

DUNN COUNTY, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2011

**DUNN COUNTY, WISCONSIN
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YEAR ENDED DECEMBER 31, 2011**

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INDEPENDENT AUDITORS' REPORT

Board of County Supervisors
Dunn County
Menomonie, 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 Dunn County, Wisconsin (the County) 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 basic financial statements are the responsibility of the County Board and management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dunn County Housing Authority, which is presented in the component unit column. Those 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 Dunn County Housing Authority, is based solely 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 the County's management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit, and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the 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 Dunn County, Wisconsin as of December 31, 2011, and the respective changes in the financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011. Adoption of the provisions of this statement results in significant changes to the classifications of the components of fund balances.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2012 on our consideration of County's internal control over financial reporting and on our tests on 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The individual and combining fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. This 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 individual and combining fund statements have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
June 15, 2012

COUNTY OF DUNN



Department of Administration

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS PREPARED YEAR ENDED DECEMBER 31, 2011

As financial managers for Dunn County, the staff of the Department of Administration offers readers of the Dunn County Financial Statements for the fiscal year ended December 31, 2011 this synopsis and analysis of the financial activities of the County of Dunn. We encourage readers to consider this information in conjunction with the more detailed statements, reports, and letters. These additional documents may all be found in the Department of Administration and will be made available for review upon request.

FINANCIAL HIGHLIGHTS

- As of December 31, 2011, the assets of Dunn County exceeded its liabilities by \$95,465,947 (total net assets). Of this amount \$18,955,960 (unrestricted net assets) or 20% of the total, may be used to meet the County's ongoing obligations to citizen's and creditors.
- Dunn County's total net assets increased by \$2,543,755 in 2011.
- At the close of the fiscal year, Dunn County governmental funds reported ending fund balances of \$14,602,767 an increase of \$326,900 from the prior year. Approximately 72% of this total amount, or \$10,450,361, is available for spending at the County's discretion (unassigned fund balance).
- At the end of the year the unassigned fund balance for the general fund was \$10,450,361. This is 49.8% of the total general fund expenditures for the fiscal year.
- Dunn County's total outstanding debt for the year ended December 31, 2011 was \$9,455,000. All of the debt is general obligation debt which is 6.9% of the County's overall debt limit of \$136,655,555. This leaves an unused debt limit of \$127,200,555.

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011**

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Dunn County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements which provide both long and short term financial information, 2) fund financial statements which focus on individual parts of the County in more detail, and 3) notes to the basic financial statements which provide even greater detail for some of the information in the government-wide and fund statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The *statement of net assets* presents information on all of the 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 a useful indicator of whether the financial position of Dunn County is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of Dunn County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government; public safety; public works; health and human services; culture, education and recreation; and conservation and development. The business-type activities of the County include highway, transit, and health care facility operations.

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

The government-wide financial statements can be found beginning on page 16 of this report.

Fund Financial Statements

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

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011**

Governmental Funds

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

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

Dunn County maintains 5 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, the human services special revenue fund, and the debt service fund, which are considered to be major funds. Data for the other 2 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.

The County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided as required supplemental information for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found beginning on page 18 of this report.

Proprietary Funds

Dunn County maintains three 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. The County uses enterprise funds to account for its highway operations, transit commission operations, and health care facility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its various insurance activities. Because insurance activities predominantly benefit governmental functions of the County, they have been included within governmental activities in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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 operations, health care facility operations and transit commission. The highway department and health care center considered to be major funds of the County.

The basic proprietary fund financial statements can be found beginning on page 22 of this report.

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011**

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found beginning on page 26 of this report.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 27 of this report.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the required supplementary information found beginning on page 54. Combining and individual fund statements and schedules can be found beginning on page 61.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously noted, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$95,465,947 as of December 31, 2011 and comparatively \$92,922,192 for 2010.

**Condensed Statement of Net Assets
December 31, 2011 and 2010**

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------------------|-------------------------|---------------|--------------------------|--------------|---------------|---------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current and Other Assets | \$ 36,958,344 | \$ 36,275,259 | \$ 9,727,353 | \$ 9,625,935 | \$ 46,685,697 | \$ 45,901,194 |
| Capital Assets | 77,930,499 | 77,369,203 | 7,996,143 | 8,308,546 | 85,926,642 | 85,677,749 |
| Internal Balances | 3,857,784 | 2,024,360 | (3,857,784) | (2,024,360) | - | - |
| Total Assets | 118,746,627 | 115,668,822 | 13,865,712 | 15,910,121 | 132,612,339 | 131,578,943 |
| Noncurrent Liabilities Outstanding | 9,729,801 | 10,981,541 | 659,976 | 705,678 | 10,389,777 | 11,687,219 |
| Other Liabilities | 19,758,456 | 19,113,799 | 6,998,159 | 7,855,733 | 26,756,615 | 26,969,532 |
| Total Liabilities | 29,488,257 | 30,095,340 | 7,658,135 | 8,561,411 | 37,146,392 | 38,656,751 |
| Invested in Capital Assets, Not of Related Debt | 68,483,546 | 66,594,105 | 7,996,143 | 8,308,546 | 76,479,689 | 74,902,651 |
| Restricted | 30,298 | 30,661 | - | - | 30,298 | 30,661 |
| Unrestricted | 20,744,526 | 18,948,716 | (1,788,566) | (959,836) | 18,955,960 | 17,988,880 |
| Total Net Assets | \$ 89,258,370 | \$ 85,573,482 | \$ 6,207,577 | \$ 7,348,710 | \$ 95,465,947 | \$ 92,922,192 |

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011**

\$76,479,689 (80.0%) of the County's net assets reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure etc.) less any related debt used to acquire those assets that is still outstanding at December 31, 2011. In 2010 the percentage was 80.6%. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

\$18,955,960 (20.0%) of net assets was unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors. At December 31, 2010 unrestricted net assets was \$17,988,880 (19.4%).

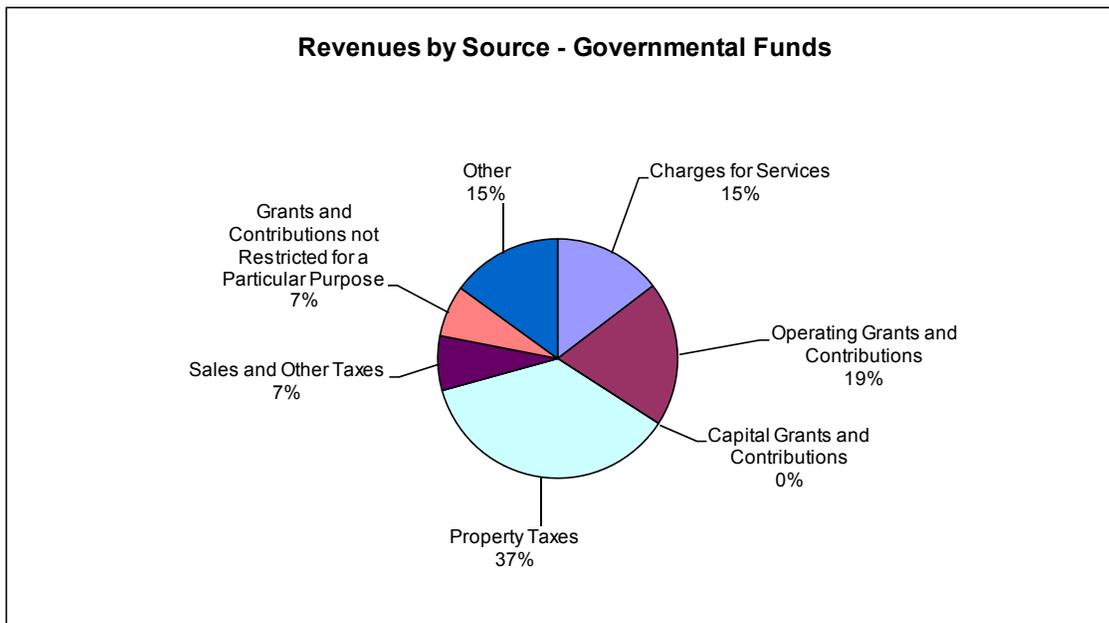
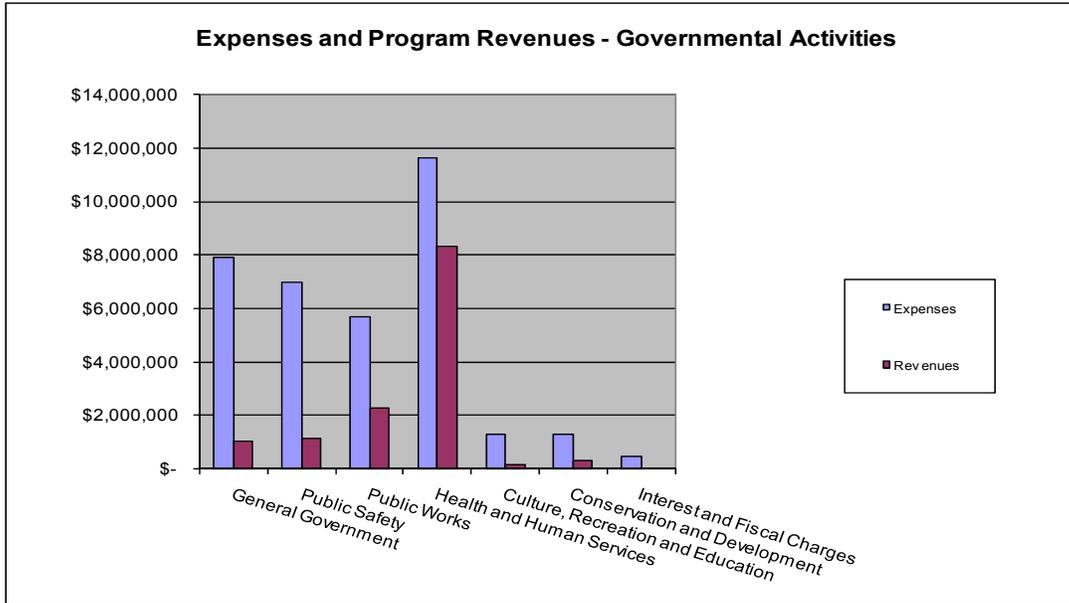
At the end of the current fiscal year, Dunn County is able to report positive balances in all categories of net assets except for unrestricted net assets of the business-type activities.

**Condensed Statement of Activities
Year Ended December 31, 2011 and 2010**

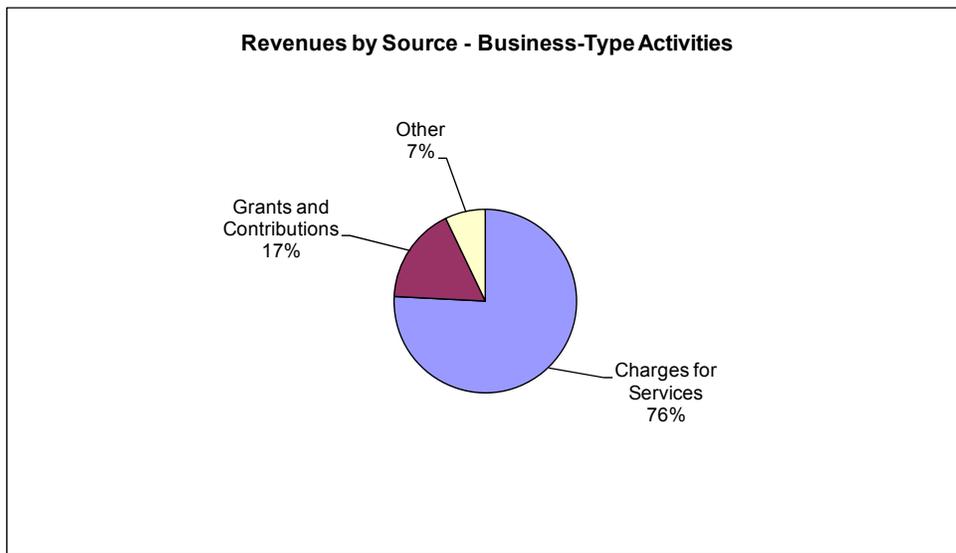
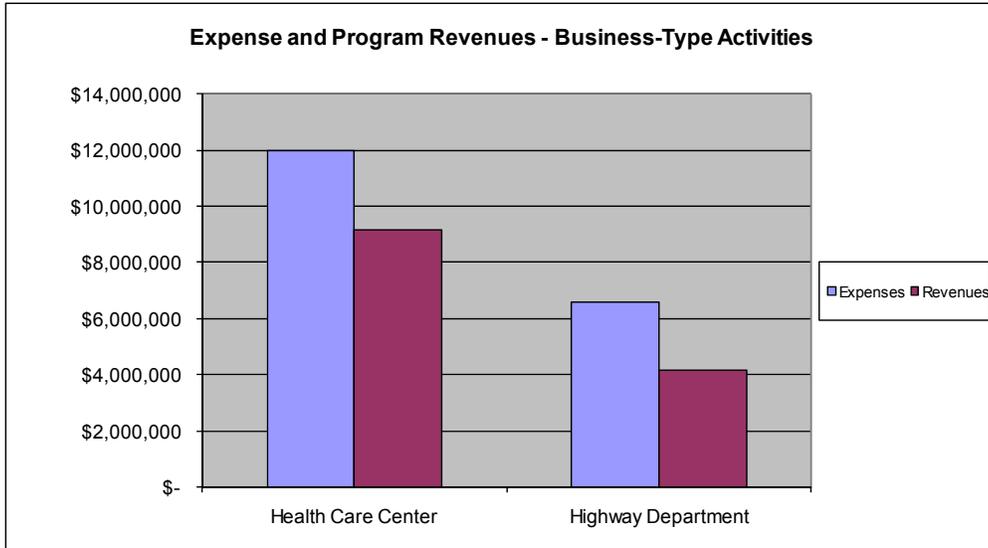
| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 5,689,437 | \$ 5,861,497 | \$ 13,609,101 | \$ 13,380,539 | \$ 19,298,538 | \$ 19,242,036 |
| Operating Grants and Contributions | 7,608,519 | 7,615,124 | 302,775 | 215,999 | 7,911,294 | 7,831,123 |
| Capital Grants and Contributions | - | 161,245 | 151,535 | 88,051 | 151,535 | 249,296 |
| General Revenues: | | | | | | |
| Property Taxes | 12,567,319 | 12,059,970 | 5,563,789 | 5,526,365 | 18,131,108 | 17,586,335 |
| Other Taxes | 4,549,472 | 4,341,119 | - | - | 4,549,472 | 4,341,119 |
| State and Federal Aids not Restricted to Specific Programs | 2,709,043 | 2,765,398 | 2,616,012 | 2,459,301 | 5,325,055 | 5,224,699 |
| Unrestricted Investment Earnings | 376,003 | 325,896 | - | - | 376,003 | 325,896 |
| Other | 1,083,773 | 801,907 | 90,564 | 21,832 | 1,174,337 | 823,739 |
| Total Revenues | <u>34,583,566</u> | <u>33,932,156</u> | <u>22,333,776</u> | <u>21,692,087</u> | <u>56,917,342</u> | <u>55,624,243</u> |
| Expenses: | | | | | | |
| General Government | 7,906,098 | 7,776,618 | - | - | 7,906,098 | 7,776,618 |
| Public Safety | 6,997,843 | 6,636,066 | - | - | 6,997,843 | 6,636,066 |
| Public Works | 5,699,635 | 2,223,455 | - | - | 5,699,635 | 2,223,455 |
| Health and Human Services | 11,632,424 | 11,139,164 | - | - | 11,632,424 | 11,139,164 |
| Culture, Recreation and Education | 1,294,749 | 1,473,390 | - | - | 1,294,749 | 1,473,390 |
| Conservation and Development | 1,274,402 | 1,289,582 | - | - | 1,274,402 | 1,289,582 |
| Interest and Fiscal Charges | 472,776 | 518,787 | - | - | 472,776 | 518,787 |
| Health Care Center | - | - | 11,958,425 | 11,963,353 | 11,958,425 | 11,963,353 |
| Highway | - | - | 6,598,330 | 8,211,420 | 6,598,330 | 8,211,420 |
| Transit Commission | - | - | 538,905 | 452,060 | 538,905 | 452,060 |
| Total Expenses | <u>35,277,927</u> | <u>31,057,062</u> | <u>19,095,660</u> | <u>20,626,833</u> | <u>54,373,587</u> | <u>51,683,895</u> |
| Change in Net Assets Before Transfers | (694,361) | 2,875,094 | 3,238,116 | 1,065,254 | 2,543,755 | 3,940,348 |
| Transfers | 4,379,249 | 1,890,871 | (4,379,249) | (1,890,871) | - | - |
| Change in Net Assets | 3,684,888 | 4,765,965 | (1,141,133) | (825,617) | 2,543,755 | 3,940,348 |
| Net Assets - Beginning of Year | 85,573,482 | 80,807,517 | 7,348,710 | 8,174,327 | 92,922,192 | 88,981,844 |
| Net Assets - End of Year | <u>\$ 89,258,370</u> | <u>\$ 85,573,482</u> | <u>\$ 6,207,577</u> | <u>\$ 7,348,710</u> | <u>\$ 95,465,947</u> | <u>\$ 92,922,192</u> |

