Montello, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the County Board Marquette County Montello, 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 Marquette County, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Marquette 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 over financial reporting relevant to Marquette 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 Marquette 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 Marquette County, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



To the County Board Marquette County

Emphasis of Matter

As discussed in Note I, Marquette County adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* effective January 1, 2012. Our opinions is not modified with respect to this matter.

Other Matters

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marquette County's basic financial statements. The combining statement of assets and liabilities - all agency funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 combining statement of assets and liabilities - all agency funds 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 will issue a report on our consideration of Marquette 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 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 Marquette County's internal control over financial reporting and compliance.

Baller Tilly Vuchow Krause, Up Madison, Wisconsin

August 1, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2012

As management of Marquette County, Wisconsin, we offer readers of the county's financial statements this narrative overview and analysis of the financial activities of the county for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the county's financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- > The assets of Marquette County exceeded its liabilities as of December 31, 2012 by \$16,387,603 (net position). Of this amount, \$4,225,080 (unrestricted net position) may be used to meet the government's obligations to citizens and creditors. The total net position includes all major infrastructure networks.
- > The county's total net position increased by \$79,356.
- > As of December 31, 2012, Marquette County's governmental funds reported combined ending fund balance of \$3,858,800. Of this amount, \$1,244,017 is nonspendable, \$264,729 is restricted and \$464,656 is assigned. \$1,885,398 or approximately 49% is unassigned and available for use within the county's designations and policies.
- > At the end of the current fiscal year, the assigned and unassigned fund balance for the general fund was approximately 19% of the total general fund expenditures.
- > At the end of the current fiscal year, general obligation debt is \$9,481,167, well within the county's debt limit of \$77,646,725.

OVERVIEW OF THE 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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents information on all of the county's assets 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 Marquette County is improving or deteriorating. To assess the overall health of the county you need to consider additional non-financial factors such as changes in the county's property tax base and the condition of the county's infrastructure.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (cont.)

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 the 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., uncollected taxes and earned but unused compensated absences).

Both government-wide financial statements distinguish functions of Marquette 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; health and human services; culture, education and recreation; and conservation and development. The business-type activity of the county is the highway department.

The government-wide financial statements can be found on pages 1-3 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. Marquette 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 – Most of the county's basic services are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily used for cash. Governmental Funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In 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.

Marquette County maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, and expenditures, and changes in fund balances for the General Fund, the Human Services Special Revenue Fund, the Debt Service Fund, and the Capital Projects Fund, which are all considered to be major funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENT (cont.)

The county adopts an annual appropriated budget for all its governmental funds. As part of the required supplementary information, budgetary comparison statements have been provided in detail for the General Fund, and in summary for the Human Services Special Revenue Fund, to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 4-5 of this report.

Proprietary Funds – When the county charges customers for the services it provides – whether to outside customers or to other units of the county – these services are generally reported in proprietary funds. Marquette County maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The county uses an enterprise fund to account for its highway department operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. These statements provide separate information for the highway department since is considered to be a major fund of the county.

The basic proprietary fund financial statements can be found on pages 7-11 of this report.

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. All fiduciary funds are combined into a single aggregated presentation in the fiduciary fund financial statement. Individual fund data for the fiduciary funds is provided in the form of a combining statement elsewhere in this report. The basic fiduciary fund financial statement can be found on page 12 of this report.

Notes to the 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 financial statements can be found on pages 13-39.

Other Information – In addition to the basic financial statements and accompanying notes, required supplementary information presents a budgetary comparison schedule for the General Fund and the Human Services Special Revenue Fund to demonstrate compliance with the budget. These schedules and accompanying notes can be found on pages 40-46 of this report. The combining statement referred to earlier in connection with fiduciary funds is presented immediately following the required supplementary information.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

An analysis of the county's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the county's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2012

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (cont.)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Marquette County, assets exceeded liabilities by \$16,387,603 as of December 31, 2012. The next table includes comparative data of net position for the years ended December 31, 2011 and December 31, 2012.

Marquette County's Net Position December 31, 2012 and 2011

	Governmental	Activities	Business - Type Activities		To	tals
	2012	<u>2011</u>	2012	<u>2011</u>	<u>2012*</u>	<u>2011*</u>
Current and Other Assets	\$ 17,209,239 \$	15,863,590	\$ 1,112,779 \$	837,772	\$ 18,322,018	\$ 16,701,362
Capital Assets	14,789,638	15,072,424	7,323,704	7,320,630	22,113,342	22,393,054
Total Assets	31,998,877	30,936,014	8,436,483	8,158,402	40,435,360	39,094,416
Long-term Liabilities Outstanding	10,030,785	10,373,073	832,179	649,053	10,862,964	11,022,126
Other Liabilities	12,776,445	11,509,114	408,348	254,929	13,184,793	11,764,043
Total Liabilities	22,807,230	21,882,187	1,240,527	903,982	24,047,757	22,786,169
Net Position:						
Net Investment in Capital Assets	9,853,926	9,931,743	6,711,114	6,912,874	11,903,640	12,027,667
Restricted	258,883	224,529	-	-	258,883	224,529
Unrestricted (deficit)	(921,162)	(1,102,445)	484,842	341,546	4,225,080	4,056,051
Total Net Position	\$ 9,191,647 \$	9,053,827	\$ 7,195,956 \$	7,254,420	\$ 16,387,603	\$ 16,308,247

^{* -} The total column reflects a capital debt adjustment. See Note 1.D.9 for further information.

The largest portion of the county's net position (approximately 73%) reflects its investments 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.

Approximately 2% of the county's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$4,225,080, may be used to meet the county's ongoing obligations to citizens and creditors.

Analysis of the County's Operations – The following table provides a comparison summary of the county's operations for the years ended December 31, 2011 and December 31, 2012. Governmental activities experienced an increase in net position of \$137,820. Business-type activities experienced a decrease in net position of \$58,464.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2012

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (cont.)

MARQUETTE COUNTY CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

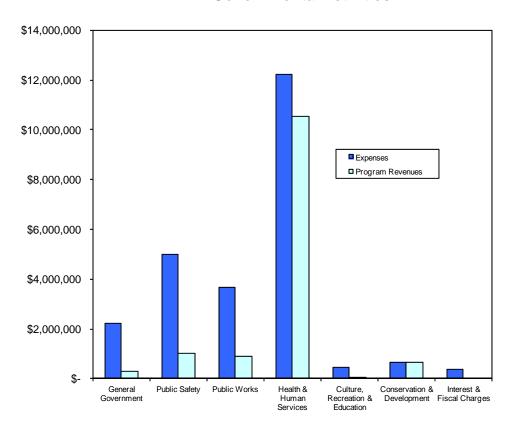
	Goverment	al Activities	Business-Type Activities		То	tal
	<u>2012</u>	<u>2011</u>	2012	<u>2011</u>	2012	<u>2011</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,848,849	\$ 1,896,615	\$ 5,076,251	\$ 4,081,401	\$ 6,925,100	\$ 5,978,016
Operating Grants & Contributions	11,578,148	4,238,504	-	-	11,578,148	4,238,504
Capital Grants & Contributions	-	120,000	-	-	-	120,000
General Revenues:						
Property Taxes	10,554,722	10,280,673	-	-	10,554,722	10,280,673
Sales Taxes	736,616	695,693	-	-	736,616	695,693
Other Taxes	300,250	257,350	-	-	300,250	257,350
Intergovernmental	113,751	123,289	-	-	113,751	123,289
Investment Income	10,949	12,348	-	-	10,949	12,348
Gain on sale of property	8,791	23,286	-	-	8,791	23,286
Miscellaneous	126,144	208,482			126,144	208,482
Total Revenues	25,278,220	17,856,240	5,076,251	4,081,401	30,354,471	21,937,641
Expenses:						
General Government	2,215,124	2,417,044	_	_	2,215,124	2,417,044
Public Safety	5,014,092	4,990,560	_	-	5,014,092	4,990,560
Public Works	3,668,876	2,508,540	-	-	3,668,876	2,508,540
Health & Human Services	12,234,040	5,052,158	-	-	12,234,040	5,052,158
Culture, Recreation, & Education	442,719	624,933	-	-	442,719	624,933
Conservation & Economic Development	651,917	643,066	-	-	651,917	643,066
Interest & Fiscal Charges	394,079	403,561	-	-	394,079	403,561
Highway			5,654,268	4,763,831	5,654,268	4,763,831
Total Expenses	24,620,847	16,639,862	5,654,268	4,763,831	30,275,115	21,403,693
Excess (Deficiency) Before Transfers	657,373	1,216,378	(578,017)	(682,430)	79,356	533,948
Transfers	(519,553)	(568,499)	519,553	568,499		<u>-</u>
Increase (Decrease) in Net Position	137,820	647,879	(58,464)	(113,931)	79,356	533,948
Net Position- Beginning of Year	9,053,827	8,405,948	7,254,420	7,368,351	16,308,247	15,774,299
Net Position - End of Year	\$ 9,191,647	\$ 9,053,827	\$ 7,195,956	\$ 7,254,420	\$ 16,387,603	\$ 16,308,247

