

ROCK COUNTY

Janesville, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2012

ROCK COUNTY

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ROCK COUNTY

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INDEPENDENT AUDITORS' REPORT

To the County Board of Supervisors
Rock County
Janesville, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rock County, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Rock County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Rock County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Rock County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the County Board of Supervisors
Rock County

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rock County, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

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

As discussed in Note IV.I. to the financial statements, net position of the governmental activities and internal service funds as of December 31, 2011 have been restated to correct an error in reported health insurance claims payable. Our opinions are not modified with respect to this matter.

Other Matters

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

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

To the County Board of Supervisors
Rock County

Other Reporting Required by *Government Auditing Standards*

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 25, 2013

ROCK COUNTY, WISCONSIN

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

Rock County's discussion and analysis is designed to assist the reader in focusing on significant financial issues; provide an overview of the county's financial activity; identify changes in the county's financial position; discuss changes in the 2012 budget; and discuss individual fund issues.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A requirement of Government Accounting Standards Board (GASB) Statement No. 34 is the presentation of government-wide financial statements (Statement of Net Position and Statement of Activities) on a full accrual basis of accounting (see pages 1 and 2). These statements report information about the overall governmental unit, distinguish between governmental activities and business-type activities, report all assets (including infrastructure assets-highways, bridges, etc.) and eliminate internal service fund and inter-fund activity and balances. The government-wide statements are designed to assess the government unit in its entirety, identify the true cost of providing services to its citizens, disclose the extent of capital asset investment and make better comparisons between governmental units.

FUND FINANCIAL STATEMENTS

Generally accepted accounting principles (GAAP) require the inclusion of separate sets of financial statements for governmental funds, proprietary (business-type) and fiduciary funds (see pages 3 through 16). The proprietary and fiduciary funds use the full accrual basis of accounting. The financial statements for governmental funds are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, the government-wide financial statements include a summary reconciliation explaining the differences between the data reported in the governmental funds and the data reported for the governmental activities in the government-wide and fund financial statements.

CONDENSED FINANCIAL INFORMATION

Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals		Difference
	2011	2012	2011	2012	2011	2012	
Current and other assets	\$ 117.0	\$ 123.6	\$ 39.7	\$ 21.6	\$ 156.7	\$ 145.2	(11.5)
Capital assets	85.8	86.5	40.3	65.5	126.1	152.0	25.9
Total Assets	<u>\$ 202.8</u>	<u>\$ 210.1</u>	<u>\$ 80.0</u>	<u>\$ 87.1</u>	<u>\$ 282.8</u>	<u>\$ 297.2</u>	<u>14.4</u>
Current liabilities (as restated)	\$ 75.5	\$ 79.7	\$ 13.4	\$ 13.4	\$ 88.9	\$ 93.1	4.2
Long-term liabilities	20.0	18.2	25.6	32.3	45.6	50.5	4.9
Total Liabilities	<u>\$ 95.5</u>	<u>\$ 97.9</u>	<u>\$ 39.0</u>	<u>\$ 45.7</u>	<u>\$ 134.5</u>	<u>\$ 143.6</u>	<u>9.1</u>
NET POSITION							
Net Investment in							
Capital Assets	\$ 73.2	\$ 76.5	\$ 36.2	\$ 36.8	\$ 107.0	\$ 111.1	4.1
Restricted	2.9	7.2	-	-	2.9	7.2	4.3
Unrestricted	<u>31.2</u>	<u>28.4</u>	<u>4.7</u>	<u>4.6</u>	<u>38.4</u>	<u>35.2</u>	<u>(3.2)</u>
Total Net Position (as restated)	<u>\$ 107.3</u>	<u>\$ 112.1</u>	<u>\$ 41.0</u>	<u>\$ 41.4</u>	<u>\$ 148.3</u>	<u>\$ 153.5</u>	<u>5.2</u>

NOTE: Totals may not foot due to rounding.

ROCK COUNTY, WISCONSIN

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

CONDENSED FINANCIAL INFORMATION (cont.)