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011**

A review of the statement of activities can provide a concise picture of how the various functions/programs of Dunn County are funded. The following charts draw data from the statement of activities. For governmental activities the County's main services for funding governmental services are property taxes (37%) and operating grants/contributions (19%).



**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011**



**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, Dunn County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of December 31, 2011, the County's governmental funds reported combined ending fund balance of \$14,602,767 (\$14,275,867 in 2010), an increase of \$326,900 in comparison with the prior year (\$385,792 increase in 2010). Of the combined ending fund balances, \$10,450,361 or 72% constitutes unassigned fund balance that is available for spending at the County's discretion. The remainder of fund balance, \$4,152,406 is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending.

The general fund is the chief operating fund of the County. At the end of the current year, unassigned fund balance of the general fund was \$10,450,361, while total fund balance reached \$13,791,772 (\$13,701,264 for 2010).

During the current year, the County's general fund balance increased by \$90,508 (\$401,437 increase in 2010). Key factors in this increase include:

- The County's final budget applied \$1,861,808 of fund balance towards 2011 expenditures.
- Actual general fund expenditures were \$2,986,494 less than planned, while the revenues were \$1,035,922 less than planned. Fund balance increased by the difference between actual revenue and expenditures. Please refer to the section under budgetary analysis for an explanation of the larger expenditure variances, which resulted in less actual expenditures.

The human services fund expenditures equaled revenues for fiscal year 2011, after an \$84,404 transfer to the general fund.

The fund balance of the debt service fund decreased by \$363 during fiscal year 2011, ending at \$30,298.

The other governmental funds had fund balances of \$780,697 which is an increase of \$236,755 from the prior year.

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011**

Proprietary Funds

Dunn County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. The net assets of the enterprise-type proprietary funds at the end of 2011 totaled \$8,512,585, down \$180,988 from the previous year.

The decrease in the net assets of the health care center was \$678,681.

The increase in the net assets of the highway department was \$237,032.

The increase in the net assets of the transit commission was \$260,661.

The County had two internal service funds during 2011. Net assets of the funds at year end and changes thereto during the year were as follows:

| | Net Assets at 12/31/11 | Change During Year |
|----------------------------|---------------------------|-----------------------|
| Worker's Compensation Fund | \$ 1,971,652 | \$ 235,095 |
| Health Insurance Fund | 3,301,164 | 56,930 |

The County uses the highway department fund to account for road maintenance and construction and related services provided to the County and to the State of Wisconsin and local governmental units.

Revenues of the health insurance fund consist principally of charges to departments and retirees based on rates determined by the County. Any accumulated balance is considered in the rate determination process.

Revenues of the workers compensation fund consist principally of charges to departments based on rates determined by the County's insurance carrier.

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011**

BUDGETARY ANALYSIS

Over the course of the year minor general fund budget amendments were made. The differences between the original budget and the final amended budget for the general fund expenditures and transfers out amounted to \$814,044, which consisted of increases in grants expenses and fund balance applied for projects not completed in 2010.

During the year, actual general fund revenues excluding fund balance applied was under budget by \$1,035,922 and actual general fund expenditures were \$2,986,494 under budget.

The main revenue budget variances included: sales and use tax \$224,093 over budget, board of prisoners charges for services \$244,430 under budget, home health care charges for services \$249,709 under budget, and property sales \$296,137 under budget.

The main expenditure budget variances included (all less than budget): county manager \$1,507,700, sheriff \$443,905, and planning resources and development \$210,215. Several of these budgets were for projects that were not completed and the budget was carried forward to the 2012 budget.

Some department budgets were over budget. There were no department budgets over by \$10,000 or more.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of December 31, 2011 and 2010 was \$85,926,642 and \$85,677,749, respectively, (net of accumulated depreciation) as shown below:

**Capital Assets at Year-End
(Net of Accumulated Depreciation)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | \$ 2,630,426 | \$ 2,625,891 | \$ 498,166 | \$ 498,166 | \$ 3,128,592 | \$ 3,124,057 |
| Construction in Progress | 308,166 | 1,885,973 | - | - | 308,166 | 1,885,973 |
| Land Improvements | - | - | 349,536 | 352,138 | 349,536 | 352,138 |
| Buildings | 11,264,806 | 11,325,824 | 1,841,465 | 2,019,847 | 13,106,271 | 13,345,671 |
| Machinery and Shop Equipment | 2,371,795 | 2,562,019 | 5,306,976 | 5,438,395 | 7,678,771 | 8,000,414 |
| Roads | 53,430,543 | 50,875,692 | - | - | 53,430,543 | 50,875,692 |
| Bridges | 7,924,763 | 8,093,804 | - | - | 7,924,763 | 8,093,804 |
| Capital Assets, Net of Accumulated Depreciation | <u>\$77,930,499</u> | <u>\$77,369,203</u> | <u>\$ 7,996,143</u> | <u>\$ 8,308,546</u> | <u>\$85,926,642</u> | <u>\$85,677,749</u> |

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011**

Major Capital Asset Events

Governmental Activities

- Fiscal year 2011 road and bridge projects.
- Sheriff department vehicles purchased.

Business-Type Activities

- Highway machinery and equipment purchases of \$497,001.
- Transit vehicles purchased (\$128,699) and contributed (\$48,951).

Additional information on Dunn County's capital assets can be found in Note 2 (B).

Long-Term Obligations

At December 31, 2011, Dunn County had outstanding \$9,455,000 of long-term debt. A summary detail of this amount is shown below:

| | Outstanding Debt at Year-End | | | | |
|--------------------------------|------------------------------|-------------------|-------------------|--------------------------|---------------------|
| | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance 12/31/11 |
| General Obligation Debt | | | | | |
| G.O. Refunding Bonds | 10/1/2003 | 10/1/2016 | 1.15-4.05% | \$ 5,335,000 | \$ 2,445,000 |
| G.O. Refunding Bonds | 3/15/2004 | 10/1/2017 | 1.2-3.8% | 7,980,000 | 4,595,000 |
| G.O. Taxable Refunding Bonds | 12/1/2005 | 10/1/2017 | 5.10-5.50% | 3,840,000 | 2,415,000 |
| Total General Obligation Debt | | | | | <u>\$ 9,455,000</u> |

In addition, as of December 31, 2011 the County had a \$3,587,853 liability for vested compensated absences. Of this amount, \$2,211,568 (62%) is for governmental activities and the remaining \$1,376,285 (38%) is for business-type activities. As of December 31, 2010 the County had a \$3,757,437 liability for vested compensated absences. Of this amount, \$2,219,151 (59%) was for governmental activities and the remaining \$1,538,286 (41%) was for business-type activities. The County also had a liability recorded of \$477,536 and \$384,287 at December 31, 2011 and 2010, respectively, for other postemployment benefits.

On June 4, 2012 S & P's Rating Committee reviewed and assigned a rating of AA- to Dunn County's general obligation debt. This is equal to the previous rating from Moody's of A2.

State statutes limit the amount of general obligation debt the County may issue to 5% of its total equalized valuation. The current debt limit for the County is \$136,655,555, which is significantly in excess of the County's \$9,455,000 in outstanding general obligation debt.

Additional information on Dunn County's long-term debt can be found in Note 2 (D).

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011**

CURRENTLY KNOWN FACTS

Dunn County experienced an estimated growth in population of 4,143 residents from 2000 to 2010. Dunn County population increased 10% compared to 5.8% for Wisconsin as reported in the State of Wisconsin, Department of Workforce, Office of Economic Advisors, December 2011 Dunn County Workforce Profile. The trend of increasing population is expected to continue.

The Wisconsin Department of Revenue indicates that Dunn County's total equalized value decreased by \$55,770,000 or -2.0% as compared to the State which experienced an overall negative growth of \$9,039,959,500 or -1.86% from 2010 to 2011. Dunn County is ranked 52 out of 72 counties during 2011. The following presents comparables with neighboring counties:

| County | 2010 Equalized Value | 2011 Equalized Value | Percent Change | State Ranking |
|-------------|-----------------------------|-----------------------------|---------------------|------------------|
| Barron | \$ 3,684,112,500 | \$ 3,689,962,000 | 0.2% | 14 |
| Chippewa | 4,553,032,700 | 4,551,285,800 | 0.0% | 18 |
| Dunn | <u>2,739,232,100</u> | <u>2,683,462,100</u> | <u>-2.0%</u> | <u>52</u> |
| Eau Claire | 6,686,311,700 | 6,727,328,500 | 0.6% | 7 |
| Pepin | 544,004,600 | 560,656,800 | 3.1% | 1 |
| Pierce | 2,941,150,400 | 2,826,286,000 | -3.9% | 66 |
| St. Croix | 7,653,462,200 | 7,335,670,300 | -4.2% | 68 |

Dunn County is experiencing some pressure from the national economic situation. During 2011, foreclosures of real estate properties continued to increase which contributed to the decline in equalized values.

Momentum West continues to impact economic growth for the counties of west central Wisconsin in 2011 in a positive manner. The County's collaboration with four other west central Wisconsin counties in the I-94 Corridor Coalition in promoting development of multimodal transportation options from Eau Claire to the western boundary of Wisconsin and in cooperation with like efforts from within Minnesota.

Although Dunn County has not been impacted to the same level as other Wisconsin Counties by the state, national and global economic situation, the impact is being felt none the less. Unemployment continues to be a serious issue; interest earnings are low; assessed values of property continue to decline and a depressed economic atmosphere is being felt throughout the organization. The County continues to monitor activity at both the State and Federal levels.

Candidly, property owners as a whole have less discretionary income with which to absorb any increase in taxes, a situation of which the elected supervisors are most mindful. The County's collective bargaining agreements expired December 31, 2011, with the exception of the Power of Arrest. The Powers of Arrest have a 3 year contract with a 0% wage increase for both 2012 and 2013 and a 1% wage increase for 2014 and an expectation of limited increases in fringe benefit costs. The County Board is approaching the 2013 budget cautiously and conservatively with a long term goal and service oriented approach. Overall, the Board is most mindful of the economic conditions in the region.

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011**

The County will continue the philosophy of being fiscally conservative while mindful of service demands when developing the 2013 budget. The goal adopted early in the process is to create a balanced budget which provides for the implementation of the mandates of the County and the policy expectations of the Board of Supervisors while meeting the requirements of law established by the State of Wisconsin Statutes.

- On November 15, 2011 the Dunn County Board of Supervisors adopted a fiscal year 2012 budget in the amount of \$67,887,682.
- On November 15, 2011 the Dunn County Board of Supervisors adopted an overall county tax levy of \$20,383,300. Included in this amount was an operating levy of \$17,446,128, an increase of \$97,092 (1/2%) over the preceding year.

The County has engaged in services to replace the existing nursing home facility and, in efforts to continue providing services in a more efficient manner, possibly relocate the Human Services departments to the existing Health Care Center once it is vacated.

