

DUNN COUNTY, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2012

**DUNN COUNTY, WISCONSIN
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YEAR ENDED DECEMBER 31, 2012**

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INDEPENDENT AUDITORS' REPORT

Board of County Supervisors
Dunn County
Menomonie, Wisconsin

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dunn County Housing Authority, which represents 100% percent of assets, net position and revenues of the discretely presented component unit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dunn County, Wisconsin as of December 31, 2012, 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.

Other Matters

Prior Period Adjustment

As discussed in Note 3.E to the financial statements, the County restated beginning fund balance of the general fund and beginning net position of governmental activities to reflect the correction of an accounting error. Our opinion is not modified as a result of this matter.

Required Supplementary Information

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The individual and combining fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

County Board
Dunn County, Wisconsin

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2013 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.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
July 11, 2013

COUNTY OF DUNN



Department of Administration

Eugene C. Smith
Administrative Coordinator
800 Wilson Avenue - Room 103
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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS PREPARED YEAR ENDED DECEMBER 31, 2012

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, 2012 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, 2012, the assets of Dunn County exceeded its liabilities by \$98,728,057 (total net position). Of this amount \$17,951,736 (unrestricted net position) or 18% of the total, may be used to meet the County's ongoing obligations to citizen's and creditors.
- Dunn County's total net position increased by \$2,448,248 in 2012.
- At the close of the fiscal year, Dunn County governmental funds reported ending fund balances of \$16,380,170 an increase of \$963,541 from the prior year. Approximately 76% of this total amount, or \$12,509,486, 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 \$12,509,486. This is 60.6% of the total general fund expenditures for the fiscal year.
- Dunn County's total outstanding debt for the year ended December 31, 2012 was \$30,125,000, of which \$22,050,000 is for the construction of the new health care facility. All of the debt is general obligation debt which is 23.4% of the County's overall debt limit of \$128,991,420. This leaves an unused debt limit of \$98,866,420.

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

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

The *statement of activities* presents information showing how the County's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., 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 17 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, 2012**

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 19 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 23 of this report.

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

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 27 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 28 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 55. Combining and individual fund statements and schedules can be found beginning on page 62.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$98,728,057 as of December 31, 2012.

**Condensed Statement of Net Position
December 31, 2012 and 2011**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 38,202,220	\$ 36,958,344	\$ 24,897,455	\$ 9,727,353	\$ 63,099,675	\$ 46,685,697
Capital Assets	80,106,366	77,930,499	17,359,762	7,996,143	97,466,128	85,926,642
Internal Balances	4,619,058	3,857,784	(4,619,058)	(3,857,784)	-	-
Total Assets	<u>122,927,644</u>	<u>118,746,627</u>	<u>37,638,159</u>	<u>13,865,712</u>	<u>160,565,803</u>	<u>132,612,339</u>
Noncurrent Liabilities Outstanding	8,397,859	9,729,801	24,097,254	659,976	32,495,113	10,389,777
Other Liabilities	20,495,782	19,758,456	8,846,851	6,998,159	29,342,633	26,756,615
Total Liabilities	<u>28,893,641</u>	<u>29,488,257</u>	<u>32,944,105</u>	<u>7,658,135</u>	<u>61,837,746</u>	<u>37,146,392</u>
Net Investment in Capital Assets	72,218,305	68,704,226	8,497,281	7,996,143	80,715,586	76,700,369
Restricted	60,735	30,298	-	-	60,735	30,298
Unrestricted	21,754,963	20,523,846	(3,803,227)	(1,788,566)	17,951,736	18,735,280
Total Net Position	<u>\$ 94,034,003</u>	<u>\$ 89,258,370</u>	<u>\$ 4,694,054</u>	<u>\$ 6,207,577</u>	<u>\$ 98,728,057</u>	<u>\$ 95,465,947</u>

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

\$80,715,586 (81.8%) of the County's net position 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, 2012. In 2011 the percentage was 80.3%. 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.

\$17,951,736 (18.2%) of net position was unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors. At December 31, 2011 unrestricted net position was \$18,735,280 (19.6%).

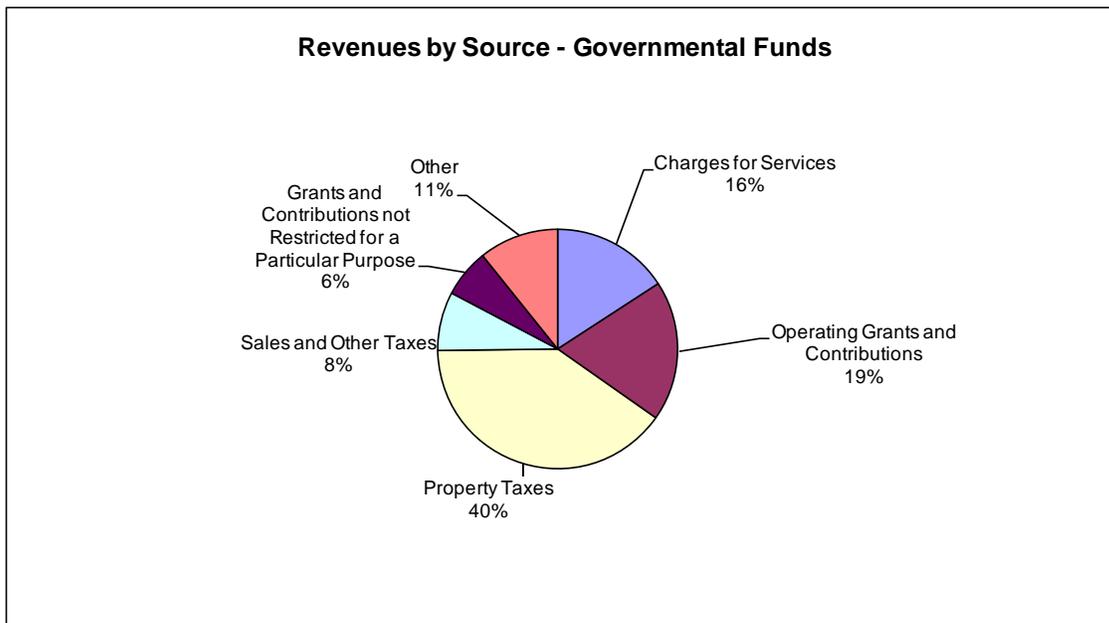
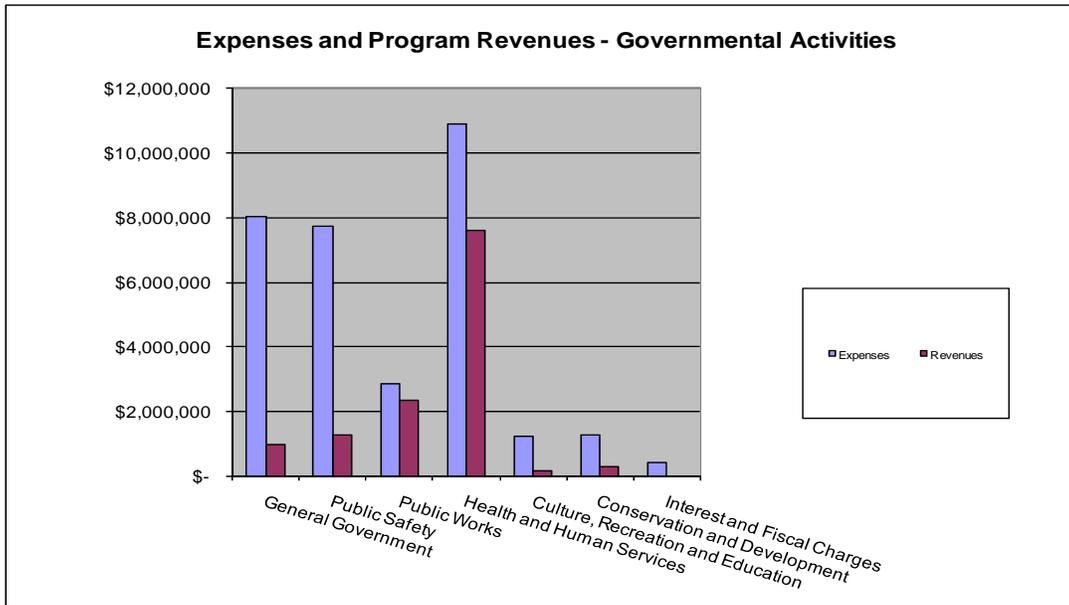
At the end of the current fiscal year, Dunn County is able to report positive balances in all categories of net position except for unrestricted net position of the business-type activities.