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2012

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (cont.)

The following chart compares expenses and program revenues for governmental activities:

Expenses and Program Revenues Governmental Activities

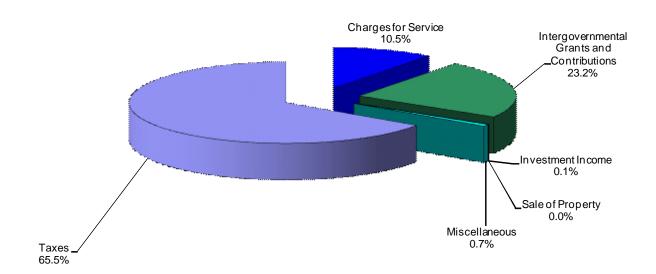


MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2012

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (cont.)

The distribution of revenues in governmental activities remains almost the same as last year, with just a slight shift from taxes to intergovernmental aids and charges for service. Taxes and intergovernmental grants and contributions are approximately 89% of total revenues, while public charges and other sources provide the balance of the revenue.

Revenue by Source - Governmental Activities

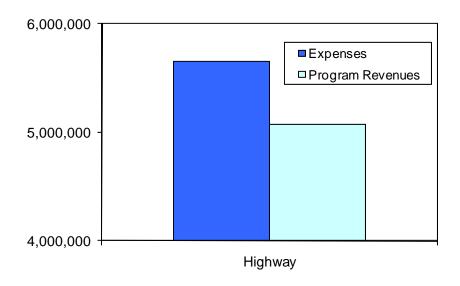


MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2012

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (cont.)

A comparison of expenses and revenues for business-type activities (highway fund) is illustrated in the following chart.

Expenses and Program Revenues Business-type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

GOVERNMENTAL FUNDS

The focus of Marquette 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 government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Marquette County's governmental funds reported combined ending fund balances of \$3,858,800. \$1,244,017 is nonspendable, indicating it is not available for spending because it had already been committed; \$876,666 for county purchased tax deeds and certificates, \$7,472 for inventories, and \$359,879 for prepaid items. \$264,729 is considered restricted and \$464,656 is assigned. The remainder of fund balance is considered unassigned and is \$1,885,398.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2012

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

GOVERNMENTAL FUNDS (cont.)

General Fund

The county's General Fund is used to account for the majority of the county's operations with the exception of the Human Services Department and the business activities recorded in the highway fund.

During the current year, the fund balance of the General Fund increased by \$117,779. Key factors in this change are as follows:

- Expenditures for property and liability insurance were less than budgeted by \$84,597.
- > Expenditures for correction and detention were less than budgeted by \$58,911.
- > Expenditures for emergency medical services were less than budgeted by \$57,577.

Human Services

The Human Services fund is used to account for the revenues and expenditures associated with the Human Services Department. The majority of the funding for the Human Services Department comes from a wide variety of intergovernmental revenues including medical assistance revenue for community based waiver programs and collections. The county is also a lead agency for the income maintenance consortium. County tax dollars provide approximately 13% of the funding needed for Human Services programs.

At the end of the current fiscal year, the Human Services fund had a fund balance of \$44,438, an increase of \$24,333 from the previous year.

Debt Service

The Debt Service Fund accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. During 2012, Marquette County made principal and interest payments of \$830,731. At the end of the current fiscal year, outstanding general obligation debt was \$9,481,167. Fund balance of the debt service fund was \$5,846, the same as in the previous year.

Capital Projects

The Capital Projects Fund accounts for expenditures for the acquisition and construction of major capital facilities and related revenues and proceeds from long-term borrowing. At the end of the current fiscal year, the Capital Projects Fund had a fund balance of \$0, a decrease of \$24,855 from the previous year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2012

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

PROPRIETARY FUNDS

Marquette County's proprietary fund statement provides the same type of information found in the county's government-wide financial statements, but in more detail.

At the end of the current fiscal year, Marquette County's proprietary fund (highway) reported net position of \$7,195,956. The majority of the highway net position, \$6,711,114, is net investment in capital assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations of \$1,213,984 more than the original budget. All functions had amendments with the exception of public works with the largest being for culture, recreation and education, conservation and economic development, capital outlay and transfers out.

General Fund expenditures were less than final budgeted amounts by \$349,691, and more than the original budget by \$864,293.

Actual revenues received were more than final budgeted amounts by \$491,119.

The most noteworthy reasons for the variances are described on page xi in the analysis of the general fund.

CAPITAL ASSETS

At the end of 2012, Marquette County has a total \$22,113,342 invested in capital assets (net of accumulated depreciation). The majority of these assets (67%) \$14,789,638, relate to governmental activities and \$7,323,704 are in business-type activities. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure and intangible software.

Major additions for governmental activities for 2012 include:

- > \$191,220 for a new metal roof on the services center
- > \$119,629 for four snowmobile bridges

Major additions for business-type activities include:

> \$247,000 for two freightliner trucks

More detailed information about Marquette County's capital assets may be found in Note IV. C. on pages 29-31 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
As of and for the Year Ended December 31, 2012

LONG-TERM DEBT

In accordance with Wisconsin State Statutes, Chapter 67, Marquette County's total general obligation debt may not exceed five percent of the equalized value of the taxable property with the county's jurisdiction. The debt limit as of December 31, 2012 was \$77,646,725. At the end of 2012, the total of Marquette County's general obligation debt was \$9,481,167.

More detailed information on the county's long-term debt can be found in Note IV. E. on pages 32-34 of this report.

CURRENTLY KNOWN FACTS

All currently known facts and economic conditions were considered in preparing the 2013 county budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Marquette County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Marquette County Administrative Coordinator/Finance Director, P.O. Box 129, Montello, WI 53949.