Changes In Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals		Difference
	2011	2012	2011	2012	2011	2012	
Revenues							
Program Revenues							
Charges for services	\$ 18.8	\$ 18.8	\$ 15.4	\$ 15.5	\$ 34.2	\$ 34.3	\$ 0.1
Grants and contributions	59.2	60.3	4.1	3.7	63.3	64.0	0.7
General Revenues							
Property taxes	49.5	50.6	9.4	9.5	58.9	60.1	1.2
Intergovernmental	7.7	7.2	1.3		9.0	7.2	(1.8)
Other	12.9	13.9	-	.7	12.9	14.6	1.7
Total Revenues	<u>148.1</u>	<u>150.8</u>	<u>30.2</u>	<u>29.4</u>	<u>178.3</u>	<u>180.2</u>	<u>1.9</u>
Expenses							
General government (as restated)	9.3	9.7	-	-	9.3	9.7	0.4
Public safety	36.2	36.6	-	-	36.2	36.6	0.4
Health and Social Services	92.0	93.6	-	-	92.0	93.6	1.6
Public works	0.8	0.8	-	-	0.8	0.8	-
Culture, recreation, and education	3.8	3.5	-	-	3.8	3.5	(0.3)
Conservation and Development	3.2	1.5	-	-	3.2	1.5	(1.7)
Interest and fiscal charges	0.6	0.5	-	-	0.6	0.5	(0.1)
Rock Haven	-	-	17.1	16.4	17.1	16.4	(0.7)
Airport	-	-	2.0	1.9	2.0	1.9	(0.1)
Highway	-	-	10.0	10.5	10.0	10.5	0.5
Total Expenses	<u>145.9</u>	<u>146.2</u>	<u>29.1</u>	<u>28.8</u>	<u>174.8</u>	<u>175.0</u>	<u>0.2</u>
Excess Before Transfers	2.2	4.7	1.2	0.6	3.4	5.2	1.8
Transfers	<u>0.7</u>	<u>0.2</u>	<u>(0.7)</u>	<u>(0.2)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in Net Position	2.9	4.9	0.5	0.4	3.4	5.2	1.8
Net Position -							
Beginning of Year (as restated)	<u>104.4</u>	<u>107.3</u>	<u>40.5</u>	<u>41.0</u>	<u>144.9</u>	<u>148.3</u>	<u>3.4</u>
Net Position - End of Year (as restated)	<u>\$ 107.3</u>	<u>\$ 112.1</u>	<u>\$ 41.0</u>	<u>\$ 41.4</u>	<u>\$ 148.3</u>	<u>\$ 153.5</u>	<u>5.2</u>

NOTE: Totals may not foot due to rounding.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2012

NET POSITION AND FUND BALANCE ANALYSIS

NET POSITION

The county's net position increased \$5.3 million as a result of operations for 2012. The governmental activities net position increased by \$4.9 million and the business-type activities net position increased by \$0.4 million. Rock Haven, the county's nursing home, had an increase in net position of \$1.3 million due to total revenues, including the property tax subsidy, exceeding expenses. The Airport had a decrease in net position of \$1.0 million as no new capital projects were completed in 2012 that exceeded the \$1.1 million in depreciation expense recorded for capital projects. The Highway had a decrease in net position of \$56,869. The county's internal service funds had a \$677,365 increase in net position (as restated, see Note IV.I., page 48) primarily due to the increase in the information technology fund.

GOVERNMENTAL FUNDS

At December 31, 2012, the county governmental funds had combined ending fund balances of \$36.4 million, an increase of \$1.7 million or 4.9% more than the prior year balances.

GENERAL FUND

The General Fund's unassigned Fund Balance had an increase of \$5.6 million or approximately 28.1% from the prior period to \$25.5 million. The General Fund balance, plus the fund balances in the Special Revenue Funds (\$3.1 million) and Enterprise Funds' Working Capital (\$4.6 million), is approximately 19.5% of the reported General, Special Revenue and Enterprise Fund expenditures/expenses (\$169.8 million). This is slightly above the 10% to 17% target range of the county's Fund Balance Policy.

The General Fund operations includes Administration, Corporation Counsel, Finance, Human Resources, Senior Citizen Program, Health Department, Veteran's Service, General Services, Land Conservation, Real Property, Surveyor, Planning and Economic Development, Child Support, UW-Extension Services, 4-H Fairgrounds Maintenance, Farm and Communications Center. This fund also includes the elected offices of the Sheriff, Clerk of Circuit Courts, Coroner, District Attorney, Treasurer, Register of Deeds and County Clerk.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2012

NET POSITION AND FUND BALANCE ANALYSIS (cont.)