**Condensed Statement of Activities
Year Ended December 31, 2012 and 2011**

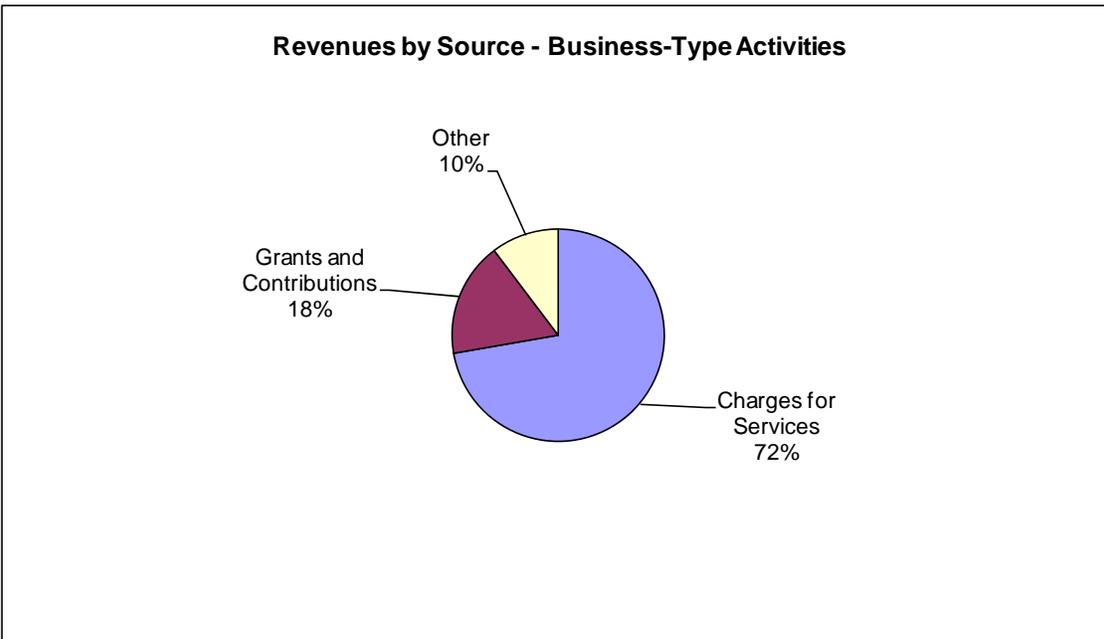
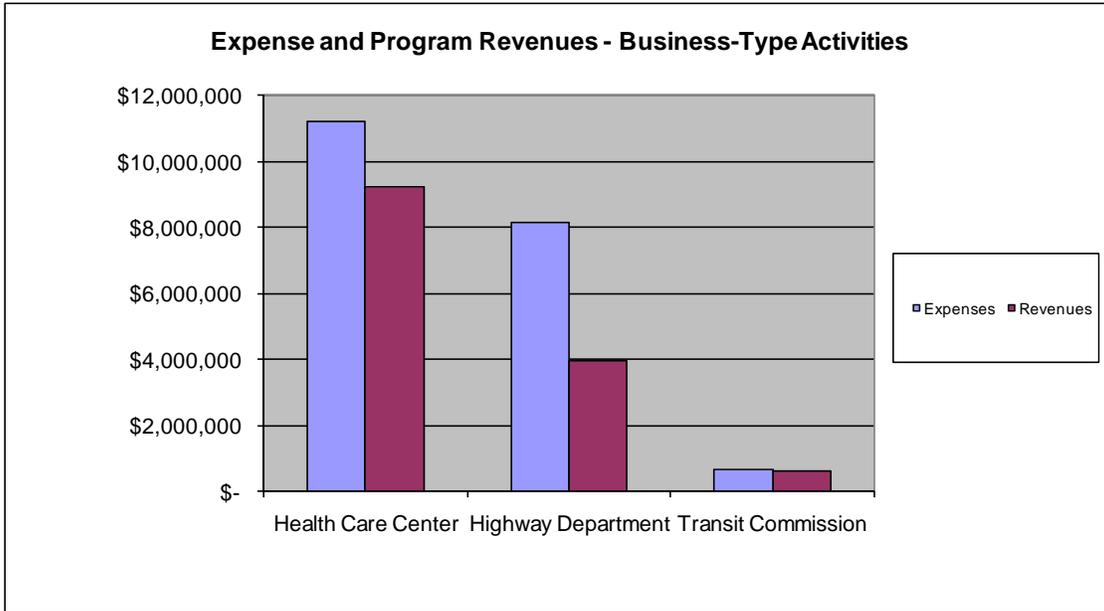
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	\$ 5,761,858	\$ 5,689,437	\$ 13,377,021	\$ 13,609,101	\$ 19,138,879	\$ 19,298,538
Operating Grants and Contributions	6,902,900	7,608,519	456,191	302,775	7,359,091	7,911,294
Capital Grants and Contributions	-	-	8,238	151,535	8,238	151,535
General Revenues:						
Property Taxes	12,885,966	12,567,319	5,340,210	5,563,789	18,226,176	18,131,108
Other Taxes	4,592,449	4,549,472	-	-	4,592,449	4,549,472
State and Federal Aids not Restricted to Specific Programs	2,366,167	2,709,043	2,762,043	2,616,012	5,128,210	5,325,055
Unrestricted Investment Earnings	103,193	376,003	-	-	103,193	376,003
Other	326,780	1,083,773	55,622	90,564	382,402	1,174,337
Total Revenues	<u>32,939,313</u>	<u>34,583,566</u>	<u>21,999,325</u>	<u>22,333,776</u>	<u>54,938,638</u>	<u>56,917,342</u>
Expenses:						
General Government	8,029,464	7,906,098	-	-	8,029,464	7,906,098
Public Safety	7,730,008	6,997,843	-	-	7,730,008	6,997,843
Public Works	2,874,982	4,885,773	-	-	2,874,982	4,885,773
Health and Human Services	10,905,569	11,632,424	-	-	10,905,569	11,632,424
Culture, Recreation and Education	1,236,180	1,294,749	-	-	1,236,180	1,294,749
Conservation and Development	1,269,555	1,274,402	-	-	1,269,555	1,274,402
Interest and Fiscal Charges	423,157	472,776	-	-	423,157	472,776
Health Care Center	-	-	11,217,588	11,958,425	11,217,588	11,958,425
Highway	-	-	8,147,053	6,598,330	8,147,053	6,598,330
Transit Commission	-	-	656,834	538,905	656,834	538,905
Total Expenses	<u>32,468,915</u>	<u>34,464,065</u>	<u>20,021,475</u>	<u>19,095,660</u>	<u>52,490,390</u>	<u>53,559,725</u>
Change in Net Position Before Transfers	470,398	119,501	1,977,850	3,238,116	2,448,248	3,357,617
Transfers	3,491,373	4,379,249	(3,491,373)	(4,379,249)	-	-
Change in Net Position	<u>3,961,771</u>	<u>4,498,750</u>	<u>(1,513,523)</u>	<u>(1,141,133)</u>	<u>2,448,248</u>	<u>3,357,617</u>
Net Position - Beginning of Year, As Originally Stated	89,258,370	84,759,620	6,207,577	7,348,710	95,465,947	92,108,330
Prior Period Adjustment	813,862	-	-	-	813,862	-
Net Position - Beginning of Year - As Restated	<u>90,072,232</u>	<u>84,759,620</u>	<u>6,207,577</u>	<u>7,348,710</u>	<u>96,279,809</u>	<u>92,108,330</u>
Net Position - End of Year	<u>\$ 94,034,003</u>	<u>\$ 89,258,370</u>	<u>\$ 4,694,054</u>	<u>\$ 6,207,577</u>	<u>\$ 98,728,057</u>	<u>\$ 95,465,947</u>

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

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 (40%) and operating grants/contributions (19%).



**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**



**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

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, 2012, the County's governmental funds reported combined ending fund balance of \$16,380,170 (\$14,602,767 in 2011 before application of a prior period adjustment), an increase of \$963,541 in comparison with the prior year (\$326,900 increase in 2011). Of the combined ending fund balances, \$12,509,486 or 76.4% constitutes unassigned fund balance that is available for spending at the County's discretion. The remainder of fund balance, \$3,870,684 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 \$12,509,486, while total fund balance reached \$15,249,955 (\$13,791,772 for 2011 before application of a prior period adjustment).

During the current year, the County's general fund balance increased by \$644,321 (\$904,370 increase in 2011). Key factors in this increase include:

- The County's final budget applied \$1,753,816 of fund balance towards 2012 expenditures.
- Actual general fund expenditures were \$2,983,500 less than planned, while the revenues were \$739,375 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 2012, after a \$154,012 transfer to the general fund and an \$89,770 transfer to the transit commission fund.

The fund balance of the debt service fund increased by \$69 during fiscal year 2012, ending at \$30,367.

The other governmental funds had fund balances of \$1,099,848 which is an increase of \$319,151 from the prior year.

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

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 position of the enterprise-type proprietary funds at the end of 2012 totaled \$8,201,490, down \$311,095 from the previous year.

The increase in the net position of the health care center was \$177,860.

The decrease in the net position of the highway department was \$520,886.

The increase in the net position of the transit commission was \$31,931.

The County had two internal service funds during 2012. Net position of the funds at year end and changes thereto during the year were as follows:

	<u>Net Position at 12/31/12</u>	<u>Change During Year</u>
Worker's Compensation Fund	\$ 1,630,679	\$ (340,973)
Health Insurance Fund	2,774,200	(526,964)

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, 2012**

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 amounted to \$1,160,562, which consisted of increases in grants expenses and fund balance applied for projects not completed in 2011.

During the year, actual general fund revenues excluding fund balance applied was under budget by \$739,375 and actual general fund expenditures were \$2,983,500 under budget.

The main revenue budget variances included: sales and use tax \$207,136 over budget, home health care charges for services \$215,215 under budget, interest on investments \$173,360 under budget and property sales \$241,795 under budget.

The main expenditure budget variances included (all less than budget): county manager \$1,391,102, emergency communication \$288,714, and planning resources and development \$241,435. Several of these budgets were for projects that were not completed and the budget was carried forward to the 2013 budget.

Some department budgets were over budget. There were no department budgets over by \$15,000 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, 2012 and 2011 was \$97,466,128 and \$86,740,505, respectively, (net of accumulated depreciation) as shown below:

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 2,671,703	\$ 2,630,426	\$ 448,166	\$ 448,166	\$ 3,119,869	\$ 3,078,592
Construction in Progress	1,150,728	308,166	9,675,156	863,863	10,825,884	1,172,029
Land Improvements	-	-	324,004	349,536	324,004	349,536
Buildings	10,973,536	11,264,806	1,689,313	1,841,465	12,662,849	13,106,271
Machinery and Shop Equipment	2,068,067	2,371,795	5,223,123	5,306,976	7,291,190	7,678,771
Roads	53,088,731	53,430,543	-	-	53,088,731	53,430,543
Bridges	10,153,601	7,924,763	-	-	10,153,601	7,924,763
Capital Assets, Net of Accumulated Depreciation	<u>\$ 80,106,366</u>	<u>\$ 77,930,499</u>	<u>\$ 17,359,762</u>	<u>\$ 8,810,006</u>	<u>\$ 97,466,128</u>	<u>\$ 86,740,505</u>

**DUNN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2012**

Major Capital Asset Events

Governmental Activities

- Fiscal year 2012 road and bridge projects.
- Sheriff department vehicles.

Business-Type Activities

- Health care center construction.
- Highway machinery and equipment.
- Transit vehicles purchased and contributed.