CONTACTING DUNN COUNTY

This financial report is designed to provide our citizens, taxpayers, other customers, investors and creditors with a general overview of Dunn County's finances. If you have questions about this report or need additional financial information contact the Dunn County Department of Administration, Dunn County Government Center, 800 Wilson Avenue, Menomonie, Wisconsin, 54751.

This document was prepared by and is respectfully submitted for public review by:

Eugene C. Smith
County Manager

Tonya L. Kusmirek
Finance Manager

**DUNN COUNTY, WISCONSIN
STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

| | Governmental Activities | Business-Type Activities | Total Primary Government | Component Unit |
|-------------------------------------------------|----------------------------|-----------------------------|--------------------------------|-------------------|
| ASSETS | | | | |
| Cash and Investments | \$ 17,799,370 | \$ 1,121,794 | \$ 18,921,164 | \$ 69,862 |
| Restricted Cash | - | 7,823 | 7,823 | 95,937 |
| Accounts Receivable (net) | 989,959 | 1,116,573 | 2,106,532 | 7,093 |
| Taxes Receivable | 14,590,960 | 5,336,940 | 19,927,900 | - |
| Delinquent Taxes Receivable | 1,736,452 | - | 1,736,452 | - |
| Loans Receivables | 80,000 | - | 80,000 | - |
| Internal Balances | 3,857,784 | (3,857,784) | - | - |
| Due From Other Governments | 1,671,817 | 688,620 | 2,360,437 | - |
| Inventory | - | 1,451,434 | 1,451,434 | - |
| Prepaid Items | - | 4,169 | 4,169 | - |
| Unamortized Bond Issue Costs | 89,786 | - | 89,786 | - |
| Capital Assets: | | | | |
| Land | 2,630,426 | 448,166 | 3,078,592 | - |
| Construction in Progress | 308,166 | - | 308,166 | - |
| Other Capital Assets, Net of Depreciation | 74,991,907 | 7,547,977 | 82,539,884 | - |
| Total Assets | <u>118,746,627</u> | <u>13,865,712</u> | <u>132,612,339</u> | <u>172,892</u> |
| LIABILITIES | | | | |
| Accounts Payable | 1,377,620 | 385,163 | 1,762,783 | 1,049 |
| Accrued Liabilities | 1,603,787 | 427,462 | 2,031,249 | - |
| Accrued Interest Payable | 96,695 | - | 96,695 | - |
| Due to Other Governments | 8,858 | - | 8,858 | - |
| Unearned Revenue | 14,590,960 | 5,336,940 | 19,927,900 | - |
| Deposits | 19,422 | - | 19,422 | - |
| Patient Trust Funds Payable | - | 7,823 | 7,823 | - |
| Noncurrent Liabilities: | | | | |
| Amounts Due Within One Year | 2,061,114 | 840,771 | 2,901,885 | - |
| Amounts Due in More Than One Year | 9,729,801 | 659,976 | 10,389,777 | 14,082 |
| Total Liabilities | <u>29,488,257</u> | <u>7,658,135</u> | <u>37,146,392</u> | <u>15,131</u> |
| NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | 68,483,546 | 7,996,143 | 76,479,689 | - |
| Restricted | 30,298 | - | 30,298 | 83,274 |
| Unrestricted | 20,744,526 | (1,788,566) | 18,955,960 | 74,487 |
| Total Net Assets | <u>\$ 89,258,370</u> | <u>\$ 6,207,577</u> | <u>\$ 95,465,947</u> | <u>\$ 157,761</u> |

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011**

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | |
|----------------------------------------------------------------|------------------|----------------------------|------------------------------------------|----------------------------------------------------|----------------------------|-----------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| | | | | | | | Primary Government |
| FUNCTIONS/PROGRAMS | | | | | | | |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 7,906,098 | \$ 655,594 | \$ 393,840 | - | \$ (6,856,664) | \$ - | \$ - |
| Public Safety | 6,997,843 | 746,857 | 399,796 | - | (5,851,190) | - | (5,851,190) |
| Public Works | 5,699,635 | 2,136,518 | 158,450 | - | (3,404,667) | - | (3,404,667) |
| Health and Human Services | 11,632,424 | 1,930,701 | 6,406,352 | - | (3,295,371) | - | (3,295,371) |
| Culture, Recreation and Education | 1,294,749 | 149,734 | 6,653 | - | (1,138,362) | - | (1,138,362) |
| Conservation and Development | 1,274,402 | 70,033 | 243,428 | - | (960,941) | - | (960,941) |
| Interest and Fiscal Charges | 472,776 | - | - | - | (472,776) | - | (472,776) |
| Total Governmental Activities | 35,277,927 | 5,689,437 | 7,608,519 | - | (21,979,971) | - | (21,979,971) |
| Business-Type Activities: | | | | | | | |
| Health Care Center | 11,958,425 | 9,172,083 | - | - | - | (2,786,342) | - |
| Highway | 6,598,330 | 4,176,428 | - | - | - | (2,421,902) | - |
| Transit Commission | 538,905 | 260,590 | 302,775 | 151,535 | - | 175,995 | - |
| Total Business-Type Activities | 19,095,660 | 13,609,101 | 302,775 | 151,535 | - | (5,032,249) | - |
| Total Primary Government | \$ 54,373,587 | \$ 19,298,538 | \$ 7,911,294 | \$ 151,535 | (21,979,971) | (5,032,249) | (27,012,220) |
| Component Unit: | | | | | | | |
| Housing Authority | \$ 469,548 | \$ - | \$ 431,398 | \$ - | - | - | (38,150) |
| GENERAL REVENUES | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 12,567,319 | 5,563,789 | 18,131,108 |
| Property Taxes, Levied for Debt Purposes | | | | | 1,680,155 | - | 1,680,155 |
| Other Taxes | | | | | 2,869,317 | - | 2,869,317 |
| Intergovernmental Revenues not Restricted to Specific Programs | | | | | 2,709,043 | 2,616,012 | 5,325,055 |
| Investment Income | | | | | 376,003 | - | 376,003 |
| Miscellaneous | | | | | 1,083,773 | 90,564 | 1,174,337 |
| TRANSFERS | | | | | 4,379,249 | (4,379,249) | - |
| Total General Revenues and Transfers | | | | | 25,664,859 | 3,891,116 | 29,555,975 |
| CHANGE IN NET ASSETS | | | | | 3,684,888 | (1,141,133) | 2,543,755 |
| Net Assets - Beginning of Year | | | | | 85,573,482 | 7,348,710 | 92,922,192 |
| NET ASSETS - END OF YEAR | | | | | \$ 89,258,370 | \$ 6,207,577 | \$ 95,465,947 |

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

| | General Fund | Human Services Fund | Debt Service Fund | Other Governmental Funds | Totals |
|--------------------------------------|----------------------|---------------------------|-------------------------|--------------------------------|----------------------|
| ASSETS | | | | | |
| Cash and Investments | \$ 11,036,063 | \$ 428,514 | \$ 30,298 | \$ 785,987 | \$ 12,280,862 |
| Receivables | | | | | |
| Taxes Receivable | 9,770,922 | 3,107,026 | 1,705,012 | 8,000 | 14,590,960 |
| Delinquent Taxes | 1,736,452 | - | - | - | 1,736,452 |
| Accounts | 127,626 | 146,272 | - | 119,134 | 393,032 |
| Loans | 80,000 | - | - | - | 80,000 |
| Due from Other Governments | 932,465 | 695,295 | - | 44,057 | 1,671,817 |
| Due from Other Funds | 1,520,276 | - | - | - | 1,520,276 |
| Advance to Other Funds | 32,500 | - | - | - | 32,500 |
| | <u>32,500</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>32,500</u> |
| Total Assets | <u>\$ 25,236,304</u> | <u>\$ 4,377,107</u> | <u>\$ 1,735,310</u> | <u>\$ 957,178</u> | <u>\$ 32,305,899</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 512,694 | \$ 704,512 | \$ - | \$ 160,143 | \$ 1,377,349 |
| Accrued Liabilities | 591,807 | 161,294 | - | 8,338 | 761,439 |
| Deposits Payable | 19,422 | - | - | - | 19,422 |
| Due to Other Governments | 8,858 | - | - | - | 8,858 |
| Deferred Revenues | 10,311,751 | 3,511,301 | 1,705,012 | 8,000 | 15,536,064 |
| Total Liabilities | <u>11,444,532</u> | <u>4,377,107</u> | <u>1,705,012</u> | <u>176,481</u> | <u>17,703,132</u> |
| Fund Balances: | | | | | |
| Nonspendable | 1,083,725 | - | - | - | 1,083,725 |
| Restricted | - | - | 30,298 | - | 30,298 |
| Committed | - | - | - | 780,697 | 780,697 |
| Assigned | 2,257,686 | - | - | - | 2,257,686 |
| Unassigned | 10,450,361 | - | - | - | 10,450,361 |
| Total Fund Balances | <u>13,791,772</u> | <u>-</u> | <u>30,298</u> | <u>780,697</u> | <u>14,602,767</u> |
| Total Liabilities and Fund Balances | <u>\$ 25,236,304</u> | <u>\$ 4,377,107</u> | <u>\$ 1,735,310</u> | <u>\$ 957,178</u> | <u>\$ 32,305,899</u> |

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

Total Fund Balances - Governmental Funds \$ 14,602,767

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. These assets consist of:

| | | |
|--------------------------|----------------|------------|
| Capital Assets | \$ 126,927,078 | |
| Accumulated Depreciation | (48,996,579) | |
| | | 77,930,499 |

Some receivables are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements:

| | | |
|-----------------------------|---------|---------|
| Delinquent Taxes Receivable | 452,119 | |
| Loans Receivable | 80,000 | |
| Grants Receivable | 412,985 | |
| | | 945,104 |

Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. These liabilities consist of:

| | | |
|------------------------------------------------------|-------------|--------------|
| Bonds Payable | (9,455,000) | |
| Accrued Interest Payable | (96,695) | |
| Compensated Absences | (2,211,568) | |
| Other Postemployment Benefits | (353,074) | |
| Bond Discount | 8,047 | |
| Deferred Charge Resulting from the Refunding of Debt | 220,680 | |
| | | (11,887,610) |

Debt issuance costs are deferred in the statement of net assets and amortized over the lives of the related debt. In the governmental funds these costs are considered expenditures/other financing uses when incurred:

89,786

Internal service funds are used by County management to charge the costs of its self-funded health insurance and workers compensation programs to functions. The assets and liabilities of the internal service funds are allocated between governmental activities and business-type activities as follows:

| | | |
|--------------------------------------------|-----------|-----------|
| Total Net Costs of Internal Service Funds | 5,272,816 | |
| Less Allocated to Business-Type Activities | 2,305,008 | |
| | | 7,577,824 |

Net Assets of Governmental Activities \$ 89,258,370

DUNN COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011

| | General Fund | Human Services Fund | Debt Service Fund | Other Governmental Funds | Totals |
|----------------------------------------------------------|----------------------|---------------------------|-------------------------|--------------------------------|----------------------|
| REVENUES | | | | | |
| Taxes | \$ 12,165,800 | \$ 3,280,161 | \$ 1,680,155 | \$ 8,000 | \$ 17,134,116 |
| Intergovernmental Revenues | 4,687,962 | 5,450,224 | - | 158,450 | 10,296,636 |
| Licenses and Permits | 69,882 | - | - | - | 69,882 |
| Fines and Forfeits | 239,333 | - | - | 90,259 | 329,592 |
| Public Charges for Services | 2,281,018 | 861,362 | - | 1,302,970 | 4,445,350 |
| Intergovernmental Charges for Services | 31,991 | - | - | 535,977 | 567,968 |
| Investment Income | 376,003 | - | - | - | 376,003 |
| Miscellaneous | 735,372 | - | - | 297,571 | 1,032,943 |
| Total Revenues | <u>20,587,361</u> | <u>9,591,747</u> | <u>1,680,155</u> | <u>2,393,227</u> | <u>34,252,490</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General Government | 8,105,286 | - | - | - | 8,105,286 |
| Public Safety | 7,516,315 | - | - | 25,428 | 7,541,743 |
| Public Works | - | - | - | 2,054,044 | 2,054,044 |
| Health and Human Services | 2,824,824 | 9,507,343 | - | - | 12,332,167 |
| Culture, Recreation and Education | 1,307,258 | - | - | - | 1,307,258 |
| Conservation and Development | 1,244,914 | - | - | - | 1,244,914 |
| Debt Service: | | | | | |
| Principal Retirement | - | - | 1,330,000 | - | 1,330,000 |
| Interest and Fiscal Charges | - | - | 427,518 | - | 427,518 |
| Total Expenditures | <u>20,998,597</u> | <u>9,507,343</u> | <u>1,757,518</u> | <u>2,079,472</u> | <u>34,342,930</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (411,236) | 84,404 | (77,363) | 313,755 | (90,440) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | 501,744 | - | 77,000 | - | 578,744 |
| Transfers Out | - | (84,404) | - | (77,000) | (161,404) |
| Total Other Financing Sources (Uses) | <u>501,744</u> | <u>(84,404)</u> | <u>77,000</u> | <u>(77,000)</u> | <u>417,340</u> |
| NET CHANGE IN FUND BALANCES | 90,508 | - | (363) | 236,755 | 326,900 |
| Fund Balances - Beginning of Year | <u>13,701,264</u> | <u>-</u> | <u>30,661</u> | <u>543,942</u> | <u>14,275,867</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 13,791,772</u> | <u>\$ -</u> | <u>\$ 30,298</u> | <u>\$ 780,697</u> | <u>\$ 14,602,767</u> |

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011**

Net Change in Fund Balances - Total Governmental Funds **\$ 326,900**

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

| | | |
|------------------------------------------------------------------------|-----------------|---------|
| Capital Outlays Reported in Governmental Fund Statements | \$ (574,037) | |
| Depreciation Expense Reported in the Statement of Activities | (3,312,161) | |
| Contributed Capital from the Highway Department Reported as a Transfer | 4,461,909 | |
| Loss on Disposal of Capital Assets | <u>(14,415)</u> | 561,296 |

Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. 331,076

Repayment of long-term debt and related items are reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

| | | |
|---------------------------|--|-----------|
| Bond Principal Retirement | | 1,330,000 |
|---------------------------|--|-----------|

Internal service funds are used by County management to charge the costs of its self-funded health insurance and workers compensation programs to functions. The changes in net assets of these internal service funds are allocated between governmental activities and business-type activities as follows:

| | | |
|------------------------------------------------|----------------|-----------|
| Change in Net Assets of Internal Service Funds | 292,025 | |
| Loss Allocated to Business-Type Activities | <u>960,145</u> | 1,252,170 |

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

| | | |
|-------------------------------------------------------------|-----------------|------------------|
| Net Change in Accrued Interest Payable | 12,006 | |
| Net Change in Compensated Absences Liability | 7,583 | |
| Amortization of Debt Issuance Costs | (15,476) | |
| Amortization of Bond Discount | (1,855) | |
| Amortization of Deferred Charges from the Refunding of Debt | (39,933) | |
| Net Change in Other Post Employment Benefits Payable | <u>(78,879)</u> | <u>(116,554)</u> |

Change in Net Assets of Governmental Activities **\$ 3,684,888**

**DUNN COUNTY, WISCONSIN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011**

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------|-----------------------------------|---------------------|-----------------------------------------------------------|
| | Major Funds | | Nonmajor Transit Commission | Totals | |
| | Health Care Center | Highway Department | | | |
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and Investments | \$ - | \$ 1,025,874 | \$ 95,920 | \$ 1,121,794 | \$ 5,518,508 |
| Restricted Assets - Cash | 7,823 | - | - | 7,823 | - |
| Taxes Receivable | 500,000 | 4,836,940 | - | 5,336,940 | - |
| Accounts Receivable, Net | 999,565 | 98,516 | 18,492 | 1,116,573 | 596,927 |
| Due from Other Governments | - | 622,282 | 66,338 | 688,620 | - |
| Inventory | 52,345 | 1,399,089 | - | 1,451,434 | - |
| Prepaid Expenses | 4,169 | - | - | 4,169 | - |
| Total Current Assets | <u>1,563,902</u> | <u>7,982,701</u> | <u>180,750</u> | <u>9,727,353</u> | <u>6,115,435</u> |
| Noncurrent Assets: | | | | | |
| Capital Assets (net) | 697,816 | 7,052,388 | 245,939 | 7,996,143 | - |
| Total Assets | <u>2,261,718</u> | <u>15,035,089</u> | <u>426,689</u> | <u>17,723,496</u> | <u>6,115,435</u> |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | 154,546 | 197,635 | 32,982 | 385,163 | 271 |
| Accrued Expenses | 275,403 | 148,959 | 3,100 | 427,462 | 842,348 |
| Unearned Revenue | 500,000 | 4,836,940 | - | 5,336,940 | - |
| Vested Benefits | 381,823 | 456,250 | 2,698 | 840,771 | - |
| Patient Trust Fund Payable | 7,823 | - | - | 7,823 | - |
| Due to Other Funds | 1,520,276 | - | - | 1,520,276 | - |
| Total Current Liabilities | <u>2,839,871</u> | <u>5,639,784</u> | <u>38,780</u> | <u>8,518,435</u> | <u>842,619</u> |
| Noncurrent Liabilities: | | | | | |
| Advance from Other Funds | 32,500 | - | - | 32,500 | - |
| Vested Benefits | 288,042 | 245,673 | 1,799 | 535,514 | - |
| Other Post-Employment Benefits | 106,311 | 18,151 | - | 124,462 | - |
| Total Non-Current Liabilities | <u>426,853</u> | <u>263,824</u> | <u>1,799</u> | <u>692,476</u> | <u>-</u> |
| Total Liabilities | <u>3,266,724</u> | <u>5,903,608</u> | <u>40,579</u> | <u>9,210,911</u> | <u>842,619</u> |
| NET ASSETS | | | | | |
| Invested in Capital Assets | 697,816 | 7,052,388 | 245,939 | 7,996,143 | - |
| Unrestricted | <u>(1,702,822)</u> | <u>2,079,093</u> | <u>140,171</u> | <u>516,442</u> | <u>5,272,816</u> |
| Total Net Assets | <u>\$ (1,005,006)</u> | <u>\$ 9,131,481</u> | <u>\$ 386,110</u> | <u>8,512,585</u> | <u>\$ 5,272,816</u> |
| Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds | | | | <u>(2,305,008)</u> | |
| Net Assets - Business-Type Activities | | | | <u>\$ 6,207,577</u> | |

See accompanying Notes to Basic Financial Statements.

DUNN COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2011

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------------------------------------------|
| | Major Funds | | Nonmajor | | |
| | Health Care Center | Highway Department | Transit Commission | Totals | |
| OPERATING REVENUES | \$ 9,172,083 | \$ 4,176,428 | \$ 260,590 | \$ 13,609,101 | \$ 8,274,469 |
| OPERATING EXPENSES | | | | | |
| Operation and Maintenance | 11,176,856 | 5,453,272 | 525,943 | 17,156,071 | 1,071,197 |
| Depreciation | 175,236 | 793,252 | 10,956 | 979,444 | - |
| Benefit Payments | - | - | - | - | 6,487,251 |
| Total Operating Expenses | <u>11,352,092</u> | <u>6,246,524</u> | <u>536,899</u> | <u>18,135,515</u> | <u>7,558,448</u> |
| OPERATING INCOME (LOSS) | (2,180,009) | (2,070,096) | (276,309) | (4,526,414) | 716,021 |
| NONOPERATING REVENUES | | | | | |
| General Property Taxes | 750,000 | 4,813,789 | - | 5,563,789 | - |
| Grant Funding | - | - | 302,775 | 302,775 | - |
| Intergovernmental Grants | 710,300 | 1,905,712 | - | 2,616,012 | - |
| Rental Income | 41,028 | - | - | 41,028 | - |
| Investment Income | - | - | - | - | 76,004 |
| Other Income | - | 49,536 | - | 49,536 | - |
| Total Nonoperating Revenues | <u>1,501,328</u> | <u>6,769,037</u> | <u>302,775</u> | <u>8,573,140</u> | <u>76,004</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | (678,681) | 4,698,941 | 26,466 | 4,046,726 | 792,025 |
| CAPITAL CONTRIBUTIONS AND TRANSFERS | | | | | |
| Capital Grants and Contributions | - | - | 151,535 | 151,535 | - |
| Capital Contributions to Governmental Activities | - | (4,461,909) | - | (4,461,909) | - |
| Transfers | - | - | 82,660 | 82,660 | (500,000) |
| Total Capital Contributions and Transfers | <u>-</u> | <u>(4,461,909)</u> | <u>234,195</u> | <u>(4,227,714)</u> | <u>(500,000)</u> |
| CHANGE IN NET ASSETS | (678,681) | 237,032 | 260,661 | (180,988) | 292,025 |
| Net Assets - Beginning of Year | (326,325) | 8,894,449 | 125,449 | | 4,980,791 |
| NET ASSETS - END OF YEAR | <u>\$ (1,005,006)</u> | <u>\$ 9,131,481</u> | <u>\$ 386,110</u> | | <u>\$ 5,272,816</u> |
| Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds | | | | (960,145) | |
| Change in Net Assets - Business-Type Activities | | | | <u>\$ (1,141,133)</u> | |

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2011**

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---------------------------------------------------------------------|---------------------------------------------|-----------------------|-----------------------|---------------------|-----------------------------------------------------------|
| | Major Funds | | Nonmajor | | |
| | Health Care Center | Highway Department | Transit Commission | Total | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash Received from Customers | \$ - | \$ 4,167,084 | \$ 317,036 | \$ 4,484,120 | \$ 7,677,542 |
| Cash Received from Residents and Third Party Payors | 9,719,088 | - | - | 9,719,088 | - |
| Cash Paid to Suppliers for Goods and Services | (2,633,414) | 1,318,187 | (247,025) | (1,562,252) | - |
| Cash Paid to Employees for Services | (8,666,666) | (6,843,765) | (279,584) | (15,790,015) | - |
| Cash Paid for Insurance Claims | - | - | - | - | (1,039,421) |
| Cash Paid to Third Party Administrator | - | - | - | - | (6,153,201) |
| Net Cash Provided by (Used for) Operating Activities | (1,580,992) | (1,358,494) | (209,573) | (3,149,059) | 484,920 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| General Property Taxes | 750,000 | 4,789,276 | - | 5,539,276 | - |
| State Highway Aids | - | 1,905,712 | - | 1,905,712 | - |
| State Transportation Aids | - | - | 319,097 | 319,097 | - |
| Cash Flow Borrowing from Other Funds | 873,279 | - | - | 873,279 | - |
| Nonoperating Income | - | 8,716 | - | 8,716 | - |
| Transfers to Other Funds | - | - | - | - | (500,000) |
| Net Cash Provided by (Used for) Noncapital Financing Activities | 1,623,279 | 6,703,704 | 319,097 | 8,646,080 | (500,000) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Grant Funding | - | - | 102,584 | 102,584 | - |
| Proceeds from Sale of Capital Assets | - | 40,820 | - | 40,820 | - |
| Cash Paid for Capital Contributions to Governmental Activities | - | (521,424) | - | (521,424) | - |
| Acquisition and Construction of Capital Assets | (42,699) | (4,461,909) | (128,698) | (4,633,306) | - |
| Net Cash Used for Capital and Related Financing Activities | (42,699) | (4,942,513) | (26,114) | (5,011,326) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Noncash Equivalent Certificates of Deposit Matured | - | - | - | - | 1,125,516 |
| Noncash Equivalent Certificates of Deposits Purchased | - | - | - | - | (911,594) |
| Investment Income | - | - | - | - | 76,004 |
| Net Cash Provided by Investing Activities | - | - | - | - | 289,926 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (412) | 402,697 | 83,410 | 485,695 | 274,846 |
| Cash and Cash Equivalents - Beginning of Year | 8,235 | 623,177 | 12,510 | 643,922 | 4,831,404 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 7,823</u> | <u>\$ 1,025,874</u> | <u>\$ 95,920</u> | <u>\$ 1,129,617</u> | <u>\$ 5,106,250</u> |

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2011**

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------------------------------------------|
| | Major Funds | | Nonmajor | | |
| | Health Care Center | Highway Department | Transit Commission | Total | |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS | | | | | |
| Cash and Investments per Statement of Net Assets | \$ - | \$ 1,025,874 | \$ 95,920 | \$ 1,121,794 | \$ 5,518,508 |
| Restricted Cash | 7,823 | - | - | 7,823 | - |
| Less: Noncash Equivalents | - | - | - | - | (412,258) |
| Cash and Cash Equivalents Per Statement of Cash Flows | <u>\$ 7,823</u> | <u>\$ 1,025,874</u> | <u>\$ 95,920</u> | <u>\$ 1,129,617</u> | <u>\$ 5,106,250</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | | | |
| Operating Income (Loss) | \$ (2,180,009) | \$ (2,070,096) | \$ (276,309) | \$ (4,526,414) | \$ 716,021 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | | |
| Rental Income Received | 41,028 | - | - | 41,028 | - |
| Nursing Home Appeals and Intergovernmental Program Transfers Received | 710,300 | - | - | 710,300 | - |
| Noncash Items Included in Income: | | | | | |
| Depreciation | 175,236 | 793,252 | 10,956 | 979,444 | - |
| (Gain)/Loss on Disposal of Capital Assets | 8,495 | 66,236 | - | 74,731 | - |
| (Increase) Decrease in Assets: | | | | | |
| Accounts Receivable | 115,277 | (98,391) | 56,446 | 73,332 | (596,927) |
| Inventory | (11,949) | 87,460 | - | 75,511 | - |
| Due from Other Governments | - | 76,182 | - | 76,182 | - |
| Prepaid Expenses | 103 | - | - | 103 | - |
| Increase (Decrease) in Liabilities: | | | | | |
| Accounts Payable | (23,102) | (59,298) | (5,644) | (88,044) | 271 |
| Accrued Liabilities | (68,459) | (42,476) | 481 | (110,454) | 365,555 |
| Unearned Revenue | (319,600) | 12,865 | - | (306,735) | - |
| Patient Trust Payable | (412) | - | - | (412) | - |
| Vested Benefits | (44,961) | (124,228) | 4,497 | (164,692) | - |
| Other Post-Employment Benefits | 17,061 | - | - | 17,061 | - |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ (1,580,992)</u> | <u>\$ (1,358,494)</u> | <u>\$ (209,573)</u> | <u>\$ (3,149,059)</u> | <u>\$ 484,920</u> |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | | | |
| Capital Assets Contributed | \$ - | \$ - | \$ 48,951 | \$ 48,951 | \$ - |
| Capital Asset Trade-ins | - | 56,827 | - | 56,827 | - |
| Total Noncash Investing, Capital, and Financing Activities | <u>\$ -</u> | <u>\$ 56,827</u> | <u>\$ 48,951</u> | <u>\$ 105,778</u> | <u>\$ -</u> |

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2011**

| | <u>Agency Funds</u> |
|----------------------------|----------------------------|
| ASSETS | |
| Cash and Investments | \$ 3,158,222 |
| Taxes Receivable | 455,400 |
| Due from Other Governments | 1,026 |
| Other Receivables | <u>149,113</u> |
| Total Assets | <u><u>\$ 3,763,761</u></u> |
| LIABILITIES | |
| Accounts Payable | \$ 156,093 |
| Deposits Payable | 341,366 |
| Due to Other Governments | <u>3,266,302</u> |
| Total Liabilities | <u><u>\$ 3,763,761</u></u> |

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Dunn County is governed by a board of supervisors consisting of 29 elected members. This report includes all of significant operations under the control of the Dunn County Board of Supervisors and includes all of the funds of Dunn County. The County's major operations include police protection, the jail, highways, health and human services, the Health Care Center, and solid waste and recycling.

