significantly in excess of the County's \$2,610,000 in outstanding general obligation debt.

Contacting the County's Financial Management

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

BASIC FINANCIAL STATEMENTS

MONROE COUNTY, WISCONSIN
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 19,630,215	\$ 2,827,298	\$ 22,457,513
Receivables			
Taxes	11,667,423	3,738,394	15,405,817
Delinquent taxes	5,619,692	-	5,619,692
Accounts	1,696,164	1,674,835	3,370,999
Loans	-	82,231	82,231
Internal balances	1,493,830	(1,493,830)	-
Due from other governments	-	388,680	388,680
Inventories and prepaid items	73,780	898,640	972,420
Restricted assets			
Cash and investments	-	2,352,198	2,352,198
Loans receivable	-	156,318	156,318
Capital assets, nondepreciable			
Land	1,328,985	415,316	1,744,301
Construction in progress	442,510	150,461	592,971
Capital assets, depreciable			
Land improvements	244,297	4,566,885	4,811,182
Buildings and improvements	1,625,646	7,797,042	9,422,688
Machinery and equipment	2,869,375	14,460,649	17,330,024
Other assets	-	46,061	46,061
Infrastructure	54,652,856	-	54,652,856
Less: Accumulated depreciation	(20,408,643)	(19,551,911)	(39,960,554)
TOTAL ASSETS	80,936,130	18,509,267	99,445,397
LIABILITIES			
Accounts payable	1,215,419	581,578	1,796,997
Accrued and other current liabilities	2,158,859	232,467	2,391,326
Accrued interest payable	38,536	-	38,536
Due to other governments	2,388,833	468	2,389,301
Unearned revenues	88,152	17,184	105,336
Payable from restricted assets			
Resident trust fund payable	-	18,140	18,140
Long-term obligations			
Due within one year	792,722	282,424	1,075,146
Due in more than one year	2,588,583	2,041,496	4,630,079
TOTAL LIABILITIES	9,271,104	3,173,757	12,444,861
DEFERRED INFLOWS OF RESOURCES			
Property taxes	11,667,423	3,738,394	15,405,817
NET POSITION			
Net investment in capital assets	40,755,026	7,884,503	48,639,529
Restricted	868,673	848,277	1,716,950
Unrestricted	18,373,904	2,864,336	21,238,240
TOTAL NET POSITION	\$ 59,997,603	\$ 11,597,116	\$ 71,594,719

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

MONROE COUNTY, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 6,710,995	\$ 1,897,728	\$ 293,270	\$ -
Public safety	6,450,167	303,611	243,182	-
Public works	73,895	75,578	34,834	45,840
Health and human services	9,642,118	2,135,890	4,357,877	-
Culture, recreation and education	832,488	114,357	164,111	-
Conservation and development	499,372	137,898	230,218	-
Interest and fiscal charges	115,697	-	-	-
Total Governmental Activities	24,324,732	4,665,062	5,323,492	45,840
Business-type Activities				
Nursing home	7,975,843	6,092,551	997,911	-
Solid waste	1,555,180	1,722,711	15,984	30,556
Highway	6,659,488	2,734,704	998,738	-
Economic revolving loan	-	10,699	-	-
Total Business-type Activities	16,190,511	10,560,665	2,012,633	30,556
Total	\$ 40,515,243	\$ 15,225,727	\$ 7,336,125	\$ 76,396

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Sales tax

Other taxes

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

Interest and investment earnings

Miscellaneous

Gain on sale of asset

Transfers

Total general revenues and transfers

Change in net position

Cumulative effect of change in accounting principle

Net position - January 1

Net position - January 1 (as restated)

Net position - December 31

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

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

\$ (4,519,997)	\$ -	\$ (4,519,997)
(5,903,374)	-	(5,903,374)
82,357	-	82,357
(3,148,351)	-	(3,148,351)
(554,020)	-	(554,020)
(131,256)	-	(131,256)
(115,697)	-	(115,697)
<u>(14,290,338)</u>	<u>-</u>	<u>(14,290,338)</u>

-	(885,381)	(885,381)
-	214,071	214,071
-	(2,926,046)	(2,926,046)
-	10,699	10,699
<u>-</u>	<u>(3,586,657)</u>	<u>(3,586,657)</u>

<u>(14,290,338)</u>	<u>(3,586,657)</u>	<u>(17,876,995)</u>
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11,330,133	3,750,527	15,080,660
174,383	-	174,383
3,020,019	-	3,020,019
30,839	-	30,839
2,409,571	-	2,409,571
760,790	8,423	769,213
274,376	-	274,376
47,158	-	47,158
(173,795)	173,795	-
<u>17,873,474</u>	<u>3,932,745</u>	<u>21,806,219</u>

3,583,136	346,088	3,929,224
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(22,957)	-	(22,957)
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<u>56,437,424</u>	<u>11,251,028</u>	<u>67,688,452</u>
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<u>56,414,467</u>	<u>11,251,028</u>	<u>67,665,495</u>
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<u>\$ 59,997,603</u>	<u>\$ 11,597,116</u>	<u>\$ 71,594,719</u>
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MONROE COUNTY, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2012

	General	Human Services	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 12,931,784	\$ 416,347	\$ 5,494,305	\$ 787,779	\$ 19,630,215
Receivables					
Taxes	8,464,061	2,479,795	-	723,567	11,667,423
Delinquent taxes	5,619,692	-	-	-	5,619,692
Accounts	1,021,576	497,620	-	176,968	1,696,164
Due from other funds	1,542,485	-	-	-	1,542,485
Inventories and prepaid items	71,799	1,981	-	-	73,780
TOTAL ASSETS	\$ 29,651,397	\$ 3,395,743	\$ 5,494,305	\$ 1,688,314	\$ 40,229,759
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 605,211	\$ 571,245	\$ 1,515	\$ 37,448	\$ 1,215,419
Due to other funds	-	-	-	48,655	48,655
Accrued and other current liabilities	2,083,520	44,703	-	30,636	2,158,859
Due to other governments	2,388,833	-	-	-	2,388,833
Unearned revenues	84,836	-	-	3,316	88,152
Total Liabilities	5,162,400	615,948	1,515	120,055	5,899,918
Deferred Inflows of Resources					
Property taxes	8,464,061	2,479,795	-	723,567	11,667,423
Delinquent taxes	1,477,168	-	-	-	1,477,168
Interest	14,386	-	-	19	14,405
Total Deferred Inflows of Resources	9,955,615	2,479,795	-	723,586	13,158,996
Fund Balances					
Nonspendable	4,671,842	1,981	-	50,000	4,723,823
Restricted	323,534	-	-	579,187	902,721
Committed	382,476	-	5,000,000	-	5,382,476
Assigned	116,690	298,019	492,790	215,486	1,122,985
Unassigned, reported in					
General fund	9,038,840	-	-	-	9,038,840
Total Fund Balances	14,533,382	300,000	5,492,790	844,673	21,170,845
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 29,651,397	\$ 3,395,743	\$ 5,494,305	\$ 1,688,314	\$ 40,229,759