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

Long-Term Obligations

At December 31, 2012, Dunn County had outstanding \$30,125,000 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 12/31/12
General Obligation Debt					
G.O. Refunding Bonds	10/1/2003	10/1/2016	1.15-4.05%	\$ 5,335,000	\$ 2,005,000
G.O. Refunding Bonds	3/15/2004	10/1/2017	1.2-3.8%	7,980,000	3,975,000
G.O. Taxable Refunding Bonds	12/1/2005	10/1/2017	5.10-5.50%	3,840,000	2,095,000
G.O. Health Care Center Bonds	6/25/2012	4/1/2032	2.00-4.00%	22,050,000	22,050,000
Total General Obligation Debt					<u>\$30,125,000</u>

In addition, as of December 31, 2012 the County had a \$3,873,592 liability for vested compensated absences. Of this amount, \$2,436,062 (63%) is for governmental activities and the remaining \$1,437,530 (37%) is for business-type activities. As of December 31, 2011, the County had a \$3,587,853 liability for vested compensated absences. Of this amount, \$2,211,568 (62%) was for governmental activities and the remaining \$1,376,285 (38%) was for business-type activities. The County also had a liability recorded of \$624,803 and \$477,536 at December 31, 2012 and 2011, 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 \$128,991,420, which is significantly in excess of the County's \$30,125,000 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, 2012**

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 2012 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 \$103,633,700 or -3.9% as compared to the State which experienced an overall negative growth of \$15,771,703,600 or -3.2% from 2011 to 2012. The following presents comparables with neighboring counties:

County	2011 Equalized Value	2012 Equalized Value	Percent Change
Barron	\$ 3,689,962,000	\$ 3,474,905,200	-5.8%
Chippewa	4,551,285,800	4,572,364,300	0.5%
Dunn	<u>2,683,462,100</u>	<u>2,579,828,400</u>	<u>-3.9%</u>
Eau Claire	6,727,328,500	6,722,050,200	-0.1%
Pepin	560,656,800	542,351,000	-3.3%
Pierce	2,826,286,000	2,745,713,700	-2.9%
St. Croix	7,335,670,300	6,930,949,400	-5.5%

Dunn County is experiencing some pressure from the national economic situation. During 2012, 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 2014 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, 2012**

The County will continue the philosophy of being fiscally conservative while mindful of service demands when developing the 2014 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 13, 2012, the Dunn County Board of Supervisors adopted a fiscal year 2013 budget in the amount of \$69,170,701.
- On November 13, 2012, the Dunn County Board of Supervisors adopted an overall county tax levy of \$20,739,715. Included in this amount was an operating levy of \$17,584,242, an increase of \$138,114 (0.8%) over the preceding year.

The County is constructing a new nursing home facility and, in efforts to continue providing services in a more efficient manner, the County is moving forward with renovations of the existing Health Care Center where Human Services departments will relocate to.

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 POSITION
DECEMBER 31, 2012**

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit
ASSETS				
Cash and Investments	\$ 19,666,942	\$ 915,454	\$ 20,582,396	\$ 64,890
Restricted Cash	-	14,533,397	14,533,397	67,692
Accounts Receivable (net)	640,680	987,339	1,628,019	6,250
Accrued Interest	17,472	-	17,472	-
Taxes Receivable	14,837,836	5,464,066	20,301,902	-
Delinquent Taxes Receivable	1,532,773	-	1,532,773	-
Loans Receivables	60,000	-	60,000	-
Internal Balances	4,619,058	(4,619,058)	-	-
Due From Other Governments	1,372,207	824,596	2,196,803	-
Inventory	-	1,609,188	1,609,188	-
Prepaid Items	-	22,847	22,847	-
Unamortized Bond Issue Costs	74,310	540,568	614,878	-
Capital Assets:				
Land	2,671,703	448,166	3,119,869	-
Construction in Progress	1,150,728	-	1,150,728	-
Other Capital Assets, Net of Depreciation	76,283,935	16,911,596	93,195,531	-
Total Assets	<u>122,927,644</u>	<u>37,638,159</u>	<u>160,565,803</u>	<u>138,832</u>
LIABILITIES				
Accounts Payable	1,359,703	520,182	1,879,885	-
Construction Contracts Payable	-	938,323	938,323	-
Accrued Liabilities	1,649,386	490,791	2,140,177	-
Accrued Interest Payable	83,642	403,909	487,551	-
Due to Other Governments	151,424	-	151,424	-
Unearned Revenue	14,837,836	5,604,134	20,441,970	-
Deposits	16,082	-	16,082	-
Patient Trust Funds Payable	-	7,366	7,366	-
Noncurrent Liabilities:				
Amounts Due Within One Year	2,397,709	882,146	3,279,855	-
Amounts Due in More Than One Year	8,397,859	24,097,254	32,495,113	18,056
Total Liabilities	<u>28,893,641</u>	<u>32,944,105</u>	<u>61,837,746</u>	<u>18,056</u>
NET POSITION				
Net Investment in Capital Assets	72,218,305	8,497,281	80,715,586	-
Restricted	60,735	-	60,735	49,636
Unrestricted	21,754,963	(3,803,227)	17,951,736	71,140
Total Net Position	<u>\$ 94,034,003</u>	<u>\$ 4,694,054</u>	<u>\$ 98,728,057</u>	<u>\$ 120,776</u>

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit
FUNCTIONS/PROGRAMS								
Primary Government:								
Governmental Activities:								
General Government	\$ 8,029,464	\$ 655,420	\$ 307,885	\$ -	\$ (7,066,159)	\$ -	\$ (7,066,159)	\$ -
Public Safety	7,730,008	747,512	526,260	-	(6,456,236)	-	(6,456,236)	-
Public Works	2,874,982	2,180,680	176,512	-	(517,790)	-	(517,790)	-
Health and Human Services	10,905,569	1,958,967	5,670,247	-	(3,276,355)	-	(3,276,355)	-
Culture, Recreation and Education	1,236,180	149,809	5,523	-	(1,080,848)	-	(1,080,848)	-
Conservation and Development	1,269,555	69,470	216,473	-	(983,612)	-	(983,612)	-
Interest and Fiscal Charges	423,157	-	-	-	(423,157)	-	(423,157)	-
Total Governmental Activities	32,468,915	5,761,858	6,902,900	-	(19,804,157)	-	(19,804,157)	-
Business-Type Activities:								
Health Care Center	11,217,588	9,245,120	-	-	-	(1,972,468)	(1,972,468)	-
Highway	8,147,053	3,968,245	-	-	-	(4,178,808)	(4,178,808)	-
Transit Commission	656,834	163,656	456,191	8,238	-	(28,749)	(28,749)	-
Total Business-Type Activities	20,021,475	13,377,021	456,191	8,238	-	(6,180,025)	(6,180,025)	-
Total Primary Government	\$ 52,490,390	\$ 19,138,879	\$ 7,359,091	\$ 8,238	(19,804,157)	(6,180,025)	(25,984,182)	-
Component Unit:								
Housing Authority	\$ 496,615	\$ -	\$ 422,140	\$ -	-	-	-	(74,475)
GENERAL REVENUES								
Taxes:								
Property Taxes, Levied for General Purposes					12,885,966	5,340,210	18,226,176	-
Property Taxes, Levied for Debt Purposes					1,705,012	-	1,705,012	-
Other Taxes					2,887,437	-	2,887,437	-
Intergovernmental Revenues not Restricted to Specific Programs					2,366,167	2,762,043	5,128,210	-
Investment Income					103,193	-	103,193	224
Miscellaneous					326,780	55,622	382,402	37,266
TRANSFERS					3,491,373	(3,491,373)	-	-
Total General Revenues and Transfers					23,765,928	4,666,502	28,432,430	37,490
CHANGE IN NET POSITION					3,961,771	(1,513,523)	2,448,248	(36,985)
Net Position - Beginning of Year, As Originally Stated					89,258,370	6,207,577	95,465,947	157,761
Prior Period Adjustment					813,862	-	813,862	-
Net Position - Beginning of Year - As Restated					90,072,232	6,207,577	96,279,809	157,761
NET POSITION - END OF YEAR					\$ 94,034,003	\$ 4,694,054	\$ 98,728,057	\$ 120,776

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	General Fund	Human Services Fund	Debt Service Fund	Other Governmental Funds	Totals
ASSETS					
Cash and Investments	\$ 13,319,310	\$ 348,801	\$ 30,730	\$ 1,067,413	\$ 14,766,254
Receivables					
Taxes Receivable	10,118,484	2,956,378	1,754,974	8,000	14,837,836
Delinquent Taxes	1,532,773	-	-	-	1,532,773
Accounts	72,494	85,553	-	135,768	293,815
Interest	17,472	-	-	-	17,472
Loans	60,000	-	-	-	60,000
Due from Other Governments	880,316	447,252	-	44,639	1,372,207
Due from Other Funds	1,079,122	-	-	-	1,079,122
Advance to Other Funds	32,500	-	-	-	32,500
	<u>\$ 27,112,471</u>	<u>\$ 3,837,984</u>	<u>\$ 1,785,704</u>	<u>\$ 1,255,820</u>	<u>\$ 33,991,979</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 648,730	\$ 571,755	\$ 363	\$ 138,855	\$ 1,359,703
Accrued Liabilities	629,298	168,297	-	9,117	806,712
Deposits Payable	16,035	47	-	-	16,082
Due to Other Governments	9,917	141,507	-	-	151,424
Deferred Revenues	10,558,536	2,956,378	1,754,974	8,000	15,277,888
Total Liabilities	<u>11,862,516</u>	<u>3,837,984</u>	<u>1,755,337</u>	<u>155,972</u>	<u>17,611,809</u>
Fund Balances:					
Nonspendable	954,583	-	-	-	954,583
Restricted	60,735	-	30,367	-	91,102
Committed	-	-	-	1,099,848	1,099,848
Assigned	1,725,151	-	-	-	1,725,151
Unassigned	12,509,486	-	-	-	12,509,486
Total Fund Balances	<u>15,249,955</u>	<u>-</u>	<u>30,367</u>	<u>1,099,848</u>	<u>16,380,170</u>
	<u>\$ 27,112,471</u>	<u>\$ 3,837,984</u>	<u>\$ 1,785,704</u>	<u>\$ 1,255,820</u>	<u>\$ 33,991,979</u>
Total Liabilities and Fund Balances	<u>\$ 27,112,471</u>	<u>\$ 3,837,984</u>	<u>\$ 1,785,704</u>	<u>\$ 1,255,820</u>	<u>\$ 33,991,979</u>