SPECIAL REVENUE FUNDS

The Human Services Department and DD Board are included in the financial statements as Special Revenue Funds. Any unassigned budgetary appropriations remaining at the end of the fiscal year lapse to the General Fund. For 2012, \$2.8 million from the Human Services Department's results of operations and \$0.7 million from the DD Board's results of operations lapsed to the General Fund.

Special Revenue Funds which do not lapse to the General Fund, including Parks, Land Records, Library System, Bridge Aid and other activities and other special revenue account balances decreased \$13,969 or .5% from the prior period including decreases in the parks, bridge aid and use of ATC funds for capital and operating purposes.

DEBT SERVICE FUND

The Debt Service Fund accounts for the accumulation of resources for the payment of general obligation long-term debt principal and interest. The Debt Service Fund balance decreased \$112,609 or 45.7% to \$133,539 from December 31, 2011 to December 31, 2012.

CAPITAL PROJECTS

The Capital Projects Funds account for financial resources used in the acquisition of major capital items. The county's Capital Improvement Plan provides a schedule of projects that may be considered for funding over the next 5 years. The plan is updated annually and presented to the County Board. It is a planning document only and, therefore, a project included in the plan does not guarantee it will be funded. The Capital Projects Fund Balances decreased by \$3.5 million from the prior period to \$1.3 million due to the completion of some capital projects.

PROPRIETARY FUNDS

Rock Haven Nursing Home

Due to increased tax levy requirements, the County Board elected in 1998, to begin downsizing its nursing home from 386 licensed beds to the current 130 bed total. The downsizing of the facility and reduction of staff has resulted in a more tax efficient operation. At December 31, 2012, Rock Haven's net position increased by \$1.3 million from the prior year.

Airport

The Airport Fund accounts for the operations of the Southern Wisconsin Regional Airport. The airport provides services to corporate and private aircraft throughout the region. The airport does not have commercial passenger services. The airport's net position decreased by \$1.0 million in 2012 to \$20.6 million as no new capital projects were completed in 2012. The Airport's non-cash expenses included \$1.1 million in depreciation charges.

ROCK COUNTY, WISCONSIN

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

NET POSITION AND FUND BALANCE ANALYSIS (cont.)

PROPRIETARY FUNDS (cont.)

Highway

The Highway Fund records the operations of the Rock County Highway Division. The Highway Division maintains county roads, bridges and other infrastructure utilizing state transportation aids and county tax levy. It also maintains State highways and local roads on a contract reimbursement basis. The Highway's net position decreased by \$56,869 to \$12,086,839.

GENERAL FUND BUDGET VARIATIONS

As detailed in the Budgetary Comparison schedule on Page 55, the results of operations for 2012 resulted in a net change in the general fund balance of \$5,320,006.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2012, the county had \$152.0 million (net of depreciation) invested in a broad range of capital assets, including land, land improvements, buildings, roads, bridges and the Airport water and sewer system as detailed in Footnote IV.C (pages 36 through 38) and summarized below:

**Table 1
Capital Assets at Year-end
(Net of Depreciation, in Millions)**

	Governmental Activities		Business-type Activities		Totals	
	2011	2012	2011	2012	2011	2012
Land	\$ 2.5	\$ 2.5	\$ 3.5	\$ 3.5	\$ 6.0	\$ 6.0
Land improvements	0.3	1.1	18.7	17.6	19.0	18.7
Buildings	34.9	46.9	3.7	3.6	38.6	50.5
Machinery and equipment	3.7	3.3	9.6	9.7	13.3	13.0
Infrastructure	29.7	29.5	-	-	29.7	29.5
Construction in progress	14.7	3.1	4.8	31.1	19.5	34.2
Totals	\$ 85.8	\$ 86.5	\$ 40.3	\$ 65.5	\$ 126.1	\$ 152.0

NOTE: Totals may not foot due to rounding.

ROCK COUNTY, WISCONSIN

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

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

DEBT ADMINISTRATION

The county issued \$7,300,000 in general obligation promissory notes for the new Rock Haven project.

At year-end, the county had \$43,485,000 in general obligation promissory notes and bonds outstanding versus \$39,475,000 the prior year, an increase of \$4,010,000 due to the new Rock Haven project:

Table 2
Outstanding Debt at Year-end
(In Millions)

	Governmental Activities		Business-type Activities		Totals	
	2011	2012	2011	2012	2011	2012
General Obligation Notes	<u>\$ 15.8</u>	<u>\$ 12.7</u>	<u>\$ 23.6</u>	<u>\$ 30.8</u>	<u>\$ 39.4</u>	<u>\$ 43.5</u>

All of the county's general obligation debt is backed by the full faith and credit of the county and is rated Aa1 by Moody's Investors Services and AA by Standard and Poor's.

