

SAUK COUNTY

Baraboo, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2011

SAUK COUNTY

TABLE OF CONTENTS As of and for the Year Ended December 31, 2011

	<u>Page</u>
<i>INDEPENDENT AUDITORS' REPORT</i>	i – ii
<i>MANAGEMENT'S DISCUSSION AND ANALYSIS</i>	iii – xv
<i>BASIC FINANCIAL STATEMENTS</i>	
Government-wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2 – 3
Fund Financial Statements	
Balance Sheet – Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Assets – Proprietary Funds	7 – 8
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	9
Statement of Cash Flows – Proprietary Funds	10 – 11
Statement of Fiduciary Net Assets – Agency Funds	12
Notes to Financial Statements	13 – 53
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	54 – 56
Human Services Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	57
Other Postemployment Benefits Plan – Schedule of Funding Progress	58
Notes to Required Supplementary Information	59

SAUK COUNTY

TABLE OF CONTENTS As of and for the Year Ended December 31, 2011

	<u>Page</u>
<i>SUPPLEMENTARY INFORMATION</i>	
Combining Balance Sheet – Nonmajor Governmental Funds	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	61
Combining Statement of Net Assets – Internal Service Funds	62
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Funds	63
Combining Statement of Cash Flows – Internal Service Funds	64
Combining Statement of Fiduciary Net Assets – Agency Funds	65

INDEPENDENT AUDITORS' REPORT

To the County Board of Supervisors
Sauk County
Baraboo, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sauk County, Wisconsin, as of and for the year ended December 31, 2011, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sauk County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Sauk County Housing Authority, the discretely presented component unit of Sauk County. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Sauk County Housing Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sauk County, Wisconsin, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I.B., the county adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011.

In accordance with *Government Auditing Standards*, we will also issue a report on our consideration of Sauk County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the County Board of Supervisors
Sauk County, Wisconsin

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and schedule of funding progress 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, economical, 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 Sauk County's basic financial statements. The combining financial statements as listed in the table of contents are presented for purposes of additional analysis and are 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Baker Jilly Vrichow Krause, CPA

Madison, Wisconsin
July 30, 2012

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

As management of Sauk County, we offer readers of Sauk County's financial statements this narrative overview and analysis of the financial activities of Sauk County for the fiscal year ended December 31, 2011. This section should be read in conjunction with the financial statements and the accompanying notes that follow. It should also be noted that the information contained herein will provide information on both the governmental operations and the business-type activities of the County.

FINANCIAL HIGHLIGHTS

- > The County's primary government total net assets increased by \$9.44 million, or 8.3%, from the prior year. The County's investment in capital assets net of related debt increased by \$6,529,000, consisting of routine infrastructure upgrades and new Highway BD previously State Highway 12. Assets increased by a net \$6,467,000, comprised of increases in cash and investments of \$1.7 million and capital assets net of depreciation of \$4.557 million. Liabilities decreased by \$2.97 million, or 4.0%, from decreases in general obligation debt.
- > The County's primary government operating expenses in 2011 were \$9.0 million less than 2010. Decreased expenses include \$2.5 million in health and human services due in most part to no longer contracting Human Services staff for the Family Care Program, \$3.6 million decrease in public safety due to closure of jail unit A (\$1.1 million) and completion of CDBG Emergency Assistance Program for flood recovery projects (\$2.2 million). Highway expenses decreased \$1.4 million, or 17.6%, with changes in the level of infrastructure maintenance. Health Care Center expenses decreased \$796,000 due mostly to prior year demolition of the vacated facility.
- > Program revenues decreased by 4.0%, or \$1.42 million. Directly related to expense changes was \$1,929,000 for loss of revenue due to discontinued family care contract and \$2,154,000 in public safety with completion of flood recovery projects. Public safety also had a \$1,417,000 decrease in housing prisoners from other jurisdictions. Public works capital grants and contributions increased \$4,842,000 due to state contributed County Highway BD. Highway program revenues decreased \$609,000.
- > The County's primary government total debt decreased by \$1.94 million during the current fiscal year, with decreases of \$1.97 million for scheduled debt service payments.

OVERVIEW OF FINANCIAL STATEMENTS

Sauk County's financial statements consist of four parts:

1. Management Discussion and Analysis - This discussion and analysis is intended to serve as an introduction to Sauk County's basic financial statements.
2. Basic Financial Statements - The basic financial statements have three components:
 - > Government-wide financial statements provide both long-term and short-term information about the County's overall financial status.
 - > Fund financial statements focus on individual parts of County government and report on the County's operations in more detail than the government-wide statements.
 - > Notes to financial statements explain some of the information in the financial statements and provide more detailed data.

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

OVERVIEW OF FINANCIAL STATEMENTS (cont.)

3. Required Supplementary Information - The required supplementary information further explains and supports the information in the financial statements.
4. Supplementary Information - The supplementary information contains combining statements that provide details about the non-major governmental and internal service funds. The non-major funds are aggregated and presented in a single column in the basic financial statements, as are the internal service funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

Both of the government-wide financial statements distinguish functions of Sauk 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 Sauk County include public safety; public works; health and social services; culture, education and recreation; conservation and development; and general government. The business-type activities of Sauk County include the highway operation and nursing home.

The government-wide financial statements include not only Sauk County itself (known as the primary government), but also a legally separate housing authority for which the County may have a legal responsibility. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

OVERVIEW OF FINANCIAL STATEMENTS (cont.)

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. Sauk 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 Sauk County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for the governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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.

Sauk County maintains 14 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Human Services Fund, both of which are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Sauk County adopts an annual budget for all its governmental funds. A budgetary comparison schedule has been provided for the General and Human Services funds to demonstrate compliance with these budgets.

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

OVERVIEW OF FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

Proprietary Funds: Services for which Sauk County charges customers a fee to provide are reported in proprietary funds. Sauk County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Sauk County uses enterprise funds to account for its Highway and Health Care Center. Internal service funds are an accounting device used to accumulate and allocate costs internally among Sauk County's various functions. Sauk County uses internal service funds to account for its self-insured deductible payments via the County Insurance Fund and self-insured workers compensation via the Workers Compensation Fund. The services provided by these funds benefit the business-type and governmental functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Highway and Health Care Center, both of which are considered major funds of Sauk County. The County Insurance and Workers Compensation Funds are reported as internal service funds in the proprietary fund financial statements.

Fiduciary Funds: Fiduciary funds are used to account for resources held in trust 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 Sauk County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE GOVERNMENT-WIDE PRESENTATION

An analysis of the County's financial position begins with a review of the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets. These two statements report the County's net assets 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.

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE GOVERNMENT-WIDE PRESENTATION (cont.)

Sauk County Condensed Statements of Net Assets

	Governmental Activities 2010	Governmental Activities 2011	Business-type Activities 2010	Business-type Activities 2011
Current and other assets	\$ 63,939,463	\$ 66,473,873	\$ 14,360,735	\$ 13,736,172
Capital assets, net of Depreciation	88,753,093	93,268,777	21,768,472	21,810,068
Total Assets	<u>152,692,556</u>	<u>159,742,650</u>	<u>36,129,207</u>	<u>35,546,240</u>
Current and other liabilities	31,478,984	31,207,183	8,854,448	8,223,549
Non-current liabilities	20,464,822	18,760,106	14,056,275	13,690,978
Total Liabilities	<u>51,943,806</u>	<u>49,967,289</u>	<u>22,910,723</u>	<u>21,914,527</u>
Net Assets:				
Invested in capital assets, net of related debt	69,963,093	76,183,777	7,951,379	8,248,688
Restricted	4,457,425	11,682,384	39,979	-
Unrestricted	<u>26,328,232</u>	<u>21,909,200</u>	<u>5,227,126</u>	<u>5,383,025</u>
TOTAL NET ASSETS	<u>\$ 100,748,750</u>	<u>\$ 109,775,361</u>	<u>\$ 13,218,484</u>	<u>\$ 13,631,713</u>

Governmental activities assets increased \$7.1 million, of which \$1.8 million was an increase in cash and investments. The change in assets also contained increases in taxes receivable of \$329,000 (with an equal increase in unearned revenues) and a total increase in other receivables of \$668,000, 65% of which relates to extension of loans through multiple Community Block Development grants. There was also a decrease in delinquent taxes receivable of \$152,647, or 3%, significant in that there is a decrease considering the economy. Governmental activities capital assets net of depreciation increased \$4.5 million, about 5.0%, reflecting ongoing replacements of assets including primarily infrastructure and the \$4.8 million state capital contribution. Total governmental activities liabilities decreased by \$2.0 million, or 3.81%. Liability categories remained stable, with decreases in noncurrent liabilities reflecting planned debt service payments of \$1.7 million. Finally, total governmental activities net assets have increased \$9.0 million, including favorable results compared to budget in interest collected on delinquent taxes (\$670,000), sales tax collections (\$505,000), certain nursing homes aids (\$703,000), and leaving a variety of staff positions unfilled as they became vacant combined with a change in employee retirement contribution.

Business-type activities total assets decreased by \$583,000. Decrease in taxes receivable totaled \$329,000. Business-type activities liabilities decreased \$996,000, or 4.35%. Debt-related liabilities decreased \$260,000 with payment on Health Care Center construction debt. Finally, total business-type activities net assets increased \$413,000, or 3.13%.

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE GOVERNMENT-WIDE PRESENTATION (cont.)

Sauk County's Changes in Net Assets

	Governmental Activities 2010	Governmental Activities 2011	Business-type Activities 2010	Business-type Activities 2011
REVENUES				
Program Revenues				
Charges for services	\$ 5,797,259	\$ 4,291,119	\$ 9,911,180	\$ 9,522,466
Operating grants and contributions	17,155,132	12,922,306	2,212,906	2,204,646
Capital grants and contributions	47,507	4,841,832	87,890	8,000
General Revenues				
Property taxes	21,726,126	22,114,182	6,932,994	6,417,115
Sales taxes	7,143,095	7,141,062	-	-
Other taxes	1,572,424	1,585,702	-	-
Intergovernmental revenues not restricted to specific programs	1,126,771	1,038,237	-	-
Other	637,118	723,162	140,444	11,508
Total Revenues	55,205,432	54,657,602	19,285,414	18,163,735
EXPENSES				
General government	6,713,007	6,662,039	-	-
Public safety	20,349,755	16,406,236	-	-
Public works	2,121,530	2,092,488	-	-
Health and social services	21,096,870	18,528,380	-	-
Culture, education and recreation	1,727,049	1,536,786	-	-
Conservation and development	1,714,084	1,763,364	-	-
Interest and fiscal charges	787,831	725,370	-	-
Highway	-	-	7,841,103	6,460,661
Health Care Center	-	-	9,998,641	9,206,173
Total Expenses	54,510,126	47,714,663	17,839,744	15,666,834
Increase (Decrease) in Net Assets Before Transfers	695,306	6,942,939	1,445,670	2,496,901
Transfers	1,889,049	2,083,672	(1,889,049)	(2,083,672)
Increase in Net Assets	2,584,355	9,026,611	(443,379)	413,229
NET ASSETS - Beginning	98,164,395	100,748,750	13,661,863	13,218,484
NET ASSETS - ENDING	\$ 100,748,750	\$ 109,775,361	\$ 13,218,484	\$ 13,631,713

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

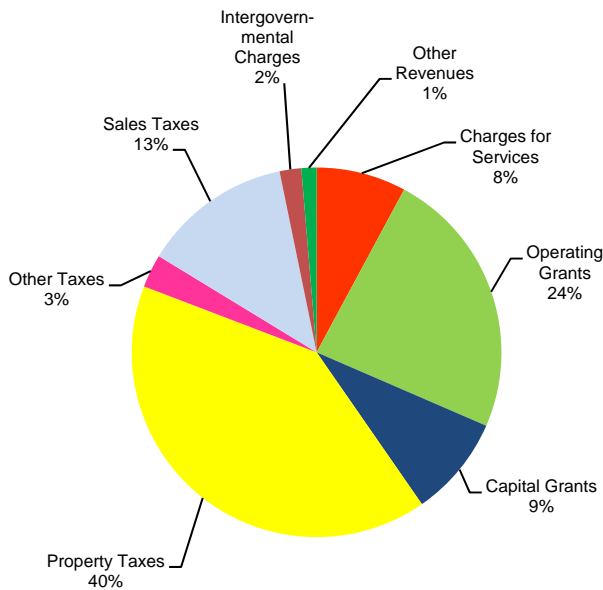
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE GOVERNMENT-WIDE PRESENTATION (cont.)

The County's governmental activities program revenues decreased by \$945,000 overall, or 4.11%. This consisted primarily of decreases of \$1.49 million public safety revenues due to closure of a portion of the jail housing prisoners from the State and \$3.22 decrease in revenues due to completion of 2008 flood relief assistance. There was also a \$2.57 million decrease in health and social services revenue due to change in providing family care staffing and other various program grant funding. The decreases were offset by increases in state contributed capital for County Highway BD valued at \$4.84 million. Sales tax collections and property taxes remained nearly flat compared to 2010.