(Continued)

MONROE COUNTY, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2012

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page \$ 21,170,845

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 40,755,026

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

Delinquent taxes, including accrued interest	1,477,168
Interest on investments	14,405

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

Bonds and notes payable	\$ (2,610,000)
Compensated absences	(622,825)
Debt premium	(15,440)
Post-employment health benefits payable	(133,040)
Accrued interest on long-term obligations	(38,536)
	<u>(3,419,841)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 10) \$ 59,997,603

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

MONROE COUNTY, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2012

	General	Human Services	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 11,777,339	\$ 2,468,283	\$ -	\$ 690,933	\$ 14,936,555
Intergovernmental	3,324,484	3,092,260	-	1,228,838	7,645,582
Licenses and permits	180,785	-	-	-	180,785
Fines and forfeits	243,239	-	-	-	243,239
Public charges for services	1,001,082	1,522,092	-	560,773	3,083,947
Intergovernmental charges for services	1,049,457	-	-	-	1,049,457
Miscellaneous	490,021	-	1,294	89,033	580,348
Total Revenues	18,066,407	7,082,635	1,294	2,569,577	27,719,913
Expenditures					
Current					
General government	6,409,412	-	-	-	6,409,412
Public safety	6,485,425	-	-	65,596	6,551,021
Public works	145,215	-	-	-	145,215
Health and human services	235,061	7,213,056	-	2,229,861	9,677,978
Culture and recreation	838,047	-	-	-	838,047
Conservation and development	512,976	-	-	-	512,976
Debt service					
Principal	-	-	-	350,000	350,000
Interest and fiscal charges	-	-	-	123,745	123,745
Capital outlay	-	-	49,370	-	49,370
Total Expenditures	14,626,136	7,213,056	49,370	2,769,202	24,657,764
Excess of Revenues Over (Under) Expenditures	3,440,271	(130,421)	(48,076)	(199,625)	3,062,149
Other Financing Sources (Uses)					
Transfers in	290,179	308,200	5,000,000	370,216	5,968,595
Transfers out	(5,852,211)	(177,779)	-	(112,400)	(6,142,390)
Total Other Financing Sources (Uses)	(5,562,032)	130,421	5,000,000	257,816	(173,795)
Net Change in Fund Balances	(2,121,761)	-	4,951,924	58,191	2,888,354
Fund Balances - January 1	16,655,143	300,000	540,866	786,482	18,282,491
Fund Balances - December 31	\$ 14,533,382	\$ 300,000	\$ 5,492,790	\$ 844,673	\$ 21,170,845

(Continued)

MONROE COUNTY, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Governmental Funds

For the Year Ended December 31, 2012

Reconciliation to the Statement of Activities

Net Change in Fund Balances - Total Governmental Funds from previous page		\$ 2,888,354
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.		
Capital expenditures reported in governmental fund statements	\$ 1,796,801	
Capital grants received by County	45,840	
Depreciation expense reported in the statement of activities	<u>(1,671,179)</u>	
Amount by which capital asset purchases exceeds depreciation in current year		171,462
Book value of capital assets retired during current year		(111,403)
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:		
		(63,706)
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:		
		350,000
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid; in the statement of activities interest is reported as it accrues.		
		4,940
Debt premium is reported as an other financing source in the fund financial statements but capitalized and amortized over the life of the bond issue in the government-wide financial statements. Amount by which debt premium received exceeds amortization in the current year.		
		3,108
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent taxes, including accrued interest		345,014
Interest on investments		<u>(4,633)</u>
Change in Net Position of Governmental Activities as Reported on the Statement of Activities (pages 11 - 12)		<u>\$ 3,583,136</u>

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

MONROE COUNTY, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 11,338,606	\$ 11,338,606	\$ 11,777,339	\$ 438,733
Intergovernmental	3,341,637	3,474,630	3,324,484	(150,146)
Licenses and permits	162,737	169,237	180,785	11,548
Fines and forfeits	179,500	179,500	243,239	63,739
Public charges for services	821,085	848,209	1,001,082	152,873
Intergovernmental charges for services	1,052,084	1,124,340	1,049,457	(74,883)
Miscellaneous	260,919	327,731	490,021	162,290
Total Revenues	17,156,568	17,462,253	18,066,407	604,154
Expenditures				
Current				
General government	7,712,212	7,873,149	6,409,412	1,463,737
Public safety	6,678,588	7,045,440	6,485,425	560,015
Public works	170,349	171,754	145,215	26,539
Health and human services	224,992	264,165	235,061	29,104
Culture and recreation	986,275	1,012,926	838,047	174,879
Conservation and development	580,233	689,308	512,976	176,332
Total Expenditures	16,352,649	17,056,742	14,626,136	2,430,606
Excess of Revenues Over (Under) Expenditures	803,919	405,511	3,440,271	3,034,760
Other Financing Sources (Uses)				
Transfers in	15,000	16,386	290,179	273,793
Transfers out	(818,919)	(5,884,358)	(5,852,211)	32,147
Total Other Financing Sources (Uses)	(803,919)	(5,867,972)	(5,562,032)	305,940
Net Change in Fund Balance	-	(5,462,461)	(2,121,761)	3,340,700
Fund Balance - January 1	16,655,143	16,655,143	16,655,143	-
Fund Balance - December 31	\$ 16,655,143	\$ 11,192,682	\$ 14,533,382	\$ 3,340,700

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

MONROE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Human Services Special Revenue Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,468,283	\$ 2,468,283	\$ 2,468,283	\$ -
Intergovernmental	4,266,743	3,598,201	3,092,260	(505,941)
Public charges for services	788,135	816,068	1,522,092	706,024
Total Revenues	<u>7,523,161</u>	<u>6,882,552</u>	<u>7,082,635</u>	<u>200,083</u>
Expenditures				
Current				
Health and human services	7,856,141	7,223,577	7,213,056	10,521
Excess of Revenues Over (Under) Expenditures	<u>(332,980)</u>	<u>(341,025)</u>	<u>(130,421)</u>	<u>210,604</u>
Other Financing Sources (Uses)				
Transfers in	332,980	341,025	308,200	(32,825)
Transfers out	-	-	(177,779)	(177,779)
Total Other Financing Sources (Uses)	<u>332,980</u>	<u>341,025</u>	<u>130,421</u>	<u>(210,604)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - January 1	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	-
Fund Balance - December 31	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>