State statutes limit the amount of debt that counties can issue to 5% of the county's equalized value of taxable property within the county's jurisdiction. Rock County's equalized value for 2012 was \$9,638,671,600 resulting in a statutory debt limit of \$481,933,580. The county's debt as of December 31, 2012 of \$43.5 million is 9.0% of the county's legal debt capacity.

OTHER POST EMPLOYMENT BENEFITS

The county had an actuarial valuation report issued by Gabriel, Roeder Smith and Company as of January 1, 2011 as required by GASB Statement 45. As detailed in Footnote V. D. [page 53] the county had an unfunded actuarial accrued liability of \$27,541,500 and a net OPEB obligation of \$6,072,600 at December 31, 2012. The county currently does not pre-fund retiree healthcare benefits during an employee's working career.

ROCK COUNTY, WISCONSIN

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The State of Wisconsin imposed a statutory tax levy limit on counties limiting the tax levy to 0% plus net new construction. The county's 2012 tax levy for the 2013 budget was \$60,025,709 as adjusted for operations and subject to the tax levy limit, which is at the allowable limit.

State statutes allow counties to authorize a ½ of 1% local sales and use tax. The Rock County Board authorized the local sales and use tax effective April 1, 2007. The 2013 budget includes \$10.4 million from this revenue source. Of this amount, \$2.9 million is earmarked for capital projects and \$7.5 million is budgeted to offset the 2012 property taxes for the 2013 operating budget.

The 2013 budget results in a net increase of 1.9 full-time equivalent [FTE] positions. The establishment of the ADRC in 2013 includes the creation of 14 positions. Therefore, without the establishment of the ADRC, the number of positions would have decreased by 12.1 FTEs. The 2013 personnel roster includes 1,161.75 FTE, which is a reduction of 277.45 FTE from the 2000 budget. The reduction in personnel is an example of the commitment of administration and elected officials to reduce costs.

REQUEST FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Finance Director, Rock County Courthouse, 51 South Main Street, Janesville, WI 53545.

ROCK COUNTY

STATEMENT OF NET POSITION As of December 31, 2012

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 51,016,557	\$ 3,103,013	\$ 54,119,570
Restricted cash and investments	-	2,212,585	2,212,585
Taxes receivable	52,913,823	8,200,387	61,114,210
Delinquent taxes receivable	8,222,425	-	8,222,425
Accounts receivable	9,824,440	907,033	10,731,473
Due from other governments	-	1,745,778	1,745,778
Loans receivable (net)	4,007,338	-	4,007,338
Internal balances	(5,529,008)	5,529,008	-
Advances to/from other funds	1,111,886	(1,111,886)	-
Inventories	25,543	1,001,904	1,027,447
Prepaid items	254,393	676	255,069
Deposit with Wisconsin Municipal Mutual Insurance Company	1,741,000	-	1,741,000
Capital Assets			
Land	4,946,051	3,540,906	8,486,957
Construction in progress	3,111,374	31,051,975	34,163,349
Other capital assets, net of depreciation	78,407,460	30,911,985	109,319,445
Total Assets	<u>210,053,282</u>	<u>87,093,364</u>	<u>297,146,646</u>
LIABILITIES			
Accounts payable	9,537,332	2,190,035	11,727,367
Accrued liabilities	4,403,773	985,148	5,388,921
Due to other governments	5,892,544	-	5,892,544
Unearned revenues	53,518,916	8,209,786	61,728,702
Noncurrent Liabilities			
Due within one year	6,361,888	1,986,106	8,347,994
Due in more than one year	18,211,050	32,344,570	50,555,620
Total Liabilities	<u>97,925,503</u>	<u>45,715,645</u>	<u>143,641,148</u>
NET POSITION			
Net investment in capital assets	76,534,105	36,745,498	111,110,608
Restricted for grants and loan programs	4,942,166	-	4,942,166
Restricted for land records	319,963	-	319,963
Restricted for bridge aid	66,883	-	66,883
Restricted for ATC projects	1,261,081	-	1,261,081
Restricted for other activities	560,784	-	560,784
Unrestricted	28,442,797	4,632,221	35,244,013
TOTAL NET POSITION	<u>\$ 112,127,779</u>	<u>\$ 41,377,719</u>	<u>\$ 153,505,498</u>