The financial reporting of the County is defined by the GASB to consist 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 the 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 majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report includes the following component unit:

Discretely Presented Component Unit

The government-wide financial statements include the Dunn County 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.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Unit (Continued)

As a component unit, the housing authority's financial statements have been presented as a discrete column in the financial statements. It is reported in a separate column to emphasize that it is legally separate from the County. The housing authority is a separate entity established to administer a housing program for low and moderate income families. It is funded by federal and state grants. The information presented is for the fiscal year ended March 31, 2011. Separately issued financial statements of the Dunn County Housing Authority may be obtained from the housing authority's office at 430 Crescent, Menomonie, Wisconsin. See Note 2 F. for additional housing authority disclosures.

B. Government-Wide and Fund Financial Statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds) as described below:

Government-Wide Statements

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

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

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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 expenditures/expenses.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 – The General Fund is the operating fund of the County. It is used to account for all financial resources of the County, except those required to be accounted for in another fund.

Human Services Fund – The Human Services Fund, a special revenue fund, is used to account for various County human services programs. The major revenues sources include taxes and intergovernmental revenues. Through the human services programs, the County provides mental health, developmental disabilities and alcoholism and drug abuse rehabilitation services to residents of the County and administers the various social services and income maintenance programs provided by and through the County.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs of governmental funds.

All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major enterprise funds:

Health Care Center Fund – This fund accounts for the operations of the health care center.

Highway Department Fund – This fund accounts for highway maintenance and construction.

The Transit Commission is reported as a nonmajor fund and accounts for the operations of the Dunn County Transit Commission. The County had no other enterprise funds to report as nonmajor funds.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

Additionally, 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.
- 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.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary funds and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. 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 deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are deemed to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, except for reimbursement grants from the State of Wisconsin, for which available is defined as 180 days. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Property taxes, miscellaneous taxes, cost reimbursement grant programs, public charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are generally considered to be measurable and available only when cash is received by the government.

The County reports deferred revenues on its fund balance sheets. Deferred revenues arise when 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 by the County before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule are payments between governmental activities and business-type activities for services provided.

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 health care center are charges for resident services. The principal operating revenues of the highway fund are charges for the sale of products generated by its operations and routine maintenance. 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.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in financial statements and accompanying notes. 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, excluding restricted assets of the Health Care Center, 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 issued or guaranteed by the federal government.
- c. 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, or by the University of Wisconsin Hospitals and Clinics Authority.
- d. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- e. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- f. Bonds or securities issued under the authority of the municipality.
- g. The local government investment pool.
- h. Repurchase agreements with public depositories, with certain conditions.

The County has adopted an investment policy. That policy follows the state statute for allowable investments except that the County's policy limits time deposits to one year or less, while the state statutes allow deposits that mature in three years or less. The policy also limits securities to those that mature in 3 years or less while state statutes limits maturities to seven years or less.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

1. Deposits and Investments (Continued)

The County's investment policy requires that deposits be collateralized for any amounts in excess of insured amounts. At December 31, 2011, the County had no deposits that were not insured or collateralized. The policy also requires that certificates of deposit and repurchase agreements be collateralized with securities with a market value of 102% or more of the certificates of deposits or repurchase agreements, or 100% if the certificates or repurchase agreements mature in five days or less.

The policy addresses credit risk by following statutory requirements that limit securities to those have the highest or second highest rating of a nationally recognized rating agency.

The policy addresses interest rate risk by stating that investments shall be managed to maintain liquidity to meet the County's cash needs and to limit market risks as well as limiting deposits and securities to the maturities described above.

The policy does not address concentration of credit risk.

Overall, the County maintains control over its monetary resources through the treasurer's office. A central account is used to track the majority of fund transactions. Interest income on commingled investments of the County's accounting funds is allocated to the general fund. Separate accounts for specific purposes are held by the Clerk of Courts, District Attorney, Sheriff's Department, Health Care Center, UW Extension, and Office on Aging.

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 LGIP's assets was substantially equal to the County's share as reported in these statements.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

1. Deposits and Investments (Continued)

The CLASS investment (Cooperative Liquid Assets Securities System) is an investment pool established by an intergovernmental agreement dated March 1, 1996. CLASS is available for investment by Wisconsin governmental entities except school districts. CLASS operates consistent with the provision of a 2a-7 like pool, and invests only in investments legally permissible under Wisconsin law, with a weighted average maturity not exceeding 120 days. The value of pool shares is the same as the fair value position in the pool.

2. Receivables and Payables

Property Taxes. Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach an enforceable lien as of January 1. In addition to property taxes for the County, taxes are also collected for and remitted to the State. Taxes billed for the State are recorded as receivables and due to other governmental units in the agency fund balance sheet. Since County property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred revenues in the funds budgeted therefore.

The County is also responsible for the collection of all delinquent and postponed property taxes levied by the local taxing districts within its boundaries, except delinquent personal property taxes which are retained by the local municipal district. Real property taxes are payable in full to the local districts on or before January 31 or, alternatively, if over \$100, can be paid in two equal installments with the first installment payable on or before January 31 and the second installment payable on or before July 31. Personal property taxes and special assessments, special charges (including delinquent utility billings) and special taxes placed on the tax roll are payable in full on or before January 31. All uncollected items on the current tax roll, except delinquent personal property taxes, are turned over to the Dunn County Treasurer for collection in February. The County subsequently settles in full with the local districts in August of the same year. All uncollected taxes returned to the County for collection are financed through the general fund. A portion of the general fund's equity balance is reserved for the County's investment in delinquent taxes.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Receivables and Payables (Continued)

Accounts Receivable. Accounts receivable in all funds have been adjusted for known uncollectible amounts. No allowance for uncollectible taxes on delinquent taxes has been provided because of the County's demonstrated ability to recover most losses through the sale of the applicable property. The provision for uncollectible patient accounts in the Health Care Center Fund was \$41,302 at December 31, 2011.

Loans Receivable. Loans receivable include a loan to the Dunn County Snowmobile Association for the purchase of a new trail groomer. The outstanding balance of the loan to the snowmobile club was \$80,000 as of December 31, 2011. The snowmobile club loan is offset by deferred revenue in the fund financial statements. When loan payments are received, revenue is recognized, and the receivable and deferred balances are reduced.

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are valued at cost based on the first in/first out (FIFO) method using the consumption method of accounting. Year-end inventory was not significant. The inventories of the enterprise funds are valued at the lower of cost, determined on the FIFO method for the Health Care Center and on the average cost method for the highway department and are generally used for construction or operation and maintenance work. They are not for resale.

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 segregations of assets are presented as restricted assets. Restricted cash consists of funds held in a custodial account for Health Care Center residents and are maintained in separate bank accounts.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

5. Capital Assets

Government-Wide Statements. Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with initial, individual costs as shown below and an estimated useful life of one year or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

| | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|-------------------|-----------------------------|------------------------|--------------------------|
| Land | \$ 5,000 | N/A | N/A |
| Land Improvements | 5,000 | Straight-line | 12-30 Years |
| Buildings | 5,000 | Straight-line | 4-50 Years |
| Equipment | 5,000 | Straight-line | 4-20 Years |
| Vehicles | 5,000 | Straight-line | 5 Years |
| Roads | 25,000 | Straight-line | 25 Years |
| Bridges | 25,000 | Straight-line | 50 Years |

Fund Financial Statements. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner 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.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

7. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used.

Accumulated vacation and sick leave liabilities at December 31, 2011 are determined on the basis of current salary rates.

8. Other Postemployment Benefits Payable

Under the provisions of various employee and union contracts the County provides a retirement program for certain employees which includes certain health insurance benefits. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay as you go basis. This amount was actuarially determined in accordance with GASB 45.

9. 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 straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

10. Equity Classifications

Fund equity, representing the difference between assets and liabilities, is classified as follows in the County's financial statements:

Government-Wide Statements. Fund equity is classified as net assets in the government-wide financial statements and is displayed in three components. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement for those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are displayed as unrestricted.

Fund Financial Statements. In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that will never be converted to cash or will not be converted to cash soon enough to affect the current period. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the Board. Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is required to be established, modified, or rescinded by resolution of the County Board prior to each year end. Based on resolution of the County Board, the County Manager has the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for expenditure, it is the County's practice to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for expenditure, it is the County's practice to use committed, assigned and finally unassigned fund balance.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The County's cash and investments balances at December 31, 2011 is as follows:

| | |
|----------------------------|--------------|
| Governmental Funds | \$12,280,862 |
| Proprietary Funds | 6,648,125 |
| Fiduciary Funds | 3,158,222 |
| Total Cash and Investments | \$22,087,209 |

The above cash and investments balances consisted of the following:

| | Carrying Amount | Bank Balance |
|----------------------------|--------------------|-----------------|
| Demand and Time Deposits | \$19,068,519 | \$17,542,559 |
| U.S. Agencies | 394,628 | 394,628 |
| Other Government Agencies | 1,273,118 | 1,273,118 |
| LGIP | 1,267,813 | 1,267,813 |
| CLASS | 82,117 | 82,117 |
| Petty Cash | 1,014 | 1,014 |
| Total Cash and Investments | \$22,087,209 | \$20,561,249 |

| | |
|-----------------------------------------------|--------------|
| Reconciliation to Financial Statements | |
| Per Statement of Net Assets | |
| Unrestricted Cash and Investments | \$18,921,164 |
| Restricted Cash and Investments | 7,823 |
| Per Statement of Net Assets - Fiduciary Funds | 3,158,222 |
| Total Cash and Investments | \$22,087,209 |

Deposits at Financial Institutions

Custodial credit risk for deposits is the risk that in the event of bank failure, the County's deposits may not be returned. The County's balances at individual financial institutions were subject to coverage under federal depository insurance and amounts appropriated by Sections 20.144(1)(a) and 34.08 of the Wisconsin Statutes (State Guarantee Fund). Federal depository insurance provides for coverage of up to \$250,000 for time and savings deposits and unlimited coverage for non-interest bearing transaction accounts at any institution. In addition, funds held in trust for individuals are subject to coverage in the name of the beneficiary in whose name the trust fund is held. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the County to collateralize its deposits that exceed the amount of coverage provided under federal depository insurance and the State Guarantee Fund.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments

The County's investments at December 31, 2011 consisted of deposits in the following external investment pool:

Deposits in State Local Government Pooled-Investment Fund. The State of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for 2011 was 57 days.

Custodial Credit Risk

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

As of December 31, 2011, the County's total bank balances were not exposed to custodial credit risk because they were fully insured and collateralized.

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 instruments or collateral securities that are in the possession of an outside party.

The County did not have any investments exposed to custodial credit risk at year-end.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Credit Risk

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

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

| Type | Credit Quality Rating | Amount |
|----------------------------------------|--------------------------|-----------|
| Wisconsin CLASS | Aa2 | \$ 82,117 |
| LGIP Pool Investment Fund | Not Rated | 1,267,813 |
| Federal Home Loan Mortgage Corporation | AAA | 73,376 |
| Federal National Mortgage Association | AAA | 301,479 |

Concentration of Credit Risk

Concentration of credit risk is the risk of loss due attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2011, the investment portfolio was concentrated as follows:

| Type | Amount | Percentage |
|------------------------------------------|---------------------|----------------|
| Federal Home Loan Mortgage Corporation | \$ 73,376 | 2.43% |
| Federal National Mortgage Association | 301,479 | 9.99% |
| Government National Mortgage Association | 19,773 | 0.66% |
| Manitowoc WI Electric Revenue Bond | 235,438 | 7.80% |
| Mequon WI Promissory Notes | 165,951 | 5.50% |
| West Allis WI GO Corporate Purpose Bonds | 153,650 | 5.09% |
| Wisconsin State General Fund | 301,410 | 9.99% |
| Other Government Agency Bonds and Notes | 416,669 | 13.81% |
| Wisconsin CLASS | 82,117 | 2.72% |
| LGIP Pool Investment Fund | 1,267,813 | 42.01% |
| | <u>\$ 3,017,676</u> | <u>100.00%</u> |

Interest Rate Risk

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

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

| Type | Total | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More than 60 Months |
|---------------------------|---------------------|----------------------|--------------------|--------------------|------------------------|
| Wisconsin CLASS | \$ 82,117 | \$ 82,117 | \$ - | \$ - | \$ - |
| LGIP Pool Investment Fund | 1,267,813 | 1,267,813 | - | - | - |
| U.S. Government Agencies | 394,628 | - | - | - | 394,628 |
| Other Government Agencies | 1,273,118 | - | - | - | 1,273,118 |
| Total | <u>\$ 3,017,676</u> | <u>\$ 1,349,930</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$1,667,746</u> |

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Governmental Activities

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|-----------------------------------------------|----------------------|--------------|----------------|-------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 2,625,891 | \$ 12,235 | \$ (7,700) | \$ 2,630,426 |
| Construction in Progress: | 1,885,973 | 3,162,945 | (4,740,752) | 308,166 |
| Total Capital Assets Not Being Depreciated | 4,511,864 | 3,175,180 | (4,748,452) | 2,938,592 |
| Capital Assets Being Depreciated: | | | | |
| Buildings | 19,167,668 | 265,000 | (14,920) | 19,417,748 |
| Machinery and Equipment | 4,909,563 | 381,764 | (125,135) | 5,166,192 |
| Roads | 82,352,973 | 4,740,751 | (344,771) | 86,748,953 |
| Bridges | 12,589,664 | 65,929 | - | 12,655,593 |
| Total Capital Assets Being Depreciated | 119,019,868 | 5,453,444 | (484,826) | 123,988,486 |
| Total Capital Assets | 123,531,732 | 8,628,624 | (5,233,278) | 126,927,078 |
| Accumulated Depreciation: | | | | |
| Buildings | (7,841,844) | (319,304) | 8,206 | (8,152,942) |
| Machinery and Equipment | (2,347,544) | (571,987) | 125,134 | (2,794,397) |
| Roads | (31,477,281) | (2,185,900) | 344,771 | (33,318,410) |
| Bridges | (4,495,860) | (234,970) | - | (4,730,830) |
| Total Accumulated Depreciation | (46,162,529) | (3,312,161) | 478,111 | (48,996,579) |
| Net Capital Assets | \$77,369,203 | \$ 5,316,463 | \$ (4,755,167) | \$77,930,499 |