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

MONROE COUNTY, WISCONSIN

Statement of Net Position

Proprietary Funds

December 31, 2012

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund Revolving Loan	Total Enterprise Funds
ASSETS					
Current assets					
Cash and investments	\$ 500	\$ 941,536	\$ 1,294,581	\$ 590,681	\$ 2,827,298
Receivables					
Taxes	746,450	-	2,991,944	-	3,738,394
Accounts	826,016	257,276	591,543	-	1,674,835
Loans	-	-	-	82,231	82,231
Due from other governments	-	-	388,680	-	388,680
Inventories and prepaid items	12,514	-	886,126	-	898,640
Total Current Assets	1,585,480	1,198,812	6,152,874	672,912	9,610,078
Noncurrent assets					
Restricted assets					
Cash and investments	37,187	2,315,011	-	-	2,352,198
Loans receivable	-	-	-	156,318	156,318
Capital assets, nondepreciable					
Land	7,269	225,000	183,047	-	415,316
Construction in progress	49,985	100,476	-	-	150,461
Capital assets, depreciable					
Land improvements	443,420	3,618,925	504,540	-	4,566,885
Buildings	4,723,039	96,027	2,977,976	-	7,797,042
Machinery and equipment	2,024,010	215,944	12,220,695	-	14,460,649
Other assets	-	-	46,061	-	46,061
Less: Accumulated depreciation	(6,330,849)	(2,981,190)	(10,239,872)	-	(19,551,911)
Total Capital Assets, Net of Accumulated Depreciation	916,874	1,275,182	5,692,447	-	7,884,503
Total Noncurrent Assets	954,061	3,590,193	5,692,447	156,318	10,393,019
TOTAL ASSETS	2,539,541	4,789,005	11,845,321	829,230	20,003,097
LIABILITIES					
Current Liabilities					
Accounts and claims payable	291,217	60,433	229,928	-	581,578
Accrued and other current liabilities	145,493	2,445	84,529	-	232,467
Due to other funds	995,416	-	-	-	995,416
Due to other governments	244	-	224	-	468
Unearned revenues	-	-	17,184	-	17,184
Compensated absences	153,110	5,166	124,148	-	282,424
Total Current Liabilities	1,585,480	68,044	456,013	-	2,109,537
Payable from Restricted Assets					
Resident trust fund payable	18,140	-	-	-	18,140
Noncurrent Liabilities					
Post-employment health benefits payable	55,652	1,040	49,685	-	106,377
Compensated absences	60,845	4,356	53,985	-	119,186
Due to other funds	498,414	-	-	-	498,414
Post closure	-	1,815,933	-	-	1,815,933
Total Noncurrent Liabilities	614,911	1,821,329	103,670	-	2,539,910
TOTAL LIABILITIES	2,218,531	1,889,373	559,683	-	4,667,587
Deferred Inflows of Resources					
Property taxes	746,450	-	2,991,944	-	3,738,394
NET ASSETS (DEFICIT)					
Net investment in capital assets	916,874	1,275,182	5,692,447	-	7,884,503
Restricted for					
Resident trust	19,047	-	-	-	19,047
Community development	-	-	-	829,230	829,230
Unrestricted (Deficit)	(1,361,361)	1,624,450	2,601,247	-	2,864,336
TOTAL NET ASSETS (DEFICIT)	\$ (425,440)	\$ 2,899,632	\$ 8,293,694	\$ 829,230	\$ 11,597,116

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

MONROE COUNTY, WISCONSIN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2012

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund Revolving Loan	Total Enterprise Funds
Operating Revenues					
Charges for services	\$ 6,092,551	\$ 1,722,711	\$ 2,734,704	\$ 10,699	\$ 10,560,665
Operating Expenses					
Operation and maintenance	7,796,695	1,310,242	5,979,175	-	15,086,112
Depreciation	179,148	244,938	680,313	-	1,104,399
Total Operating Expenses	7,975,843	1,555,180	6,659,488	-	16,190,511
Operating Income (Loss)	(1,883,292)	167,531	(3,924,784)	10,699	(5,629,846)
Nonoperating Revenues (Expenses)					
General property taxes	763,523	-	2,987,004	-	3,750,527
Intergovernmental aids	997,911	15,984	998,738	-	2,012,633
Interest income	-	6,980	-	1,443	8,423
Total Nonoperating Revenues (Expenses)	1,761,434	22,964	3,985,742	1,443	5,771,583
Net Income (Loss) before Transfers	(121,858)	190,495	60,958	12,142	141,737
Capital contributions from County	-	30,556	-	-	30,556
Transfers in	469,008	-	4,093	-	473,101
Transfers out	-	(299,306)	-	-	(299,306)
Change in Net Position	347,150	(78,255)	65,051	12,142	346,088
Net Position (Deficit) - January 1	(772,590)	2,977,887	8,228,643	817,088	11,251,028
Net Position (Deficit) - December 31	\$ (425,440)	\$ 2,899,632	\$ 8,293,694	\$ 829,230	\$ 11,597,116