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

Functions	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities							
General government	\$ 9,669,814	\$ 3,266,687	\$ 355,455	\$ -	\$ (6,047,672)	\$ -	\$ (6,047,672)
Public safety	36,587,033	3,624,259	1,845,223	6,623	(31,110,928)	-	(31,110,928)
Health and social services	93,614,278	11,582,548	56,339,879	-	(25,691,851)	-	(25,691,851)
Public works	781,412	25,319	127,806	-	(628,287)	-	(628,287)
Culture, recreation and education	3,484,391	38,904	545,775	3,147	(2,896,565)	-	(2,896,565)
Conservation and development	1,524,380	291,539	869,264	105,525	(258,052)	-	(258,052)
Interest and fiscal charges	474,930	-	81,717	-	(393,213)	-	(393,213)
Total Governmental Activities	<u>146,136,238</u>	<u>18,829,256</u>	<u>60,165,119</u>	<u>115,295</u>	<u>(67,026,568)</u>	<u>-</u>	<u>(67,026,568)</u>
Business-type Activities							
Rock Haven - skilled nursing facility	16,438,120	10,102,643	1,486,293	-	-	(4,849,184)	(4,849,184)
Airport	1,923,948	353,384	-	20,888	-	(1,549,676)	(1,549,676)
Highway	10,518,870	5,044,605	2,187,260	-	-	(3,287,005)	(3,287,005)
Total Business-type Activities	<u>28,880,938</u>	<u>15,500,632</u>	<u>3,673,553</u>	<u>20,888</u>	<u>-</u>	<u>(9,685,865)</u>	<u>(9,685,865)</u>
Totals	<u>\$ 175,017,176</u>	<u>\$ 34,329,888</u>	<u>\$ 63,838,672</u>	<u>\$ 136,183</u>	<u>(67,026,568)</u>	<u>(9,685,865)</u>	<u>(76,712,433)</u>
General Revenues							
Taxes							
Property taxes					50,627,203	9,546,017	60,173,220
Sales taxes					9,784,943	724,181	10,509,124
Other taxes					31,754	-	31,754
Interest on taxes					2,171,567	-	2,171,567
Intergovernmental revenues not restricted to specific programs					7,169,955	-	7,169,955
Investment income					455,591	-	455,591
Miscellaneous					1,485,513	-	1,485,513
Transfers					159,751	(159,751)	-
Total General Revenues and Transfers					<u>71,886,277</u>	<u>10,110,447</u>	<u>81,996,724</u>
Change in Net Position					4,859,709	424,582	5,284,291
NET POSITION - Beginning of Year (as restated)					<u>107,268,070</u>	<u>40,953,137</u>	<u>148,221,207</u>
NET POSITION - END OF YEAR					<u>\$ 112,127,779</u>	<u>\$ 41,377,719</u>	<u>\$ 153,505,498</u>

See accompanying notes to financial statements.

ROCK COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2012

	General Fund	Human Services	DD Board	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 48,817,928	\$ 172,586	\$ -	\$ 1,959,326	\$ 50,949,840
Receivables					
Taxes	21,949,238	19,381,610	3,868,095	6,513,624	51,712,567
Delinquent taxes	8,222,425	-	-	-	8,222,425
Accounts	2,374,607	2,875,720	3,651,714	476,225	9,378,266
Loans (net)	-	-	-	4,007,338	4,007,338
Due from other funds	5,612,156	2,825,360	-	6,578,931	15,016,447
Inventories	25,543	-	-	-	25,543
Prepaid items	93,855	32,782	-	9,910	136,547
Advances to other funds	1,111,886	-	-	-	1,111,886
TOTAL ASSETS	<u>\$ 88,207,638</u>	<u>\$ 25,288,058</u>	<u>\$ 7,519,809</u>	<u>\$ 19,545,354</u>	<u>\$ 140,560,859</u>

See accompanying notes to financial statements.