STATEMENT OF NET POSITION As of December 31, 2012

ACCETO	G	overnmental Activities		Business- type Activities		Totals
ASSETS Cash and investments	Ф	0 110 057	\$	105 100	\$	2 247 247
Receivables (net of allowance for uncollectibles)	\$	2,112,357	Ф	105,490	Ф	2,217,847
Taxes		10,933,626				10,933,626
Delinquent taxes		1,541,769		_		1,541,769
Accounts		140,204		17,107		157,311
Due from other governments		1,902,881		282,043		2,184,924
Inventories		7,472		687,369		694,841
Prepaid items		359,879		20,770		380,649
Other assets		211,051		20,770		211,051
Capital assets (net of accumulated depreciation)		211,001				211,001
Land		147,049		122,962		270,011
Other capital assets, net of accumulated depreciation		14,642,589		7,200,742		21,843,331
Total Assets		31,998,877		8,436,483		40,435,360
LIABILITIES						
Accounts payable		1,339,164		77,146		1,416,310
Accrued liabilities		323,484		89,708		413,192
Due to other governments		180,171		-		180,171
Unearned revenue		10,933,626		241,494		11,175,120
Noncurrent liabilities						
Due within one year		534,791		253,865		788,656
Due in more than one year		9,495,994		578,314		10,074,308
Total Liabilities		22,807,230		1,240,527		24,047,757
NET POSITION						
Net investment in capital assets		9,853,926		6,711,114		11,903,640
Restricted for grants		258,883		-		258,883
Unrestricted (deficit)		(921,162)		484,842		4,225,080
TOTAL NET POSITION	\$	9,191,647	\$	7,195,956	\$	16,387,603

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

			es	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 2,215,124	\$ 216,684	\$ 94,095	\$ -
Public safety	5,014,092	934,907	101,948	-
Public works	3,668,876	-	885,059	-
Health and human services	12,234,040	535,913	9,995,974	-
Culture, recreation and education	442,719	373	14,975	-
Conservation and economic development	651,917	160,972	486,097	-
Interest and fiscal charges	394,079			
Total Governmental Activities	24,620,847	1,848,849	11,578,148	
Business-type Activities				
Highway	5,654,268	5,076,251		
Total Business-type Activities	5,654,268	5,076,251		
Totals	\$ 30,275,115	\$ 6,925,100	\$ 11,578,148	\$ -

General Revenues

Taxes

Property taxes, levied for general purposes Property taxes, levied for debt service

Sales taxes

Other taxes

Intergovernmental revenues not restricted to

specific programs

Investment income

Gain on sale of property

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

NET POSITION - Beginning

NET POSITION - ENDING

Net (Expense) Revenue and Changes in Net Position

Chai	nges in Net Posi	tion
Governmental	Business-type	
Activities	Activities	Totals
\$ (1,904,345)	\$ -	\$ (1,904,345)
(3,977,237)	-	(3,977,237)
(2,783,817)	_	(2,783,817)
(1,702,153)	-	(1,702,153)
(427,371)	-	(427,371)
(4,848)	-	(4,848)
(394,079)	-	(394,079)
(11,193,850)		(11,193,850)
	(E70 017)	(E70 017)
	(578,017)	(578,017)
	(578,017)	(578,017)
(11,193,850)	(578,017)	(11,771,867)
9,748,846		9,748,846
805,876	_	805,876
736,616	_	736,616
300,250	-	300,250
,		•
113,751	-	113,751
10,949	-	10,949
8,791	-	8,791
126,144	-	126,144
(519,553)	519,553	
11,331,670	519,553	11,851,223
137,820	(58,464)	79,356
9,053,827	7,254,420	16,308,247
\$ 9,191,647	\$ 7,195,956	\$ 16,387,603

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2012

		General		Human Services		Debt Service	Go	Total overnmental Funds
ASSETS Cash and investments	\$	2,092,061	\$	14,450	\$	5,846	\$	2,112,357
Receivables	Φ	2,092,001	Φ	14,450	Φ	3,040	Ф	2,112,337
Taxes		8,588,092		1,539,581		805,953		10,933,626
Delinquent taxes		1,541,769		-		-		1,541,769
Accounts		75,387		64,817		_		140,204
Due from other governments		578,474		1,324,407		-		1,902,881
Inventories		7,472		-		-		7,472
Prepaid items	_	359,879				<u> </u>		359,879
TOTAL ASSETS	<u>\$</u>	13,243,134	\$	2,943,255	<u>\$</u>	811,799	<u>\$</u>	16,998,188
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$	215,843	\$	1,123,321	\$	-	\$	1,339,164
Accrued liabilities		167,334		55,744		-		223,078
Due to other governments		-		180,171		-		180,171
Deferred revenues	_	9,051,441		1,539,581		805,953		11,396,975
Total Liabilities	_	9,434,618	_	2,898,817		805,953		13,139,388
Fund Balances								
Nonspendable		1,244,017		-		-		1,244,017
Restricted		231,208		27,675		5,846		264,729
Assigned		447,893		16,763		-		464,656
Unassigned		1,885,398		<u>-</u>		-		1,885,398
Total Fund Balances	_	3,808,516		44,438		5,846		3,858,800
TOTAL LIABILITIES AND								
FUND BALANCES	\$	13,243,134	\$	2,943,255	\$	811,799		
Amounts reported for governmental activities in the statem	ent	of net position	are	e different bed	ause	e:		
Capital assets used in governmental funds are not financi in the funds. (See Note II.A.)	cial	resources and	l, th	erefore, are n	ot re	ported		14,789,638
Some receivables that are not currently available are repstatements but are recognized as revenue when earner (See Note IV.B.)						inancial		463,349
Some liabilities, including long-term debt, are not due an are not reported in the funds (see Note II.A.)	d pa	ayable in the c	urre	ent period and	l, the	erefore,		(9,920,140)
NET POSITION OF GOVERNMENTAL ACTIV	VITI	ES					\$	9,191,647

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2012

	General	Human Services	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Taxes	\$ 9,276,106	\$ 1,538,747	\$ 805,876	\$ -	\$ 11,620,729
Intergovernmental	1,853,408	9,776,087	-	-	11,629,495
Licenses and permits	127,798	-	-	-	127,798
Fines, forfeitures and penalties	132,012	-	-	-	132,012
Public charges for services	1,032,482	492,884	-	-	1,525,366
Intergovernmental charges for services	48,731	-	-	-	48,731
Investment income	11,854	-	-	-	11,854
Miscellaneous	205,268	24,688	-	-	229,956
Total Revenues	12,687,659	11,832,406	805,876		25,325,941
EXPENDITURES					
Current					
General government	2,677,105	-	_	_	2,677,105
Public safety	4,470,964	-	_	_	4,470,964
Public works	2,956,420	-	_	_	2,956,420
Health and human services	441,380	11,672,650	_	_	12,114,030
Culture, recreation and education	544,461	-	_	_	544,461
Conservation and economic development	718,617	_	_	_	718,617
Capital Outlay	376,803	_	_	85,000	461,803
Debt Service	0.0,000			33,333	.0.,000
Principal	_	_	438,271	_	438,271
Interest and fiscal charges	_	_	392,460	_	392,460
•	12,185,750	11,672,650	830,731	85,000	24,774,131
Total Expenditures	12,165,750	11,072,030	030,731	03,000	24,774,131
Excess (deficiency) of revenues			<i>(- ,</i>)	()	
over expenditures	501,909	159,756	(24,855)	(85,000)	551,810
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	-	85,000	85,000
Transfers in	187,675	52,252	24,855	-	264,782
Transfers out	(571,805)	(187,675)	-	(24,855)	(784,335)
Total Other Financing Sources (Uses)	(384,130)	(135,423)	24,855	60,145	(434,553)
Net Change in Fund Balance	117,779	24,333	-	(24,855)	117,257
FUND BALANCES - Beginning	3,690,737	20,105	5,846	24,855	3,741,543
FUND BALANCES - ENDING	\$ 3,808,516	\$ 44,438	\$ 5,846	\$ -	\$ 3,858,800

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

Net change in fund balances - total governmental funds	\$ 117,257
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital additions as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities. Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements.	461,803
Some items reported as operating expenditures in the fund financial statements	50.407
but are capitalized in the government-wide statements	52,107
Depreciation is reported in the government-wide statements Net book value of assets retired	(768,465)
Net book value of assets retired	(28,231)
Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	
Delinquent taxes	(30,073)
Debt and lease proceeds provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Debt issued Principal repaid	(85,000) 438,271
Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net position, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Debt issuance costs Premium	(13,191) 7,247
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(18,230)
Accrued interest on debt	 4,325
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 137,820

STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2012

	High	nway
ASSETS		
Current Assets		
Cash and investments	\$	105,490
Accounts receivable		17,107
Due from other governmental units	2	282,043
Inventories	6	87,369
Prepaid items		20,770
Total Current Assets	1,	112,779
Noncurrent Assets		
Capital Assets		
Land		92,824
Buildings	5,6	529,271
Improvements other than buildings	4	401,739
Machinery and equipment	7,3	312,866
Gravel pit and quarry		30,138
Other capital assets		30,497
Less: accumulated depreciation	(6,7	173,631)
Total Capital Assets (Net of		
Accumulated Depreciation)	7,3	323,704
Total Noncurrent Assets	7,3	323,704
Total Assets	8,4	136,483

	Highway
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 77,146
Accrued salaries and wages	71,596
Accrued interest	18,112
Unearned revenue	241,494
Current portion of vested employee benefits	60,131
Current portion of capital lease payable	193,734
Total Current Liabilities	662,213
Noncurrent Liabilities Capital lease payable Vested employee benefits Total Noncurrent Liabilities	418,856 159,458
Total Noncurrent Liabilities	578,314
Total Liabilities	1,240,527
NET POSITION	
Net investment in capital assets	6,711,114
Unrestricted	484,842
TOTAL NET POSITION	\$ 7,195,956

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended December 31, 2012

		Highway
OPERATING REVENUES		
Charges for services	\$	4,939,070
Miscellaneous		137,181
Total Operating Revenues		5,076,251
OPERATING EXPENSES		
Operation and maintenance		4,999,029
Depreciation		438,216
Total Operating Expenses		5,437,245
Operating Income (Loss)		(360,994)
NONOPERATING REVENUES (EXPENSES)		
Interest expense		(23,671)
Loss on disposal of capital assets		(193,352)
Total Nonoperating Revenues (Expenses)		(217,023)
Income (Loss) Before Transfers		(578,017)
TRANSFERS		
Transfers in		519,553
Total Transfers		519,553
Change in Net Position		(58,464)
NET POSITION - Beginning		7,254,420
NET POSITION - ENDING	<u>\$</u>	7,195,956

STATEMENT OF CASH FLOWS PROPRIETARY FUND

For the Year Ended December 31, 2012

		Highway
CASH FLOWS FROM OPERATING ACTIVITIES Cash received from customers Cash paid to suppliers for goods and services Net Cash Flows From Operating Activities	\$	5,290,455 (5,255,760) 34,695
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES Transfers in		519,553
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash used to retire debt		(230,587)
Interest paid		(20,547)
Acquisition and construction of capital assets		(197,624)
Net Cash Flows From Capital and		
Related Financing Activities	_	(448,758)
Net Change in Cash and Cash Equivalents		105,490
CASH AND CASH EQUIVALENTS - Beginning of Year		<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$	105,490

		Highway
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$	(360,994)
Adjustments to Reconcile Operating Income (Loss) to	φ	(300,994)
Net Cash Flows From Operating Activities		
· · ·		420.246
Depreciation		438,216
Change in Assets and Liabilities		5.040
Accounts receivable		5,948
Due from other governmental units		(3,393)
Inventories		225,883
Prepaid items		(843)
Accounts payable		(81,200)
Accrued liabilities		(3,459)
Due to other funds		(397,112)
Due to other governments	_	211,649
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$</u>	34,695
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Capital lease issued	<u>\$</u>	435,421

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2012

	Agency Funds
ASSETS	
Cash and investments	\$ 360,211
Taxes receivable	263,542
Accounts receivable	125
TOTAL ASSETS	\$ 623,878
LIABILITIES	
Accounts payable	\$ 10,382
Due to other governmental units	387,513
Funds held for others	225,983
TOTAL LIABILITIES	\$ 623,878

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Marquette County, Wisconsin conform to generally accepted accounting principles as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of Marquette County. The reporting entity for the county consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2011, the GASB issued statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities.

The county made the decision to implement this standard effective January 1, 2012.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Government-Wide Financial Statements (cont.)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The county does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Taxes and other items not included among program revenues are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net position/fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the county or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the county believes is particularly important to financial statement users may be reported as a major fund.

The county reports the following major governmental funds:

General Fund – accounts for the county's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

- Human Services Special Revenue Fund used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the related programs.
- Debt Service Fund used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than enterprise debt.
- Capital Projects Fund used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and the other capital assets for the related program.

The county reports the following major enterprise fund:

Highway Fund – account and report for operation and maintenance of the county's highway department facilities including all machinery and the county trunk highway system.

In addition, the county reports the following fund type:

Agency funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. Agency funds include the County Treasurer, Clerks of Courts, and Sheriff.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

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

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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 except for certain intergovernmental revenues, for which available is defined as six months. This is necessary to provide proper matching of grant revenues with the related expenditures. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the county is entitled the resources and the amounts are available. Amounts owed to the county which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The county reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the county has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the county has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

The proprietary fund distinguishes *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 Highway fund are charges to customers for sales and services. Operating expenses for the proprietary fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the county considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of county funds is restricted by state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

The county has adopted an investment policy that follows the state statute for allowable investments. The county's investment policy as it relates to custodial credit risk specifies that depository agreements shall be in effect with each financial institution whereby amounts in excess of FDIC and State Deposit Guarantee Fund guaranteed amounts must be fully collateralized and held by a third party or fully insured by an insurance company with an A rating or better by A.M. Best. The county's investment policy as it relates to credit risk specifies that the investments of the county are limited to time deposits in financial institutions, securities issued or guaranteed by the federal government, municipal obligations of Wisconsin entities, the State of Wisconsin local government pool investment fund, and repurchase agreements which are secured by securities issued or guaranteed by the federal government. The county's investment policy as it relates to interest rate risk states that no investment will be entered into for a period of longer than one year.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of various accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

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 amount as reported in these statements.

See Note IV.A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. They are not legally available for appropriation until the ensuing year. In addition to property taxes for the county, taxes are collected for and remitted to the state government as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other governmental units on the Statement of Assets and Liabilities – Agency Funds.

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

Property tax calendar – 2012 tax roll:

Lien date and levy date

Tax bills mailed

Payment in full, or

First installment due

Second installment due

Personal property taxes in full

December 2012

January 31, 2013

January 31, 2013

January 31, 2013

January 31, 2013

Tax sale – 2012 delinquent

real estate taxes October 2015

Property taxes are due, in the year subsequent to levy, on the last day of January, and collected by local treasurers through that date, at which time unpaid taxes are assigned to the county and appropriate receivables and payables are recorded. Tax collections become the responsibility of the county and taxes receivable include unpaid taxes levied for all taxing entities within the county. The county makes restitution to local districts in August for payables recorded at the settlement date without regard to collected funds. A lien is placed on all properties for which a portion of the current tax levy remains unpaid as of September 1. The interest and penalties on taxes not paid within 60 days of the end of the current fiscal period is shown as deferred revenue until it is received in cash.

The portion of county property taxes receivable at December 31, 2012, which relates to taxes initially levied by other municipalities and uncollected within sixty days after year-end, has been reflected in the accompanying financial statements as a nonspendable fund balance in the general fund in the amount of \$876,666.

Accounts receivable in all funds have been adjusted for all known uncollectible accounts. No allowance for uncollectible delinquent taxes has been provided because of the county's demonstrated ability to recover any losses through the sale of the applicable property.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on the first-in/first-out (FIFO) method of accounting, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. There was no interest capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20-50	Years
Land Improvements	20-30	Years
Machinery and Equipment	5-20	Years
Infrastructure	20-50	Years
Intangibles	5-20	Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

5. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

6. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2012 are determined on the basis of current salary rates and include salary related payments.

7. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net position.

The county does not engage in conduit debt transactions.

8. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

9. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position Consists of net position with constraints placed on their use either 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.
- c. Unrestricted net position All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets," and an increase in "unrestricted" net position, shown only in the total column.

	 vernmental Activities	Business-type Activities			Adjustment	Totals		
Net investment in capital assets	\$ 9,853,926	\$	6,711,114	\$	(4,661,400)	\$	11,903,640	
Unrestricted	(921,162)		484,842		4,661,400		4,225,080	

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.

Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, the city classifies governmental fund balance as follows:

- Nonspendable Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted Consists of fund balances with constraints placed on their use either 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.

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

- D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)
 - 9. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the county. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the city that originally created the commitment.
- d. Assigned Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following: 1) County board or Finance Director identification, 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The county considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the county would first use committed, then assigned, and lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONt.)

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION (cont.)

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$	147,049
Land improvements		383,087
Buildings and improvements		9,367,977
Machinery and equipment		3,309,503
Infrastructure		17,421,636
Intangible software		105,357
Less: Accumulated depreciation	(<u>15,944,971</u>)
Combined Adjustment for	Φ.,	1 4 700 600

Capital Assets \$ 14,789,638

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the statement of net position.

Bonds and notes payable	\$ 9,481,167
Compensated absences	433,673
Unamortized debt issuance costs	(211,051)
Unamortized debt premium	115,945
Accrued interest	 100,406
Combined Adjustment for	
Long-Term Liabilities	\$ 9,920,140

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

A budget has been adopted for all governmental funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. The county may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action. Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$506,101 and \$44,438 in the general fund and human services fund, respectively. Budgets are adopted at the detail level of expenditure.

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. LIMITATIONS ON THE COUNTY'S TAX LEVY RATE AND ITS ABILITY TO ISSUE NEW DEBT

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

The county may also exceed the limitation by holding a referendum (according to state statutes) authorizing the county board to approve a higher rate. The county may also exceed the rate if it increases the services it provides due to a transfer of these services from another governmental unit. The State Budget Bill also imposes restrictions on the county's ability to issue new debt. Generally, referendum approval is required to issue unlimited tax general obligation debt, with the following exceptions:

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

As part of Wisconsin's Act 32 (2011), legislation was passed that temporarily suspends this limit for the county's levy imposed in December 2011 and December 2012.

C. LIMITATIONS ON THE COUNTY'S TAX LEVY

As part of Wisconsin's Act 32 (2011), legislation was passed that limits the county's future tax levies. Generally, the county is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the county's equalized value due to new construction, or zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The county maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

The county's cash and investments at year end were comprised of the following:

	Carrying Value		Statement Balance		Associated Risks
Deposits LGIP Petty cash Cash on hand	\$	2,511,165 8,021 7,369 51,503	\$	8,021	Custodial credit Credit N/A N/A
Total Cash and Investments	\$	2,578,058	\$	2,700,276	
Reconciliation to financial statements Per statement of net position Per statement of assets and liabilities –	\$	2,217,847			
Agency Funds		360,211			
Total Cash and Investments	\$	2,578,058			

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited for noninterest bearing transaction accounts through December 31, 2012. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit amounts (interest-bearing and noninterest bearing) are insured for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing the custodial credit risk.

The county maintains a collateral agreement with its bank. At December 31, 2012, the bank had pledged various government securities in the amount of \$12,868,023 to secure the county's deposits.

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the county's deposits may not be returned to the county.

The county does not have any deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

At December 31, 2012, the county had investments in the following external pools which are not rated:

Local Government Investment Pool

See Note I.D.1 for further information on deposit and investment policies.

B. RECEIVABLES

Receivables not expected to be collected within one year include \$1,541,769 in the general fund.

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

	<u>Ur</u>	navailable	Unearned	Totals		
Property taxes receivable						
for subsequent year	\$	-	\$ 10,933,626	\$	10,933,626	
Delinquent property taxes receivable		461,569	-		461,569	
Deferred interest		1,780	-		1,780	
Total Deferred/Unearned Revenue						
for Governmental Funds	\$	463,349	\$ 10,933,626	\$	11,396,975	

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

Delinquent property taxes purchased from other taxing authorities are reflected as nonspendable fund balance at year-end. Delinquent property taxes levied by the county are reflected as deferred revenue and are excluded from the fund balance until collected. At December 31, 2012, delinquent property taxes by year levied consists of the following:

Tax Certificates	
2012	\$ 750,572
2011	438,129
2010	214,041
2009	92,923
2008	9,338
2007	4,212
2006	81
2005	-
2004	79
Tax deeds	 32,394
Total Delinquent Property Tax Receivable	1,541,769
Less: January and February 2013 collections	(203,534)
Subtotal	1,338,235
County levied portion	 (461,569)
County Purchased Portion	\$ 876,666

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance		
Governmental Activities						
Capital assets not being depreciated						
Land	\$ 147,049	\$ -	\$ -	\$ 147,049		
Total Capital Assets Not Being						
Depreciated	147,049			147,049		
Capital assets being depreciated/						
Amortized						
Land improvements	263,458	119,629	-	383,087		
Buildings and improvements	9,176,757	191,220	-	9,367,977		
Machinery and equipment	3,245,259	189,274	125,030	3,309,503		
Infrastructure	17,421,636	-	-	17,421,636		
Intangible software	91,570	13,787	-	105,357		
Total Capital Assets						
Being Depreciated	30,198,680	513,910	125,030	30,587,560		

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

C.	CAPITAL	ASSETS	(cont.)	١
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C. CAPITAL ASSETS (CONT.)				
	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.) Less: Accumulated depreciation/ amortization for				
Land improvements Buildings and improvements	\$ (63,336) (2,695,060)	(232,189)	-	\$ (81,893) (2,927,249)
Machinery and equipment Infrastructure Intangible software	(2,072,268) (10,380,935) (61,706)	(303,041) (205,435) (9,243)	96,799 - -	(2,278,510) (10,586,370) (70,949)
Total Accumulated Depreciation	(15,273,305)	(768,465)	(96,799)	(15,944,971)
Net Capital Assets Being Depreciated	14,925,375	(254,555)	28,231	14,642,589
Total Governmental Activities Capital Assets, Net of Depreciation	\$ 15,072,424	<u>\$ (254,555)</u>	\$ 28,231	\$ 14,789,638
Depreciation expense was charged to	functions as follow	ws:		
Governmental Activities General government Public safety Public works, which includes the dep Health and human services Culture, recreation and education Conservation and economic develop		structure		\$ 71,318 340,347 205,435 131,110 11,398 8,857
Total Governmental Activities Dep	reciation Expens	е		\$ 768,465

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)

Business-type Activities	Begin Bala	-	_A	dditions	 Deletions	Ending Balance		
Capital assets not being depreciated Land Gravel pit and quarry Total Capital Assets	•	33,331 30,138	\$	59,493 <u>-</u>	\$ - -	\$	92,824 30,138	
Not Being Depreciated		63,469		59,493	 		122,962	
Capital assets being depreciated	4	04 700					404 700	
Land improvements		01,739		-	-		401,739	
Buildings and improvements Machinery and equipment		29,271		- 575 140	- 526 177		5,629,271	
Other capital assets		73,894 30,497		575,149	536,177		7,312,866 30,497	
Total Capital Assets		30,431		<u>-</u>	 <u>_</u>	_	30,491	
Being Depreciated	13,3	35,401		575,149	 536,177		13,374,373	
Less: Accumulated depreciation for								
Land improvements	(1	16,758)		(17,298)	-		(134,056)	
Buildings and improvements	(1,0	47,954)		(146,629)	-		(1,194,583)	
Machinery and equipment	(4,8	87,606)		(274,289)	(342,825)		(4,819,070)	
Other capital assets	(25,92 <u>2</u>)					(25,922)	
Total Accumulated Depreciation	(6,0	78,240)		(438,216)	(342,825)		(6,173,631)	
Business-type Capital Assets, Being Depreciated	7,2	57,161		136,933	 193,352		7,200,742	
Total Business-type Capital Assets, Net of Depreciation	\$ 7,3	20,630	\$	196,426	\$ 193,352	\$	7,323,704	