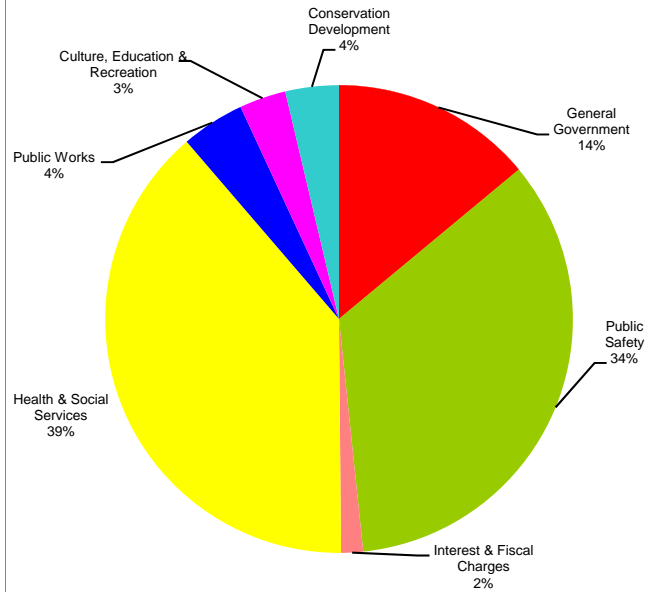
Governmental activities expenses decreased by \$6.80 million overall, or 12.5%. As described in the revenue section, public safety expenses decreased \$3.25 million due to jail unit closure and the completion of certain 2008 flood related programs. Health and social services expenses decreased \$2.57 due to family care staffing changes and other health and social service programming. For the remaining functional areas, expense decreases were primarily related to labor and benefit costs, which comprise nearly half of the County's non-capital expenditures. There were also decreases in interest and fiscal charges of over \$62,000.

The following graphs show the allocation of Sauk County's governmental activities revenues and expenses.

2011 Sauk County Governmental Revenues



2011 Sauk County Governmental Expenses



SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

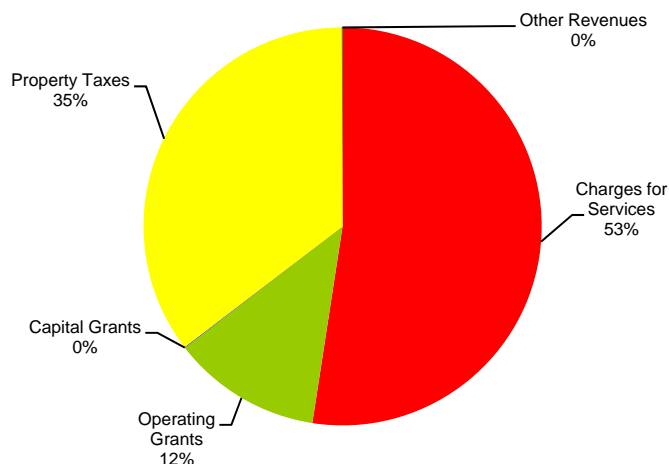
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE GOVERNMENT-WIDE PRESENTATION (cont.)

Business-type activities program revenues decreased by 3.90% overall, \$477,000. This decrease was comprised primarily of a decrease in Highway operating grants from state aids budget cuts. Health Care Center program revenues increased \$132,000 with moderately increased billing rates. Business-type activities property tax allocations decreased \$516,000 due to Highway. Miscellaneous revenues also decreased \$132,000.

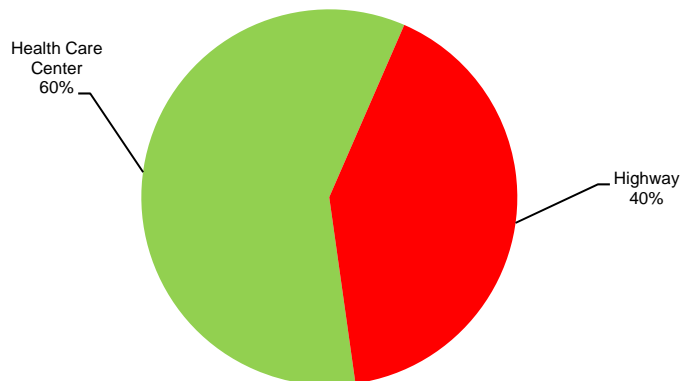
Business-type activities expenses in total decreased \$2.2 million, or 12.2%. This decrease is related to the impact to the Highway budget of maintenance of infrastructure \$1.38 million. The Health Care Center costs decreased \$796,000 due to lower operating costs in the new building and the demolition of the old facility. Both also incurred less expense due to a change to employees contributing toward retirement.

The following graphs show the allocation of Sauk County's business-type activities revenues and expenses.

2011 Sauk County Business-Type Revenues



2011 Sauk County Business-Type Expenses



SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE - THE FUND PRESENTATION

Sauk County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of Sauk County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Sauk County's governmental funds reported combined ending fund balances of \$36,560,542, an increase of \$2.4 million in comparison to the prior year.

In 2011 the County implemented Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. As a result of this implementation, the fund balance section of the balance sheets of the governmental funds has been modified. The change has been made in order for the County's new fund balance components to focus on "the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent". Previously, the fund balance section focused on whether these resources were available for appropriation. It also distinguished the unreserved fund balance from the reserved fund balance. In order to show compliance with GASB Statement No. 54, however, the components of the new fund balance include the following line items:

- a) Nonspendable fund balance (\$2,706,194) includes the portions of net resources that cannot be spent because of their form and they must remain intact.
- b) Restricted (\$10,561,759) and assigned (\$3,076,402) fund balances have imposed external or internal limitations.
- c) Unassigned fund balance (\$20,216,187) is the overall residual positive fund balance that has not been classified within the other above mentioned categories.

Approximately 55% of the fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance has constraints on the specific purposes for which the fund can be spent. The implementation of these new components is intended to decrease confusion and help serve the needs of the financial statement users.

More detailed fund information can be found in the notes to the financial statements.

General Fund: The general fund is the chief operating fund of Sauk County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$20.2 million, while total fund balance reached \$26.2 million. As a measure of the general fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditure. Unassigned fund balance represents 70.1% of total general fund expenditures, while total fund balance represents 91.0% of that same amount.

The fund balance of Sauk County's general fund increased by \$2.0 million during the current fiscal year. Key factors in this growth are:

- > Interest collected on delinquent taxes exceeded budgeted projections by \$670,000.
- > Sales tax collections exceeded budget by \$505,000.

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

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

- > Transfer of excess funds from Human Services exceeded budget by \$481,000.
- > Transfer of Medicaid supplemental payment funds from the Health Care Center exceeded budget by \$74,000.

Human Services Fund: The other major governmental fund of Sauk County is the human services fund. This fund provides services in the area of child protection; juvenile offender assistance; economic support; outpatient mental health and substance abuse; serious mental illness community support; care management for the frail elderly, developmentally disabled and physically disabled; and adult protection. At the end of the current fiscal year, the fund balance was \$2.6 million. The fund balance is 99.8% restricted with the remaining balance unspendable. As a measure of the liquidity, fund balance represents 18.2% of total human services fund expenditure of \$14.4 million.

The fund balance of Sauk County's human services fund increased \$613,000 during the current fiscal year. This included a \$1.7 million decrease in intergovernmental revenues and a \$200,000 increase in property taxes compared to the prior year. An accompanying decrease in expenditures of \$2.1 million was achieved due to volatile, high-cost lines, such as institutional and alternate care, ending the year favorable to budget.

As of the end of the current fiscal year, Sauk County's enterprise funds reported combined ending net assets of \$13.2 million, an increase of \$500,000 in comparison to the prior year. Approximately 37.0% of this total amount constitutes unrestricted net assets, which is available for spending at the government's discretion. The remainder of net assets is invested in capital assets, net of related debt.

Highway Fund: The highway fund reports the operations of Sauk County to maintain the county's roadways and contract with the state and other local municipalities to maintain their roadways. At the end of the current fiscal year, unrestricted net assets of the highway fund were \$3.4 million, while total net assets reached \$9.8 million. Both of these balances are an increase from the prior year of \$696,000. This increase is due to costs being less than expected in labor \$124,000, winter maintenance \$160,000, equipment \$144,000, and road construction \$292,000.

Health Care Center Fund: The health care center fund contains the operations of the county's nursing home. In 2011, fund balance decreased \$181,000, largely related to revenues being less than expected.

BUDGETARY HIGHLIGHTS

Sauk County adopts a budget for all funds of the County at the department level of expenditure. Throughout the year, as additional information becomes available, such as the receipt of funds not originally budgeted or not receiving funds that were anticipated in the original budget, budget amendments can be made. All unspent appropriations lapse to unassigned fund balances at year-end unless specifically re-appropriated by County Board action.

SUPPLEMENTARY APPROPRIATIONS

General Fund: Supplementary appropriations totaled \$2,005,613, much of which (\$1.77 million) was carryforward of funds previously appropriated in 2010 for projects that were not completed. Most of the remainder was appropriation of additional grant funds received.

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

BUDGETARY HIGHLIGHTS (cont.)

SUPPLEMENTARY APPROPRIATIONS (CONT.)

Special Revenue Funds: Supplementary appropriations totaled \$416,241, \$150,000 of which was creation of budgets for appropriating additional grant funds for economic development revolving loans. The remainder was carryforward of funds previously appropriated in 2010 for projects that were not completed or uses of segregated fund balance for specific programs.

Debt Service Fund: Supplementary appropriations totaled \$1,041, due to less interest earned on invested funds than anticipated.

Building Projects Fund: Supplementary appropriations totaled \$149,700, all of which was carryforward of funds previously appropriated in 2010 for projects that were not completed.

Enterprise Funds: Supplementary appropriations totaled \$62,640, most of which was appropriation of additional grant funds.

Internal Service Funds: Supplementary appropriations totaled \$178,830 related to additional funds for workers compensation administration.

Agency Funds: Supplementary appropriations totaled \$574, which was Dog License Fund use of fund balance.

BUDGET TO ACTUAL COMPARISONS – MAJOR GOVERNMENTAL FUNDS

Sauk County's general fund budget was constructed to use of \$2.3 million of general fund balance. Slightly more than \$1.0 million of this was budgeted use in the originally adopted budget for contingent costs, such as less vacancy and turnover of staff than expected; these funds were not needed. Capital projects were deferred to 2012 or accomplished within budget showing a favorable budget variance of \$1.6 million. Wisconsin retirement contribution change and vacant positions contributed \$1.3 million favorable variance to budget. Additionally revenue budgets were exceeded in sales tax, \$505,000, nursing home supplemental payment, \$74,000, and interest on delinquent taxes \$1.3 million. In all, general fund balance exceeded expectations by \$5.9 million.

The human services fund balance exceeded expectations by \$893,000, even though the amended budget anticipated a decrease in fund balance of \$90,000. Revenue lines proved slightly better than budget projections and overall expenditures were less than expected due to volatile, high-cost lines, such as institutional and alternate care, ending the year favorable to budget.

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

CAPITAL ASSETS AND DEBT

CAPITAL ASSETS

Sauk County's investment in governmental activities capital assets as of December 31, 2011 amounted to \$93.3 million (net of depreciation), a net increase of \$4.5 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment. Major additions were reconstructed roadways and other infrastructure totaling \$4.7 million (including construction in progress). This infrastructure increase includes the state contributed capital \$4.8 million, County Highway BD.

The County's investment in business-type activities capital assets as of December 31, 2011 was \$21.8 million (net of depreciation), a net decrease of \$42,000 due to depreciation of existing assets. Increases consisted primarily of routine highway equipment replacement.

Sauk County's Capital Assets (Net of Depreciation)

	Governmental Activities 2010	Governmental Activities 2011	Business-type Activities 2010	Business-type Activities 2011
Land	\$ 1,216,484	\$ 1,216,484	\$ 576,718	\$ 576,718
Purchased development rights	6,302,739	6,325,594	-	-
Construction in progress	938,875	1,054,013	16,734	-
Land improvements	427,584	858,608	129,924	241,991
Buildings	38,074,879	37,454,613	14,905,132	14,619,305
Building improvements	4,469,007	4,421,406	-	-
Machinery, equipment, and vehicles	2,981,401	2,833,686	6,071,251	6,306,224
Infrastructure	34,342,124	39,104,373	68,713	65,830
Totals	<u>\$ 88,753,093</u>	<u>\$ 93,268,777</u>	<u>\$ 22,768,472</u>	<u>\$ 21,810,068</u>

More detailed capital asset information can be found in the notes to the financial statements.

DEBT

Sauk County had \$30,480,000 in general obligation notes and bonds outstanding as of December 31, 2011. \$17,085,000 of this amount is for governmental activities. The remaining \$13,395,000 was issued as financing for construction of a replacement skilled nursing facility.

The County's general obligation bonds and notes ratings by Moody's Investor Services, Inc. are both Aa2.

More detailed debt information can be found in the notes to the financial statements.