	General Fund	Human Services	DD Board	Nonmajor Governmental Funds	Totals
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,153,483	\$ 2,491,982	\$ 1,782,492	\$ 920,593	\$ 6,348,550
Accrued liabilities	4,251,137	18,256	-	-	4,269,393
Due to other governments	2,552,686	3,339,858	-	-	5,892,544
Due to other funds	25,157,796	-	1,794,527	3,201,916	30,154,239
Deferred revenues	23,152,283	19,437,962	3,942,790	10,916,027	57,449,062
Total Liabilities	<u>56,267,385</u>	<u>25,288,058</u>	<u>7,519,809</u>	<u>15,038,536</u>	<u>104,113,788</u>
Fund Balances					
Nonspendable	4,666,749	-	-	829	4,667,578
Restricted	-	-	-	2,996,405	2,996,405
Committed	-	-	-	189,682	189,682
Assigned	1,819,661	-	-	1,583,670	3,403,331
Unassigned (deficit)	25,453,843	-	-	(263,768)	25,190,075
Total Fund Balances	<u>31,940,253</u>	<u>-</u>	<u>-</u>	<u>4,506,818</u>	<u>36,447,071</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 88,207,638</u>	<u>\$ 25,288,058</u>	<u>\$ 7,519,809</u>	<u>\$ 19,545,354</u>	

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 (Note II.A.).	84,849,343
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds (Note IV.B.).	5,140,333
Some liabilities, including long-term debt, are not due and payable in the current period, and therefore, are not reported in the funds (Note II.A.).	(23,855,143)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of the internal service funds which primarily serve governmental activities are included as governmental activities.	<u>9,546,175</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 112,127,779</u>

ROCK COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	General	Human Services	DD Board	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	\$ 32,265,499	\$ 19,330,135	\$ 3,690,628	\$ 5,476,127	\$ 60,762,389
Intergovernmental	9,835,791	30,454,995	20,382,935	6,102,951	66,776,672
Regulation and compliance	1,606,755	-	-	-	1,606,755
Public charges for services	3,267,716	794,936	3,176,096	757,842	7,996,590
Intergovernmental charges for services	1,593,241	3,256,396	2,923,064	526,213	8,298,914
Other	1,064,460	157,569	-	983,335	2,205,364
Total Revenues	<u>49,633,462</u>	<u>53,994,031</u>	<u>30,172,723</u>	<u>13,846,468</u>	<u>147,646,684</u>
EXPENDITURES					
Current					
General government	6,764,515	-	-	498,231	7,262,746
Public safety	31,799,441	-	-	792,313	32,591,754
Health and social services	6,502,278	51,609,683	29,406,357	5,242,966	92,761,284
Public works	-	-	-	20,385	20,385
Culture, recreation, and education	347,711	-	-	2,410,165	2,757,876
Conservation and development	1,222,212	-	-	452,341	1,674,553
Capital Outlay	-	-	-	2,825,043	2,825,043
Debt Service	-	-	-	-	-
Principal retirement	-	-	-	3,063,799	3,063,799
Interest and fiscal charges	-	-	-	485,443	485,443
Total Expenditures	<u>46,636,157</u>	<u>51,609,683</u>	<u>29,406,357</u>	<u>15,790,686</u>	<u>143,442,883</u>

ROCK COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - GOVERNMENTAL FUNDS (cont.)
 For the Year Ended December 31, 2012

	General	Human Services	DD Board	Nonmajor Governmental Funds	Totals
Excess (deficiency) of revenues over expenditures	\$ 2,997,305	\$ 2,384,348	\$ 766,366	\$ (1,944,218)	\$ 4,203,801
OTHER FINANCING SOURCES (USES)					
Transfers in	4,224,726	776,510	-	1,785,057	6,786,293
Transfers out	(1,902,025)	(3,160,858)	(766,366)	(3,472,939)	(9,302,188)
Total Other Financing Sources (Uses)	2,322,701	(2,384,348)	(766,366)	(1,687,882)	(2,515,895)
Net Change in Fund Balances	5,320,006	-	-	(3,632,100)	1,687,906
FUND BALANCES - Beginning of Year	26,620,247	-	-	8,138,918	34,759,165
FUND BALANCES - END OF YEAR	\$ 31,940,253	\$ -	\$ -	\$ 4,506,818	\$ 36,447,071

See accompanying notes to financial statements.