Depreciation expense was charged to functions as follows:

Business-type Activities Highway

\$ 438,216

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND TRANSFERS

The following is a schedule of interfund transfers:

Fund Transferred To	rred To Fund Transferred From		Amount	Principal Purpose			
General Debt Service Highway Human Services	Human Services Capital Projects General General	\$	187,675 24,855 519,553 52,252	Lapsing funds Apply to debt service Charges for services Outlay expenses			
Subtotal – Fund Financial Statements			784,335				
Less: Fund eliminations			(264,782)				
Total Transfers – Government-Wide Statement of Activities		<u>\$</u>	519,553				

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2012 was as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance		Increases		<u>D</u>	ecreases	Ending Balance	Amounts Due Withir One Year	
General obligation debt Add/(Subtract) deferred amounts for:	\$	9,834,438	\$	85,000	\$	438,271	\$ 9,481,167	\$	427,972
Premiums		123,192		-		7,247	115,945		-
Subtotals	_	9,957,630		85,000		445,518	9,597,112	_	427,972
Other liabilities Vested compensated absences	_	415,443		119,883		101,653	433,673		106,819
Total Governmental Activities Long-Term Liabilities	\$	10,373,073	\$	204,883	\$	547,171	<u>\$10,030,785</u>	<u>\$</u>	534,791

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

		Beginning Balance	<u>Ir</u>	ncreases	D	ecreases	Ending Balance	Dι	mounts ue Within ne Year
BUSINESS-TYPE ACTIVITIES									
Other liabilities									
Vested compensated absences	\$	241,297	\$	74,320	\$	96,028	\$ 219,589	\$	60,131
Capital leases		407,756		435,421		230,587	612,590		193,734
Total Other Liabilities		649,053		509,741	_	326,615	 832,179		253,865
		<u> </u>		<u> </u>		<u> </u>	 <u> </u>		<u> </u>
Total Business-type Activities	3								
Long-Term Liabilities	\$	649,053	\$	509,741	\$	326,615	\$ 832,179	\$	253,865

GENERAL OBLIGATION DEBT

All general obligation notes and bonds payable are backed by the full faith and credit of the county. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the county may not exceed 5% of the equalized value of taxable property within the county's jurisdiction. The debt limit as of December 31, 2012 was \$77,646,725. Total general obligation debt outstanding at year end was \$9,481,167.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-12
Governmental Activities General Obligation Debt					
Land Trust Loan No. 3 Refunding Bond Land Trust Loan No. 4 Land Trust Loan No. 5	03/30/04 06/01/09 08/13/11 10/02/12	03/15/14 04/01/29 03/15/16 03/15/17	3.75% 3.00% – 4.50% 3.25% 2.50%	\$ 770,000 9,735,000 128,485 85,000	\$ 177,168 9,140,000 78,999 85,000
Totals					\$ 9,481,167

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

GENERAL OBLIGATION DEBT (cont.)

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt							
<u>Years</u>	 Principal Interest							
2013	\$ 427,972	\$	377,982					
2014	461,102		366,888					
2015	478,068		347,994					
2016	461,739		331,149					
2017	477,286		313,810					
2018-2022	2,550,000		1,274,762					
2023-2027	3,155,000		689,427					
2028-2029	 1,470,000		66,825					
Totals	\$ \$ 9,481,167 \$ 3,768,8							

CAPITAL LEASES

Refer to Note IV. F.

OTHER DEBT INFORMATION

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The county believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LEASE DISCLOSURES

Lessee - Capital Leases

Marquette County Highway Department has entered into capital lease agreements for various machinery and equipment. The gross amount of these assets under capital lease is \$969,641, which are included in capital assets in the business-type activities. Following is a schedule of future minimum lease payments required under these capital leases:

	Business-type Activities										
<u>Years</u>	F	Principal		Interest		Totals					
2013	\$	193,734	\$	23,903	\$	217,637					
2014		156,467		17,734		174,201					
2015		75,795		10,503		86,298					
2016		64,068		7,304		71,372					
2017		122,526	_	4,977		127,503					
Totals	\$	612,590	\$	64,421	\$	677,011					

Lessee - Operating Leases

The county has no material operating leases with a remaining noncancellable term exceeding one year.

Lessor - Capital Leases

The county has no material outstanding sales-type or direct financing leases.

Lessor – Operating Leases

The county does not receive material lease payments from property rented to others.

G. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

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

Governmental Activities

Net	Investment	in Capita	l Assets
1.5	and		

Land	Э	147,049
Other capital assets, net of accumulated depreciation		14,642,589
Less: Related long-term debt outstanding		(4,819,767)
Add: Unamortized debt discount/premium		(115,945)
Total Net Investment in Capital Assets	\$	9,853,926

4 47 0 40

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2012 include the following:

Nonspendable Major Fund General Fund County purchased tax deeds and certificates Inventories Prepaid items	\$	876,666 7,472 359,879
Total	\$	1,244,017
Restricted Major Fund General fund		
Grant agreements	\$	231,208
Human Services Grant agreements		27,675
Debt Service Debt service	_	5,846
Total	<u>\$</u>	264,729
Assigned Major Funds General Fund		
Carryovers Applied to 2013 budget Sub-total	\$	274,893 173,000 447,893
Human Services Carryovers	_	16,763
Total	<u>\$</u>	464,656
Unassigned		
Major Funds General fund	<u>\$</u>	1,885,398

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible county employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system (PERS). All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year, and expected to be employed for at least one year from the 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, expected to work at least 1,200 hours a year, and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Prior to June 29, 2011, covered employees in the General 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.

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 and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2012 are:

	<u>Employee</u>	<u>Employer</u>
General	5.9%	5.9%
Executives and 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 WRS for the year ended December 31, 2012 was \$6,853,974; the employer's total payroll was \$7,001,713. The total required contribution for the year ended December 31, 2012 was \$922,975, or 13.5 percent of covered payroll. Of this amount, 100 percent was contributed for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$910,456 and \$879,891, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting an 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.

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2012, there was no pension-related debt for the county.

B. RISK MANAGEMENT

The county is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. The county participates in a public entity risk pool called Wisconsin County Mutual Insurance Corporation to provide coverage for losses from torts; theft of, damage to, or destruction of assets; errors and omission; and workers' compensation. Other risks, such as health care of its employees, are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded available coverage in any of the three prior years. There were no significant reductions in coverage compared to the prior year.

Public Entity Risk Pool

Wisconsin County Mutual Insurance Corporation

Fifty-five Wisconsin counties jointly participate in the Wisconsin County Mutual Insurance Corporation (WCMIC) for general and automobile liability insurance. The creation of the County Mutual requires the establishment of capital reserves with each of the participating counties depositing amounts as specified in projected rates. This company began operation on January 1, 1988. Marquette County's approximate share of the operation is 1.89%.

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

Summary financial information of WCMIC as of December 31, 2012 can be obtained directly from WCMIC's offices.

C. COMMITMENTS AND CONTINGENCIES

From time to time, the county is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the county corporation 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 county has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

D. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Application of these standards may restate portions of these financial statements.

E. SUBSEQUENT EVENT

On June 25, 2013, the county received a state trust fund loan of \$240,000 for dredge bank reconstruction.