SAUK COUNTY

UNAUDITED MANAGEMENT DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Sauk County's years of steady growth in equalized valuations have slowed in recent years, and the County saw a decrease in valuation in 2011 of 2.60% exclusive of tax incremental financing districts. The County is carefully monitoring this trend. The Wisconsin Dells/Lake Delton area, including six tax incremental financing districts in these municipalities, continues to be a strong driver for Sauk County. Also, an artery from Madison to Wisconsin Dells through Sauk County is Highway 12, which is continues to be widened and expanded over the next few years. With this growth comes additional costs for infrastructure maintenance and government services that are provided by the County.

Sauk County's 2012 budget includes no change in property tax dollars levied, \$28.5 million based on systematic reductions in expenditures. Total expenditures, for all County funds, are budgeted to be \$77.5 million. The County continues to adjust to changing economic conditions, resulting in the ability to maintain services without the use of fund balance to supplement diminishing revenue streams. In development of the budget, all known factors were included in the projections. As additional information becomes available throughout the year, the budget will likely be amended by the County Board.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Sauk County's finances and to provide a glimpse at plans for the future and how those plans may affect the financial health of the County. Questions concerning any of the information provided in this report or requests for additional financial information can be directed to the Sauk County Accounting Department, 505 Broadway, Baraboo, WI 53913, 608-355-3237, www.co.sauk.wi.us.

SAUK COUNTY

STATEMENT OF NET ASSETS As of December 31, 2011

	Primary Government			
	Governmental	Business-		Component
	Activities	type	Totals	Unit
		Activities		
ASSETS				
Cash and investments	\$ 35,267,770	\$ 427	\$ 35,268,197	\$ 95,717
Taxes receivable	22,442,721	6,088,576	28,531,297	-
Delinquent taxes receivable	3,860,016	-	3,860,016	-
Accounts receivable	607,223	851,196	1,458,419	146,448
Accrued interest receivable	4,139	-	4,139	144
Loans receivable	1,690,617	-	1,690,617	180,190
Due from other governments	6,109,716	697,230	6,806,946	-
Internal balances	(3,828,997)	3,828,997	-	-
Prepaid items and inventories	311,226	2,149,757	2,460,983	7,555
Advances to other governments	9,442	-	9,442	-
Investment in joint venture	-	-	-	209,998
Restricted cash and investments	-	10,229	10,229	246,966
Other assets	-	109,760	109,760	-
Land	1,216,484	576,718	1,793,202	-
Purchased development rights	6,325,594	-	6,325,594	-
Construction in progress	1,054,013	-	1,054,013	-
Other capital assets, net of depreciation	84,672,686	21,233,350	105,906,036	2,304,001
Total Assets	159,742,650	35,546,240	195,288,890	3,191,019
LIABILITIES				
Accounts payable	1,671,733	552,377	2,224,110	25,892
Accrued liabilities	1,812,958	361,276	2,174,234	73,219
Due to other governments	1,082,449	973	1,083,422	-
Deposits	224,048	10,229	234,277	20,513
Unearned revenue	22,447,630	6,088,576	28,536,206	7,558
Noncurrent liabilities due within one year	3,968,365	1,210,118	5,178,483	44,926
Noncurrent liabilities due in more than one year	18,760,106	13,690,978	32,451,084	1,291,987
Total Liabilities	49,967,289	21,914,527	71,881,816	1,464,095
NET ASSETS				
Invested in capital assets, net of related debt	76,183,777	8,248,688	84,432,465	1,003,531
Restricted				
Sales tax statutes	379,956	-	379,956	-
Loan programs	2,133,091	-	2,133,091	-
Aging programs	373,710	-	373,710	-
Law enforcement activities	95,386	-	95,386	-
Landfill remediation	5,312,152	-	5,312,152	-
Human services programs	2,612,429	-	2,612,429	-
Land conservation	775,660	-	775,660	-
Housing programs	-	-	-	206,350
Unrestricted	21,909,200	5,383,025	27,292,225	517,043
TOTAL NET ASSETS	\$ 109,775,361	\$ 13,631,713	\$ 123,407,074	\$ 1,726,924

See accompanying notes to financial statements.

SAUK COUNTY

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
<i>Governmental Activities</i>				
General government	\$ 6,662,039	\$ 827,127	\$ 300	\$ -
Public safety	16,406,236	2,151,836	1,302,701	-
Health and social services	18,528,380	968,077	10,609,260	-
Public works	2,092,488	7,251	-	4,841,832
Culture, education and recreation	1,536,786	135,850	47,120	-
Conservation and development	1,763,364	200,978	962,925	-
Interest and fiscal charges	725,370	-	-	-
Total Governmental Activities	<u>47,714,663</u>	<u>4,291,119</u>	<u>12,922,306</u>	<u>4,841,832</u>
<i>Business-type Activities</i>				
Highway	6,460,661	3,774,505	1,584,677	8,000
Health care	9,206,173	5,747,961	619,969	-
Total Business-type Activities	<u>15,666,834</u>	<u>9,522,466</u>	<u>2,204,646</u>	<u>8,000</u>
Total Primary Government	<u>\$ 63,381,497</u>	<u>\$ 13,813,585</u>	<u>\$ 15,126,952</u>	<u>\$ 4,849,832</u>
Component Unit				
Housing authority	<u>\$ 1,755,807</u>	<u>\$ 1,627,779</u>	<u>\$ -</u>	<u>\$ 52,007</u>
<i>General Revenues and Transfers</i>				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Property taxes, levied for highway purposes				
Property taxes, levied for the health care center				
Sales taxes				
Other taxes				
Intergovernmental revenues not restricted to specific programs				
Public gifts and/or grants				
Investment income				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
NET ASSETS - Beginning				
NET ASSETS - ENDING				

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Unit
\$ (5,834,612)	\$ -	\$ (5,834,612)	\$ -
(12,951,699)	-	(12,951,699)	-
(6,951,043)	-	(6,951,043)	-
2,756,595	-	2,756,595	-
(1,353,816)	-	(1,353,816)	-
(599,461)	-	(599,461)	-
(725,370)	-	(725,370)	-
(25,659,406)	-	(25,659,406)	-
-	(1,093,479)	(1,093,479)	-
-	(2,838,243)	(2,838,243)	-
-	(3,931,722)	(3,931,722)	-
(25,659,406)	(3,931,722)	(29,591,128)	-
-	-	-	(76,021)
21,864,182	-	21,864,182	-
250,000	-	250,000	-
-	3,719,001	3,719,001	-
-	2,698,114	2,698,114	-
7,141,062	-	7,141,062	-
1,585,702	-	1,585,702	-
1,038,237	-	1,038,237	-
29,051	-	29,051	-
222,370	9,630	232,000	8,327
471,741	1,878	473,619	-
2,083,672	(2,083,672)	-	-
34,686,017	4,344,951	39,030,968	8,327
9,026,611	413,229	9,439,840	(67,694)
100,748,750	13,218,484	113,967,234	1,794,618
\$ 109,775,361	\$ 13,631,713	\$ 123,407,074	\$ 1,726,924

See accompanying notes to financial statements.

SAUK COUNTY

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2011

	General	Human Services	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 31,602,779	\$ 112,675	\$ 3,018,378	\$ 34,733,832
Receivables				
Taxes	14,368,610	7,647,197	426,914	22,442,721
Delinquent taxes	3,860,016	-	-	3,860,016
Accounts	383,834	211,565	11,824	607,223
Interest	4,025	-	-	4,025
Loans	-	-	1,690,617	1,690,617
Due from other funds	620,098	2,814,700	1,600,429	5,035,227
Due from other governments	1,567,189	1,177,138	3,365,389	6,109,716
Inventories	20,915	-	-	20,915
Prepaid items	180,366	5,726	-	186,092
Advances to other governments	9,442	-	-	9,442
TOTAL ASSETS	\$ 52,617,274	\$ 11,969,001	\$ 10,113,551	\$ 74,699,826
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 676,738	\$ 711,352	\$ 283,643	\$ 1,671,733
Accrued liabilities	1,551,972	82,980	9,372	1,644,324
Due to other funds	8,513,162	-	567,327	9,080,489
Due to other governments	279,918	797,192	5,339	1,082,449
Deposits	111,923	112,125	-	224,048
Deferred revenue	15,236,257	7,647,197	1,552,787	24,436,241
Total Liabilities	26,369,970	9,350,846	2,418,468	38,139,284
Fund Balances				
Nonspendable	2,700,468	5,726	-	2,706,194
Restricted	379,956	2,612,429	7,569,374	10,561,759
Assigned	2,945,887	-	130,515	3,076,402
Unassigned (deficit)	20,220,993	-	(4,806)	20,216,187
Total Fund Balances	26,247,304	2,618,155	7,695,083	36,560,542
TOTAL LIABILITIES AND FUND BALANCES	\$ 52,617,274	\$ 11,969,001	\$ 10,113,551	

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	93,268,777
Some receivables that are not currently available are reported as unearned revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	1,988,725
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.	(22,897,105)
Internal service net assets allocated to governmental activities	572,922
Long-term liabilities recorded in internal service funds	281,500
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 109,775,361

See accompanying notes to financial statements.

SAUK COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For the Year Ended December 31, 2011

	General	Human Services	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	\$ 22,651,236	\$ 7,684,741	\$ 397,738	\$ 30,733,715
Intergovernmental	4,166,952	7,311,961	1,771,136	13,250,049
Licenses and permits	255,790	-	28,375	284,165
Fines, forfeitures and penalties	411,342	100,521	6,350	518,213
Public charges for services	2,003,586	388,422	331,662	2,723,670
Intergovernmental charges for services	2,484,757	-	23,753	2,508,510
Regulation and compliance	-	-	114,323	114,323
Investment income	172,068	9,060	42,914	224,042
Miscellaneous	461,332	8,721	372,487	842,540
Total Revenues	<u>32,607,063</u>	<u>15,503,426</u>	<u>3,088,738</u>	<u>51,199,227</u>
EXPENDITURES				
Current				
General government	5,671,708	-	114,546	5,786,254
Public safety	15,595,477	-	584,212	16,179,689
Health and social services	3,206,976	14,380,672	1,573,284	19,160,932
Public works	53,652	-	107,394	161,046
Culture, education and recreation	1,809,703	-	-	1,809,703
Conservation and development	1,450,618	-	322,140	1,772,758
Capital Outlay	1,068,605	29,122	421,784	1,519,511
Debt Service				
Principal retirement	-	-	1,705,000	1,705,000
Interest and fiscal charges	-	-	741,841	741,841
Total Expenditures	<u>28,856,739</u>	<u>14,409,794</u>	<u>5,570,201</u>	<u>48,836,734</u>
Excess (deficiency) of revenues over expenditures	<u>3,750,324</u>	<u>1,093,632</u>	<u>(2,481,463)</u>	<u>2,362,493</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,110,582	-	2,635,270	3,745,852
Transfers out	<u>(2,860,096)</u>	<u>(480,988)</u>	<u>(320,533)</u>	<u>(3,661,617)</u>
Total Other Financing Sources (Uses)	<u>(1,749,514)</u>	<u>(480,988)</u>	<u>2,314,737</u>	<u>84,235</u>
Net Change in Fund Balances	2,000,810	612,644	(166,726)	2,446,728
FUND BALANCES - Beginning of Year	<u>24,246,494</u>	<u>2,005,511</u>	<u>7,861,809</u>	<u>34,113,814</u>
FUND BALANCES - END OF YEAR	<u>\$ 26,247,304</u>	<u>\$ 2,618,155</u>	<u>\$ 7,695,083</u>	<u>\$ 36,560,542</u>

See accompanying notes to financial statements.

SAUK COUNTY

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, 2011

Net change in fund balances - total governmental funds	\$ 2,446,728
--	--------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of net assets 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 asset additions are reported as capital outlay in the fund financial statements, but are capitalized in the government-wide financial statements	1,519,511
Some items reported as capital outlay in the fund financial statements are not capitalized in the government-wide statements	(173,335)
Depreciation is reported in the government-wide statements	(3,494,812)
Infrastructure financed by the highway fund	1,999,436
Infrastructure contributed by the state	4,841,832
Net book value of assets retired	(176,948)

Receivables not currently available are reported as unearned revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Government charges	(4,443)
Government grants	512,348
Investment income	(3,695)
Delinquent taxes	(6,787)
Loans	(127,081)
Other	(2,750)

Debt and lease proceeds provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal repaid	1,705,000
------------------	-----------

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	33,640
Other postemployment benefits	(42,284)
Accrued interest on debt	16,470
Landfill post-closure care	71,986

Change in internal service fund net assets attributable to governmental activities	<u>(88,205)</u>
--	-----------------

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 9,026,611</u>
--	----------------------------

See accompanying notes to financial statements.