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012**

Total Fund Balances - Governmental Funds \$ 16,380,170

Amounts reported for governmental activities in the statement of net position 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	\$ 131,467,409	
Accumulated Depreciation	(51,361,043)	
		80,106,366

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	374,550	
Loans Receivable	60,000	
Grants Receivable	5,502	
		440,052

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	(8,075,000)	
Accrued Interest Payable	(83,642)	
Compensated Absences	(2,436,062)	
Other Postemployment Benefits	(471,445)	
Bond Discount	6,192	
Deferred Charge Resulting from the Refunding of Debt	180,747	
		(10,879,210)

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

74,310

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 Position of Internal Service Funds	4,404,879	
Less Allocated to Business-Type Activities	3,507,436	
		7,912,315

Net Position of Governmental Activities \$ 94,034,003

DUNN COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	General Fund	Human Services Fund	Debt Service Fund	Other Governmental Funds	Totals
REVENUES					
Taxes	\$ 12,735,946	\$ 3,107,026	\$ 1,705,012	\$ 8,000	\$ 17,555,984
Intergovernmental Revenues	4,363,020	4,691,793	-	176,512	9,231,325
Licenses and Permits	69,470	-	-	-	69,470
Fines and Forfeits	235,259	-	-	85,110	320,369
Public Charges for Services	2,333,765	843,969	-	1,386,054	4,563,788
Intergovernmental Charges for Services	51,347	-	-	540,153	591,500
Investment Income	102,762	-	431	-	103,193
Miscellaneous	754,263	-	-	254,473	1,008,736
Total Revenues	<u>20,645,832</u>	<u>8,642,788</u>	<u>1,705,443</u>	<u>2,450,302</u>	<u>33,444,365</u>
EXPENDITURES					
Current:					
General Government	7,649,922	-	-	-	7,649,922
Public Safety	7,827,649	-	-	12,981	7,840,630
Public Works	-	-	-	2,064,598	2,064,598
Health and Human Services	2,694,600	8,399,006	-	-	11,093,606
Culture, Recreation and Education	1,319,660	-	-	-	1,319,660
Conservation and Development	1,163,692	-	-	-	1,163,692
Debt Service:					
Principal Retirement	-	-	1,380,000	-	1,380,000
Interest and Fiscal Charges	-	-	378,946	-	378,946
Total Expenditures	<u>20,655,523</u>	<u>8,399,006</u>	<u>1,758,946</u>	<u>2,077,579</u>	<u>32,891,054</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,691)	243,782	(53,503)	372,723	553,311
OTHER FINANCING SOURCES (USES)					
Transfers In	654,012	-	53,572	-	707,584
Transfers Out	-	(243,782)	-	(53,572)	(297,354)
Total Other Financing Sources (Uses)	<u>654,012</u>	<u>(243,782)</u>	<u>53,572</u>	<u>(53,572)</u>	<u>410,230</u>
NET CHANGE IN FUND BALANCES	644,321	-	69	319,151	963,541
Fund Balances - Beginning of Year	13,791,772	-	30,298	780,697	14,602,767
Prior Period Adjustment	813,862	-	-	-	813,862
Fund Balances - Beginning of Year, As Restated	<u>14,605,634</u>	<u>-</u>	<u>30,298</u>	<u>780,697</u>	<u>15,416,629</u>
FUND BALANCES - END OF YEAR	<u>\$ 15,249,955</u>	<u>\$ -</u>	<u>\$ 30,367</u>	<u>\$ 1,099,848</u>	<u>\$ 16,380,170</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, 2012**

Net Change in Fund Balances - Total Governmental Funds \$ 963,541

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	\$2,304,471	
Depreciation Expense Reported in the Statement of Activities	(3,439,298)	
Contributed Capital from the Highway Department Reported as a Transfer	3,581,143	
Loss on Disposal of Capital Assets	<u>(270,449)</u>	2,175,867

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. (505,052)

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 position. In the current year, these amounts consist of:

Bond Principal Retirement		1,380,000
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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 position of these internal service funds are allocated between governmental activities and business-type activities as follows:

Change in Net Position of Internal Service Funds	(867,937)	
Loss Allocated to Business-Type Activities	<u>1,202,428</u>	334,491

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	13,053	
Net Change in Compensated Absences Liability	(224,494)	
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>(118,371)</u>	<u>(387,076)</u>

Change in Net Position of Governmental Activities \$ 3,961,771

**DUNN COUNTY, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds		Nonmajor		
	Health Care Center	Highway Department	Transit Commission	Totals	
ASSETS					
Current Assets:					
Cash and Investments	\$ -	\$ 872,457	\$ 42,997	\$ 915,454	\$ 4,900,688
Restricted Assets - Cash	14,533,397	-	-	14,533,397	-
Taxes Receivable	500,000	4,964,066	-	5,464,066	-
Accounts Receivable, Net	974,951	570	11,818	987,339	346,865
Due from Other Governments	-	684,892	139,704	824,596	-
Inventory	51,810	1,557,378	-	1,609,188	-
Prepaid Expenses	4,359	7,425	11,063	22,847	-
Total Current Assets	16,064,517	8,086,788	205,582	24,356,887	5,247,553
Noncurrent Assets:					
Unamortized Bond Issuance Costs	540,568	-	-	540,568	-
Capital Assets (net)	10,193,317	6,898,613	267,832	17,359,762	-
Total Non-Current Assets	10,733,885	6,898,613	267,832	17,900,330	-
Total Assets	26,798,402	14,985,401	473,414	42,257,217	5,247,553
LIABILITIES					
Current Liabilities:					
Accounts Payable	193,373	280,352	46,457	520,182	-
Construction Contracts Payable	938,323	-	-	938,323	-
Interest Payable	403,909	-	-	403,909	-
Accrued Expenses	301,883	185,370	3,538	490,791	842,674
Unearned Revenue	500,000	5,104,134	-	5,604,134	-
Vested Benefits	370,359	508,560	3,227	882,146	-
Patient Trust Fund Payable	7,366	-	-	7,366	-
Due to Other Funds	1,079,122	-	-	1,079,122	-
Total Current Liabilities	3,794,335	6,078,416	53,222	9,925,973	842,674
Noncurrent Liabilities:					
Bonds Payable	23,388,512	-	-	23,388,512	-
Advance from Other Funds	32,500	-	-	32,500	-
Vested Benefits	279,393	273,840	2,151	555,384	-
Other Post-Employment Benefits	130,808	22,550	-	153,358	-
Total Non-Current Liabilities	23,831,213	296,390	2,151	24,129,754	-
Total Liabilities	27,625,548	6,374,806	55,373	34,055,727	842,674
NET POSITION					
Net Investment in Capital Assets	1,330,836	6,898,613	267,832	8,497,281	-
Unrestricted	(2,157,982)	1,711,982	150,209	(295,791)	4,404,879
Total Net Position	\$ (827,146)	\$ 8,610,595	\$ 418,041	8,201,490	\$ 4,404,879
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds				(3,507,436)	
Net Position - Business-Type Activities				<u>\$ 4,694,054</u>	

See accompanying Notes to Basic Financial Statements.

DUNN COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Major Funds		Nonmajor		
	Health Care Center	Highway Department	Transit Commission	Totals	
OPERATING REVENUES	\$ 9,245,120	\$ 3,968,245	\$ 163,656	\$ 13,377,021	\$ 7,715,433
OPERATING EXPENSES					
Operation and Maintenance	10,333,099	6,930,935	585,226	17,849,260	985,413
Depreciation	144,574	743,421	71,537	959,532	-
Benefit Payments	-	-	-	-	7,111,609
Total Operating Expenses	<u>10,477,673</u>	<u>7,674,356</u>	<u>656,763</u>	<u>18,808,792</u>	<u>8,097,022</u>
OPERATING INCOME (LOSS)	(1,232,553)	(3,706,111)	(493,107)	(5,431,771)	(381,589)
NONOPERATING REVENUES (EXPENSES)					
General Property Taxes	500,000	4,840,210	-	5,340,210	-
Grant Funding	-	-	456,191	456,191	-
Intergovernmental Grants	840,938	1,921,105	-	2,762,043	-
Rental Income	46,016	-	-	46,016	-
Investment Income	-	-	-	-	13,652
Interest Expense and Amortization of Debt Premium	33,714	-	-	33,714	-
Investment Fees	(10,255)	-	-	(10,255)	-
Other Income (Expense)	-	5,053	(29,161)	(24,108)	-
Total Nonoperating Revenues	<u>1,410,413</u>	<u>6,766,368</u>	<u>427,030</u>	<u>8,603,811</u>	<u>13,652</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	177,860	3,060,257	(66,077)	3,172,040	(367,937)
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital Grants and Contributions	-	-	8,238	8,238	-
Capital Contributions to Governmental Activities	-	(3,581,143)	-	(3,581,143)	-
Transfers	-	-	89,770	89,770	(500,000)
Total Capital Contributions and Transfers	<u>-</u>	<u>(3,581,143)</u>	<u>98,008</u>	<u>(3,483,135)</u>	<u>(500,000)</u>
CHANGE IN NET POSITION	177,860	(520,886)	31,931	(311,095)	(867,937)
Net Position - Beginning of Year	<u>(1,005,006)</u>	<u>9,131,481</u>	<u>386,110</u>		<u>5,272,816</u>
NET POSITION - END OF YEAR	<u>\$ (827,146)</u>	<u>\$ 8,610,595</u>	<u>\$ 418,041</u>		<u>\$ 4,404,879</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds				<u>(1,202,428)</u>	
Change in Net Position - Business-Type Activities				<u>\$ (1,513,523)</u>	