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

		Budgeted	l An	nounts			Var	iance with
		Original		Final		Actual		al Budget
REVENUES								
TAXES								
General property taxes	\$	8,210,528	\$	8,210,526	\$	8,239,240	\$	28,714
Interest on taxes		225,500		225,500		267,937		42,437
Forest crop tax		5,000		5,000		5,612		612
Register of deeds - real estate transfer tax		25,000		25,000		26,701		1,701
County sales tax	_	635,000		635,000		736,616		101,616
Total Taxes		9,101,028		9,101,026		9,276,106		175,080
INTERGOVERNMENTAL								
Shared taxes from state		75,602		75,602		74,919		(683)
Highway aids		749,320		749,320		885,059		135,739
Circuit court		69,821		69,821		68,059		(1,762
District attorney		32,000		32,000		26,036		(5,964
Land records - WLIP		-		26,234		26,234		-
Sheriff		10,000		25,400		52,454		27,054
Emergency management		41,266		45,103		42,916		(2,187
Emergency medical services		-		6,578		6,578		-
Computer aid		9,500		9,500		9,197		(303
Public health		53,842		53,842		47,107		(6,735
Child support		120,000		120,240		155,266		35,026
Zoning		-		9,010		9,010		-
Veterans service		8,500		8,500		8,500		-
Land and water conservation		286,058		289,333		273,713		(15,620
University extension		10,690		16,115		14,975		(1,140
Rural planning		-		91,467		91,467		-
Surveying		-		32,283		32,283		-
State PILT		18,000		18,000		29,635		11,635
Total Intergovernmental		1,484,599		1,678,348		1,853,408		175,060
LICENSES AND PERMITS								
Dog		5,000		5,000		7,195		2,195
Zoning		131,755		137,145		120,603		(16,542
Total Licenses and Permits	_	136,755	_	142,145	_	127,798		(14,347
FINES, FORFEITURES AND PENALTIES								
Circuit court Jail		110,000		110,000 24,073		107,939 24,073		(2,061
Total Fines, Forfeitures and Penalties		110,000		134,073		132,012	-	(2,061

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (cont.) BUDGET AND ACTUAL For the Year Ended December 31, 2012

	Budgeted Amounts						Vari	ance with
		Original		Final		Actual	Fin	al Budget
PUBLIC CHARGES FOR SERVICES								
Circuit court	\$	51,000	\$	51,000	\$	50,513	\$	(487)
Coroner	*	6,000	Ψ	6,000	Ψ	5,952	Ψ	(48)
County clerk		31,638		31,638		21,395		(10,243)
Administrative coordinator		150		150		118		(32)
Treatment court		-		1,442		1,442		-
Redaction funds		_		20,875		20,875		_
Information technology		500		500		717		217
Treasurer		1,100		1,100		756		(344)
Law enforcement		68,000		85,454		182,849		97,395
Register of deeds		72,300		72,300		106,087		33,787
Property		14,300		30,193		30,940		747
Sheriff		22,000		22,000		7,807		(14,193)
Emergency medical services		506,500		506,500		555,854		49,354
Emergency management		_		1,178		1,702		524
Public health		48,400		50,400		37,899		(12,501)
Health		-		3,240		3,240		-
University extension		900		1,476		949		(527)
Surveyor		7,000		7,000		523		(6,477)
Rural planning		500		500		974		474
Humane officer fees		1,000		1,000		1,890		890
Total Public Charges for Services		831,288		893,946	_	1,032,482		138,536
INTERGOVERNMENTAL CHARGES FOR SERVICE	S							
Sheriff		10,000		10,000		19,099		9,099
Emergency medical services		27,800		27,800		27,982		182
Emergency management		_		1,650		1,650		-
Total Intergovernmental Charges for Services		37,800		39,450		48,731		9,281
INVESTMENT INCOME								
Investment income		20,000		20,019		11,854		(8,165)
MISCELLANEOUS								
Rent		5,040		15,024		17,112		2,088
Sale of property		3,500		21,148		23,424		2,276
Insurance recoveries		-				1,311		1,311
Donations		_		9,014		9,014		
Miscellaneous		111,000		142,347		154,407		12,060
Total Miscellaneous	-	119,540		187,533		205,268		17,735
Total Revenues	1	1,841,010		12,196,540		12,687,659		491,119

See independent auditors' report and accompanying notes to required supplementary information.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (cont.) BUDGET AND ACTUAL

	Budgeted /	Amounts		Variance with
	412,575 414,62: 24,055 24,25: 16,839 17,01: 3,000 6,43: 337,721 339,91: 111,803 112,24: 157,508 157,94: 179,346 192,42: 482,443 485,05: 31,222 54,38: 14,000 25,28: 62,900 62,900: 65,093 65,76		Actual	Final Budget
EXPENDITURES				
GENERAL GOVERNMENT				
County board		71,364	\$ 71,364	\$ -
Circuit court	412,575	414,628	387,782	26,846
Family court commissioner	24,055	24,254	24,236	18
Mediation services	16,839	17,017	17,017	-
Law library	3,000	6,439	6,439	-
Administrative coordinator	337,721	339,915	334,930	4,985
County clerk	111,803	112,244	108,302	3,942
Treasurer	157,508	157,949	145,967	11,982
Information technology	179,346	192,425	189,953	2,472
Building and grounds	482,443	485,057	439,552	45,505
Elections	31,222	54,385	42,962	11,423
Property	14,000	25,282	24,425	857
Independent auditing	62,900	62,900	62,209	691
District attorney	65,093	65,761	63,102	2,659
Victim witness	56,427	56,882	55,786	1,096
Corporation counsel	84,131	84,861	84,860	1
Child support	130,526	131,633	128,496	3,137
Register of deeds	119,875	110,798	105,302	5,496
Surveyor	160,736	248,624	214,228	34,396
Insurance	254,790	254,790	170,193	84,597
Contingency	55,000	14,169		14,169
Total General Government	2,828,665	2,931,377	2,677,105	254,272
PUBLIC SAFETY				
Sheriff	3,548,575	3,552,056	3,514,713	37,343
Fire suppression	2,000	2,000	-	2,000
Emergency medical services	750,697	770,389	712,812	57,577
Emergency management	115,128	115,128	77,851	37,277
Jail	96,900	172,509	113,598	58,911
Coroner	67,860	67,860	51,990	15,870
Total Public Safety	4,581,160	4,679,942	4,470,964	208,978
PUBLIC WORKS				
Highway charges	1,976,207	2,362,627	2,956,420	(593,793)
	1,976,207	2,362,627	2,956,420	(593,793)
Total Public Works	1,970,207	2,002,027	2,300,420	(333,133)

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (cont.) BUDGET AND ACTUAL

	Budgeted Amounts							Variance with		
		Original		Final	,	Actual	Fi	nal Budget		
HEALTH AND HUMAN SERVICES										
Public health	\$	405,110	\$	426,301	\$	377,997	\$	48,304		
Veterans service	,	69,691	•	83,699	,	50,905	,	32,794		
Humane society		11,555		12,478		12,478		, -		
Total Health and Human Services		486,356		522,478		441,380		81,098		
Total Floatili and Haman Colvidos		,	-	022, 0		, , , , ,		0.,000		
CULTURE, RECREATION AND EDUCATION										
Library		220,664		220,664		220,666		(2)		
Museum		4,000		4,000		2,537		1,463		
Parks		11,750		12,295		12,295		-		
Snowmobile trail		· -		91,467		88,090		3,377		
Fair board		6,600		6,600		6,260		340		
University extension		199,367		230,556		214,613		15,943		
Total Culture, Recreation and Education		442,381		565,582		544,461		21,121		
		<u> </u>						,		
CONSERVATION AND ECONOMIC DEVELOPMENT										
Parks - fish and game project		_		7,206		_		7,206		
Wildlife damage program		33,000		33,000		28,478		4,522		
Land conservation		235,995		238,606		232,490		6,116		
Special sanitary		98,000		115,569		91,812		23,757		
Farmer assistance		60,000		61,595		61,595		-		
Tree planter		-		64,527		22,744		41,783		
Economic development		-		7,892		5,248		2,644		
Recycling		74,889		74,889		79,036		(4,147)		
Zoning		213,012		214,439		197,214		17,225		
Total Conservation and Economic Development		714,896		817,723		718,617		99,106		
CAPITAL OUTLAY		291,792		655,712		376,803		278,909		
Total Expenditures	1	1,321,457	12	,535,441	12	2,185,750		349,691		
·										
Excess (deficiency) of revenues over										
expenditures		519,553		(338,901)		501,909		840,810		
•										
OTHER FINANCING SOURCES (USES)										
Transfers in		-		-		187,675		187,675		
Transfers out		(519,553)		(571,805)		(571,805)		-		
Total Other Financing Sources (Uses)		(519,553)		(571,805)		(384,130)		187,675		
rotal outer rinarioning obaroos (obos)		(0.10,000)		(011,000)		(,)		,		
Net change in fund balance		_		(910,706)		117,779		1,028,485		
The total go in tall a balance				(0.0,.00)		,		.,020,.00		
FUND BALANCE - Beginning of Year		3,690,737	3	,690,737	3	3,690,737		_		
				<u> </u>						
FUND BALANCE - END OF YEAR	\$	3,690,737	\$ 2	,780,031	\$ 3	3,808,516	\$	1,028,485		
. 3.15 5.15 11.02 2.15 01 12.11	<u></u>	-,,		,,	<u> </u>	,,,,,,,,	<u> </u>	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		