SAUK COUNTY

STATEMENT OF NET ASSETS PROPRIETARY FUNDS As of December 31, 2011

	Business-type Activities			
	Enterprise Funds			Internal
	Highway	Health Care	Totals	Service
		Center		Funds
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 100	\$ 327	\$ 427	\$ 533,938
Taxes receivable	3,840,237	2,248,339	6,088,576	-
Accounts receivable	115,077	736,119	851,196	-
Interest receivable	-	-	-	114
Due from other funds	1,538,415	1,815,281	3,353,696	744,337
Due from other governments	697,230	-	697,230	-
Prepaid items	706	18,603	19,309	104,219
Inventories	2,042,687	87,761	2,130,448	-
Restricted Assets				
Cash and investments	-	10,229	10,229	-
Total Current Assets	<u>8,234,452</u>	<u>4,916,659</u>	<u>13,151,111</u>	<u>1,382,608</u>
NONCURRENT ASSETS				
Deferred Charges	-	109,760	109,760	-
Capital Assets				
Land	66,973	509,745	576,718	-
Construction in progress	-	-	-	-
Other capital assets	14,673,267	16,338,656	31,011,923	-
Less: Accumulated depreciation	<u>(8,345,849)</u>	<u>(1,432,724)</u>	<u>(9,778,573)</u>	<u>-</u>
Total Non-Current Assets	<u>6,394,391</u>	<u>15,525,437</u>	<u>21,919,828</u>	<u>-</u>
Total Assets	<u>14,628,843</u>	<u>20,442,096</u>	<u>35,070,939</u>	<u>1,382,608</u>

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Highway	Health Care Center	Totals	
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 400,919	\$ 151,458	\$ 552,377	\$ -
Accrued liabilities	39,896	188,794	228,690	-
Accrued interest payable	-	132,586	132,586	-
Due to other governments	973	-	973	-
Due to other funds	-	-	-	52,771
Unearned revenue	3,840,237	2,248,339	6,088,576	114
Claims payable	-	-	-	15,815
Compensated absences	348,663	509,296	857,959	-
Health insurance - retirees credit	6,260	-	6,260	-
General obligation debt payable - current	-	320,000	320,000	-
Unamortized premium - current	-	25,899	25,899	-
Liabilities Payable From Restricted Assets				
Deposits	-	10,229	10,229	-
Total Current Liabilities	<u>4,636,948</u>	<u>3,586,601</u>	<u>8,223,549</u>	<u>68,700</u>
NON-CURRENT LIABILITIES				
Long-Term Debt				
General obligation debt payable	-	13,075,000	13,075,000	-
Unamortized premium	-	250,241	250,241	-
Other Liabilities				
Claims payable	-	-	-	265,685
Compensated absences	135,344	133,720	269,064	-
Health insurance - retirees credit	6,021	-	6,021	-
Other postemployment benefits	39,884	50,768	90,652	-
Total Non-Current Liabilities	<u>181,249</u>	<u>13,509,729</u>	<u>13,690,978</u>	<u>265,685</u>
Total Liabilities	<u>4,818,197</u>	<u>17,096,330</u>	<u>21,914,527</u>	<u>334,385</u>
NET ASSETS				
Invested in capital assets, net of related debt	6,394,391	1,854,297	8,248,688	-
Unrestricted	<u>3,416,255</u>	<u>1,491,469</u>	<u>4,907,724</u>	<u>1,048,223</u>
TOTAL NET ASSETS	<u>\$ 9,810,646</u>	<u>\$ 3,345,766</u>	13,156,412	1,048,223
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			<u>475,301</u>	<u>(475,301)</u>
Net Assets of Business-type Activities			<u>\$ 13,631,713</u>	
Net Internal service funds reported in the statement of net assets as governmental activities				<u>\$ 572,922</u>

SAUK COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUNDS For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Highway	Health Care Center	Totals	
OPERATING REVENUES				
Charges for services	\$ 3,774,505	\$ 5,746,106	\$ 9,520,611	\$ 294,017
Miscellaneous	-	1,855	1,855	30,419
Total Operating Revenues	<u>3,774,505</u>	<u>5,747,961</u>	<u>9,522,466</u>	<u>324,436</u>
OPERATING EXPENSES				
Operation and maintenance	7,725,186	8,153,755	15,878,941	516,128
Depreciation	667,220	474,340	1,141,560	-
Total Operating Expenses	<u>8,392,406</u>	<u>8,628,095</u>	<u>17,020,501</u>	<u>516,128</u>
Operating Income (Loss)	<u>(4,617,901)</u>	<u>(2,880,134)</u>	<u>(7,498,035)</u>	<u>(191,692)</u>
NONOPERATING REVENUES (EXPENSES)				
General property taxes	3,719,001	2,698,114	6,417,115	-
Intergovernmental grants	1,584,677	619,969	2,204,646	-
Investment income	5,401	4,229	9,630	2,022
Interest expense	-	(530,270)	(530,270)	-
Amortization costs	-	(10,582)	(10,582)	-
Loss on sale of assets	-	(3,453)	(3,453)	-
Miscellaneous	1,878	-	1,878	-
Total Nonoperating Revenues (Expenses)	<u>5,310,957</u>	<u>2,778,007</u>	<u>8,088,964</u>	<u>2,022</u>
Income (Loss) Before Capital Contributions and Transfers	693,056	(102,127)	590,929	(189,670)
Capital contributions	8,000	-	8,000	-
Transfers in	-	545,359	545,359	-
Transfers out	<u>(5,401)</u>	<u>(624,193)</u>	<u>(629,594)</u>	<u>-</u>
Change in Net Assets	695,655	(180,961)	514,694	(189,670)
NET ASSETS - Beginning of Year	<u>9,114,991</u>	<u>3,526,727</u>	<u>12,641,718</u>	<u>1,237,893</u>
NET ASSETS - END OF YEAR	<u>\$ 9,810,646</u>	<u>\$ 3,345,766</u>	<u>\$ 13,156,412</u>	<u>\$ 1,048,223</u>
Change in net assets of enterprise funds			\$ 514,694	
Change in internal service fund net assets allocable to business-type activities			<u>(101,465)</u>	
CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES			<u>\$ 413,229</u>	

See accompanying notes to financial statements.

SAUK COUNTY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Highway	Health Care Center	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 4,019,114	\$ 6,126,683	\$ 10,145,797	\$ 324,436
Paid to employees and suppliers for goods and services	(8,210,813)	(8,243,730)	(16,454,543)	(245,692)
Net Cash Flows From Operating Activities	(4,191,699)	(2,117,047)	(6,308,746)	78,744
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	545,359	545,359	-
Transfers out	(5,401)	(624,193)	(629,594)	-
Miscellaneous revenues	1,878	-	1,878	-
General property taxes	3,719,001	2,698,114	6,417,115	-
Intergovernmental grants	1,584,677	349,119	1,933,796	-
Net Cash Flows From Non-Capital Financing Activities	5,300,155	2,968,399	8,268,554	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	5,401	4,229	9,630	2,022
Net Cash Flows From Investing Activities	5,401	4,229	9,630	2,022
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid	-	(260,000)	(260,000)	-
Interest paid	-	(587,819)	(587,819)	-
Acquisition of capital assets	(1,125,771)	(51,714)	(1,177,485)	-
Net Cash Flows From Capital and Related Financing Activities	(1,125,771)	(899,533)	(2,025,304)	-
Change in Cash and Cash Equivalents	(11,914)	(43,952)	(55,866)	80,766
CASH AND CASH EQUIVALENTS - Beginning of Year	12,014	54,508	66,522	453,172
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 100	\$ 10,556	\$ 10,656	\$ 533,938

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Highway	Health Care Center	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (4,617,901)	\$ (2,880,134)	\$ (7,498,035)	\$ (191,692)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided From Operating Activities				
Depreciation expense	667,220	474,340	1,141,560	-
Changes in Noncash Components of Working Capital				
Accounts receivable	60,318	(84,627)	(24,309)	-
Due from other funds	(294,550)	467,322	172,772	179,791
Due from other governmental units	478,841	-	478,841	-
Inventories	(509,476)	(16,088)	(525,564)	-
Prepaid items	28,108	(1,737)	26,371	(1,975)
Accounts payable	121,493	(50,619)	70,874	-
Accrued liabilities	(8,926)	(9,433)	(18,359)	-
Due to other governmental units	(1,905)	-	(1,905)	-
Due to other funds	-	-	-	52,771
Deposits	-	(3,973)	(3,973)	-
Claims payable	-	-	-	39,849
Compensated absences	(132,405)	(22,427)	(154,832)	-
Health insurance - retirees credit	9,781	-	9,781	-
Other postemployment benefits	7,703	10,329	18,032	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (4,191,699)</u>	<u>\$ (2,117,047)</u>	<u>\$ (6,308,746)</u>	<u>\$ 78,744</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS				
Cash and investments - statement of net assets - proprietary fund	\$ 100	\$ 327	\$ 427	\$ 533,938
Restricted cash and investments - statement of net assets - proprietary fund	<u>-</u>	<u>10,229</u>	<u>10,229</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 100</u>	<u>\$ 10,556</u>	<u>\$ 10,656</u>	<u>\$ 533,938</u>
NONCASH CAPITAL AND FINANCING ACTIVITIES:				
Capital contributions	<u>\$ 8,000</u>	<u>\$ -</u>		<u>\$ -</u>

See accompanying notes to financial statements.

SAUK COUNTY

STATEMENT OF FIDUCIARY NET ASSETS AGENCY FUNDS As of December 31, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 1,014,424
Accounts receivable	6,557
Property taxes receivable	1,139,309
Due from other governments	<u>38,719</u>
TOTAL ASSETS	<u>\$ 2,199,009</u>
LIABILITIES	
Accounts payable	\$ 838
Accrued liabilities	714
Deposits	1,003,006
Due to other governments	<u>1,194,451</u>
TOTAL LIABILITIES	<u>\$ 2,199,009</u>

See accompanying notes to financial statements.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE	Page
I. Summary of Significant Accounting Policies	15
A. Reporting Entity	15
B. Government-Wide and Fund Financial Statements	16
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	19
D. Assets, Liabilities, and Net Assets or Equity	21
1. Deposits and Investments	21
2. Receivables	23
3. Inventories and Prepaid Items	25
4. Restricted Assets	25
5. Capital Assets	25
6. Other Assets	26
7. Compensated Absences	26
8. Long-Term Obligations	26
9. Claims and Judgments	27
10. Equity Classifications	27
II. Reconciliation of Government-Wide and Fund Financial Statements	29
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Assets	29
III. Stewardship, Compliance, and Accountability	29
A. Budgetary Information	29
B. Excess Expenditures Over Appropriations	29
C. Deficit Balances	30
D. Limitations on the County's Tax Levy Rate and Its Ability to Issue New Debt	30
E. Limitations on the County's Tax Levy	30
IV. Detailed Notes on All Funds	31
A. Deposits and Investments	31
B. Receivables	33
C. Restricted Assets	34
D. Capital Assets	35
E. Interfund Receivables/Payables and Transfers	37
F. Long-Term Obligations	39
G. Lease Disclosures	42
H. Closure and Postclosure Care Cost	42
I. Net Assets/Fund Balances	43
J. Component Unit	45

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE	<u>Page</u>
V. Other Information	48
A. Employees' Retirement System	48
B. Risk Management	49
C. Commitments and Contingencies	50
D. Postemployment Benefits Other Than Pensions	51
E. Joint Venture	53
F. Effect of New Accounting Standards on Current-Period Financial Statements	53

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Sauk County, Wisconsin conform to accounting principles generally accepted in the United States of America 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 Sauk 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. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the primary government.

Discretely Presented Component Unit

Sauk County Housing Authority

The government-wide financial statements include the Sauk County Housing Authority (Housing Authority) as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the county board chairperson. Wisconsin Statutes provide for circumstances whereby the county can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the county. See Note IV.J. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended June 30, 2011. Separately issued financial statements of the Sauk County Housing Authority may be obtained from the Housing Authority's office at 708 Elizabeth Street, Baraboo, WI 53913.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

In February 2009, the GASB issued statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The county made the decision to implement this standard effective January 1, 2011.

The statement of net assets 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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. Internally dedicated resources 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 assets/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.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Fund Financial Statements (cont.)

Funds are organized as major funds or non-major 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:

1. 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
2. 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.
3. In addition, any other governmental or proprietary fund that the county believes is particularly important to financial statement users may be reported as a major fund.

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.

The county reports the following major governmental funds:

- General Fund – accounts for the county's primary operating activities. It is used to account for all financial resources except those accounted for and reported in another fund.
- Human Services Fund – used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the human services program.

The county reports the following major enterprise funds:

- Highway Fund – accounts for the maintenance and repair of infrastructure assets in the county.
- Health Care Center Fund – accounts for operations of the county's health care facility.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Fund Financial Statements (cont.)

The county reports the following non-major governmental and enterprise funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

- Aging and Disability Resource Center
- County Jail
- Land Records Modernization
- Landfill Remediation
- Drug Seizures
- Community Development Block Grant – Economic Development (CDBG-ED)
Revolving Loans
- Community Development Block Grant – Flood Relief Small Business (CDBG
FRSB) Revolving Loans
- Community Development Block Grant – Emergency Assistance Program (CDBG
EAP)
- Community Development Block Grant – Housing Rehabilitation (CDBG-Rehab)
- Dog License

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.

Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- Building Projects

In addition, the county reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the county, or to other governmental units, on a cost-reimbursement basis.

- Self-Insurance
- Workers' Compensation

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Fund Financial Statements (cont.)

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.

Officers' Range Association
Tri-County Airport
Clerk of Courts
Huber Trust
Tax Collection

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

Government-Wide Financial Statements

The government-wide statement of net assets 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. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989.

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

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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 human services reimbursable grants, for which available is defined as 180 days. 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.

Sales taxes are recognized as revenues in the year in which the underlying sales relating to it take place.

Intergovernmental aids and grants are recognized as revenues in the period the county is entitled to 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.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments 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.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Fund Financial Statements (cont.)

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.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Highway Fund and Health Care Center are charges to customers for sales and services. Operating expenses for proprietary funds include 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 ASSETS 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.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

1. Deposits and Investments (cont.)

- 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.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian holding the county's deposits and investments, the deposits and investments may not be returned. County policy minimizes this risk by requiring all principal and interest outside the Wisconsin Local Government Investment Pool to be insured or collateralized to their full value. Any bank account including certificates of deposit with a balance greater than the bank's deposit insurance or the State Deposit Guarantee Fund must be collateralized at 100% of the collateral's market value by written agreement with the bank. The county did have uncollateralized deposits at December 31, 2011 due to tax collections.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. County policy limits investments to the unrated Wisconsin Local Government Investment Pool or investments rated in the highest or second highest rating categories as issued by nationally recognized statistical rating organizations, unless properly collateralized or insured.

Interest Rate Risk

The county's investment policies seek to ensure preservation of capital in the county's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. County policy limits the county to investments with a remaining maturity of no more than three years. The policy further limits the weighted average maturity of the county's investment portfolio to no more than one year.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification of having significant funds invested in a few individual issuers, thereby exposing the county to greater risks resulting from adverse economic, regulatory, geographic or credit developments. County policy states that the county will generally invest no more than 5% of its funds that are not properly collateralized or insured in a single issuer. Obligations of the U.S. government, mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

1. Deposits and Investments (cont.)

Foreign Currency Risk

The county does not invest in securities of foreign issuers or in securities denominated in a currency other than the U.S. dollar.

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. 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, 2011, 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. In addition to property taxes for the county, taxes are collected for and remitted to the state and municipal governments as well as the local school district and technical college district. Taxes for the state billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of fiduciary net assets.

Property tax calendar – 2011 tax roll:

Lien date and levy date	December 2011
Tax bills mailed	December 2011
Payment in full, or	January 31, 2012
First installment due	January 31, 2012
Second installment due	July 31, 2012
Personal property taxes in full	January 31, 2012
Tax sale – 2011 delinquent real estate taxes	October 2014

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

2. Receivables (cont.)

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 unearned revenue until it is received in cash.

Accounts receivable have been shown net of an allowance for 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.

All CDBG loans have been originally funded by external grant funds. Loans receivable issued from the CDBG-ED and CDBG-FRSB revolving loan funds are shown net of an allowance for uncollectible accounts. The principal balances are also shown as unearned revenues to be recognized when repayment is received. Interest received from loan repayments is recognized as revenue when received in cash. When new loans are made from the repayments, expenditures are recorded. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

Loans receivable issued from the CDBG-EAP fund are considered forgivable loans. A portion of loan principal is forgiven each year so long as the recipient of the loans remains in business. Any remaining principal is due if the business ceases operation. Since these loans are intended to not be repaid, the grant revenue was recognized at the date of loan issuance. Loans receivable issued from the CDBG-Housing Rehabilitation fund are similarly expected to not be repaid, so the grant revenue was recognized at the date of loan issuance. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

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 assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

The county has a 0.5% sales tax which is collected by the State of Wisconsin and remitted to the county monthly. Sales tax is accrued as a receivable when the underlying sale relating to it takes place. At December 31, 2011, the county has accrued two months of subsequent year collections as receivable.

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

D. ASSETS, LIABILITIES, AND NET ASSETS 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 for operation and maintenance work. They are not for resale. They are valued at cost using the first-in, first-out method, 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. Restricted Assets

Mandatory segregation of assets are presented as restricted assets. Such segregation is required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

5. 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 - \$80,000 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. No net interest was 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 and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net assets. Depreciation and amortization are 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	50-150 Years
Building Improvements	5-80 Years
Land Improvements	20-50 Years
Machinery and Equipment	5-50 Years
Vehicles	5-20 Years
Infrastructure	10-100 Years
Intangibles	10-30 Years

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

5. Capital Assets (cont.)

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.

6. 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.

7. Compensated Absences

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

All vested vacation, sick, executive, compensatory and holiday pay is accrued when incurred in the government-wide, proprietary, and fiduciary 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, or are payable with expendable available resources.

Payments for vacation, sick, executive, compensatory and holiday leaves will be made at rates in effect when the benefits are used. Accumulated compensated absence liabilities at December 31, 2011 are determined on the basis of 2012 current salary rates and include salary related payments.

8. Long-Term Obligations

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) is 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 balance sheet.

The county does not engage in conduit debt transactions.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

9. 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 funds 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.

10. Equity Classifications

Government-Wide Statements

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

1. Invested in capital assets, net of related debt – 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.
2. Restricted net assets – Consists of net assets 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.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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 county classifies governmental fund balance as follows:

- a. 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.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

10. 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 (ordinance, resolution, motion) 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 county 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) The county has adopted a financial policy authorizing the Finance Committee to assign amounts for a specific purpose. 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.

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.

The county has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 20% of subsequent year expenditures in all funds except internal service funds. The balance at year end was \$11,545,479, or 20%, and is included in unassigned general fund balance.

See Note IV. I. for further information.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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 ASSETS*

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets.

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 assets.

Bonds and notes payable	\$ 17,085,000
Compensated absences	2,658,921
Workers compensation	281,500
Post employment benefits	267,576
Landfill post-closure liability	2,435,474
Accrued interest	<u>168,634</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 22,897,105</u>

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 the general fund and all other funds.

The budgeted amounts presented include any amendments made. The finance committee may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by the finance committee or a two-thirds board action, if the transfer exceeds 10% of the department's budget.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$1,257,077 in the general fund. Budgets are adopted at the department level of expenditure.

B. *EXCESS EXPENDITURES OVER APPROPRIATIONS*

The county controls expenditures at the department level.

Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the county's year-end budget to actual report.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2011, the following individual fund held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Dog license	\$ 4,806	License sales lagged projections

D. 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, based upon current legislation (State Statutes 59.605(2)). 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

The county is in compliance with the limitation.

E. 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.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 29,138,376	\$ 26,639,987	Custodial credit risk
LGIP	7,144,092	7,144,092	Credit risk, interest rate risk
Petty cash and cash on hand	<u>10,382</u>	<u>5,855</u>	N/A
Total Cash and Investments	<u>\$ 36,292,850</u>	<u>\$ 36,789,934</u>	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 35,268,197		
Restricted cash and investments	10,229		
Per statement of net assets			
Fiduciary Funds	<u>1,014,424</u>		
Total Cash and Investments	<u>\$ 36,292,850</u>		

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.

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 been considered in computing custodial credit risk.

The county maintains collateral agreements with some of its banks. As of December 31, 2011, the banks had pledged various government securities in the amount of \$6,276,608 to secure the county's deposits.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

As of December 31, 2011, the carrying amount of the county's deposits and investments was \$29,138,376 and the bank balance was \$29,639,987. \$28,495,140 of the bank balance was covered by Federal and State depository insurance or by collateral held by the county's agent in the county's name. \$1,144,847 of the bank balance was uninsured or uncollateralized at year-end.

Uninsured and collateral held by the pledging financial institution	\$ 1,103,538
Uninsured and uncollateralized	<u>41,309</u>
Total	<u>\$ 1,144,847</u>

Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

Credit Risk

As of December 31, 2011, the county had investments in the following external pool which is not rated:

Local government investment pool

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2011, the county's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Local government investment pool	<u>\$ 7,144,092</u>	97

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

B. RECEIVABLES

All receivables as of year end are expected to be collected within one year except for the funds listed as follows:

	General	Non-Major Funds	Health Care Center
Amounts not expected to be collected within one year	\$ 1,629,300	\$ 1,115,853	\$ 11,042

Revenues of the county are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

	General	Non-Major Funds	Health Care Center
Uncollectible amounts	\$ -	\$ 75,747	\$ 203,600

Governmental funds report *unearned 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 *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes receivable	\$ -	\$ 22,442,721	\$ 22,442,721
Delinquent property taxes receivable	793,571	-	793,571
Accounts and grants receivable not received within 60 days of year end	1,195,154	-	1,195,154
2012 revenues received in 2011	-	4,795	4,795
Total Unearned Revenue for Governmental Funds	\$ 1,988,725	22,447,516	\$ 24,436,241
Internal service unearned revenue		114	
Total		\$ 22,447,630	

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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 collected within sixty days subsequent to year-end are considered to be available for current expenditures and are therefore excluded from the nonspendable portion of fund balances. For the year ended December 31, 2011, such collections aggregated \$576,700 of which \$126,068 was levied by the county. Delinquent property taxes levied by the county are reflected as deferred revenue and are excluded from the fund balance until collected. At December 31, 2011, delinquent property taxes by year levied consists of the following:

	<u>Total</u>	<u>County Levied</u>	<u>County Purchased</u>
Tax Certificates			
2010	\$ 2,240,310	\$ 505,715	\$ 1,734,595
2009	1,080,181	243,834	836,347
2008	343,898	77,504	266,394
2007	29,269	6,868	22,401
2006	3,781	892	2,889
2005	138	-	138
Tax deeds	<u>162,439</u>	<u>84,826</u>	<u>77,613</u>
 Total Delinquent Property Taxes Receivable	 <u>\$ 3,860,016</u>	 <u>\$ 919,639</u>	 <u>\$ 2,940,377</u>

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Residents' Funds

The Health Care Center holds funds for its residents' for their personal use. Restricted resident funds at December 31, 2011 were \$10,229.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/ amortized				
Land	\$ 1,216,484	\$ -	\$ -	\$ 1,216,484
Purchased development rights	6,302,739	22,855	-	6,325,594
Construction in progress	938,875	955,703	840,565	1,054,013
Total Capital Assets Not Being Depreciated/Amortized	8,458,098	978,558	840,565	8,596,091
Capital assets being depreciated/amortized				
Land improvements	705,384	458,684	19,450	1,144,618
Buildings	45,787,579	-	585	45,786,994
Building improvements	6,233,258	114,409	27,254	6,320,413
Machinery, equipment, and vehicles	6,748,477	582,529	583,513	6,747,493
Infrastructure	58,478,374	6,893,829	895,664	64,476,539
Total Capital Assets Being Depreciated/Amortized	117,953,072	8,049,451	1,526,466	124,476,057
Less: Accumulated depreciation/ amortization for				
Land improvements	(277,800)	(19,241)	11,031	(286,010)
Buildings	(7,712,700)	(619,870)	189	(8,332,381)
Building improvements	(1,764,251)	(147,252)	12,496	(1,899,007)
Machinery, equipment, and vehicles	(3,767,076)	(649,602)	502,871	(3,913,807)
Infrastructure	(24,136,250)	(2,058,847)	822,931	(25,372,166)
Total Accumulated Depreciation/ Amortization	(37,658,077)	(3,494,812)	1,349,518	(39,803,371)
Governmental Activities Capital Assets, Net of Depreciation/Amortization	\$ 88,753,093	\$ 5,533,197	\$ 1,017,513	\$ 93,268,777

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 649,170
Public safety	659,216
Public works, which includes the depreciation of infrastructure	1,942,169
Health and social services	91,939
Culture, education, and recreation	136,509
Conservation and development	15,809
Total Governmental Activities Depreciation/Amortization Expense	\$ 3,494,812

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated/ amortized				
Land	\$ 576,718	\$ -	\$ -	\$ 576,718
Construction in progress	16,734	-	16,734	-
Total Capital Assets Not Being Depreciated/Amortized	593,452	-	16,734	576,718
Capital assets being depreciated/amortized				
Land improvements	259,494	126,093	349	385,238
Infrastructure	72,076	-	-	72,076
Buildings	16,894,315	146,708	-	17,041,023
Machinery and equipment	12,980,298	1,395,851	862,563	13,513,586
Total Capital Assets Being Depreciated/Amortized	30,206,183	1,668,652	862,912	31,011,923
Less: Accumulated depreciation/ amortization for				
Land improvements	(129,570)	(14,027)	350	(143,247)
Infrastructure	(3,363)	(2,883)	-	(6,246)
Buildings	(1,989,183)	(432,535)	-	(2,421,718)
Machinery and equipment	(6,909,047)	(690,993)	392,678	(7,207,362)
Total Accumulated Depreciation/ Amortization	(9,031,163)	(1,140,438)	393,028	(9,778,573)
Business-type Capital Assets, Net of Depreciation/Amortization	\$ 21,768,472	\$ 528,214	\$ 486,618	\$ 21,810,068

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Highway	\$ 667,220
Health Care Center	474,340
Total Business-type Activities Depreciation/Amortization Expense	\$ 1,141,560

Depreciation expense is different from additions because of costs associated with the disposal of assets.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Aging and Disability Resource Center	\$ 34,900
General fund	County jail	8,218
General fund	CDBG-EAP emergency assistance	484,790
General fund	CDBG-Housing Rehabilitation	35,579
General fund	Insurance	52,771
General fund	Dog license	3,840
Human services	General fund	2,814,700
Land records modernization	General fund	779,832
Landfill remediation	General fund	225,692
CDBG-ED revolving loan	General fund	461,312
CDBG-FRSB revolving loan	General fund	57
Debt service	General fund	3,021
Building projects	General fund	130,515
Health care center	General fund	1,815,281
Highway	General fund	1,538,415
Workers' compensation	General fund	744,337
Subtotal – Fund financial statements		<u>9,133,260</u>
Add: Internal service fund allocations		(475,301)
Less: Fund eliminations		<u>(4,828,962)</u>
Total – Government-Wide Statement of Net Assets		<u><u>\$ 3,828,997</u></u>

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ -
Business-type activities	Governmental activities	(3,828,997)
Total		<u>\$ (3,828,997)</u>

All interfund balances are due within one year.