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

MONROE COUNTY, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Rolling Hills	Solid Waste	Highway	Nonmajor Fund	Total Enterprise Funds
				Revolving Loan	
Cash Flows from Operating Activities					
Cash received from customers	\$ 6,838,146	\$ 1,774,943	\$ 2,716,097	\$ 52,698	\$ 11,381,884
Cash payments to suppliers	(1,697,697)	(1,036,103)	(4,439,816)	-	(7,173,616)
Cash payments to employees	(5,913,608)	(137,381)	(1,511,588)	-	(7,562,577)
Net Cash Provided (Used) by Operating Activities	(773,159)	601,459	(3,235,307)	52,698	(3,354,309)
Cash Flows from Noncapital Financing Activities					
General property taxes	763,523	-	2,987,004	-	3,750,527
Intergovernmental grants received	997,911	15,984	998,738	-	2,012,633
Cash advance from general fund	(1,230,217)	-	-	-	(1,230,217)
Transfer in	469,008	-	4,093	-	473,101
Transfer out	-	(299,306)	-	-	(299,306)
Net Cash Provided (Used) by Noncapital Financing Activities	1,000,225	(283,322)	3,989,835	-	4,706,738
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(227,066)	-	(556,176)	-	(783,242)
Proceeds from sale of capital assets	-	-	48,730	-	48,730
Net Cash Used by Capital and Related Financing Activities	(227,066)	-	(507,446)	-	(734,512)
Cash Flows from Investing Activities					
Interest income received	-	6,980	-	1,443	8,423
Redemption of investments	-	(100,814)	-	-	(100,814)
Cash Flows Provided by Investing Activities	-	(93,834)	-	1,443	(92,391)
Change in Cash and Cash Equivalents	-	224,303	247,082	54,141	525,526
Cash and Cash Equivalents - January 1	500	717,233	1,047,499	536,540	2,301,772
Cash and Cash Equivalents - December 31	\$ 500	\$ 941,536	\$ 1,294,581	\$ 590,681	\$ 2,827,298
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (1,883,292)	\$ 167,531	\$ (3,924,784)	\$ 10,699	\$ (5,629,846)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:					
Depreciation	179,148	244,938	680,313	-	1,104,399
Cash restricted by donors	(4,415)	-	-	-	(4,415)
Changes in assets and liabilities					
Accounts receivable	750,010	52,232	(5,667)	41,999	838,574
Due from other governments	-	-	15,718	-	15,718
Inventories and prepaid expenses	24,194	-	(11,375)	-	12,819
Accounts payable	104,262	15,254	(9,905)	-	109,611
Accrued and other current liabilities	(171,626)	(8,281)	(138,505)	-	(318,412)
Due to other governments	24	-	45	-	69
Patient trust fund payable	1,161	-	-	-	1,161
Deferred revenues	-	-	(28,658)	-	(28,658)
Post closure	-	120,031	-	-	120,031
Post-employment health benefits payable	13,420	232	9,378	-	23,030
Compensated absences	213,955	9,522	178,133	-	401,610
Net Cash Provided (Used) by Operating Activities	\$ (773,159)	\$ 601,459	\$ (3,235,307)	\$ 52,698	\$ (3,354,309)
Noncash Investing, Capital and Financing Activities					
Capital assets contributed by County	\$ -	\$ 30,556	\$ -	\$ -	\$ 30,556

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

MONROE COUNTY, WISCONSIN
Statement of Net Position
Fiduciary Funds
December 31, 2012

	Agency Fund
ASSETS	
Cash and cash equivalents	\$ 1,117,061
Taxes receivable	455,122
Total Assets	<u>\$ 1,572,183</u>
LIABILITIES	
Due to other governments	\$ 583,182
Deposits payable	989,001
Total Liabilities	<u>\$ 1,572,183</u>

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

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

Monroe County is a municipal corporation governed by an elected board. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units that have a significant operational or financial relationship with the County.

The County has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. Related Organization

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

3. Government-Wide and Fund Financial Statements

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

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

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

The County reports the following major governmental funds:

GENERAL FUND

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

SPECIAL REVENUE FUND - HUMAN SERVICES

This fund accounts for the resources accumulated and payments made for the human services department. The significant revenues for the fund are property taxes and state and federal grants.

CAPITAL PROJECTS FUND

This fund accounts for capital improvements of the County.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County reports the following major enterprise funds:

ROLLING HILLS

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

SOLID WASTE

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

HIGHWAY

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

The County reports the following non-major funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes. Non-major special revenue funds consist of the following:

Senior Services
Child Support
Health

Jail Assessment
Local History Room

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

Enterprise funds are used to report any activity for which a fee is charged to external users for goods and services, and must be used for activities which meet certain debt or cost recovery criteria. The revolving loan fund is reported as a non-major enterprise fund.

Additionally, the government reports the following fund type:

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

4. Measurement Focus and Basis of Accounting

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

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

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

5. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

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

b. Accounts and Loans Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method with the exception of the Rolling Hills enterprise fund which has an allowance of \$100,000 at year end. No other allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. In addition, certain funds maintain deficit cash positions during the year, financed by the County's general fund. Noncurrent portions of the interfund receivables for the governmental funds are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

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

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Inventories

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

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

e. Prepaid Items

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

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

f. Capital Assets

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

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

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

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

g. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with 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.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Deferred Outflows/Inflows of Resources

The County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended December 31, 2012. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County currently does not have any items that qualify for reporting in this category.

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

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

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

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE AND PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

6. Use of Estimates

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

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

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

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

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2012.

2. Deficit Fund Equity

The County's Rolling Hills Enterprise Fund reported a deficit net position of \$425,440. The County anticipates funding this deficit from future revenues and tax levies of the fund.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

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

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

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

The carrying amount of the County's cash and investments totaled \$25,926,772 on December 31, 2012 as summarized below:

Petty cash and cash on hand	\$ 4,495
Deposits with financial institutions	19,426,333
Investments	
Deposits with the State of Wisconsin	1,308,310
Mutual funds	128,610
Local Government Investment Pool	<u>5,059,024</u>
	<u><u>\$ 25,926,772</u></u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 22,457,513
Restricted cash and investments	2,352,198
Fiduciary fund statement of net position	
Agency fund	<u>1,117,061</u>
	<u><u>\$ 25,926,772</u></u>

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

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Custodial Credit Risk

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

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for interest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for all time accounts, savings accounts and interest-bearing demand deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. In addition, the County's non-interest bearing transaction accounts are fully insured through December 31, 2012. As of January 1, 2013 the County's noninterest-bearing transaction accounts are combined with its interest-bearing demand deposits for FDIC insurance coverage. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2012, \$12,182,215 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits. Financial institutions have collateralized these deposits at year end.