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2012**

	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	\$ -	\$ 4,270,775	\$ 170,329	\$ 4,441,104	\$ 7,965,495
Cash Received from Residents and Third Party Payors	10,156,688	-	-	10,156,688	-
Cash Paid to Suppliers for Goods and Services	(1,717,750)	(112,448)	(501,936)	(2,332,134)	-
Cash Paid to Employees for Services	(7,606,595)	(6,727,947)	(68,496)	(14,403,038)	-
Cash Paid for Insurance Claims	-	-	-	-	(1,695,460)
Cash Paid to Third Party Administrator	-	-	-	-	(6,401,507)
Net Cash Provided by (Used for) Operating Activities	<u>832,343</u>	<u>(2,569,620)</u>	<u>(400,103)</u>	<u>(2,137,380)</u>	<u>(131,472)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
General Property Taxes	500,000	4,713,084	-	5,213,084	-
State Highway Aids	-	1,921,105	-	1,921,105	-
State Transportation Aids	-	-	382,825	382,825	-
Cash Flow Borrowing from (Repayment to) Other Funds	(1,255,017)	-	-	(1,255,017)	-
Nonoperating Income	-	5,053	-	5,053	-
Transfers from(to) Other Funds	-	-	89,770	89,770	(500,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(755,017)</u>	<u>6,639,242</u>	<u>472,595</u>	<u>6,356,820</u>	<u>(500,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash Paid for Capital Contributions to Governmental Activities	-	(3,581,143)	-	(3,581,143)	-
Contributions Received	-	-	10,000	10,000	-
Acquisition and Construction of Capital Assets	(8,827,064)	(641,896)	(135,415)	(9,604,375)	-
Proceeds from Issuance of Bonds	22,050,000	-	-	22,050,000	-
Proceeds from Bond Premium	1,395,066	-	-	1,395,066	-
Payment of Bond Issuance Costs	(159,499)	-	-	(159,499)	-
Net Cash Used for Capital and Related Financing Activities	<u>14,458,503</u>	<u>(4,223,039)</u>	<u>(125,415)</u>	<u>10,110,049</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Noncash Equivalent Certificates of Deposit Matured	-	-	-	-	679,000
Noncash Equivalent Certificates of Deposits Purchased	-	-	-	-	(955,637)
Investment Income	-	-	-	-	13,652
Investment Fees Paid	(10,255)	-	-	(10,255)	-
Net Cash Provided by Investing Activities	<u>(10,255)</u>	<u>-</u>	<u>-</u>	<u>(10,255)</u>	<u>(262,985)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>14,525,574</u>	<u>(153,417)</u>	<u>(52,923)</u>	<u>14,319,234</u>	<u>(894,457)</u>
Cash and Cash Equivalents - Beginning 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>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 14,533,397</u>	<u>\$ 872,457</u>	<u>\$ 42,997</u>	<u>\$ 15,448,851</u>	<u>\$ 4,211,793</u>

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2012**

	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 Position	\$ -	\$ 872,457	\$ 42,997	\$ 915,454	\$ 4,900,688
Restricted Cash	14,533,397	-	-	14,533,397	-
Less: Noncash Equivalents	-	-	-	-	(688,895)
Cash and Cash Equivalents Per Statement of Cash Flows	<u>\$ 14,533,397</u>	<u>\$ 872,457</u>	<u>\$ 42,997</u>	<u>\$ 15,448,851</u>	<u>\$ 4,211,793</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (1,232,553)	\$ (3,706,111)	\$ (493,107)	\$ (5,431,771)	\$ (381,589)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Rental Income Received	46,016	-	-	46,016	-
Nursing Home Appeals and Intergovernmental Program Transfers Received	840,938	-	-	840,938	-
Noncash Items Included in Income:					
Depreciation	144,574	743,421	71,537	959,532	-
(Gain)/Loss on Disposal of Capital Assets	852	52,250	-	53,102	-
(Increase) Decrease in Assets:					
Accounts Receivable	24,614	97,946	6,673	129,233	250,062
Inventory	535	(158,289)	-	(157,754)	-
Due from Other Governments	-	(62,610)	-	(62,610)	-
Prepaid Expenses	(190)	(7,425)	-	(7,615)	-
Increase (Decrease) in Liabilities:					
Accounts Payable	977,150	82,718	13,475	1,073,343	(271)
Accrued Liabilities	26,480	36,411	438	63,329	326
Unearned Revenue	-	267,194	-	267,194	-
Patient Trust Payable	(457)	-	-	(457)	-
Vested Benefits	(20,113)	84,875	881	65,643	-
Other Post-Employment Benefits	24,497	-	-	24,497	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 832,343</u>	<u>\$ (2,569,620)</u>	<u>\$ (400,103)</u>	<u>\$ (2,137,380)</u>	<u>\$ (131,472)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Capital Assets Contributed	\$ -	\$ -	\$ 8,238	\$ 8,238	\$ -
Capital Asset Trade-ins	-	56,827	-	56,827	-
Total Noncash Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ 56,827</u>	<u>\$ 8,238</u>	<u>\$ 65,065</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2012**

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	\$ 4,550,003
Taxes Receivable	437,813
Due from Other Governments	20
Other Receivables	<u>133,651</u>
Total Assets	<u><u>\$ 5,121,487</u></u>
LIABILITIES	
Accounts Payable	\$ 143,602
Deposits Payable	239,378
Due to Other Governments	<u>4,738,507</u>
Total Liabilities	<u><u>\$ 5,121,487</u></u>

See accompanying Notes to Basic Financial Statements.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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, 2012**

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, 2012. 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 position 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, 2012**

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 position, 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, 2012**

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 Fund - This fund accounts 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 Fund – This fund accounts 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 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. Fiduciary funds do not have a measurement focus.

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, 2012**

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.

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, 2012**

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 Position or Equity

1. Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities 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, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position 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, 2012, 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, Land Conservation, 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, 2012, 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, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 classified as nonspendable for the County's investment in delinquent taxes.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position 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 \$17,913 at December 31, 2012.

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 \$60,000 as of December 31, 2012. 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 unspent debt proceeds as well as funds held in a custodial account for Health Care Center residents. Such balances are maintained in separate bank accounts.

**DUNN COUNTY, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position 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. During 2012, \$383,657 was included as part of the cost of capital assets under construction in connect with the new health care center facility project.

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, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position 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, 2012 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 position.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position 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 position in the government-wide financial statements and is displayed in three components. Net investment in capital assets 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 position is 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 position is 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, 2012**

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The County's cash and investments balances at December 31, 2012 is as follows:

Governmental Funds	\$14,766,254
Proprietary Funds	20,349,539
Fiduciary Funds	4,550,003
Total Cash and Investments	\$39,665,796

The above cash and investments balances consisted of the following:

	Carrying Amount
Demand and Time Deposits	\$29,626,191
U.S. Agencies	343,290
Other Government Agencies	1,601,502
Corporate Bonds	1,195,161
LGIP	6,898,640
Petty Cash	1,012
Total Cash and Investments	\$39,665,796
Reconciliation to Financial Statements	
Per Statement of Net Position	
Unrestricted Cash and Investments	\$20,582,396
Restricted Cash and Investments	14,533,397
Per Statement of Net Position - Fiduciary Funds	4,550,003
Total Cash and Investments	\$39,665,796

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, 2012**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments

The County's investments at December 31, 2012 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 2012 was 77 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, 2012, 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, 2012**

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, 2012, the County's investments were rated as follows:

<u>Type</u>	<u>Credit Quality Rating</u>	<u>Amount</u>
LGIP Pool Investment Fund	Not Rated	\$ 6,898,640
Federal Home Loan Mortgage Corporation	AAA	68,463
Federal National Mortgage Association	AAA	256,575
General Electric Capital Corporation	AA+	1,195,161
Government Mortgage National Association	AAA	18,252

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, 2012, the investment portfolio was concentrated as follows:

<u>Type</u>	<u>Amount</u>	<u>Percentage</u>
Federal Home Loan Mortgage Corporation	\$ 68,463	0.68%
Federal National Mortgage Association	256,575	2.56%
Government National Mortgage Association	18,252	0.18%
General Electric Capital Corporation Bonds	1,195,161	11.91%
Other Government Agency Bonds and Notes	1,601,502	15.95%
LGIP Pool Investment Fund	6,898,640	68.72%
	<u>\$ 10,038,593</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, 2012, the County's investments were as follows:

<u>Type</u>	<u>Total</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More than 60 Months</u>
LGIP Pool Investment Fund	\$ 6,898,640	\$ 6,898,640	\$ -	\$ -	\$ -
Domestic Corporate Debt	1,195,161	58,447	-	1,136,714	-
U.S. Government Agencies	343,290	-	-	22,666	320,624
Other Government Agencies	1,601,502	-	97,533	-	1,503,969
Total	<u>\$ 10,038,593</u>	<u>\$ 6,957,087</u>	<u>\$ 97,533</u>	<u>\$ 1,159,380</u>	<u>\$ 1,824,593</u>

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Governmental Activities

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

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 2,630,426	\$ 41,277	\$ -	\$ 2,671,703
Construction in Progress:	308,166	2,927,404	(2,084,842)	1,150,728
Total Capital Assets Not Being Depreciated	2,938,592	2,968,681	(2,084,842)	3,822,431
Capital Assets Being Depreciated:				
Buildings	19,417,748	-	-	19,417,748
Machinery and Equipment	5,166,192	404,532	(329,183)	5,241,541
Roads	86,748,953	2,083,535	(938,000)	87,894,488
Bridges	12,655,593	2,513,708	(78,100)	15,091,201
Total Capital Assets Being Depreciated	123,988,486	5,001,775	(1,345,283)	127,644,978
Total Capital Assets	126,927,078	7,970,456	(3,430,125)	131,467,409
Accumulated Depreciation:				
Buildings	(8,152,942)	(345,804)	54,534	(8,444,212)
Machinery and Equipment	(2,794,397)	(524,577)	145,500	(3,173,474)
Roads	(33,318,410)	(2,284,047)	796,700	(34,805,757)
Bridges	(4,730,830)	(284,870)	78,100	(4,937,600)
Total Accumulated Depreciation	(48,996,579)	(3,439,298)	1,074,834	(51,361,043)
Net Capital Assets	<u>\$77,930,499</u>	<u>\$ 4,531,158</u>	<u>\$ (2,355,291)</u>	<u>\$ 80,106,366</u>

Depreciation expense was charged to governmental functions as follows:

Primary Government:	
General Government	\$ 490,209
Public Safety	199,341
Public Works, which includes the depreciation of roads and bridges	2,568,917
Health and Human Services	1,198
Culture, Recreation and Education	45,353
Conservation and Development	134,280
Total Depreciation Expense, Governmental Activities	<u>\$ 3,439,298</u>

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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	863,863	8,811,293	-	9,675,156
Total Capital Assets Not Being Depreciated	914,109	8,811,293	-	9,725,402
Capital Assets Being Depreciated:				
Land Improvements	352,663	-	-	352,663
Buildings	4,710,987	-	(95,639)	4,615,348
Fixed Equipment	994,548	5,541	(13,131)	986,958
Major Moveable Equipment	1,292,704	10,230	(80,379)	1,222,555
Total Capital Assets Being Depreciated	7,350,902	15,771	(189,149)	7,177,524
Accumulated Depreciation:				
Land Improvements	(288,971)	(7,636)	-	(296,607)
Buildings and Improvements	(4,477,136)	(74,663)	95,639	(4,456,160)
Fixed Equipment	(909,006)	(15,515)	13,056	(911,465)
Major Moveable Equipment	(1,078,219)	(46,760)	79,602	(1,045,377)
Total Accumulated Depreciation	(6,753,332)	(144,574)	188,297	(6,709,609)
Net Capital Assets - Health Care Center	<u>\$ 1,511,679</u>	<u>\$ 8,682,490</u>	<u>\$ (852)</u>	<u>\$ 10,193,317</u>
Highway:				
Capital Assets Not Being Depreciated:				
Land	\$ 397,920	\$ -	\$ -	\$ 397,920
Capital Assets Being Depreciated:				
Land Improvements	624,080	-	-	624,080
Buildings and Improvements	3,110,543	-	-	3,110,543
Machinery and Equipment	12,693,851	641,896	(246,545)	13,089,202
Total Capital Assets Being Depreciated	16,428,474	641,896	(246,545)	16,823,825
Accumulated Depreciation:				
Land Improvements	(338,236)	(17,896)	-	(356,132)
Buildings and Improvements	(1,502,929)	(77,489)	-	(1,580,418)
Machinery and Equipment	(7,932,841)	(648,036)	194,295	(8,386,582)
Total Accumulated Depreciation	(9,774,006)	(743,421)	194,295	(10,323,132)
Net Capital Assets - Highway	<u>\$ 7,052,388</u>	<u>\$ (101,525)</u>	<u>\$ (52,250)</u>	<u>\$ 6,898,613</u>
Transit Commission:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 265,700	\$ 132,590	\$ (48,950)	\$ 349,340
Accumulated Depreciation:				
Machinery and Equipment	(19,761)	(71,537)	9,790	(81,508)
Net Capital Assets - Transit Commission	<u>\$ 245,939</u>	<u>\$ 61,053</u>	<u>\$ (39,160)</u>	<u>\$ 267,832</u>
Capital Assets Not Being Depreciated	\$ 1,312,029	\$ 8,811,293	\$ -	\$ 10,123,322
Capital Assets Being Depreciated	24,045,076	790,257	(484,644)	24,350,689
Total Capital Assets	25,357,105	9,601,550	(484,644)	34,474,011
Accumulated Depreciation	(16,547,099)	(959,532)	392,382	(17,114,249)
Net Capital Assets - Business-Type Activities	<u>\$ 8,810,006</u>	<u>\$ 8,642,018</u>	<u>\$ (92,262)</u>	<u>\$ 17,359,762</u>

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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:

Health Care Center	\$ 144,574
Highway	743,421
Transit Commission	71,537
	<u>\$ 959,532</u>

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	\$ 1,079,122
Add: Enterprise Share of Internal Service Fund Net Position		3,507,436
Total - Government-Wide Statement of Net Position		<u>\$ 4,586,558</u>

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

Transfers

	Transfer In	Transfer Out
Governmental Activity:		
General Fund	\$ 654,012	\$ -
Debt Service Fund	53,572	-
Human Services Fund	-	(243,782)
Other Nonmajor Governmental Funds	-	(53,572)
Workers Compensation Internal Service Fund	-	(200,000)
Health Insurance Internal Service Fund	-	(300,000)
Total Governmental Activity	<u>707,584</u>	<u>(797,354)</u>
Business-Type Activity:		
Transit Commission	89,770	-
Subtotal	<u>797,354</u>	<u>(797,354)</u>
Governmental Activity Eliminations	(707,584)	707,584
Transfer of Infrastructure from the Highway Department	(3,581,143)	3,581,143
Total - Government-Wide Statement of Activities	<u>\$ (3,491,373)</u>	<u>\$ 3,491,373</u>

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables and Transfers (Continued)

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, 2012:

	Balance 12/31/11	Issued	Retired	Balance 12/31/12	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
General Obligation Debt	\$ 9,455,000	\$ -	\$ (1,380,000)	\$ 8,075,000	\$ 1,480,000
Less: Deferred Amounts					
Discounts	(8,047)	-	1,855	(6,192)	N/A
Deferred Charge on Refunding	(220,680)	-	39,933	(180,747)	N/A
Subtotal	9,226,273	-	(1,338,212)	7,888,061	1,480,000
Other Liabilities:					
Compensated Absences	2,211,568	908,306	(683,812)	2,436,062	917,709
Other Post Employment Benefits Payable	353,074	179,268	(60,897)	471,445	-
	2,564,642	1,087,574	(744,709)	2,907,507	917,709
Total Governmental Activities Long-Term Liabilities	<u>\$ 11,790,915</u>	<u>\$ 1,087,574</u>	<u>\$ (2,082,921)</u>	<u>\$ 10,795,568</u>	<u>\$ 2,397,709</u>
Business-Type Activities					
Bonds and Notes Payable:					
General Obligation Health Care Center Debt	\$ -	\$ 22,050,000	\$ -	\$ 22,050,000	\$ -
Plus: Premium on Debt	-	1,338,512	-	1,338,512	-
Other Liabilities:					
Compensated Absences	1,376,285	813,103	(751,858)	1,437,530	882,146
Other Post Employment Benefits Payable	124,462	48,705	(19,809)	153,358	-
Total Business-Type Activities Long-Term Liabilities	<u>\$ 1,500,747</u>	<u>\$ 24,250,320</u>	<u>\$ (771,667)</u>	<u>\$ 24,979,400</u>	<u>\$ 882,146</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.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

General Obligation Long-Term Debt

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, 2012, was \$128,991,420. Total general obligation debt outstanding at the year-end was \$30,125,000.

Annual Requirements for Retirement. Long-Term general obligation debt issues outstanding at December 31, 2012 and annual requirements for their retirement were as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/12
General Obligation Debt					
G.O. Refunding Bonds	10/1/2003	10/1/2016	1.15-4.05%	\$ 5,335,000	\$ 2,005,000
G.O. Refunding Bonds	3/15/2004	10/1/2017	1.2-3.8%	7,980,000	3,975,000
G.O. Taxable Refunding Bonds	12/1/2005	10/1/2017	5.10-5.50%	3,840,000	2,095,000
G.O. Health Care Center Bonds	6/25/2012	4/1/2032	2.0-4.0%	22,050,000	22,050,000
Total General Obligation Debt					<u>\$30,125,000</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
2013	\$ 1,480,000	\$ 1,313,229	\$ 2,793,229
2014	2,405,000	1,037,290	3,442,290
2015	2,495,000	954,495	3,449,495
2016	2,580,000	868,451	3,448,451
2017	2,670,000	775,623	3,445,623
2018-2022	5,035,000	3,127,600	8,162,600
2023-2027	6,055,000	2,106,100	8,161,100
2028-2032	7,405,000	764,100	8,169,100
	<u>\$ 30,125,000</u>	<u>\$ 10,946,888</u>	<u>\$ 41,071,888</u>

Current Year Borrowing

On June 6, 2012, the County issued \$22,050,000 in G.O. Health Care Center Bonds for the purpose of building a new Health Care Center facility. The bonds accrue interest at 2.00 to 4.00 percent and are payable in semi-annual installments due April 1 and October 1, with the final installment due April 1, 2032.

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.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

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 2012 was \$39,933.

E. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at December 31, 2012 consisted of the following:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
Major Funds:						
General Fund:						
Delinquent Taxes	\$ 922,083	\$ 922,083	\$ -	\$ -	\$ -	\$ -
Advances to Other Funds	32,500	32,500	-	-	-	-
Subsequent Years Budget - Administration	750,000	-	-	-	750,000	-
Financial System Upgrade	260,000	-	-	-	260,000	-
Redaction Project	60,735	-	60,735	-	-	-
Carryover Funds:						
Information Technology	341,223	-	-	-	341,223	-
Human Resources	29,000	-	-	-	29,000	-
Finance	52,457	-	-	-	52,457	-
Land Conservation	8,646	-	-	-	8,646	-
UW-Extension	13,101	-	-	-	13,101	-
Emergency Communications	171,520	-	-	-	171,520	-
Corporation Counsel	16,000	-	-	-	16,000	-
Public Health	47,901	-	-	-	47,901	-
Register of Deeds	24,529	-	-	-	24,529	-
Sheriff	10,774	-	-	-	10,774	-
Unassigned	12,509,486	-	-	-	-	12,509,486
Subtotal General Fund	15,249,955	954,583	60,735	-	1,725,151	12,509,486
Debt Service Fund	30,367	-	30,367	-	-	-
Nonmajor Funds:						
Special Revenue Funds:						
Jail Assessment Fund	98,023	-	-	98,023	-	-
Solid Waste Fund	1,001,825	-	-	1,001,825	-	-
	1,099,848	-	-	1,099,848	-	-
Total Governmental Funds Balances at December 31, 2012	<u>\$ 16,380,170</u>	<u>\$ 954,583</u>	<u>\$ 91,102</u>	<u>\$ 1,099,848</u>	<u>\$ 1,725,151</u>	<u>\$ 12,509,486</u>

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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 position 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.

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, 2012.