The principal purpose of these interfunds is a result of the general fund holding cash for operational revenues and expenditures in other funds.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Health Care Center	\$ 619,969	Transfer ITP grant
General fund	Health Care Center	4,224	Interfund investment income
General fund	Human Services	471,928	Excess fund balance returned
General fund	Human Services	9,060	Interfund investment income
General fund	Highway	5,401	Interfund investment income
CDBG ED revolving loan	CDBG-FRSB	202,048	FRSB loan payment
Debt service	General fund	2,046,800	Sales taxes used for debt payments
Debt service	County jail	118,485	Assessment fees used for debt payments
Building projects	General fund	197,500	UW Baraboo capital improvement
Building projects	General fund	70,437	Communications project
Health Care Center	General fund	545,359	Sales taxes used for debt payments
Subtotal – Fund Financial Statements		<u>4,291,211</u>	
Add: Contributions from Highway		1,999,436	
Less: Fund eliminations		<u>(4,206,975)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 2,083,672</u>	

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ 2,629,031
Business-type activities	Governmental activities	(545,359)
Total		<u>\$ 2,083,672</u>

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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	<u>\$ 18,790,000</u>	<u>\$ -</u>	<u>\$ 1,705,000</u>	<u>\$ 17,085,000</u>	<u>\$ 1,770,000</u>
Other Liabilities					
Vested compensated absences (Note I.D.7.)	2,692,561	2,066,250	2,099,890	2,658,921	2,066,250
Workers compensation	241,651	172,987	133,138	281,500	15,815
Other post employment benefits	225,292	83,022	40,738	267,576	-
Landfill post-closure liability (Note IV.H.)	2,507,460	-	71,986	2,435,474	116,300
Total Other Liabilities	<u>5,666,964</u>	<u>2,322,259</u>	<u>2,345,752</u>	<u>5,643,471</u>	<u>2,198,365</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 24,456,964</u>	<u>\$ 2,322,259</u>	<u>\$ 4,050,752</u>	<u>\$ 22,728,471</u>	<u>\$ 3,968,365</u>

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 13,655,000	\$ -	\$ 260,000	\$ 13,395,000	\$ 320,000
Unamortized premium	302,039	-	25,899	276,140	25,899
Unamortized loss (net of gain) on refunding	(19,604)	22,158	2,554	-	-
Total Bonds and Notes Payable	13,937,435	22,158	288,453	13,671,140	345,899
Other Liabilities					
Vested compensated absences (Note I.D.7.)	1,281,854	857,960	1,012,791	1,127,023	857,959
Health insurance-retirees	2,502	12,281	2,502	12,281	6,260
Post employment benefits	72,620	35,405	17,373	90,652	-
Total Other Liabilities	1,356,976	905,646	1,032,666	1,229,956	864,219
Total Business-Type Activities Long-Term Liabilities	\$ 15,294,411	\$ 927,804	\$ 1,321,119	\$ 14,901,096	\$ 1,210,118

General Obligation and Other 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 five percent of the equalized value of taxable property within the county's jurisdiction. The debt limit as of December 31, 2011, was \$335,671,055. Total general obligation debt outstanding at year end was \$30,480,000.

Governmental Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-11
General Obligation Debt					
Refunding bonds	12/1/01	10/1/21	3.15 - 4.75%	\$ 24,500,000	\$ 275,000
Refunding bonds	5/1/04	10/1/17	2.00 - 4.10%	6,550,000	6,195,000
Promissory notes	5/1/04	10/1/13	2.00 - 3.60%	3,450,000	865,000
Refunding bonds	12/29/05	10/1/15	3.50 - 4.00%	10,000,000	9,750,000
Total Governmental Activities – General Obligation Debt					\$ 17,085,000

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation and Other Debt (cont.)

Business-Type Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-11
General Obligation Debt					
Promissory notes	12/29/07	10/01/17	3.50 – 4.00%	\$ 5,000,000	\$ 3,640,000
Refunding note	10/13/09	10/1/23	2.00 – 4.00%	4,965,000	4,830,000
Refunding note	7/6/10	10/1/27	4.00 – 4.125%	4,925,000	4,925,000

Total Business Type Activities – General Obligation Debt \$ 13,395,000

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt			Business-Type Activities General Obligation Debt		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 1,770,000	\$ 674,533	\$ 2,444,533	\$ 320,000	\$ 530,344	\$ 850,344
2013	1,840,000	606,263	2,446,263	330,000	519,894	849,894
2014	1,455,000	534,573	1,989,573	800,000	508,269	1,308,269
2015	1,525,000	476,373	2,001,373	820,000	478,719	1,298,719
2016	1,575,000	416,873	1,991,873	860,000	446,419	1,306,419
2017 – 2021	8,920,000	1,085,154	10,005,154	4,280,000	1,724,245	6,004,245
2022 – 2026	-	-	-	4,885,000	827,007	5,712,007
2027	-	-	-	1,100,000	44,000	1,144,000
Totals	<u>\$ 17,085,000</u>	<u>\$ 3,793,769</u>	<u>\$ 20,878,769</u>	<u>\$ 13,395,000</u>	<u>\$ 5,078,897</u>	<u>\$ 18,473,897</u>

Other Debt Information

Estimated payments of compensated absences and the landfill post-closure liability 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. See Note IV.H. for more information about the landfill post-closure liability.

Prior-Year Defeasance of Debt

In prior years, the county defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the county's financial statements. At December 31, 2011, \$15,480,000 of bonds outstanding are considered defeased.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

G. LEASE DISCLOSURES

The county has no material leases as lessee or lessor.

H. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 40 years after closure. Although closure and postclosure care costs are paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,435,474 reported as landfill closure and postclosure care liability at December 31, 2011, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill less amounts actually paid for postclosure. These amounts are based on what it would cost to perform all postclosure care in 2011. The county did cease accepting waste in 2006, and closure activities were completed in 2007. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The county is required by state and federal laws and regulations to make annual contributions to the Wisconsin Department of Natural Resources (DNR) to a trust to finance closure and postclosure care. The county is in compliance with these requirements. \$2,220,084 is held with the DNR for postclosure care. The county expects that future inflation costs will be paid from interest earnings. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by from future tax revenues.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

I. NET ASSETS/FUND BALANCES

Net assets reported on the government wide statement of net assets at December 31, 2011 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land	\$ 1,216,484
Purchased development rights	6,325,594
Construction in progress	1,054,013
Other capital assets, net of accumulated depreciation	84,672,686
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(17,085,000)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>76,183,777</u>
Restricted	
Sales tax statutes	379,956
Loan programs	2,133,091
Aging programs	373,710
Law enforcement activities	95,386
Landfill remediation	5,312,152
Human services programs	2,612,429
Land conservation	<u>775,660</u>
Total Restricted	<u>11,682,384</u>
Unrestricted	<u>21,909,200</u>
Total Governmental Activities Net Assets	<u>\$ 109,775,361</u>

Governmental fund balances reported on the fund financial statements at December 31, 2011 include the following:

Nonspendable	
Major Funds	
General Fund	
Advance to Tri-County Airport	\$ 9,442
Delinquent property taxes	2,489,745
Prepaid items	180,366
Inventories	<u>20,915</u>
Subtotal	<u>2,700,468</u>
Human Services	
Prepaid items	<u>5,726</u>
Total	<u>\$ 2,706,194</u>

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

I. NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Restricted

Major Funds

General Fund

Sales taxes	\$ 379,956
-------------	------------

Human Services	2,612,429
----------------	-----------

Non-Major Funds

Aging and Disability Resource Center	348,217
--------------------------------------	---------

Land records modernization	775,660
----------------------------	---------

Landfill remediation	5,312,152
----------------------	-----------

Drug seizures	95,386
---------------	--------

CDBG-ED revolving loans	461,412
-------------------------	---------

CDBG-FRSB revolving loans	57
---------------------------	----

CDBG-EAP	569,971
----------	---------

CDBG-housing rehabilitation	1,271
-----------------------------	-------

Debt service	5,248
--------------	-------

Subtotal	7,569,374
----------	-----------

Total	\$ 10,561,759
-------	---------------

Assigned

Major Funds

General Fund

Alice in Dairyland trust	\$ 7,960
--------------------------	----------

Carryforwards to subsequent year	1,257,077
----------------------------------	-----------

Fund balance applied to subsequent year budget	1,680,850
--	-----------

Subtotal	2,945,887
----------	-----------

Non-Major Funds

Building Projects	130,515
-------------------	---------

Total	\$ 3,076,402
-------	--------------

Unassigned

Major Fund

General Fund

Working capital	\$ 11,545,479
-----------------	---------------

Remaining fund balance	8,675,514
------------------------	-----------

Subtotal	20,220,993
----------	------------

Non-Major Funds

Dog license (deficit)	(4,806)
-----------------------	---------

Total	\$ 20,216,187
-------	---------------

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

I. NET ASSETS/FUND BALANCES (cont.)

Business-type Activities

Invested in capital assets, net of related debt	
Land	\$ 576,718
Construction in progress	-
Other capital assets, net of accumulated depreciation	21,233,350
Less: Related long-term debt outstanding	(13,395,000)
Less: Costs of issuance, premiums, and loss on refunding	(166,380)
Total Invested in Capital Assets, Net of Related Debt	<u>8,248,688</u>
Unrestricted	<u>5,383,025</u>
Total Business-type Activities Net Assets	<u>\$ 13,631,713</u>

J. COMPONENT UNIT

This report contains the Sauk County Housing Authority (Housing Authority), which is included as a component unit. Financial information is presented as a discrete column in the statement of net assets and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The Housing Authority follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

At year end, the carrying amount of the Housing Authority's deposits was \$342,683 and the bank balance was \$347,934. The Housing Authority has no deposits with financial institutions in excess of federal depository insurance limits that were held in uncollateralized accounts and not covered by the Wisconsin State Deposit Guarantee Fund. The Housing Authority reported no investments outside of its bank deposits.

c. Cash and Cash Equivalents

The Housing Authority considers cash equivalents to include certificates of deposits having an original maturity of three months or less.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

J. COMPONENT UNIT (cont.)

d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land and improvements	\$ 575,363	\$ -	\$ -	\$ 575,363	5 – 20
Leasehold improvements	8,664	-	-	8,664	5 – 20
Buildings and improvements	4,223,604	36,965	-	4,260,569	5 – 40
Furniture and equipment	233,529	21,718	-	255,247	3 – 10
Total Capital Assets	5,041,160	58,683	-	5,099,843	
Accumulated depreciation	(2,608,628)	(187,214)	-	(2,795,842)	
Net Capital Assets	<u>\$ 2,432,532</u>	<u>\$ (128,531)</u>	<u>\$ -</u>	<u>\$ 2,304,001</u>	

e. Long-Term Obligations

The notes payable are secured by the Housing Authority's real property, furniture, equipment, and rents and profits. The Housing Authority notes are not a general obligation of the county nor are they guaranteed by the county.