Depreciation expense was charged to governmental functions as follows:

| | |
|--------------------------------------------------------------------|---------------------|
| Primary Government: | |
| General Government | \$ 452,947 |
| Public Safety | 262,609 |
| Public Works, which includes the depreciation of roads and bridges | 2,420,870 |
| Health and Human Services | 2,091 |
| Culture, Recreation and Education | 39,265 |
| Conservation and Development | 134,379 |
| Total Depreciation Expense, Governmental Activities | <u>\$ 3,312,161</u> |

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

Business-Type Activities

| | Beginning Balance | Increases | Decreases | Ending Balance |
|-----------------------------------------------|----------------------|---------------------|--------------------|---------------------|
| Health Care Center: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 50,246 | \$ - | \$ - | \$ 50,246 |
| Construction Work in Progress | 50,000 | - | - | 50,000 |
| Total Capital Assets Not Being Depreciated | 100,246 | - | - | 100,246 |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 352,663 | - | - | 352,663 |
| Buildings | 4,732,540 | - | (21,553) | 4,710,987 |
| Fixed Equipment | 1,000,660 | - | (6,112) | 994,548 |
| Major Moveable Equipment | 1,279,283 | 42,699 | (29,278) | 1,292,704 |
| Total Capital Assets Being Depreciated | 7,365,146 | 42,699 | (56,943) | 7,350,902 |
| Accumulated Depreciation: | | | | |
| Land Improvements | (278,620) | (10,351) | - | (288,971) |
| Buildings and Improvements | (4,397,796) | (100,175) | 20,835 | (4,477,136) |
| Fixed Equipment | (898,635) | (16,024) | 5,653 | (909,006) |
| Major Moveable Equipment | (1,051,493) | (48,686) | 21,960 | (1,078,219) |
| Total Accumulated Depreciation | (6,626,544) | (175,236) | 48,448 | (6,753,332) |
| Net Capital Assets - Health Care Center | <u>\$ 838,848</u> | <u>\$ (132,537)</u> | <u>\$ (8,495)</u> | <u>\$ 697,816</u> |
| Highway: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 397,920 | \$ - | \$ - | \$ 397,920 |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 599,657 | 24,423 | - | 624,080 |
| Buildings and Improvements | 3,110,543 | - | - | 3,110,543 |
| Machinery and Equipment | 12,497,371 | 497,001 | (300,521) | 12,693,851 |
| Total Capital Assets Being Depreciated | 16,207,571 | 521,424 | (300,521) | 16,428,474 |
| Accumulated Depreciation: | | | | |
| Land Improvements | (321,562) | (16,674) | - | (338,236) |
| Buildings and Improvements | (1,425,440) | (77,489) | - | (1,502,929) |
| Machinery and Equipment | (7,468,037) | (699,089) | 234,285 | (7,932,841) |
| Total Accumulated Depreciation | (9,215,039) | (793,252) | 234,285 | (9,774,006) |
| Net Capital Assets - Highway | <u>\$ 7,390,452</u> | <u>\$ (271,828)</u> | <u>\$ (66,236)</u> | <u>\$ 7,052,388</u> |
| Transit Commission: | | | | |
| Capital Assets Being Depreciated: | | | | |
| Machinery and Equipment | \$ 88,051 | \$ 177,649 | \$ - | \$ 265,700 |
| Accumulated Depreciation: | | | | |
| Machinery and Equipment | (8,805) | (10,956) | - | (19,761) |
| Net Capital Assets - Transit Commission | <u>\$ 79,246</u> | <u>\$ 166,693</u> | <u>\$ -</u> | <u>\$ 245,939</u> |
| Capital Assets Not Being Depreciated | \$ 498,166 | \$ - | \$ - | \$ 498,166 |
| Capital Assets Being Depreciated | 23,660,768 | 741,772 | (357,464) | 24,045,076 |
| Total Capital Assets | 24,158,934 | 741,772 | (357,464) | 24,543,242 |
| Accumulated Depreciation | (15,850,388) | (979,444) | 282,733 | (16,547,099) |
| Net Capital Assets - Business-Type Activities | <u>\$ 8,308,546</u> | <u>\$ (237,672)</u> | <u>\$ (74,731)</u> | <u>\$ 7,996,143</u> |

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

Business-Type Activities (Continued)

Depreciation expense was charged to the following business-type activities:

| | |
|-----------------------------------------------------------------------------|------------|
| Depreciation expense was charged to the following business-type activities: | |
| Health Care Center | \$ 175,236 |
| Highway | 793,252 |
| Transit Commission | 10,956 |
| | \$ 979,444 |

C. Interfund Receivables, Payables and Transfers

Advance to/from Other Funds

| Receivable Fund | Payable Fund | Amount |
|-----------------|--------------------|-----------|
| General | Health Care Center | \$ 32,500 |

The purpose of the advance to the Health Care Center is the purchase of a new phone system in 2009.

Due to/from Other Funds

| Receivable Fund | Payable Fund | Amount |
|-----------------------------------------------------------|--------------------|--------------|
| General | Health Care Center | \$ 1,520,276 |
| Add: Enterprise Share of Internal Service Fund Net Assets | | 2,305,008 |
| Total - Government-Wide Statement of Net Assets | | \$ 3,825,284 |

The purpose of the interfund payable in the Health Care Center is because of overdrafts in pooled cash. For the statement of net assets, interfund balances which are owed within the governmental activities are netted and eliminated.

Interfund Transfers

| | Transfer In | Transfer Out |
|--------------------------------------------------------|----------------|--------------|
| Governmental Activity: | | |
| General Fund | \$ 501,744 | \$ - |
| Debt Service Fund | 77,000 | - |
| Human Services Fund | - | (84,404) |
| Other Nonmajor Governmental Funds | - | (77,000) |
| Workers Compensation Internal Service Fund | - | (200,000) |
| Health Insurance Internal Service Fund | - | (300,000) |
| Total Governmental Activity | 578,744 | (661,404) |
| Business-Type Activity: | | |
| Transit Commission | 82,660 | - |
| Subtotal | 661,404 | (661,404) |
| Governmental Activity Eliminations | (578,744) | 578,744 |
| Transfer of Infrastructure from the Highway Department | (4,461,909) | 4,461,909 |
| Total - Government-Wide Statement of Activities | \$ (4,379,249) | \$ 4,379,249 |

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables and Transfers (Continued)

Interfund Transfers (Continued)

Generally, transfers 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 the unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

D. Long-Term Obligations

Changes in Long-Term Obligations

The following is a summary of long-term obligations transactions for the year ended December 31, 2011:

| | Balance 12/31/10 | Issued | Retired | Balance 12/31/11 | Amounts Due Within One Year |
|----------------------------------------|----------------------|-------------------|-----------------------|----------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Bonds and Notes Payable: | | | | | |
| General Obligation Debt | \$ 10,785,000 | \$ - | \$ (1,330,000) | \$ 9,455,000 | \$ 1,380,000 |
| Less: Deferred Amounts | | | | | |
| Discounts | (9,902) | - | 1,855 | (8,047) | N/A |
| Deferred Charge on Refunding | (260,613) | - | 39,933 | (220,680) | N/A |
| Subtotal | <u>10,514,485</u> | <u>-</u> | <u>(1,288,212)</u> | <u>9,226,273</u> | <u>1,380,000</u> |
| Other Liabilities: | | | | | |
| Compensated Absences | 2,219,151 | 688,707 | (696,290) | 2,211,568 | 681,114 |
| Other Post Employment Benefits Payable | 274,195 | 138,357 | (59,478) | 353,074 | - |
| | <u>2,493,346</u> | <u>827,064</u> | <u>(755,768)</u> | <u>2,564,642</u> | <u>681,114</u> |
| Total Governmental Activities | | | | | |
| Long-Term Liabilities | <u>\$ 13,007,831</u> | <u>\$ 827,064</u> | <u>\$ (2,043,980)</u> | <u>\$ 11,790,915</u> | <u>\$ 2,061,114</u> |
| Business-Type Activities | | | | | |
| Other Liabilities | | | | | |
| Compensated Absences | \$ 1,538,286 | \$ 664,452 | \$ (826,453) | \$ 1,376,285 | \$ 840,771 |
| Other Post Employment Benefits Payable | 110,092 | 35,337 | (20,967) | 124,462 | - |
| Total Business-Type Activities | | | | | |
| Long-Term Liabilities | <u>\$ 1,648,378</u> | <u>\$ 699,789</u> | <u>\$ (847,420)</u> | <u>\$ 1,500,747</u> | <u>\$ 840,771</u> |

All general obligation notes and bonds are backed by the full faith and credit of the County. Bonds and notes in the governmental funds will be retired by future property tax levies accumulated by the debt service fund.

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 \$136,655,555. Total general obligation debt outstanding at the year-end was \$9,455,000.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Long-Term Debt

Annual Requirements for Retirement. Long-Term general obligation debt issues outstanding at December 31, 2011 and annual requirements for their retirement were as follows:

| | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance 12/31/11 |
|--------------------------------|------------------|-------------------|-------------------|--------------------------|---------------------|
| General Obligation Debt | | | | | |
| G.O. Refunding Bonds | 10/1/2003 | 10/1/2016 | 1.15-4.05% | \$ 5,335,000 | \$ 2,445,000 |
| G.O. Refunding Bonds | 3/15/2004 | 10/1/2017 | 1.2-3.8% | 7,980,000 | 4,595,000 |
| G.O. Taxable Refunding Bonds | 12/1/2005 | 10/1/2017 | 5.10-5.50% | 3,840,000 | 2,415,000 |
| Total General Obligation Debt | | | | | <u>\$ 9,455,000</u> |

Minimum annual principal and interest payments required to retire long-term debt, not including compensated absences payable are as follows.

| Years | General Obligation Debt | | |
|-------|-------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2012 | \$ 1,380,000 | \$ 378,581 | \$ 1,758,581 |
| 2013 | 1,480,000 | 324,596 | 1,804,596 |
| 2014 | 1,545,000 | 265,390 | 1,810,390 |
| 2015 | 1,615,000 | 199,995 | 1,814,995 |
| 2016 | 1,685,000 | 131,701 | 1,816,701 |
| 2017 | 1,750,000 | 61,623 | 1,811,623 |
| | <u>\$ 9,455,000</u> | <u>\$ 1,361,886</u> | <u>\$ 10,816,886</u> |

Other Debt Information

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

Deferred Amount on Refunding

Deferred amounts on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of the debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deduction from debt payable in the government-wide statements. Amortization for 2011 was \$39,933.

Subsequent Debt

On June 6, 2012, the County issued \$23,085,000 in G.O. Health Care Center Bonds for the purpose of building a new Health Care Center facility. The bonds accrue interest at 3.11 percent and are payable in semi-annual installments due April 1 and October 1, with the final installment due April 1, 2032.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at December 31, 2011 consisted of the following:

| | Total | Nonspendable | Restricted | Committed | Assigned | Unassigned |
|-----------------------------------------------------------|----------------------|---------------------|------------------|-------------------|---------------------|----------------------|
| Major Funds: | | | | | | |
| General Fund: | | | | | | |
| Delinquent Taxes | \$ 1,051,225 | \$ 1,051,225 | \$ - | \$ - | \$ - | \$ - |
| Advances to Other Funds | 32,500 | 32,500 | - | - | - | - |
| Subsequent Years Budget - Administration | 750,000 | - | - | - | 750,000 | - |
| Subsequent Years Budget - Park/Race Track Fence | 123,200 | - | - | - | 123,200 | - |
| Subsequent Years Budget - 911 System Upgrade | 225,000 | - | - | - | 225,000 | - |
| Financial System Upgrade | 500,000 | - | - | - | 500,000 | - |
| Carryover Funds: | | | | | | |
| Information Technology | 423,095 | - | - | - | 423,095 | - |
| Land Information | 107,436 | - | - | - | 107,436 | - |
| Finance | 12,404 | - | - | - | 12,404 | - |
| County Manager | 1,918 | - | - | - | 1,918 | - |
| Land Conservation | 3,558 | - | - | - | 3,558 | - |
| UW-Extension | 6,575 | - | - | - | 6,575 | - |
| Emergency Communications | 104,500 | - | - | - | 104,500 | - |
| Unassigned | 10,450,361 | - | - | - | - | 10,450,361 |
| Subtotal General Fund | 13,791,772 | 1,083,725 | - | - | 2,257,686 | 10,450,361 |
| Debt Service Fund | 30,298 | - | 30,298 | - | - | - |
| Nonmajor Funds: | | | | | | |
| Special Revenue Funds: | | | | | | |
| Jail Assessment Fund | 79,466 | - | - | 79,466 | - | - |
| Solid Waste Fund | 701,231 | - | - | 701,231 | - | - |
| | 780,697 | - | - | 780,697 | - | - |
| Total Governmental Funds Balances at December 31, 2011 | <u>\$ 14,602,767</u> | <u>\$ 1,083,725</u> | <u>\$ 30,298</u> | <u>\$ 780,697</u> | <u>\$ 2,257,686</u> | <u>\$ 10,450,361</u> |

F. Component Unit

This report contains the Dunn 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.

1. Basis of Accounting/Measurement Flows

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

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Component Unit (Continued)

2. Deposits and Investments

The Housing Authority's cash and investments consist of deposit in financial institutions covered by the Federal Deposit Insurance Corporation or similar coverage. None of the housing authority's deposits were exposed to custodial credit risk at March 31, 2011.

3. Capital Assets

Property and equipment are stated at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of 3 - 10 years. Capital assets consisted of the following at March 31, 2011:

| | |
|--------------------------|--------------------|
| Furniture and Equipment | \$ 7,320 |
| Accumulated Depreciation | <u>(7,320)</u> |
| Net Capital Assets | <u><u>\$ -</u></u> |

4. Economic Dependency

The public housing programs are economically dependent on annual contributions and grants from the United States Department of Housing and Urban Development. This revenue is subject to federal government budget appropriations and potential funding reductions.