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, 2012:

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.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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 employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 for teachers) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1200 hours a year (880 for teachers) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Covered employees in the general/teacher category are required by statute to contribute 5.9% of their salary (7.05% for executives and elected officials, 5.9% for protective occupations with social security, and 5.9% for protective occupations without social security) to the plan. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

The payroll for County employees covered by the system for the year ended December 31, 2012 was \$19,439,152; the employer's total payroll was \$20,287,341. The total required contribution for the year ended December 31, 2012 was \$2,575,580 or 13.25% of covered payroll. Of this amount, \$1,426,082 or 7.34% was contributed by the employer and \$1,149,498 or 5.9% was contributed by the employee. Total contributions for the years ended December 31, 2011 and 2010 were \$2,643,041 and \$2,519,171, 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.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 3 OTHER INFORMATION (CONTINUED)

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, 2012.

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, 2012 there were approximately 333 active participants and 11 retired participants receiving benefits from the County's health plans.

Funding Policy

The County funds its OPEB obligation on a pay as you go basis. For fiscal year 2012, the County contributed an estimated \$80,706 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	\$ 227,850
Interest on Net OPEB Obligation	19,101
Adjustment to Annual Required Contribution	<u>(18,978)</u>
Annual OPEB Cost (Expense)	227,973
Employer Contributions Made	<u>(80,706)</u>
Increase in Net OPEB Obligation	147,267
Net OPEB Obligation - Beginning of Year	<u>477,536</u>
Net OPEB Obligation - End of Year	<u><u>\$ 624,803</u></u>

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefit Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The County's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 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
12/31/2012	\$227,973	\$ 80,706	35.4%	\$624,803
12/31/2011	173,694	80,445	46.3	477,536
12/31/2010	185,930	63,814	34.3	384,287

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$2,207,376, or 10.4% of covered payroll in the amount of \$21,217,170.

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, 2012 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 16.1%, reduced by decrements to an ultimate rate of 5.5% by the year 2020. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

**DUNN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012**

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, 2012 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 \$7,882,143 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, 2012**

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Risk Management

Claims Liability

Changes in the claims liabilities for 2012 and 2011 for the health insurance fund were as follows:

	Workers Compensation		Health Insurance	
	2012	2011	2012	2011
Estimated Claims Outstanding January 1	\$ 215,670	\$ 125,927	\$ 626,678	\$ 350,866
Current Year Claims and Changes	710,102	334,050	7,386,920	7,224,398
Claim Payments	(537,084)	(244,307)	(7,559,612)	(6,948,586)
Estimated Claims Outstanding Dec. 31	<u>\$ 388,688</u>	<u>\$ 215,670</u>	<u>\$ 453,986</u>	<u>\$ 626,678</u>

D. Commitments and Contingencies

From time to time, the County is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the County's legal advisors that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

Grants. 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.

Construction Contracts. At December 31, 2012, the County is committed to a number of contracts for the construction of the health care center. The County's remaining commitment under these contracts is \$11,570,071.

E. Prior Period Adjustment

The statements were adjusted for an error in capital asset recording in prior years. In prior year, expenditures related to construction work in progress of the new Health Care Center facility were expensed in the general fund. A summary of the correction to the general fund balance is as follows:

Fund Balance, January 1, 2012 (As Previously Stated)	\$ 13,791,772
Correction for HCC Capital Project Expenditures	813,862
Fund Balance, January 1, 2012 (As Restated)	<u>\$ 14,605,634</u>

A summary of the correction to net position is as follows:

Net Position, January 1, 2012 (As Previously Stated)	\$ 89,258,370
Correction for HCC Capital Project Expenditures	813,862
Net Position, January 1, 2012 (As Restated)	<u>\$ 90,072,232</u>

REQUIRED SUPPLEMENTARY INFORMATION

DUNN COUNTY, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
TAXES				
General Property Taxes	\$ 9,774,122	\$ 9,774,122	\$ 9,848,509	\$ 74,387
Forest Cropland Taxes	27,000	27,000	15,528	(11,472)
Sales and Use Taxes	2,200,000	2,200,000	2,407,136	207,136
Penalty for Land Use Change	1,000	1,000	-	(1,000)
Interest and Penalties on Taxes	440,000	440,000	464,773	24,773
Total Taxes	12,442,122	12,442,122	12,735,946	293,824
INTERGOVERNMENTAL REVENUES				
Shared Revenue from State	2,298,972	2,298,972	2,289,708	(9,264)
Tax Exempt Computers	39,000	39,000	76,459	37,459
State Court Grants	217,652	217,652	189,618	(28,034)
Law Enforcement Grants	101,500	124,224	90,358	(33,866)
Victim Witness Grants	75,779	75,779	57,746	(18,033)
Emergency Government	128,000	479,351	410,536	(68,815)
Emergency Communications	37,097	37,097	25,366	(11,731)
Wisconsin Fund Private Sewage Grant	10,000	10,000	25,024	15,024
Health Grants	329,626	365,974	324,330	(41,644)
Child Support	559,000	559,000	555,570	(3,430)
Veterans Service Officer	10,600	10,600	10,733	133
Indirect Cost Reimbursement	46,000	46,000	-	(46,000)
Snowmobile Trails	132,675	161,575	87,821	(73,754)
District Fair Grants	5,000	5,000	5,523	523
Forest Crop	22,000	22,000	22,779	779
Soil and Water Resource Grants	180,790	180,790	129,614	(51,176)
Farm Security and Rural Investment	30,000	30,000	-	(30,000)
Wildlife Damage Abatement	40,000	40,000	16,373	(23,627)
Fish and Game Grants	2,325	3,750	3,471	(279)
DNR Payments in Lieu of Taxes	30,000	30,000	41,991	11,991
Total Intergovernmental Revenues	4,296,016	4,736,764	4,363,020	(373,744)
LICENSES AND PERMITS				
Zoning Permits and Fees	45,000	45,000	51,300	6,300
Fire Number Fees	3,000	3,000	5,395	2,395
Stormwater Review Fees	600	600	-	(600)
Nonmetallic Mining Fees	12,500	12,500	12,775	275
Total Licenses and Permits	61,100	61,100	69,470	8,370

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES (CONTINUED)				
FINES AND FORFEITURES				
County Ordinance Forfeitures	\$ 100,000	\$ 100,000	\$ 99,440	\$ (560)
County Share State Fines and Forfeitures	125,000	125,000	135,819	10,819
Total Fines and Forfeitures	<u>225,000</u>	<u>225,000</u>	<u>235,259</u>	<u>10,259</u>
PUBLIC CHARGES FOR SERVICES				
Probate Fees	10,000	10,000	11,640	1,640
District Attorney Charges	8,500	8,500	6,185	(2,315)
Clerk Fees	6,400	6,400	6,522	122
Register of Deed Fees	39,500	39,500	40,970	1,470
Court Fees and Costs	25,000	25,000	13,177	(11,823)
Guardian Ad Litem Fees	52,000	52,000	58,949	6,949
Family Mediation Fees	6,500	6,500	8,897	2,397
Other Court Fees	200,000	200,000	193,491	(6,509)
Medical Examiner	16,000	16,000	18,514	2,514
Land Information	63,920	63,920	66,725	2,805
Law Enforcement Fees	153,000	153,000	96,497	(56,503)
Board of Prisoners	365,000	365,000	352,468	(12,532)
Inmate Revenue	88,356	133,389	194,923	61,534
Child Support	8,000	8,000	4,813	(3,187)
Public Health	439,052	448,452	418,033	(30,419)
Home Health	902,304	902,304	687,089	(215,215)
Veteran's	1,200	4,048	5,063	1,015
Parks	14,584	14,584	12,000	(2,584)
UW Extension	4,988	10,330	15,531	5,201
Fair Revenues	102,100	102,100	102,278	178
Snowmobile Association Loan Repayment	20,000	20,000	20,000	-
In Rem Revenue	11,000	11,000	-	(11,000)
Total Public Charges and Services	<u>2,537,404</u>	<u>2,600,027</u>	<u>2,333,765</u>	<u>(266,262)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
IT Support	29,392	29,392	37,742	8,350
Tax Collection Fees	12,600	12,600	13,335	735
Data Processing Fees	-	-	270	270
Total Intergovernmental Charges for Services	<u>41,992</u>	<u>41,992</u>	<u>51,347</u>	<u>9,355</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES (CONTINUED)				
INVESTMENT INCOME				
Interest on Investments	\$ 276,122	\$ 276,122	\$ 102,762	\$ (173,360)
MISCELLANEOUS REVENUES				
Rent	307,005	307,005	310,568	3,563
Property Sales	270,000	270,000	28,205	(241,795)
Insurance Recoveries	50,000	50,000	47,831	(2,169)
Donations	19,500	19,500	9,764	(9,736)
Gain/Loss on Sale of Tax Deeds	-	-	1,234	1,234
Miscellaneous Revenues	354,000	355,575	356,661	1,086
Total Miscellaneous Revenues	<u>1,000,505</u>	<u>1,002,080</u>	<u>754,263</u>	<u>(247,817)</u>
Total Revenues	20,880,261	21,385,207	20,645,832	(739,375)
EXPENDITURES				
GENERAL GOVERNMENT				
County Board	55,228	55,228	50,215	5,013
Boards and Commissions	77,009	77,009	67,473	9,536
Circuit Court Judge	457,616	457,616	451,324	6,292
Circuit Court Clerk	844,801	844,801	814,036	30,765
Corporation Counsel	361,628	361,628	339,688	21,940
District Attorney	418,871	418,871	374,003	44,868
County Manager	3,997,934	4,469,312	3,078,210	1,391,102
County Clerk	284,739	346,845	303,152	43,693
Treasurer	241,426	241,426	251,630	(10,204)
Facilities	1,809,568	1,809,568	1,655,819	153,749
Register of Deeds	287,346	287,346	264,372	22,974
Total General Government	<u>8,836,166</u>	<u>9,369,650</u>	<u>7,649,922</u>	<u>1,719,728</u>
PUBLIC SAFETY				
Sheriff	6,267,886	6,335,642	6,187,613	148,029
Medical Examiner	86,733	86,733	79,224	7,509
Emergency Management	200,481	551,832	464,776	87,056
Emergency Communication	1,280,250	1,384,750	1,096,036	288,714
Total Public Safety	<u>7,835,350</u>	<u>8,358,957</u>	<u>7,827,649</u>	<u>531,308</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
HEALTH AND HUMAN SERVICES				
Health	\$ 1,311,767	\$ 1,357,515	\$ 1,246,230	\$ 111,285
Home Care	901,662	901,662	716,147	185,515
Child Support	618,775	618,775	552,266	66,509
Veteran Service	187,711	190,559	179,957	10,602
Total Health and Human Services	<u>3,019,915</u>	<u>3,068,511</u>	<u>2,694,600</u>	<u>373,911</u>
CULTURE, EDUCATION, AND RECREATION				
Fair Board	189,973	189,973	171,209	18,764
Snowmobile Trails	60,000	88,900	28,900	60,000
U.W. Extensions	261,402	273,319	234,964	38,355
Outside Organization	157,492	158,492	158,492	-
Library	716,094	718,594	718,595	(1)
Auditorium, Convention	7,500	7,500	7,500	-
Total Culture, Education, and Recreation	<u>1,392,461</u>	<u>1,436,778</u>	<u>1,319,660</u>	<u>117,118</u>
CONSERVATION AND DEVELOPMENT				
Planning Resources and Development	<u>1,394,569</u>	<u>1,405,127</u>	<u>1,163,692</u>	<u>241,435</u>
Total Expenditures	<u>22,478,461</u>	<u>23,639,023</u>	<u>20,655,523</u>	<u>2,983,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,598,200)	(2,253,816)	(9,691)	2,244,125
OTHER FINANCING SOURCES AND USES				
Transfers In	<u>500,000</u>	<u>500,000</u>	<u>654,012</u>	<u>154,012</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,098,200)</u>	<u>\$ (1,753,816)</u>	644,321	<u>\$ 2,398,137</u>
Fund Balance - Beginning of Year			13,791,772	
Prior Period Adjustment			813,862	
Fund Balance - Beginning of Year, As Restated			<u>14,605,634</u>	
FUND BALANCE - END OF YEAR			<u>\$ 15,249,955</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,107,026	\$ 3,107,026	\$ 3,107,026	\$ -
Intergovernmental Revenues	5,419,602	5,419,602	4,691,793	(727,809)
Public Charges for Services	817,138	817,138	843,969	26,831
Total Revenues	<u>9,343,766</u>	<u>9,343,766</u>	<u>8,642,788</u>	<u>(700,978)</u>
EXPENDITURES				
Health and Human Services	<u>9,343,766</u>	<u>9,343,766</u>	<u>8,399,006</u>	<u>944,760</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	243,782	243,782
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	-	<u>(243,782)</u>	<u>(243,782)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			-	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