	Beginning Balance	Increases	Decreases	Ending Balance
Mortgage notes payable	<u>\$ 1,379,014</u>	<u>\$ -</u>	<u>\$ 42,101</u>	<u>\$ 1,336,913</u>

Debt service requirements to maturity are as follows:

	Principal	Interest	Totals
2012	\$ 44,926	\$ 96,375	\$ 141,301
2013	349,925	77,798	427,723
2014	26,743	70,762	97,505
2015	28,526	68,979	97,505
2016	25,809	67,105	92,914
2017 – 2021	110,190	312,057	422,247
2022 – 2026	160,469	261,778	422,247
2027 – 2031	234,071	188,176	422,247
2032 – 2036	269,979	83,386	353,365
2037 – 2041	86,275	12,450	98,725
Totals	<u>\$ 1,336,913</u>	<u>\$ 1,238,866</u>	<u>\$ 2,575,779</u>

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

J. COMPONENT UNIT (cont.)

f. Employee Retirement System

All eligible Housing Authority employees participate in the Wisconsin Retirement System ("System"), a cost-sharing defined benefit multiple-employer public employee retirement system (PERS). The payroll for employees covered by the System for the year ended December 31, 2010 was \$155,836; the Housing Authority's total payroll was \$214,901.

The total required contribution for the year ended December 31, 2010 was \$17,142 or 11.0% of covered payroll. Of this amount, 4.8% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2009 and 2008 were \$18,958 and \$20,305, respectively, equal to the required contributions for each year.

g. Net Assets

Net assets reported on the government-wide statement of net assets at June 30, 2011 includes the following:

Invested in capital assets, net of related debt	
Other capital assets, net of accumulated depreciation	\$ 2,304,001
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(1,300,470)</u>
Total Invested in Capital Assets, Net of Related Debt	1,003,531
Restricted	
Escrow accounts	206,350
Unrestricted	<u>517,043</u>
Total Net Assets	<u>\$ 1,726,924</u>

h. Contingent Liability

Sauk County Housing Authority is also a general partner in several limited partnerships which it manages and therefore receives a management fee. The costs paid to acquire ownership in the limited partnerships were minimal and has been expensed to the management fund. The partnerships that Sauk County Housing Authority is a general partner in are as follows:

Name	Ownership Percent	Outstanding Liabilities at 06-30-11
Tower Street Limited Partnership	1%	\$ 597,586
Kolan Kourt Limited Partnership	.01%	404,133
Highpointe Commons Ownership Group, LLC	.51%	1,246,546

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

J. COMPONENT UNIT (cont.)

i. Investment in Joint Venture

On June 23, 2007, the Authority purchased land for a tax credit housing project, Highpointe Commons Senior Housing, LLC, of which the Authority is the managing member for Highpointe Commons Ownership Group, LLC, which has a .10% company interest in the project. The Total investment was \$209,998 with Sauk County contributing \$100,000 to the Authority toward the purchase of the land.

j. Risk Management

The Housing Authority is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors; and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible county employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work at least 600 hours a year (1,200 hours for employees hired on or after July 1, 2011) are eligible to participate in the System. Covered employees in the General category are 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 through June 28, 2011. Beginning, June 29, 2011 and thereafter covered employees in the General category are required by statute to contribute 5.8% of their salary (6.65% for executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security). Employers generally make these contributions to the plan on behalf of employees through Jun 28, 2011. Thereafter, employees are required to fund their contribution subject to terms of employment contracts and which employee group they are a member of. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for county employees covered by the system for the year ended December 31, 2011 was \$25,786,802; the total employer's total payroll was \$25,943,740. The total required contribution for the year ended was \$3,276,966 or 12.71% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2010 and 2009 were \$3,347,695 and \$3,199,700, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials, 54 for protective occupation employees with less than 25 years of service, and 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

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

employment 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 or beginning participation on or after July 1, 2011, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and between April 24, 1998 and June 30, 2011 are immediately vested.

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

The pension related debt for the county as of December 31, 2011, was \$-0-.

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; and health care of its employees. The county purchases commercial insurance to provide coverage for losses from the risks listed above. However, other risks, such as liability and workers' compensation are accounted for and financed by the county in an internal service fund – the county insurance fund.

Self Insurance

For liability claims, the uninsured risk of loss is \$10,000 per incident and \$10,000,000 in aggregate limits for a policy year. The county has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

For workers' compensation claims, the uninsured risk of loss is \$50,000 per incident and \$500,000 in the aggregate for a policy year. The county has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the county participate in the risk management program. Amounts payable to the county insurance fund are based on estimates of the amounts necessary to pay prior and current year claims deductible.

Public Entity Risk Pool

Wisconsin County Mutual Insurance Corporation

Sauk County and 54 other Wisconsin counties jointly participate in the Wisconsin County Mutual Insurance Corporation (WCMIC) for general and automobile liability insurance. The creation of WCMIC 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.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

The county also participates in WCMIC for workers' compensation insurance. An actuarially determined estimate has been recorded for the county's retained liability, as well as for claims incurred but not reported at December 31, 2011. A total liability of approximately \$241,651 at December 31, 2010 was recorded as claims payable and reported in the Workers' Compensation internal service fund. The entire amount is also recorded in the governmental activities column of the government-wide statements of net assets. Changes in the claims loss liability follow:

	<u>Beginning Balance</u>	<u>Incurred Claims</u>	<u>Claims Paid/ Settled</u>	<u>Ending Balance</u>
2011	\$ 241,651	\$ 172,987	\$ 133,138	\$ 281,500
2010	155,207	181,292	94,848	241,651

The governing body is made up of 19 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, 2011 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 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.

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.

The Original Sauk County Landfill is on the National Priority List by the Environmental Protection Agency (EPA). The required five year report was completed in 2010. The county will apply for de-listing as the need for monitoring has decreased. As required, the Wisconsin Department of Natural Resources (DNR) will continue to maintain oversight of the landfill recovery.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Currently, Sauk County is budgeting for costs associated with the monitoring and cleanup of the original Sauk County Landfill on an annual basis. The amount of potential liability to Sauk County for costs associated with the cleanup and monitoring of the Original Sauk County Landfill cannot be estimated at this time. This potential liability may be material to these financial statements. However, other parties that may be found to have been partially responsible may be liable for some of the costs. In 1993 and 1992, individual parties entered into agreements with the county regarding this issue and paid \$1,078,000 and \$950,000, respectively, to the county to release them from future costs. In 2011, the county spent \$71,986 of these funds on site remediation and cost recovery activities. These funds are held in the Landfill Remediation special revenue fund.

On March 24, 1994, the State of Wisconsin, Department of Natural Resources, with concurrence from U.S. EPA, formally executed and issued a source control record of decision. This decision included such items as continued monitoring of groundwater, regarding of the landfill surface to promote drainage off of the landfill cover, fencing, installation of a gas extraction system, imposing deed restrictions to prohibit disturbance of the landfill cover, maintenance of the final cover to prevent erosion and contingency plans in the event that compliance with groundwater quality standards is not achieved in the future. The total cost of the above decision cannot be reasonably determined at this date.

D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The county's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in another postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Plan requirements are established through collective bargaining agreements and county policies and may be amended only through negotiations between the county and the union. The retirees pay 100% of the premium amounts under the plan.

The county's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the county's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the district's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	106,510
Interest on net OPEB obligation		11,917
Adjustment to annual required contribution		<u>(11,839)</u>
Annual OPEB cost		106,588
Contributions made		<u>(46,272)</u>
Increase in Net OPEB Obligation		60,316
Net OPEB Obligation – Beginning of Year		<u>297,912</u>
Net OPEB Obligation – End of Year	\$	<u><u>358,228</u></u>

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (cont.)

D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont.)

The county's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the past two previous years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/11	\$ 106,510	43.4%	\$ 358,228
12/31/10	101,162	41.6%	297,912
12/31/09	169,587	28.2%	238,752

The funded status of the plans as of January 1, 2011, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 912,646
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 912,646</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

SAUK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (cont.)

D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont.)

In the actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return and an annual healthcare cost trend rate of 10.0% initially, reduced by decrements to an ultimate rate of 4.5% after 10 years. Both rates include a 3.0% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2011 was 30 years.

E. JOINT VENTURE

Sauk County, Richland County and Iowa County jointly operate the local Tri-County Airport (airport). The counties share in the annual operation of the airport equally.

The governing body is made up of members from each county. The governing body has authority to adopt its own budget and control the financial affairs of the airport. The county made a payment totaling \$15,844 to the airport for 2011. The county believes that they will make similar payments to the airport in the future.

Financial information of the airport as of December 31, 2011 is available directly from the county.

F. 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. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. Application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SAUK COUNTY

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
General	\$ 2,534,988	\$ 2,534,988	\$ 3,143,880	\$ 608,892
County board	141,396	141,396	141,396	-
Clerk of courts	1,240,300	1,240,300	1,272,483	32,183
Board of adjustments	79,491	79,491	77,991	(1,500)
Circuit court	631,454	629,127	620,277	(8,850)
Court commissioner	229,292	231,619	227,191	(4,428)
Circuit court probate	161,500	161,500	149,311	(12,189)
Accounting	491,741	491,741	495,182	3,441
County clerk	333,488	333,488	338,824	5,336
Personnel	396,854	396,854	397,681	827
Treasurer	564,962	564,962	1,426,435	861,473
Register of deeds	212,310	212,310	304,092	91,782
District attorney	490,089	490,089	477,283	(12,806)
Corporation counsel	581,180	581,180	584,054	2,874
Surveyor	81,824	81,824	81,824	-
Buildings and maintenance	2,549,142	2,549,142	2,644,743	95,601
Sheriff	13,030,393	13,030,393	12,419,521	(610,872)
Coroner	135,518	144,703	135,518	(9,185)
Emergency government	179,227	179,227	185,479	6,252
Administrative coordinator	168,703	168,703	168,703	-
Management information systems	2,265,850	2,658,376	1,940,903	(717,473)
Public health	844,224	844,224	752,327	(91,897)
Home nursing	852,411	852,411	656,510	(195,901)
Public health - WIC	307,783	307,783	353,886	46,103
Public health - environmental health	337,345	337,345	277,323	(60,022)
Child support	869,926	869,926	845,048	(24,878)
Veteran's service	211,722	211,722	211,722	-
Parks	320,033	320,033	361,023	40,990
Planning and zoning	832,733	842,733	593,527	(249,206)
Land conservation	915,553	915,553	999,710	84,157
University extension	320,578	320,578	323,216	2,638
Total Revenues	32,312,010	32,723,721	32,607,063	(116,658)

SAUK COUNTY

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
General	\$ 1,542,829	\$ 1,553,066	\$ 1,208,025	\$ 345,041
County board	141,396	141,396	129,559	11,837
Clerk of courts	1,240,300	1,240,300	1,179,798	60,502
Board of adjustments	79,491	79,491	60,934	18,557
Circuit court	631,454	631,454	581,292	50,162
Court commissioner	229,292	231,619	219,171	12,448
Circuit court probate	161,500	161,500	138,813	22,687
Accounting	509,744	559,744	518,327	41,417
County clerk	333,488	336,888	329,083	7,805
Personnel	416,854	436,976	365,007	71,969
Treasurer	754,962	784,962	662,159	122,803
Register of deeds	212,310	212,310	210,040	2,270
District attorney	490,089	497,589	419,423	78,166
Corporation counsel	581,180	581,180	558,119	23,061
Surveyor	81,824	81,824	64,827	16,997
Buildings and maintenance	2,629,142	3,150,519	2,231,400	919,119
Sheriff	13,238,029	13,238,029	12,392,455	845,574
Coroner	135,518	144,703	144,703	-
Emergency government	179,227	179,227	166,140	13,087
Administrative coordinator	228,703	228,703	162,692	66,011
Management information systems	2,265,850	2,898,342	1,969,825	928,517
Public health	844,224	873,675	740,185	133,490
Home nursing	852,411	876,457	678,386	198,071
Public health - WIC	308,956	351,976	326,523	25,453
Public health - environmental health	352,345	352,035	271,953	80,082
Child support	869,926	869,926	837,491	32,435
Veteran's service	213,722	233,964	214,439	19,525
Parks	348,033	709,809	446,026	263,783
Planning and zoning	1,274,321	1,283,488	510,478	773,010
Land conservation	947,553	1,035,564	811,678	223,886
University extension	322,068	343,590	307,788	35,802
Total Expenditures	32,416,741	34,300,306	28,856,739	5,443,567

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

SAUK COUNTY

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Excess (deficiency) of revenues over expenditures	\$ (104,731)	\$ (1,576,585)	\$ 3,750,324	\$ 5,326,909
OTHER FINANCING SOURCES (USES)				
Transfers in	550,000	550,000	1,110,582	560,582
Transfers out	(2,789,659)	(2,911,707)	(2,860,096)	51,611
Total Other Financing Sources (Uses)	(2,239,659)	(2,361,707)	(1,749,514)	612,193
Net Change in Fund Balance	(2,344,390)	(3,938,292)	2,000,810	5,939,102
FUND BALANCE - Beginning of Year	24,246,494	24,246,494	24,246,494	-
FUND BALANCE - END OF YEAR	\$ 21,902,104	\$ 20,308,202	\$ 26,247,304	\$ 5,939,102

SAUK COUNTY

HUMAN SERVICES FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 7,684,741	\$ 7,684,741	\$ 7,684,741	\$ -
Intergovernmental	6,967,629	7,027,888	7,311,961	284,073
Fines, forfeitures and penalties	124,000	124,000	100,521	(23,479)
Public charges for services	402,126	402,126	388,422	(13,704)
Intergovernmental charges for services	-	-	-	-
Investment income	-	-	9,060	9,060
Miscellaneous	10,100	10,100	8,721	(1,379)
Total Revenues	15,188,596	15,248,855	15,503,426	254,571
EXPENDITURES				
Current				
Health and social services	15,278,976	15,529,035	14,380,672	1,148,363
Capital Outlay	-	-	29,122	(29,122)
Total Expenditures	15,278,976	15,529,035	14,409,794	1,148,363
Excess (deficiency) of revenues over expenditures	(90,380)	(280,180)	1,093,632	1,373,812
OTHER FINANCING USES				
Transfers out	-	-	(480,988)	(480,988)
Total Other Financing Uses	-	-	(480,988)	(480,988)
Net Change in Fund Balance	(90,380)	(280,180)	612,644	892,824
FUND BALANCE - Beginning of Year	2,005,511	2,005,511	2,005,511	-
FUND BALANCE - END OF YEAR	\$ 1,915,131	\$ 1,725,331	\$ 2,618,155	\$ 892,824

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

SAUK COUNTY

OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2011

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age Normal Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2009	\$	- \$ 1,336,887	\$ 1,336,687	0%	N/A	N/A
1/1/2010		- 854,161	854,161	0%	N/A	N/A
1/1/2011		- 912,646	912,646	0%	N/A	N/A

The county is required to present the above information for the most recent actuarial studies. The study completed as of January 1, 2011 was the most recent study performed for the county.