The County has on deposit with the State of Wisconsin of \$1,308,310 for long-term care and closure requirements related to its solid waste enterprise fund. No information on the risk associated with its deposits held by the State of Wisconsin is available.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The County does not have an additional credit risk policy. The County's investment in the Wisconsin local government investment pool and the mutual funds are not rated.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments held by the Wisconsin local government investment pool and the mutual funds mature in 12 months or less.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Local Government Investment Pool

The County has investments in the Wisconsin local government investment pool of \$5,059,024 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2012, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

2. Restricted Assets

Restricted assets on December 31, 2012 totaled \$2,352,198 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Business-Type Activities		
Rolling Hills Enterprise Fund		
Resident trust	\$ 18,140	Cash deposited by residents for their own use
	19,047	Cash received from non-resident sources to be used to benefit residents
Subtotal	<u>37,187</u>	
Solid Waste Enterprise Fund		
Ridgeview I Long-term Care	293,906	Restricted deposits held jointly by the County and the State of Wisconsin Department of Natural Resources to finance the County's closure and postclosure financial responsibilities
Ridgeview II Closure	1,014,404	
Ridgeview II Long-term Care	1,006,701	
Subtotal	<u>2,315,011</u>	
Total	<u>\$ 2,352,198</u>	

3. Property Tax Apportionments

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

Property taxes recorded on December 31, 2012 for collection in 2013 consist of the County apportionment of \$15,405,817 for financing 2013 operations and will be transferred in 2013 from deferred inflows of resources to current revenues of the County's governmental and proprietary funds. In addition, the County has recorded a receivable of \$455,122 in its agency fund for State of Wisconsin taxes collected and remitted by the County.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Delinquent Property Taxes - General Fund

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

The County's general fund showed an investment of \$5,619,692 in delinquent property taxes as follows:

Year Acquired	Total	County Purchased	County Levied
Tax Certificates			
2000	\$ 944	\$ 761	\$ 183
2001	961	777	184
2002	984	984	-
2003	986	794	192
2004	985	765	220
2005	959	739	220
2006	99	77	22
2007	22,930	21,334	1,596
2008	138,524	127,837	10,687
2009	267,634	211,284	56,350
2010	2,874,975	2,675,222	199,753
2011	1,177,167	916,431	260,736
	<u>4,487,148</u>	<u>3,957,005</u>	<u>530,143</u>
Tax Deeds	162,867	143,624	19,243
Interest	969,677	-	969,677
	<u>\$ 5,619,692</u>	<u>\$ 4,100,629</u>	<u>1,519,063</u>
Less: 2012 collections within 60 days			<u>41,895</u>
Deferred inflow of resources - delinquent property taxes			<u>\$ 1,477,168</u>

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

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

5. Capital Assets

Capital asset activity for the year ended December 31, 2012 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	85,575	421,212	64,277	442,510
Total capital assets, not being depreciated	<u>1,414,560</u>	<u>421,212</u>	<u>64,277</u>	<u>1,771,495</u>
Capital assets, being depreciated:				
Land improvements	231,903	12,394	-	244,297
Buildings	1,618,849	6,797	-	1,625,646
Machinery and equipment	2,765,099	310,735	206,459	2,869,375
Infrastructure	53,725,224	1,155,780	228,148	54,652,856
Subtotals	<u>58,341,075</u>	<u>1,485,706</u>	<u>434,607</u>	<u>59,392,174</u>
Less accumulated depreciation for:				
Land improvements	104,909	8,498	-	113,407
Buildings	637,704	31,157	-	668,861
Machinery and equipment	1,349,197	326,994	181,988	1,494,203
Infrastructure	16,968,858	1,304,530	141,216	18,132,172
Subtotals	<u>19,060,668</u>	<u>1,671,179</u>	<u>323,204</u>	<u>20,408,643</u>
Total capital assets, being depreciated, net	<u>39,280,407</u>	<u>(185,473)</u>	<u>111,403</u>	<u>38,983,531</u>
Governmental activities capital assets, net	<u>\$ 40,694,967</u>	<u>\$ 235,739</u>	<u>\$ 175,680</u>	<u>40,755,026</u>
Less related long-term debt outstanding				<u>-</u>
Net investment in capital assets				<u>\$ 40,755,026</u>

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 415,316	\$ -	\$ -	\$ 415,316
Construction in progress	69,920	80,541	-	150,461
Total capital assets, not being depreciated	<u>485,236</u>	<u>80,541</u>	<u>-</u>	<u>565,777</u>
Capital assets, being depreciated:				
Land improvements	4,527,265	39,620	-	4,566,885
Buildings	7,669,060	129,336	1,354	7,797,042
Machinery and equipment	14,375,157	533,385	447,893	14,460,649
Other assets	51,736	-	5,675	46,061
Subtotals	<u>26,623,218</u>	<u>702,341</u>	<u>454,922</u>	<u>26,870,637</u>
Less accumulated depreciation for:				
Land improvements	3,134,646	274,779	-	3,409,425
Buildings	6,155,170	203,355	1,354	6,357,171
Machinery and equipment	9,553,001	625,984	432,822	9,746,163
Other assets	41,803	281	2,932	39,152
Subtotals	<u>18,884,620</u>	<u>1,104,399</u>	<u>437,108</u>	<u>19,551,911</u>
Total capital assets, being depreciated, net	<u>7,738,598</u>	<u>(402,058)</u>	<u>17,814</u>	<u>7,318,726</u>
Business-type activities capital assets, net	<u>\$ 8,223,834</u>	<u>\$ (321,517)</u>	<u>\$ 17,814</u>	<u>7,884,503</u>
Less related long-term debt outstanding				<u>-</u>
Net investment in capital assets				<u>\$ 7,884,503</u>
Depreciation expense was charged to functions of the County as follows:				
Governmental activities				
General government				\$ 86,596
Public safety				212,040
Public works				1,304,530
Health and human services				55,342
Culture, recreation, and education				8,449
Conservation and development				4,222
Total depreciation expense - governmental activities				<u>\$ 1,671,179</u>
Business-type activities				
Rolling Hills				\$ 179,148
Solid waste				244,938
Highway				680,313
Total depreciation expense - business-type activities				<u>\$ 1,104,399</u>

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Interfund Receivables/Payables and Transfers

Interfund receivables and payables on December 31, 2012 were as follows:

Receivable Fund	Payable Fund	Amount	Amount not Due Within One Year
General fund	Enterprise fund		
	Rolling Hills	\$ 1,493,830	\$ 498,414
	Nonmajor governmental funds		
General fund	Child support	34,655	-
General fund	Health	11,283	-
General fund	Local history room	2,717	-
		<u>\$ 1,542,485</u>	<u>\$ 498,414</u>

The interfund payables from Child Support and Health special revenue funds and Rolling Hills enterprise fund were cash advances to finance cash deficits. The interfund payable from local history room special revenue fund relates to operating costs paid by the general fund but not reimbursed until 2013.