NOTE 3 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 over 600 hours a year 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 for payrolls prior to June 29, 2011. For payrolls beginning on or after June 29, 2011, 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) to the plan. Prior to August 1, 2011, employers generally made these contributions to the plan on behalf of employees. After August 1, 2011, employees were required to make at least half of the contribution.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 3 OTHER INFORMATION (CONTINUED)

A. Employees' Retirement System (Continued)

The payroll for County employees covered by the system for the year ended December 31, 2011 was \$20,377,439; the employer's total payroll was \$21,217,170. The total required contribution for the year ended December 31, 2011 was \$2,643,041 or 12.97% of covered payroll. Of this amount, \$1,401,040 or 6.88% was contributed by the employer and \$1,242,001 or 6.10% was contributed by the employee. Total contributions for the years ended December 31, 2010 and 2009 were \$2,519,171 and \$2,337,361, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) 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 employees' three highest years' earnings. Employees terminating covered 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 after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

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

The County paid off its unfunded liability in January 2003 and, therefore, has no pension related debt.

B. Other Postemployment Benefit Plan

The County adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The County engaged an actuary to determine the County's liability for postemployment healthcare benefits other than pensions as of January 1, 2011.

Single-Employer Plan Description

All employees who retire through the Wisconsin Retirement System are eligible to participate in the retiree medical plan if they pay 100% of the retiree premium. As of January 1, 2011 there were approximately 363 active participants and 9 retired participants receiving benefits from the County's health plans.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

Funding Policy

The County funds its OPEB obligation on a pay as you go basis. For fiscal year 2011, the County contributed an estimated \$80,445 to the plan.

Annual OPEB Cost and Net OPEB Obligation

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

| | |
|--------------------------------------------|--------------------------|
| Annual Required Contribution | \$ 173,595 |
| Interest on Net OPEB Obligation | 15,371 |
| Adjustment to Annual Required Contribution | <u>(15,272)</u> |
| Annual OPEB Cost (Expense) | 173,694 |
| Employer Contributions Made | <u>(80,445)</u> |
| Increase in Net OPEB Obligation | 93,249 |
| Net OPEB Obligation - Beginning of Year | <u>384,287</u> |
| Net OPEB Obligation - End of Year | <u><u>\$ 477,536</u></u> |

The County's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years are as follows:

| Fiscal Year Ended | Annual OPEB Cost | Employer Contributions | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------------|------------------------|---------------------------|-----------------------------------------------------|---------------------------|
| 12/31/2011 | \$ 173,694 | \$ 80,445 | 46.3% | \$ 477,536 |
| 12/31/2010 | 185,930 | 63,814 | 34.3 | 384,287 |
| 12/31/2009 | 185,007 | 52,717 | 28.5 | 262,171 |

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$1,693,576, or 7.9% of covered payroll in the amount of \$21,515,681.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the 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 about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the January 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% interest discount rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 8.0%, reduced by decrements to an ultimate rate of 4.5% by the year 2018. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2011 was 30 years.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The County purchases insurance from Wisconsin County Municipal Insurance Corporation (WCMIC) to provide coverage for losses for torts and errors and omissions. Summary financial information of WCMIC as of December 31, 2011 can be obtained directly from WCMIC's offices. The County's deductible is \$50,000 per occurrence and \$150,000 in the aggregate. It purchases coverage from the Local Government Property Insurance Fund for theft and property damage. Settled claims have not exceeded the coverage in any of the past three years, nor were there significant reductions in coverage compared to the prior year. The risks related to workers compensation and health insurance are accounted for and financed by the County in the worker compensation and health insurance internal service funds.

Self Insurance

For workers compensation claims, the uninsured risk of loss is \$250,000 per incident and \$500,000 in the aggregate for a policy year. The County has purchased coverage from WCMIC for claims in excess of these amounts. Settled claims have not exceeded this coverage in any of the past three years.

For health insurance claims, the uninsured risk of loss is \$9,986,029 in the aggregate for a policy year. The County has purchased commercial coverage for claims in excess of this amount. Settled claims have not exceeded this coverage in any of the past three years.

All funds participate in the risk management program. Amounts payable to the workers compensation fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. Amounts payable to the health insurance fund are determined by the County's third party administrator.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Risk Management (Continued)

Claims Liability

Changes in the claims liabilities for 2011 and 2010 for the health insurance fund were as follows:

| | Workers Compensation | | Health Insurance | |
|----------------------------------------|----------------------|-------------------|-------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Estimated Claims Outstanding January 1 | \$ 125,927 | \$ 127,428 | \$ 350,866 | \$ 447,279 |
| Current Year Claims and Changes | 334,050 | 208,306 | 7,224,398 | 6,358,582 |
| Claim Payments | (244,307) | (209,807) | (6,948,586) | (6,454,995) |
| Estimated Claims Outstanding Dec. 31 | <u>\$ 215,670</u> | <u>\$ 125,927</u> | <u>\$ 626,678</u> | <u>\$ 350,866</u> |

D. Commitments and Contingencies

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 reimbursement to the grantor agency for expenditures disallowed under the terms of the grants. Management believes such disallowances, if any, would be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

DUNN COUNTY, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2011

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|-------------------------------------|-------------------|-------------------|-------------------|-----------------------------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| TAXES | | | | |
| General Property Taxes | \$ 9,280,115 | \$ 9,280,115 | \$ 9,296,483 | \$ 16,368 |
| Forest Cropland Taxes | 24,000 | 24,000 | 22,732 | (1,268) |
| Sales and Use Taxes | 2,110,000 | 2,110,000 | 2,334,093 | 224,093 |
| Penalty for Land Use Change | 1,000 | 1,000 | 1,382 | 382 |
| Interest and Penalties on Taxes | 414,800 | 414,800 | 511,110 | 96,310 |
| Total Taxes | <u>11,829,915</u> | <u>11,829,915</u> | <u>12,165,800</u> | <u>335,885</u> |
| INTERGOVERNMENTAL REVENUES | | | | |
| Shared Revenue from State | 2,669,041 | 2,669,041 | 2,669,874 | 833 |
| Tax Exempt Computers | 93,658 | 93,658 | 39,169 | (54,489) |
| State Court Grants | 236,666 | 249,866 | 238,008 | (11,858) |
| Law Enforcement Grants | 67,250 | 72,610 | 109,136 | 36,526 |
| Victim Witness Grants | 112,951 | 125,642 | 112,135 | (13,507) |
| Emergency Government | 202,087 | 202,087 | 161,107 | (40,980) |
| Emergency Communications | 110,114 | 110,114 | 129,553 | 19,439 |
| Wisconsin Fund Private Sewage Grant | 10,000 | 10,000 | 4,539 | (5,461) |
| Health Grants | 329,541 | 334,074 | 326,188 | (7,886) |
| Child Support | 541,173 | 541,173 | 520,105 | (21,068) |
| Veterans Service Officer | 10,600 | 10,600 | 10,649 | 49 |
| Indirect Cost Reimbursement | 45,000 | 45,000 | - | (45,000) |
| Snowmobile Trails | 72,675 | 145,050 | 99,186 | (45,864) |
| District Fair Grants | 5,000 | 5,000 | 6,653 | 1,653 |
| Forest Crop | 23,000 | 23,000 | 22,771 | (229) |
| Soil and Water Resource Grants | 171,141 | 171,141 | 168,615 | (2,526) |
| Wildlife Damage Abatement | 40,000 | 40,000 | 14,094 | (25,906) |
| Fish and Game Grants | 2,325 | 2,325 | 1,762 | (563) |
| DNR Lakes Management | - | - | 5,000 | 5,000 |
| DNR Payments in Lieu of Taxes | 40,000 | 40,000 | 41,443 | 1,443 |
| Greenhouse Grant | - | - | 7,975 | 7,975 |
| Total Intergovernmental Revenues | <u>4,782,222</u> | <u>4,890,381</u> | <u>4,687,962</u> | <u>(202,419)</u> |
| LICENSES AND PERMITS | | | | |
| Zoning Permits and Fees | 45,000 | 45,000 | 48,028 | 3,028 |
| Fire Number Fees | 7,500 | 7,500 | 5,025 | (2,475) |
| Stormwater Review Fees | 300 | 300 | 437 | 137 |
| Sanitary Permits | - | - | 1,722 | 1,722 |
| Nonmetallic Mining Fees | 11,560 | 11,560 | 14,670 | 3,110 |
| Total Licenses and Permits | <u>64,360</u> | <u>64,360</u> | <u>69,882</u> | <u>5,522</u> |

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

DUNN COUNTY, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---------------------------------------------------|------------------|------------------|------------------|-----------------------------------------------------------|
| | Original | Final | | |
| REVENUES (CONTINUED) | | | | |
| FINES AND FORFEITURES | | | | |
| County Ordinance Forfeitures | \$ 105,500 | \$ 105,500 | \$ 93,615 | \$ (11,885) |
| County Share State Fines and Forfeitures | 140,000 | 140,000 | 145,718 | 5,718 |
| Total Fines and Forfeitures | <u>245,500</u> | <u>245,500</u> | <u>239,333</u> | <u>(6,167)</u> |
| PUBLIC CHARGES FOR SERVICES | | | | |
| Probate Fees | 10,000 | 10,000 | 14,290 | 4,290 |
| District Attorney Charges | 5,500 | 5,500 | 8,488 | 2,988 |
| Clerk Fees | 6,775 | 6,775 | 6,213 | (562) |
| Register of Deed Fees | 100,000 | 40,000 | 37,945 | (2,055) |
| Court Fees and Costs | 35,000 | 35,000 | 13,238 | (21,762) |
| Guardian Ad Litem Fees | 62,000 | 62,000 | 55,516 | (6,484) |
| Family Mediation Fees | 7,000 | 7,000 | 8,771 | 1,771 |
| Other Court Fees | 210,000 | 210,000 | 198,158 | (11,842) |
| Medical Examiner | 16,000 | 16,000 | 19,348 | 3,348 |
| Land Information | 86,020 | 88,970 | 62,577 | (26,393) |
| Law Enforcement Fees | 179,500 | 181,500 | 106,960 | (74,540) |
| Board of Prisoners | 700,000 | 700,000 | 455,570 | (244,430) |
| Inmate Revenue | 75,356 | 127,356 | 74,720 | (52,636) |
| Child Support | 8,000 | 8,000 | 5,557 | (2,443) |
| Public Health | 464,509 | 474,323 | 390,378 | (83,945) |
| Home Health | 921,655 | 921,655 | 671,946 | (249,709) |
| Veteran's | 1,200 | 1,200 | 1,458 | 258 |
| Parks | 17,584 | 17,584 | 14,709 | (2,875) |
| UW Extension | 4,357 | 10,407 | 11,424 | 1,017 |
| Fair Revenues | 121,600 | 121,600 | 103,601 | (17,999) |
| Snowmobile Association Loan Repayment | 22,222 | 22,222 | 20,000 | (2,222) |
| In Rem Revenue | 11,000 | 11,000 | 151 | (10,849) |
| Total Public Charges and Services | <u>3,065,278</u> | <u>3,078,092</u> | <u>2,281,018</u> | <u>(797,074)</u> |
| INTERGOVERNMENTAL CHARGES FOR SERVICES | | | | |
| IT Support | 28,000 | 28,000 | 20,926 | (7,074) |
| Tax Collection Fees | 12,600 | 12,600 | 10,982 | (1,618) |
| Data Processing Fees | 2,950 | - | 83 | 83 |
| Total Intergovernmental Charges for Services | <u>43,550</u> | <u>40,600</u> | <u>31,991</u> | <u>(8,609)</u> |

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

DUNN COUNTY, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--------------------------------|------------------|------------------|------------------|-----------------------------------------------------------|
| | Original | Final | | |
| REVENUES (CONTINUED) | | | | |
| INVESTMENT INCOME | | | | |
| Interest on Investments | \$ 341,561 | \$ 341,561 | \$ 376,003 | \$ 34,442 |
| MISCELLANEOUS REVENUES | | | | |
| Rent | 298,324 | 298,324 | 299,639 | 1,315 |
| Property Sales | 326,000 | 326,000 | 29,863 | (296,137) |
| Insurance Recoveries | 50,000 | 50,000 | 54,019 | 4,019 |
| Donations | 18,400 | 24,500 | 17,042 | (7,458) |
| Gain/Loss on Sale of Tax Deeds | - | 60,000 | 6,241 | (53,759) |
| Miscellaneous Revenues | 374,050 | 374,050 | 328,568 | (45,482) |
| Total Miscellaneous Revenues | <u>1,066,774</u> | <u>1,132,874</u> | <u>735,372</u> | <u>(397,502)</u> |
| Total Revenues | 21,439,160 | 21,623,283 | 20,587,361 | (1,035,922) |
| EXPENDITURES | | | | |
| GENERAL GOVERNMENT | | | | |
| County Board | 49,948 | 49,948 | 55,033 | (5,085) |
| Boards and Commissions | 77,009 | 77,009 | 72,495 | 4,514 |
| Circuit Court Judge | 463,191 | 473,191 | 461,379 | 11,812 |
| Circuit Court Clerk | 863,129 | 871,129 | 821,564 | 49,565 |
| Corporation Counsel | 360,466 | 380,566 | 341,697 | 38,869 |
| District Attorney | 450,906 | 463,597 | 465,372 | (1,775) |
| County Manager | 4,495,418 | 5,074,607 | 3,566,907 | 1,507,700 |
| County Clerk | 246,411 | 246,411 | 236,592 | 9,819 |
| Treasurer | 246,802 | 246,802 | 238,897 | 7,905 |
| Facilities | 1,661,562 | 1,725,062 | 1,605,745 | 119,317 |
| Register of Deeds | 292,901 | 290,644 | 239,605 | 51,039 |
| Total General Government | <u>9,207,743</u> | <u>9,898,966</u> | <u>8,105,286</u> | <u>1,793,680</u> |
| PUBLIC SAFETY | | | | |
| Sheriff | 6,559,976 | 6,638,538 | 6,194,633 | 443,905 |
| Medical Examiner | 70,843 | 104,912 | 104,399 | 513 |
| Emergency Management | 276,160 | 276,160 | 220,241 | 55,919 |
| Emergency Communication | 1,175,112 | 1,178,112 | 997,042 | 181,070 |
| Total Public Safety | <u>8,082,091</u> | <u>8,197,722</u> | <u>7,516,315</u> | <u>681,407</u> |