SAUK COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2011

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.

There were no excess expenditures over appropriations in 2011.

The county monitors budgets at the department level of control.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

SAUK COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2011

	Special Revenue Funds										Debt Service Fund	Capital Project Fund	Total Non-major Governmental Funds
	Aging and Disability Resource Center	County Jail	Land Records Modernization	Landfill Remediation	Drug Seizures	CDBG-ED Revolving Loan	CDBG-FRSB Revolving Loan	CDBG-EAP Emergency Assistance	CDBG-HSE Emergency Assistance	Dog License	Debt Service	Building Projects	
ASSETS													
Cash and investments	\$ 24,891	\$ -	\$ -	\$ 2,893,133	\$ 98,026	\$ 100	\$ -	\$ -	\$ 1	\$ -	\$ 2,227	\$ -	\$ 3,018,378
Taxes receivable	176,914	-	-	-	-	-	-	-	-	-	250,000	-	426,914
Accounts receivable	543	8,218	2,145	839	-	-	-	-	-	79	-	-	11,824
Loans receivable	-	-	-	-	-	172,912	127,525	1,248,045	142,135	-	-	-	1,690,617
Due from other funds	-	-	779,832	225,692	-	461,312	57	-	-	-	3,021	130,515	1,600,429
Due from other governmental units	444,297	-	-	2,220,084	-	-	-	657,828	43,180	-	-	-	3,365,389
TOTAL ASSETS	\$ 646,645	\$ 8,218	\$ 781,977	\$ 5,339,748	\$ 98,026	\$ 634,324	\$ 127,582	\$ 1,905,873	\$ 185,316	\$ 79	\$ 255,248	\$ 130,515	\$ 10,113,551
LIABILITIES AND FUND BALANCES													
Liabilities													
Accounts payable	\$ 51,749	\$ -	\$ 2,023	\$ 27,596	\$ 2,640	\$ -	\$ -	\$ 193,284	\$ 6,351	\$ -	\$ -	\$ -	\$ 283,643
Accrued liabilities	9,372	-	-	-	-	-	-	-	-	-	-	-	9,372
Due to other funds	34,900	8,218	-	-	-	-	-	484,790	35,579	3,840	-	-	567,327
Due to other governmental units	-	-	4,294	-	-	-	-	-	-	1,045	-	-	5,339
Deferred revenues	202,407	-	-	-	-	172,912	127,525	657,828	142,115	-	250,000	-	1,552,787
Total Liabilities	298,428	8,218	6,317	27,596	2,640	172,912	127,525	1,335,902	184,045	4,885	250,000	-	2,418,468
Fund Balances													
Restricted	348,217	-	775,660	5,312,152	95,386	461,412	57	569,971	1,271	-	5,248	-	7,569,374
Assigned	-	-	-	-	-	-	-	-	-	-	-	130,515	130,515
Unassigned (Deficit)	-	-	-	-	-	-	-	-	-	(4,806)	-	-	(4,806)
Total Fund Balances (Deficit)	348,217	-	775,660	5,312,152	95,386	461,412	57	569,971	1,271	(4,806)	5,248	130,515	7,695,083
TOTAL LIABILITIES AND FUND BALANCES	\$ 646,645	\$ 8,218	\$ 781,977	\$ 5,339,748	\$ 98,026	\$ 634,324	\$ 127,582	\$ 1,905,873	\$ 185,316	\$ 79	\$ 255,248	\$ 130,515	\$ 10,113,551

SAUK COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Special Revenue Funds										Debt Service Fund	Capital Project Fund	Total Non-major Governmental Funds
	Aging and Disability Resource Center	County Jail	Land Records Modernization	Landfill Remediation	Drug Seizures	CDBG-ED Revolving Loan	CDBG-FRSB Revolving Loan	CDBG-EAP Emergency Assistance	CDBG-HSE Emergency Assistance	Dog License	Debt Service	Building Projects	
REVENUES													
Taxes	\$ 147,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ -	\$ 397,738
Intergovernmental	1,547,099	-	300	-	1,997	-	-	30,000	191,740	-	-	-	1,771,136
Licenses and permits	-	-	-	-	-	-	-	-	-	28,375	-	-	28,375
Fines, forfeitures, and penalties	-	-	-	-	6,350	-	-	-	-	-	-	-	6,350
Public charges for services	46,339	-	278,072	7,251	-	-	-	-	-	-	-	-	331,662
Intergovernmental charges for services	23,753	-	-	-	-	-	-	-	-	-	-	-	23,753
Regulation and compliance	-	114,323	-	-	-	-	-	-	-	-	-	-	114,323
Investment income	8	-	-	25,160	658	4,466	10,352	-	-	-	2,270	-	42,914
Miscellaneous	93,707	-	-	-	-	87,084	191,696	-	-	-	-	-	372,487
Total Revenues	1,858,644	114,323	278,372	32,411	9,005	91,550	202,048	30,000	191,740	28,375	252,270	-	3,088,738
EXPENDITURES													
Current													
General government	-	-	114,546	-	-	-	-	-	-	-	-	-	114,546
Public safety	-	-	-	-	10,873	-	-	573,339	-	-	-	-	584,212
Health and social services	1,545,504	-	-	-	-	-	-	-	-	27,780	-	-	1,573,284
Public works	-	-	-	107,394	-	-	-	-	-	-	-	-	107,394
Culture, education and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	131,671	-	-	190,469	-	-	-	322,140
Capital Outlay	98,980	-	51,513	-	-	-	-	-	-	-	-	271,291	421,784
Debt Service													
Principal	-	-	-	-	-	-	-	-	-	-	1,705,000	-	1,705,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	741,841	-	741,841
Total Expenditures	1,644,484	-	166,059	107,394	10,873	131,671	-	573,339	190,469	27,780	2,446,841	271,291	5,570,201
Excess (deficiency) of revenues over expenditures	214,160	114,323	112,313	(74,983)	(1,868)	(40,121)	202,048	(543,339)	1,271	595	(2,194,571)	(271,291)	(2,481,463)
OTHER FINANCING SOURCES (USES)													
Transfers in	-	-	-	-	-	202,048	-	-	-	-	2,165,285	267,937	2,635,270
Transfers out	-	(118,485)	-	-	-	-	(202,048)	-	-	-	-	-	(320,533)
Total Other Financing Sources (Uses)	-	(118,485)	-	-	-	202,048	(202,048)	-	-	-	2,165,285	267,937	2,314,737
Net change in fund balance	214,160	(4,162)	112,313	(74,983)	(1,868)	161,927	-	(543,339)	1,271	595	(29,286)	(3,354)	(166,726)
FUND BALANCES (Deficit) -													
Beginning of Year	134,057	4,162	663,347	5,387,135	97,254	299,485	57	1,113,310	-	(5,401)	34,534	133,869	7,861,809
FUND BALANCES (DEFICIT) -													
END OF YEAR	\$ 348,217	\$ -	\$ 775,660	\$ 5,312,152	\$ 95,386	\$ 461,412	\$ 57	\$ 569,971	\$ 1,271	\$ (4,806)	\$ 5,248	\$ 130,515	\$ 7,695,083

SAUK COUNTY

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS As of December 31, 2011

	Self- Insurance	Workers' Compensation	Totals
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 533,938	\$ -	\$ 533,938
Interest receivable	114	-	114
Due from other funds	-	744,337	744,337
Prepaid items	-	104,219	104,219
Total Current Assets	<u>534,052</u>	<u>848,556</u>	<u>1,382,608</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Claims payable	-	15,815	15,815
Due to other funds	52,771	-	52,771
Unearned revenue	114	-	114
Total Current Liabilities	<u>52,885</u>	<u>15,815</u>	<u>68,700</u>
NON-CURRENT LIABILITIES			
Claims payable	-	265,685	265,685
Total Liabilities	<u>52,885</u>	<u>281,500</u>	<u>334,385</u>
NET ASSETS			
Unrestricted	<u>481,167</u>	<u>567,056</u>	<u>1,048,223</u>
TOTAL NET ASSETS	<u>\$ 481,167</u>	<u>\$ 567,056</u>	<u>\$ 1,048,223</u>

SAUK COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2011

	Self- Insurance	Workers' Compensation	Totals
OPERATING REVENUES			
Charges for services	\$ 30,248	\$ 263,769	\$ 294,017
Miscellaneous	30,419	-	30,419
Total Operating Revenues	<u>60,667</u>	<u>263,769</u>	<u>324,436</u>
OPERATING EXPENSES			
Operation and maintenance	<u>63,439</u>	<u>452,689</u>	<u>516,128</u>
Operating Loss	<u>(2,772)</u>	<u>(188,920)</u>	<u>(191,692)</u>
NONOPERATING REVENUES			
Investment income	<u>2,022</u>	<u>-</u>	<u>2,022</u>
Change in Net Assets	(750)	(188,920)	(189,670)
NET ASSETS - Beginning of Year	<u>481,917</u>	<u>755,976</u>	<u>1,237,893</u>
NET ASSETS - END OF YEAR	<u>\$ 481,167</u>	<u>\$ 567,056</u>	<u>\$ 1,048,223</u>

SAUK COUNTY

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2011

	Self- Insurance	Workers' Compensation	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from other funds	\$ 60,667	\$ 263,769	\$ 324,436
Paid to suppliers for goods and services	18,077	(263,769)	(245,692)
Net Cash Flows From Operating Activities	<u>78,744</u>	<u>-</u>	<u>78,744</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	2,022	-	2,022
Net Cash Flows From Investing Activities	<u>2,022</u>	<u>-</u>	<u>2,022</u>
Change in Cash and Cash Equivalents	80,766	-	80,766
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>453,172</u>	<u>-</u>	<u>453,172</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 533,938</u>	<u>\$ -</u>	<u>\$ 533,938</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES			
Operating loss	\$ (2,772)	\$ (188,920)	\$ (191,692)
Changes in Noncash Components of Working Capital			
Due from other funds	28,745	151,046	179,791
Prepaid items	-	(1,975)	(1,975)
Due to other funds	52,771	-	52,771
Claims payable	<u>-</u>	<u>39,849</u>	<u>39,849</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 78,744</u>	<u>\$ -</u>	<u>\$ 78,744</u>
NONCASH CAPITAL AND FINANCING ACTIVITIES			
None.			

SAUK COUNTY

COMBINING STATEMENT OF FIDUCIARY NET ASSETS AGENCY FUNDS As of December 31, 2011

	Agency Funds					
	Officers' Range Association	Tri-County Airport	Clerk of Courts	Huber Trust	Tax Collection	Totals
ASSETS						
Cash and investments	\$ 11,418	\$ -	\$ 967,243	\$ 35,763	\$ -	\$ 1,014,424
Accounts receivable	-	6,557	-	-	-	6,557
Property taxes receivable	-	-	-	-	1,139,309	1,139,309
Due from other governments	-	38,719	-	-	-	38,719
TOTAL ASSETS	\$ 11,418	\$ 45,276	\$ 967,243	\$ 35,763	\$ 1,139,309	\$ 2,199,009
LIABILITIES						
Accounts payable	\$ -	\$ 838	\$ -	\$ -	\$ -	\$ 838
Accrued liabilities	-	714	-	-	-	714
Deposits	-	-	967,243	35,763	-	1,003,006
Due to other governments	11,418	43,724	-	-	1,139,309	1,194,451
TOTAL LIABILITIES	\$ 11,418	\$ 45,276	\$ 967,243	\$ 35,763	\$ 1,139,309	\$ 2,199,009