Interfund transfers for the year ended December 31, 2012 were as follows:

Fund Transferred To	Fund Transferred From	Amount
	Special revenue funds	
General fund	Human services	\$ 177,779
	Child support	50,675
	Health	45,970
	Local history room	15,755
		<u>290,179</u>
Special revenue funds		
Human services	General fund	308,200
Senior services	General fund	67,328
Health	General fund	3,582
		<u>379,110</u>
Capital Projects	General fund	<u>5,000,000</u>
Debt Service	Solid waste	<u>299,306</u>
Enterprise funds		
Rolling Hills	General fund	469,008
Highway	General fund	4,093
		<u>473,101</u>
Subtotal - Fund Financial Statements		<u>\$ 6,441,696</u>
Government fund transfers in		\$ 5,968,595
Less: Fund eliminations		(6,441,696)
Add: Transfer from enterprise funds		299,306
Less: Contributions from capital projects fund to finance solid waste expansion project		(30,556)
Add: Highway enterprise fund resources used to finance public works expenses reported in governmental activities		121,899
Total Transfers - Government-wide Statement of Activities		<u>\$ (82,452)</u>

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Operating transfers totaled \$6,441,696 and were made for the following purposes:

	Amount
Special revenue fund surpluses returned to the general fund	\$ 274,424
General fund transfer to senior services fund	8,715
Reimbursement of indirect costs and other expenses paid by the general fund	15,755
General fund transfer to Rolling Hills, human services, public health, and senior services funds for information systems	91,610
General fund transfer to Rolling Hills for maintenance projects	281,383
General fund transfer to capital project fund for justice center	5,000,000
Finance department charges to human services, senior services, and Rolling Hills	470,503
Debt service transfer from the solid waste enterprise fund	299,306
	\$ 6,441,696

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2012:

	Outstanding 1/1/12	Issued	Retired	Outstanding 12/31/12	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 1,365,000	\$ -	\$ 110,000	\$ 1,255,000	\$ 115,000
Notes	1,595,000	-	240,000	1,355,000	250,000
Total General Obligation Debt	2,960,000	-	350,000	2,610,000	365,000
Debt premium	18,548	-	3,108	15,440	-
Post-employment health					
benefits payable	101,869	52,563	21,392	133,040	-
Compensated absences	590,290	61,689	29,154	622,825	427,722
Governmental activities					
Long-term obligations	\$ 3,670,707	\$ 114,252	\$ 403,654	\$ 3,381,305	\$ 792,722
Business-type activities:					
Landfill closure/postclosure					
Ridgeville Cell I	\$ 274,562	\$ 14,928	\$ 54,982	\$ 234,508	\$ -
Ridgeville Cell II	1,421,340	160,085	-	1,581,425	-
Post-employment health					
benefits payable	83,348	38,832	15,803	106,377	-
Compensated absences	370,451	44,049	12,890	401,610	282,424
Business-type activities					
Long-term obligations	\$ 2,149,701	\$ 257,894	\$ 83,675	\$ 2,323,920	\$ 282,424

Total interest paid during the year on long-term debt totaled \$123,019.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

The County has issued general obligation debt to provide funds for the acquisition and construction of major capital facilities. General obligation debt service requirements are direct obligations and pledge the full faith and credit of the County. General obligation debt outstanding on December 31, 2012 totaled \$2,610,000 and consisted of the following issues:

Bonds

\$2,105,000 issued 8/15/01; \$115,000 to \$170,000 due annually through 2021;
interest 3.80% to 5.00% \$ 1,255,000

Notes

\$2,500,000 issued 12/19/07; \$250,000 to \$295,000 due annually through 2017;
interest 4.00% 1,355,000

Total Outstanding General Obligation Debt \$ 2,610,000

Annual principal and interest maturities of the outstanding general obligation debt of \$2,610,000 on December 31, 2012 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2013	\$ 365,000	\$ 107,905	\$ 472,905
2014	380,000	92,152	472,152
2015	395,000	75,702	470,702
2016	410,000	58,533	468,533
2017	435,000	40,434	475,434
2018-2021	625,000	64,552	689,552
	<u>\$ 2,610,000</u>	<u>\$ 439,278</u>	<u>\$ 3,049,278</u>

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

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2012 was \$131,454,897 as follows:

Equalized valuation of the County	\$ 2,679,581,500
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	133,979,075
Total outstanding general obligation debt applicable to debt limitation	\$ 2,610,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>85,822</u>
Net outstanding general obligation debt applicable to debt limitation	2,524,178
Legal Margin for New Debt	<u><u>\$ 131,454,897</u></u>

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

8. Closure and Post closure Care Costs

Federal and state laws and regulations require the County to place covers on landfill increments as they are filled (closure costs) and to perform certain maintenance and monitoring functions (post closure care) of the landfill site for forty years after the landfill stops accepting waste. Most closure costs are paid when individual landfill increments reach capacity for accepting waste and post closure care costs will normally only be paid after the entire landfill stops accepting waste. In accordance with GASB Statement No. 18, the County annually records an estimate of these closure and post closure care costs as an operating expense during the life of its landfills based on landfill capacity used compared to total estimated capacity available. The resultant liabilities for these estimated operating expenses are reduced each year for actual payments made. An analysis of the estimated liabilities for closure and post closure care costs on December 31, 2012 and the recording of these costs as operating expenses follow:

Landfill Closure and Postclosure Care			
	Ridgeville I	Ridgeville II	Total
Total estimated costs	\$ 234,508	\$ 2,996,827	
Percentage of storage capacity used	100%	52.77%	
	<u>\$ 234,508</u>	<u>\$ 1,581,425</u>	<u>\$ 1,815,933</u>

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

Landfill Closure and Postclosure Care			
	Ridgeville I	Ridgeville II	Total
Total estimated costs	\$ 234,508	\$ 2,996,827	
Less: Charged to operations	234,508	1,581,425	
Future year closure and postclosure costs	<u>\$ -</u>	<u>\$ 1,415,402</u>	<u>\$ 1,415,402</u>

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

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

9. Other Post Employment Benefits

Plan Description – Early retirees, who are eligible and draw a monthly retirement annuity from the Wisconsin Retirement System through age 65, may remain in the County's health insurance group provided the retiree pays the full premium for the applicable coverage. 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 271 active and 10 retired employees in the plan. The County funds this cost on a pay-as-you-go or cash basis, recognizing the cost in their fund financial statements when paid.

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

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Component	Amount
Annual required contribution	\$ 94,567
Interest on net OPEB	9,260
Adjustment to annual required contribution	(12,432)
Annual OPEB cost (expense)	<u>91,395</u>
Contributions made	37,195
Change in net OPEB obligation	<u>54,200</u>
OPEB obligation - beginning of year	185,217
OPEB obligation - end of year	<u>\$ 239,417</u>

The annual required contribution for the current year was determined as part of the January 1, 2011 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 5.0% discount rate, and (b) projected salary increases at 3.0%.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level percentage amount of projected payroll. The remaining amortization period at December 31, 2012 is 30 years, and the remaining amount is \$786,474.