HUMAN SERVICES SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

Budgeted Amounts						Va	riance with
			Actual		Final Budget		
\$	1,538,747	\$	1,538,747	\$	1,538,747	\$	-
							7,567,182
	•		•		,		60,989
			-	_		_	24,562
_	4,179,673		4,179,673		11,832,406		7,652,733
	4.252.030		4.252.030		11.672.650		(7,420,620)
			, , , , , , , , , , , ,			-	<u>(</u>
_	(72,357)		(72,357)		159,756		232,113
	52.252		52.252		52.252		_
	<u>-</u>		-		(187,675)		(187,675)
	52,252		52,252		(135,423)		(187,675)
	(20,105)		(20,105)		24,333		44,438
	20,105		20,105		20,105		-
	<u> </u>		<u> </u>	_	<u> </u>		
\$		\$		\$	44,438	\$	44,438
		Original \$ 1,538,747 2,208,905 431,895 126 4,179,673 4,252,030 (72,357) 52,252 52,252 (20,105) 20,105	Original \$ 1,538,747 \$ 2,208,905	Original Final \$ 1,538,747 \$ 1,538,747 2,208,905 2,208,905 431,895 431,895 126 126 4,179,673 4,179,673 4,252,030 4,252,030 (72,357) (72,357) 52,252 52,252 52,252 52,252 (20,105) (20,105)	Original Final \$ 1,538,747 \$ 1,538,747 \$ 2,208,905 431,895 431,895 431,895 126 126 4,179,673 4,252,030 4,252,030 4,252,030 (72,357) (72,357) (72,357) 52,252 52,252 - 52,252 52,252 - (20,105) (20,105) 20,105	Original Final Actual \$ 1,538,747 \$ 1,538,747 \$ 1,538,747 2,208,905 2,208,905 9,776,087 431,895 431,895 492,884 126 126 24,688 4,179,673 4,179,673 11,832,406 (72,357) (72,357) 159,756 52,252 52,252 (187,675) 52,252 52,252 (135,423) (20,105) (20,105) 24,333 20,105 20,105 20,105	Original Final Actual Fi \$ 1,538,747 \$ 1,538,747 \$ 1,538,747 \$ 2,208,905 9,776,087 431,895 492,884 492,884 424,688 424,688 4,179,673 11,832,406 4,179,673 11,832,406 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 4,252,030 11,672,650 1,272,252 1,272,252 1,272,252 1,272,252 1,272,252 1,272,252 1,272,252 1,272,252 1,272,252 1,272,252 1,272,252 1,272,252 1,272,252 1,272,252 1,272,252 1,272,252 1,272,252 1,272,252 1,

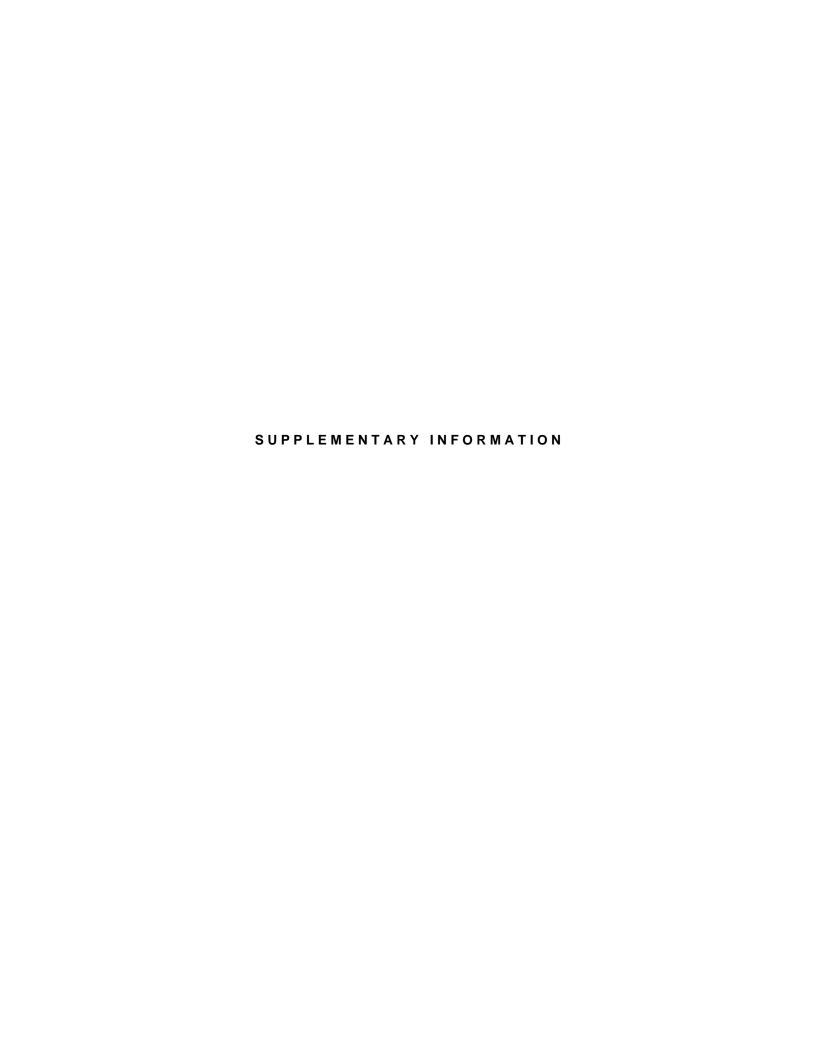
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2012

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations are as follows:

General Fund	Amended Budget		Expenditures			Excess		
Highway charges Library Recycling	\$	2,362,627 220,664 74,889	\$	2,956,420 220,666 79,036	\$	593,793 2 4,147		
Human Services Fund								
Health and human services Transfer out		4,252,030		11,672,650 187,675		7,420,620 187,675		



COMBINING STATEMENT OF ASSETS AND LIABILITIES ALL AGENCY FUNDS As of December 31, 2012

ASSETS	County Treasurer		Clerk of Courts		Sheriff		Total Agency Funds	
Cash and investments	\$	142,460	\$	211,995	\$	5,756	\$	360,211
Taxes receivable	Ψ	263,542	Ψ	-	Ψ	-	Ψ	263,542
Accounts receivable		125						125
TOTAL ASSETS	<u>\$</u>	406,127	\$	211,995	\$	5,756	\$	623,878
LIABILITIES								
Accounts payable	\$	10,382	\$	-	\$	-	\$	10,382
Due to other governmental units		387,513		-		-		387,513
Funds held for others		8,232	_	211,995		5,756		225,983
TOTAL LIABILITIES	\$	406,127	\$	211,995	\$	5,756	\$	623,878