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)
1/1/2012	\$ -	\$ 2,207,376	\$2,207,376	0.0%	\$21,217,170	10.4%
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

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

**DUNN COUNTY, WISCONSIN
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 DECEMBER 31, 2012**

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:

	Final Budget	Actual	Variance
General Fund:			
General Government			
Treasurer	\$ 241,426	\$ 251,630	\$ (10,204)

COMBINING AND INDIVIDUAL FUND STATEMENTS

**DUNN COUNTY, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	Jail Assessment	Solid Waste	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 91,204	\$ 976,209	\$ 1,067,413
Taxes Receivable	-	8,000	8,000
Accounts Receivable	6,779	128,989	135,768
Due from Other Governments	40	44,599	44,639
	<u>\$ 98,023</u>	<u>\$ 1,157,797</u>	<u>\$ 1,255,820</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ 138,855	\$ 138,855
Accrued Liabilities	-	9,117	9,117
Deferred Revenues	-	8,000	8,000
Total Liabilities	<u>-</u>	<u>155,972</u>	<u>155,972</u>
Fund Balances:			
Committed	<u>98,023</u>	<u>1,001,825</u>	<u>1,099,848</u>
Total Liabilities and Fund Balances	<u>\$ 98,023</u>	<u>\$ 1,157,797</u>	<u>\$ 1,255,820</u>

**DUNN COUNTY, WISCONSIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2012**

	Jail Assessment	Solid Waste	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ -	\$ 8,000	\$ 8,000
Intergovernmental Revenues	-	176,512	176,512
Fines and Forfeits	85,110	-	85,110
Public Charges for Services	-	1,386,054	1,386,054
Intergovernmental Charges for Services	-	540,153	540,153
Other Revenues	-	254,473	254,473
Total Revenues	<u>85,110</u>	<u>2,365,192</u>	<u>2,450,302</u>
EXPENDITURES			
Current:			
Public Safety	12,981	-	12,981
Public Works	-	2,064,598	2,064,598
Total Expenditures	<u>12,981</u>	<u>2,064,598</u>	<u>2,077,579</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	72,129	300,594	372,723
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(53,572)</u>	-	<u>(53,572)</u>
NET CHANGE IN FUND BALANCES	18,557	300,594	319,151
Fund Balances - Beginning of Year	<u>79,466</u>	<u>701,231</u>	<u>780,697</u>
FUND BALANCES - END OF YEAR	<u>\$ 98,023</u>	<u>\$ 1,001,825</u>	<u>\$ 1,099,848</u>

**DUNN COUNTY, WISCONSIN
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 DECEMBER 31, 2012**

	<u>Workers Compensation Fund</u>	<u>Health Insurance Fund</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 2,019,367	\$ 2,881,321	\$ 4,900,688
Accounts Receivable	-	346,865	346,865
Total Assets	<u>2,019,367</u>	<u>3,228,186</u>	<u>5,247,553</u>
 LIABILITIES			
Accrued Liabilities	<u>388,688</u>	<u>453,986</u>	<u>842,674</u>
 NET POSITION - UNRESTRICTED	 <u><u>\$ 1,630,679</u></u>	 <u><u>\$ 2,774,200</u></u>	 <u><u>\$ 4,404,879</u></u>

**DUNN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION – INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012**

	Workers Compensation Fund	Health Insurance Fund	Totals
OPERATING REVENUES			
Charges to County Departments	\$ 566,631	\$ 7,148,802	\$ 7,715,433
OPERATING EXPENSES			
Administration	-	985,413	985,413
Benefit Payments	710,102	6,401,507	7,111,609
Total Operating Expenses	710,102	7,386,920	8,097,022
OPERATING INCOME	(143,471)	(238,118)	(381,589)
NONOPERATING REVENUES			
Investment Income	2,498	11,154	13,652
INCOME BEFORE TRANSFERS	(140,973)	(226,964)	(367,937)
Transfers Out	(200,000)	(300,000)	(500,000)
CHANGE IN NET POSITION	(340,973)	(526,964)	(867,937)
Net Position - Beginning of Year	1,971,652	3,301,164	5,272,816
NET POSITION - END OF YEAR	\$ 1,630,679	\$ 2,774,200	\$ 4,404,879

**DUNN COUNTY, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2012**

	<u>Workers Compensation</u>	<u>Health Insurance</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from County Departments	\$ 566,631	\$ 7,398,864	\$ 7,965,495
Cash Paid to Employees for Insurance Claims	(537,084)	(1,158,376)	(1,695,460)
Cash Paid to Third Party Administrator	-	(6,401,507)	(6,401,507)
Net Cash Provided (Used) by Operating Activities	<u>29,547</u>	<u>(161,019)</u>	<u>(131,472)</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	-	679,000	679,000
Noncash Equivalent Certificates of Deposits Purchased	-	(955,637)	(955,637)
Investment Income	2,498	11,154	13,652
Net Cash Provided (Used) by Investing Activities	<u>2,498</u>	<u>(265,483)</u>	<u>(262,985)</u>
NET CHANGE IN CASH AND CASH AND CASH EQUIVALENTS	(167,955)	(726,502)	(894,457)
Cash and Cash Equivalents - Beginning of Year	<u>2,187,322</u>	<u>2,918,928</u>	<u>5,106,250</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,019,367</u>	<u>\$ 2,192,426</u>	<u>\$ 4,211,793</u>
Cash and Investments per Statement of Net Position	\$ 2,019,367	\$ 2,881,321	\$ 4,900,688
Noncash Equivalents	-	(688,895)	(688,895)
Cash and Cash Equivalents	<u>\$ 2,019,367</u>	<u>\$ 2,192,426</u>	<u>\$ 4,211,793</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (143,471)	\$ (238,118)	\$ (381,589)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided by Operating Activities:			
(Increase) Decrease in Assets:			
Change in Receivables	-	250,062	250,062
Increase (Decrease) in Liabilities:			
Change in Accounts Payable	-	(271)	(271)
Change in Accrued Liabilities	173,018	(172,692)	326
Net Cash Provided (Used) by Operating Activities	<u>\$ 29,547</u>	<u>\$ (161,019)</u>	<u>\$ (131,472)</u>

**DUNN COUNTY, WISCONSIN
COMBINING BALANCE SHEET
AGENCY FUNDS
DECEMBER 31, 2012**

	Tax Collections	Treasurer	Clerk of Courts	Sheriff	UW Extension	District Attorney	Totals
ASSETS							
Cash and Investments	\$ 4,036,368	\$ 84,395	\$ 375,748	\$ 36,237	\$ 1,296	\$ 15,959	\$ 4,550,003
Taxes Receivable	437,813	-	-	-	-	-	437,813
Due from Other Governments	-	20	-	-	-	-	20
Other Receivables	-	133,651	-	-	-	-	133,651
Total Assets	<u>\$ 4,474,181</u>	<u>\$ 218,066</u>	<u>\$ 375,748</u>	<u>\$ 36,237</u>	<u>\$ 1,296</u>	<u>\$ 15,959</u>	<u>\$ 5,121,487</u>
LIABILITIES							
Accounts Payable	\$ -	\$ 143,602	\$ -	\$ -	\$ -	\$ -	\$ 143,602
Deposits Payable	-	2,705	183,181	36,237	1,296	15,959	239,378
Due to Other Governments	4,474,181	71,759	192,567	-	-	-	4,738,507
Total Liabilities	<u>\$ 4,474,181</u>	<u>\$ 218,066</u>	<u>\$ 375,748</u>	<u>\$ 36,237</u>	<u>\$ 1,296</u>	<u>\$ 15,959</u>	<u>\$ 5,121,487</u>