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 2012 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	\$ 90,797	32.35%	\$ 128,959
12/31/2011	88,583	36.49%	185,217
12/31/2012	91,395	40.70%	239,417

Funded Status and Funding Progress - As of January 1, 2011, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$786,474. The annual payroll for active employees covered by the plan for the 2011 fiscal year was \$15,526,975 for a ratio of the UAAL to covered payroll of 5.07%.

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, 2011 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 5.0% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 10% for medical, reduced by 1% per year down to an ultimate rate of 5% for medical after six years. The investment rate of return is 5% which includes an assumed rate of inflation of 4%. The UAAL is being amortized using the level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

10. Fund Equity

Net position of the governmental activities reported on the government-wide statement of net position at December 31, 2012 includes the following:

	Governmental Activities	Business- type Activities	Total
Restricted			
Debt retirement	\$ 47,286	\$ -	\$ 47,286
Haney Reserve	1,862	-	1,862
Wegner Grotto	128,610	-	128,610
Child support technology	51,329	-	51,329
Redaction fees	106,666	-	106,666
Land records fees	104,844	-	104,844
Dog control	17,997	-	17,997
Parks	3,010	-	3,010
CREP Program	33,021	-	33,021
Forestry maintenance - land acquisition	49,255	-	49,255
Wildlife habitat	1,151	-	1,151
Jail assessment	323,642	-	323,642
Resident trust	-	19,047	19,047
Community development	-	829,230	829,230
Totals	\$ 868,673	\$ 848,277	\$ 1,716,950

At December 31, 2012, the County has segregated its fund balance components into the following classifications:

	General	Human Services	Capital Projects	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Delinquent taxes	\$ 4,100,629	\$ -	\$ -	\$ -	\$ 4,100,629
Interfund advance	498,414	-	-	-	498,414
Inventories and prepaid items	71,799	1,981	-	-	73,780
Haney Reserve	1,000	-	-	-	1,000
Wegner Grotto	-	-	-	50,000	50,000
Total	\$ 4,671,842	\$ 1,981	\$ -	\$ 50,000	\$ 4,723,823

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	General	Human Services	Capital Projects	Other Governmental Funds	Total Governmental Funds
Restricted					
Debt retirement	\$ -	\$ -	\$ -	\$ 85,822	\$ 85,822
Haney Reserve	862	-	-	-	862
Wegner Grotto	-	-	-	78,610	78,610
DOT trust	-	-	-	39,784	39,784
Child support technology	-	-	-	51,329	51,329
Redaction fees	106,666	-	-	-	106,666
Land records fees	104,844	-	-	-	104,844
Dog control	17,997	-	-	-	17,997
Parks	3,010	-	-	-	3,010
CREP Program	33,021	-	-	-	33,021
Forestry maintenance - land acquisition	49,255	-	-	-	49,255
Forestry Habelman reforestation	6,728	-	-	-	6,728
Wildlife habitat	1,151	-	-	-	1,151
Jail assessment	-	-	-	323,642	323,642
Total	\$ 323,534	\$ -	\$ -	\$ 579,187	\$ 902,721
Committed					
New construction - Educational purposes (farm proceeds)	\$ 70,394	\$ -	\$ -	\$ -	\$ 70,394
IT infrastructure and upgrades	288,382	-	-	-	288,382
Justice Center Reserve Fund	-	-	5,000,000	-	5,000,000
UW Extension programs	16,253	-	-	-	16,253
Other purposes	7,447	-	-	-	7,447
Total	\$ 382,476	\$ -	\$ 5,000,000	\$ -	\$ 5,382,476
Assigned					
Retirement/fringe pool	\$ 33,640	\$ -	\$ -	\$ -	\$ 33,640
Long-range capital pool	83,050	-	-	-	83,050
Human services	-	298,019	-	-	298,019
Capital improvements	-	-	492,790	-	492,790
Local history	-	-	-	215,486	215,486
Total	\$ 116,690	\$ 298,019	\$ 492,790	\$ 215,486	\$ 1,122,985

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Minimum Fund Balance Policy

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

General fund cash balance December 31, 2012	\$ 18,106,256
Restricted funds	(355,841)
Committed funds	(5,382,476)
Assigned funds	(765,961)
General fund balance less restricted, committed and assigned funds	\$ 11,601,978
Actual 2012 Total County Adopted Budgeted Expenditures	\$ 45,458,625
Minimum Fund Balance %	(x) 25%
Subtotal	11,364,656
Provision for unexpected volatile operational costs	1,000,000
Provision for future delinquent taxes	2,000,000
Minimum Fund Balance Amount	\$ 14,364,656

The contingency fund balance will lapse into the general fund balance at the end of 2012 as the required fund balance per policy was not attained.

NOTE D - OTHER INFORMATION

1. Retirement Commitments

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

Prior to June 29, 2011, covered employees in the General/Teacher/Educational Support Personnel category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE D - OTHER INFORMATION (Continued)

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for 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. Contribution rates are as follows:

	2012	
	Employee	Employer
General (including Teachers)	5.9%	5.9%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for County employees covered by the WRS for the year ended December 31, 2011 was \$14,194,357; the employer's total payroll was \$14,979,478. The total required contribution for the year ended December 31, 2012 was \$1,782,987, which consisted of \$943,197 or 6.64% of payroll from the employer and \$839,790 or 5.92% of payroll from employees, which was paid for by County and employees' contributions during 2012. Total contributions for the years ending December 31, 2011 and 2012 were \$1,834,702 and \$1,682,202, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE D - OTHER INFORMATION (Continued)

2. Risk Management

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

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 \$1,733,328 reported in the fund at December 31, 2012 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for 2011 and 2012 follows:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2011	\$ 1,667,655	\$ 536,329	\$ 313,037	\$ 1,890,947
2012	1,890,947	544,103	701,722	1,733,328

Public Entity Risk Pool

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

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

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

MONROE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE D - OTHER INFORMATION (Continued)

3. Contingencies

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

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

In connection with this default, the Village has requested Monroe County to enter into an Intergovernmental Agreement pursuant to Section 66.0301, of the Wisconsin Statutes, for the purpose of creating the Warren-Monroe Wastewater Commission (the "Commission") that will purchase and subsequently operate the wastewater treatment and collection system within the Village. On January 23, 2013, Monroe County approved of the Agreement; and executed it. The Village executed the Agreement on February 14, 2013. Once financing is received, the Commission will purchase from the Village, its wastewater facilities, including the treatment plant and collection system. The purchase price will equal the outstanding principal amount of the Clean Water Fund Loan, the principal amount of the BANS attributable to sewer facilities, and certain additional funds. It was anticipated that the Commission would receive a loan from the USDA in an amount sufficient to pay the entirety of the purchase price. The Commission will then be obligated to the USDA, to repay amounts borrowed over a loan having a term of forty years, at the applicable interest rate financed from actual sewer revenues from the wastewater system within the Village. It is also anticipated that Monroe County will execute a limited guaranty in favor of the USDA for a portion of that Loan. On July 11, 2013, the USDA approved the Commission's application for a loan to finance the acquisition of the Village's wastewater treatment plant.

4. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2012 and 2013 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the County's January 1 equalized value as a result of net new construction. The actual limit for the County for the 2012 budget was 1.98%. The actual limit for the County for the 2013 budget was 1.40%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

5. Cumulative Effect of Change in Accounting Principle

The County has adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred, rather than recorded as assets and amortized over the life of the related debt issue. Financial statements for the year ended December 31, 2011 have not been restated. The cumulative effect of this change was to decrease the December 31, 2012 net position of the governmental activities by \$22,957.

REQUIRED SUPPLEMENTAL INFORMATION

MONROE COUNTY, WISCONSIN
 Schedule of Funding Progress
 Other Post-employment Benefit Plan
 For the Year Ended December 31, 2012

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
1/1/2009	\$ -	\$ 712,240	0.00%	\$ 712,240	\$ 14,997,307	4.75%
1/1/2011	-	786,474	0.00%	786,474	15,526,975	5.07%

See Notes to Required Supplemental Information.

MONROE COUNTY, WISCONSIN
 Schedule of Employer Contributions
 Other Post-employment Benefit Plan
 For the Year Ended December 31, 2012

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2010	\$ 29,375	\$ 91,814	31.99%
2011	32,325	90,652	35.66%
2012	37,195	94,567	39.33%

See Notes to Required Supplemental Information.

MONROE COUNTY, WISCONSIN
Notes to Required Supplemental Information
For the Year Ended December 31, 2012

NOTE A - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 45

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

NOTE B - SCHEDULE OF FUNDING PROGRESS

The January 1, 2011 actuarial valuation differs from the January 1, 2009 actuarial valuation due to the following factor:

The January 1, 2009 valuation assumed 15% of the active employees currently electing medical coverage would elect to self-pay the full medical premium upon retirement. The January 1, 2011 valuation assumed 25% of active employees currently electing medical coverage would elect to self-pay the full medical premium upon retirement and 50% of active employees currently selecting family coverage would switch to single coverage.

SUPPLEMENTARY INFORMATION

MONROE COUNTY, WISCONSIN

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2012

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Senior Services	Child Support	Health	Jail Assessment	Local History Room	Total		
ASSETS								
Cash and investments	\$ 35,772	\$ 100	\$ 50	\$ 319,222	\$ 346,813	\$ 701,957	\$ 85,822	\$ 787,779
Receivables								
Taxes	190,427	-	359,072	-	-	549,499	174,068	723,567
Accounts	43,553	95,664	33,331	4,420	-	176,968	-	176,968
TOTAL ASSETS	\$ 269,752	\$ 95,764	\$ 392,453	\$ 323,642	\$ 346,813	\$ 1,428,424	\$ 259,890	\$ 1,688,314
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 27,949	\$ 3,682	\$ 5,817	\$ -	\$ -	\$ 37,448	\$ -	\$ 37,448
Accrued and other current liabilities	9,522	6,098	15,016	-	-	30,636	-	30,636
Due to other funds	-	34,655	11,283	-	2,717	48,655	-	48,655
Unearned revenues	2,051	-	1,265	-	-	3,316	-	3,316
Total Liabilities	39,522	44,435	33,381	-	2,717	120,055	-	120,055
Deferred Inflows of Resources								
Property taxes	190,427	-	359,072	-	-	549,499	174,068	723,567
Interest	19	-	-	-	-	19	-	19
Total Deferred Inflows of Resources	190,446	-	359,072	-	-	549,518	174,068	723,586
Fund Balances								
Nonspendable	-	-	-	-	50,000	50,000	-	50,000
Restricted	39,784	51,329	-	323,642	78,610	493,365	85,822	579,187
Assigned	-	-	-	-	215,486	215,486	-	215,486
Total Fund Balances	39,784	51,329	-	323,642	344,096	758,851	85,822	844,673
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 269,752	\$ 95,764	\$ 392,453	\$ 323,642	\$ 346,813	\$ 1,428,424	\$ 259,890	\$ 1,688,314

MONROE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Senior Services	Child Support	Health	Jail Assessment	Local History Room	Total		
Revenues								
Taxes	\$ 166,313	\$ -	\$ 350,237	\$ -	\$ -	\$ 516,550	\$ 174,383	\$ 690,933
Intergovernmental	460,176	442,842	325,820	-	-	1,228,838	-	1,228,838
Public charges for services	294,308	-	206,165	60,300	-	560,773	-	560,773
Miscellaneous	13,172	3,748	-	3,510	68,486	88,916	117	89,033
Total Revenues	933,969	446,590	882,222	63,810	68,486	2,395,077	174,500	2,569,577
Expenditures								
Current								
Public safety	-	-	-	65,596	-	65,596	-	65,596
Health and human services	994,112	395,915	839,834	-	-	2,229,861	-	2,229,861
Debt service								
Principal	-	-	-	-	-	-	350,000	350,000
Interest and fiscal charges	-	-	-	-	-	-	123,745	123,745
Total Expenditures	994,112	395,915	839,834	65,596	-	2,295,457	473,745	2,769,202
Excess of Revenues Over (Under)								
Expenditures	(60,143)	50,675	42,388	(1,786)	68,486	99,620	(299,245)	(199,625)
Other Financing Sources (Uses)								
Transfers in	67,328	-	3,582	-	-	70,910	299,306	370,216
Transfers out	-	(50,675)	(45,970)	-	(15,755)	(112,400)	-	(112,400)
Total Other Financing Sources (Uses)	67,328	(50,675)	(42,388)	-	(15,755)	(41,490)	299,306	257,816
Net Change in Fund Balances	7,185	-	-	(1,786)	52,731	58,130	61	58,191
Fund Balances - January 1	32,599	51,329	-	325,428	291,365	700,721	85,761	786,482
Fund Balances - December 31	\$ 39,784	\$ 51,329	\$ -	\$ 323,642	\$ 344,096	\$ 758,851	\$ 85,822	\$ 844,673