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

DUNN COUNTY, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2011

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------------------------------------|
| | Original | Final | | |
| EXPENDITURES (CONTINUED) | | | | |
| HEALTH AND HUMAN SERVICES | | | | |
| Health | \$ 1,343,766 | \$ 1,359,696 | \$ 1,301,671 | \$ 58,025 |
| Home Care | 922,275 | 922,275 | 776,156 | 146,119 |
| Child Support | 653,977 | 653,977 | 585,263 | 68,714 |
| Veteran Service | 182,809 | 182,809 | 161,734 | 21,075 |
| Total Health and Human Services | <u>3,102,827</u> | <u>3,118,757</u> | <u>2,824,824</u> | <u>293,933</u> |
| CULTURE, EDUCATION, AND RECREATION | | | | |
| Fair Board | 170,524 | 170,524 | 172,284 | (1,760) |
| Snowmobile Trails | 72,675 | - | - | - |
| U.W. Extensions | 245,158 | 254,972 | 245,953 | 9,019 |
| Outside Organization | 167,552 | 170,052 | 170,052 | - |
| Library | 711,469 | 711,469 | 711,469 | - |
| Auditorium, Convention | 7,500 | 7,500 | 7,500 | - |
| Total Culture, Education, and Recreatio | <u>1,374,878</u> | <u>1,314,517</u> | <u>1,307,258</u> | <u>7,259</u> |
| CONSERVATION AND DEVELOPMENT | | | | |
| Planning Resources and Development | <u>1,403,508</u> | <u>1,455,129</u> | <u>1,244,914</u> | <u>210,215</u> |
| Total Expenditures | <u>23,171,047</u> | <u>23,985,091</u> | <u>20,998,597</u> | <u>2,986,494</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,731,887) | (2,361,808) | (411,236) | 1,950,572 |
| OTHER FINANCING SOURCES AND USES | | | | |
| Transfers In | <u>500,000</u> | <u>500,000</u> | <u>501,744</u> | <u>1,744</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (1,231,887)</u> | <u>\$ (1,861,808)</u> | 90,508 | <u>\$ 1,952,316</u> |
| Fund Balance - Beginning of Year | | | <u>13,701,264</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 13,791,772</u> | |

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

DUNN COUNTY, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – HUMAN SERVICES FUND
YEAR ENDED DECEMBER 31, 2011

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--------------------------------------------------------------|------------------|--------------|--------------|-----------------------------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 3,280,161 | \$ 3,280,161 | \$ 3,280,161 | \$ - |
| Intergovernmental Revenues | 5,255,473 | 5,490,659 | 5,450,224 | (40,435) |
| Public Charges for Services | 863,783 | 863,783 | 861,362 | (2,421) |
| Total Revenues | 9,399,417 | 9,634,603 | 9,591,747 | (42,856) |
| EXPENDITURES | | | | |
| Health and Human Services | 9,364,814 | 9,600,000 | 9,507,343 | 92,657 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 34,603 | 34,603 | 84,404 | 49,801 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers Out | - | - | (84,404) | (84,404) |
| NET CHANGE IN FUND BALANCE | \$ 34,603 | \$ 34,603 | - | \$ (34,603) |
| Fund Balance - Beginning of Year | | | - | |
| FUND BALANCE - END OF YEAR | | | \$ - | |

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

**DUNN COUNTY, WISCONSIN
SCHEDULE OF FUNDING PROGRESS**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|----------------------------------------|---------------------------------------------------|--------------------------|--------------------------|---------------------------|---------------------------------------------------------------|
| 1/1/2011 | \$ - | \$ 1,693,576 | \$ 1,693,576 | 0.0% | \$21,515,681 | 7.9% |
| 1/1/2010 | - | 1,779,836 | 1,779,836 | 0.0 | 20,889,011 | 8.5 |
| 1/1/2009 | - | 1,851,724 | 1,851,724 | 0.0 | 20,541,441 | 9.0 |

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

**DUNN COUNTY, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2011**

BUDGETARY INFORMATION

GASB 34 requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue fund. Budgetary information for the general fund and human services fund is derived from the County's annual operating budget.

The County's annual operating budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes and on a basis consistent with generally accepted accounting principles. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. The County's legal budget is adopted at the major function level in the general fund (i.e., general government) and at the fund level in all other funds. The County exercises budgetary expenditure control at the department level.

Budget amounts in the financial statements include both original adopted budget and the final budget. Changes to the budget during the year, if any, generally include amendments authorized by the governing body, additions of approved carryover amounts and appropriations of revenues and other sources for specified expenditures/uses. Appropriated budget amounts in the general fund lapse at the end of the year unless specifically carried over for financing subsequent year expenditures.

Expenditures exceeded annual final budgets as follows:

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|-------------------------|---------------|-----------------|
| General Fund: | | | |
| General Government | | | |
| County Board | \$ 49,948 | \$ 55,033 | \$ (5,085) |
| District Attorney | 463,597 | 465,372 | (1,775) |
| Culture, Recreation and Education | | | |
| Fair Board | 170,524 | 172,284 | (1,760) |

COMBINING AND INDIVIDUAL FUND STATEMENTS

**DUNN COUNTY, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

| | <u>Jail Assessment</u> | <u>Solid Waste</u> | <u>Total Nonmajor Governmental Funds</u> |
|--------------------------------------|----------------------------|------------------------|------------------------------------------------------|
| ASSETS | | | |
| Cash | \$ 71,553 | \$ 714,434 | \$ 785,987 |
| Taxes Receivable | - | 8,000 | 8,000 |
| Accounts Receivable | 7,553 | 111,581 | 119,134 |
| Due from Other Governments | 360 | 43,697 | 44,057 |
| | <u>360</u> | <u>43,697</u> | <u>44,057</u> |
| Total Assets | <u>\$ 79,466</u> | <u>\$ 877,712</u> | <u>\$ 957,178</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts Payable | \$ - | \$ 160,143 | \$ 160,143 |
| Accrued Liabilities | - | 8,338 | 8,338 |
| Deferred Revenues | - | 8,000 | 8,000 |
| Total Liabilities | <u>-</u> | <u>176,481</u> | <u>176,481</u> |
| Fund Balances: | | | |
| Committed | <u>79,466</u> | <u>701,231</u> | <u>780,697</u> |
| Total Liabilities and Fund Balances | <u>\$ 79,466</u> | <u>\$ 877,712</u> | <u>\$ 957,178</u> |

**DUNN COUNTY, WISCONSIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2011**

| | Jail Assessment | Solid Waste | Total Nonmajor Governmental Funds |
|--------------------------------------------------------------|-------------------------|--------------------------|--------------------------------------------|
| REVENUES | | | |
| Taxes | \$ - | \$ 8,000 | \$ 8,000 |
| Intergovernmental Revenues | - | 158,450 | 158,450 |
| Fines and Forfeits | 90,259 | - | 90,259 |
| Public Charges for Services | - | 1,302,970 | 1,302,970 |
| Intergovernmental Charges for Services | - | 535,977 | 535,977 |
| Other Revenues | - | 297,571 | 297,571 |
| Total Revenues | <u>90,259</u> | <u>2,302,968</u> | <u>2,393,227</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public Safety | 25,428 | - | 25,428 |
| Public Works | - | 2,054,044 | 2,054,044 |
| Total Expenditures | <u>25,428</u> | <u>2,054,044</u> | <u>2,079,472</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 64,831 | 248,924 | 313,755 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | <u>(77,000)</u> | - | <u>(77,000)</u> |
| NET CHANGE IN FUND BALANCES | (12,169) | 248,924 | 236,755 |
| Fund Balances - Beginning of Year | <u>91,635</u> | <u>452,307</u> | <u>543,942</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$ 79,466</u></u> | <u><u>\$ 701,231</u></u> | <u><u>\$ 780,697</u></u> |

**DUNN COUNTY, WISCONSIN
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 DECEMBER 31, 2011**

| | <u>Workers Compensation Fund</u> | <u>Health Insurance Fund</u> | <u>Totals</u> |
|--------------------------------------|------------------------------------------|--------------------------------------|-------------------------|
| ASSETS | | | |
| Cash and Investments | \$ 2,187,322 | \$ 3,331,186 | \$ 5,518,508 |
| Accounts Receivable | - | 596,927 | 596,927 |
| Total Assets | <u>2,187,322</u> | <u>3,928,113</u> | <u>6,115,435</u> |
| LIABILITIES | | | |
| Accounts Payable | - | 271 | 271 |
| Accrued Liabilities | 215,670 | 626,678 | 842,348 |
| Total Liabilities | <u>215,670</u> | <u>626,949</u> | <u>842,619</u> |
| NET ASSETS - UNRESTRICTED | <u>\$ 1,971,652</u> | <u>\$ 3,301,164</u> | <u>\$ 5,272,816</u> |

**DUNN COUNTY, WISCONSIN
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND BALANCES – INTERNAL SERVICE FUNDS
 YEAR ENDED DECEMBER 31, 2011**

| | Workers Compensation Fund | Health Insurance Fund | Totals |
|---------------------------------|---------------------------------|-----------------------------|--------------|
| OPERATING REVENUES | | | |
| Charges to County Departments | \$ 748,583 | \$ 7,525,886 | \$ 8,274,469 |
| OPERATING EXPENSES | | | |
| Administration | - | 1,071,197 | 1,071,197 |
| Benefit Payments | 334,050 | 6,153,201 | 6,487,251 |
| Total Operating Expenses | 334,050 | 7,224,398 | 7,558,448 |
| OPERATING INCOME | 414,533 | 301,488 | 716,021 |
| NONOPERATING REVENUES | | | |
| Investment Income | 20,562 | 55,442 | 76,004 |
| INCOME BEFORE TRANSFERS | 435,095 | 356,930 | 792,025 |
| Transfers Out | (200,000) | (300,000) | (500,000) |
| CHANGE IN NET ASSETS | 235,095 | 56,930 | 292,025 |
| Net Assets - Beginning of Year | 1,736,557 | 3,244,234 | 4,980,791 |
| NET ASSETS - END OF YEAR | \$ 1,971,652 | \$ 3,301,164 | \$ 5,272,816 |

**DUNN COUNTY, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2011**

| | Workers Compensation | Health Insurance | Totals |
|-----------------------------------------------------------------------------------------------|-------------------------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash Received from County Departments | \$ 748,583 | \$ 6,928,959 | \$ 7,677,542 |
| Cash Paid to Employees for Insurance Claims | (244,307) | (795,114) | (1,039,421) |
| Cash Paid to Third Party Administrator | - | (6,153,201) | (6,153,201) |
| Net Cash Provided (Used) by Operating Activities | <u>504,276</u> | <u>(19,356)</u> | <u>484,920</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers Out | (200,000) | (300,000) | (500,000) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Noncash Equivalent Certificates of Deposit Matured | - | 1,125,516 | 1,125,516 |
| Noncash Equivalent Certificates of Deposits Purchased | - | (911,594) | (911,594) |
| Investment Income | 20,562 | 55,442 | 76,004 |
| Net Cash Provided (Used) by Investing Activities | <u>20,562</u> | <u>269,364</u> | <u>289,926</u> |
| NET CHANGE IN CASH AND CASH AND CASH EQUIVALENTS | 324,838 | (49,992) | 274,846 |
| Cash and Cash Equivalents - Beginning of Year | <u>1,862,484</u> | <u>2,968,920</u> | <u>4,831,404</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 2,187,322</u> | <u>\$ 2,918,928</u> | <u>\$ 5,106,250</u> |
| Cash and Investments per Statement of Net Assets | \$ 2,187,322 | \$ 3,331,186 | \$ 5,518,508 |
| Noncash Equivalents | - | (412,258) | (412,258) |
| Cash and Cash Equivalents | <u>\$ 2,187,322</u> | <u>\$ 2,918,928</u> | <u>\$ 5,106,250</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating Income | \$ 414,533 | \$ 301,488 | \$ 716,021 |
| Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities: | | | |
| (Increase) Decrease in Assets: | | | |
| Change in Receivables | - | (596,927) | (596,927) |
| Increase (Decrease) in Liabilities: | | | |
| Change in Accounts Payable | - | 271 | 271 |
| Change in Accrued Liabilities | 89,743 | 275,812 | 365,555 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 504,276</u> | <u>\$ (19,356)</u> | <u>\$ 484,920</u> |

DUNN COUNTY, WISCONSIN
 COMBINING BALANCE SHEET
 AGENCY FUNDS
 DECEMBER 31, 2011

| | Tax Collections | Treasurer | Clerk of Courts | Sheriff | UW Extension | District Attorney | Totals |
|----------------------------|---------------------|-------------------|--------------------|-------------------|-----------------|----------------------|---------------------|
| ASSETS | | | | | | | |
| Cash and Investments | \$ 2,548,946 | \$ 75,295 | \$ 380,727 | \$ 137,559 | \$ 1,279 | \$ 14,416 | \$ 3,158,222 |
| Taxes Receivable | 455,400 | - | - | - | - | - | 455,400 |
| Due from Other Governments | - | 1,026 | - | - | - | - | 1,026 |
| Other Receivables | - | 149,113 | - | - | - | - | 149,113 |
| Total Assets | <u>\$ 3,004,346</u> | <u>\$ 225,434</u> | <u>\$ 380,727</u> | <u>\$ 137,559</u> | <u>\$ 1,279</u> | <u>\$ 14,416</u> | <u>\$ 3,763,761</u> |
| | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts Payable | \$ - | \$ 156,093 | \$ - | \$ - | \$ - | \$ - | \$ 156,093 |
| Deposits Payable | - | 2,705 | 185,407 | 137,559 | 1,279 | 14,416 | 341,366 |
| Due to Other Governments | 3,004,346 | 66,636 | 195,320 | - | - | - | 3,266,302 |
| Total Liabilities | <u>\$ 3,004,346</u> | <u>\$ 225,434</u> | <u>\$ 380,727</u> | <u>\$ 137,559</u> | <u>\$ 1,279</u> | <u>\$ 14,416</u> | <u>\$ 3,763,761</u> |