ROCK COUNTY

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

Net change in fund balances - total governmental funds	\$ (1,687,882)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	2,825,043
Some items reported as capital outlay were not capitalized	(150,677)
Some items capitalized were paid for by business-type activities	2,652,520
Depreciation is reported in the government-wide statements	(4,564,812)
Net book value of capital assets disposed of during the year	(10,300)

Some receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when collected and expenditures when disbursed in the government-wide financial statements.

Loans	49,995
County levied delinquent taxes	(178,389)

Debt that was issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

	3,063,799
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	89,670
Other post-employment benefits	(1,080,146)
Accrued interest on debt	24,051

The net revenues of certain activities of internal service funds are reported within governmental activities.

	<u>451,049</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,483,921</u>
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ROCK COUNTY

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

	Major Enterprise Funds		
	Rock Haven	Airport	Highway
ASSETS			
Current Assets			
Cash and investments	\$ 3,102,388	\$ 50	\$ 575
Taxes receivable	4,437,817	458,860	2,815,826
Accounts receivable	849,768	28,867	27,714
Due from other funds	3,345,246	-	-
Due from other governments	-	-	1,745,778
Inventories	95,833	-	906,071
Prepaid items	-	-	676
Total Current Assets	<u>11,831,052</u>	<u>487,777</u>	<u>5,496,640</u>
Noncurrent Assets			
Restricted Assets			
Cash and investments	2,212,585	-	-
Deposit with Wisconsin Mutual Insurance Company	-	-	-
Capital Assets			
Land	-	3,416,029	104,153
Construction work in progress	30,010,970	373,072	621,553
Other capital assets	1,767,462	33,462,528	23,848,089
Less: Accumulated depreciation	<u>(1,607,204)</u>	<u>(15,041,162)</u>	<u>(13,175,027)</u>
TOTAL ASSETS	<u>44,214,865</u>	<u>22,698,244</u>	<u>16,895,408</u>
LIABILITIES			
Current Liabilities			
Accounts payable	1,321,496	462,926	349,054
Accrued liabilities	935,892	17,865	6,891
Accrued vacation and comp time	685,565	-	432,975
Due to other funds	-	-	545,689
Unearned revenues	4,437,817	468,259	2,815,826
Current portion of capital lease	-	-	-
Current portion of long-term debt	<u>736,598</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>8,117,368</u>	<u>949,050</u>	<u>4,150,435</u>
Long-Term Debt Net of Current Maturities			
General obligation debt	30,038,173	-	-
Unamortized discount on general obligation debt	(640,997)	-	-
Unamortized premium on debt	893,176	-	-
Capital lease	-	-	-
Advances from other funds	-	1,111,886	-
Other Liabilities			
Other postemployment benefits	661,778	-	276,344
Accrued sick leave	<u>417,286</u>	<u>-</u>	<u>381,790</u>
Total Long-Term Debt	<u>31,369,416</u>	<u>1,111,886</u>	<u>658,134</u>
TOTAL LIABILITIES	<u>39,486,784</u>	<u>2,060,936</u>	<u>4,808,569</u>
NET POSITION			
Net investment in capital assets	1,797,138	22,210,467	11,398,768
Unrestricted (deficit)	<u>2,930,943</u>	<u>(1,573,159)</u>	<u>688,071</u>
TOTAL NET POSITION	<u>\$ 4,728,081</u>	<u>\$ 20,637,308</u>	<u>\$ 12,086,839</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
 Net Position of Business-type Activities

<u>Totals</u>	<u>Internal Service Funds</u>
\$ 3,103,013	\$ 66,717
7,712,503	1,689,140
906,349	446,858
3,345,246	12,408,259
1,745,778	-
1,001,904	-
676	117,846
<u>17,815,469</u>	<u>14,728,820</u>
2,212,585	-
-	1,741,000
3,520,182	20,724
31,005,595	71,858
59,078,079	19,714,636
<u>(29,823,393)</u>	<u>(16,467,273)</u>
<u>83,808,517</u>	<u>19,809,765</u>
2,133,476	3,245,341
960,648	24,500
1,118,540	209,881
545,689	70,024
7,721,902	1,698,071
-	104,238
736,598	62,852
<u>13,216,853</u>	<u>5,414,907</u>
30,038,173	466,783
(640,997)	-
893,176	-
-	281,040
1,111,886	-
938,122	-
799,076	175,369
<u>33,139,436</u>	<u>923,192</u>
<u>46,356,289</u>	<u>6,338,099</u>
35,406,373	2,425,032
<u>2,045,855</u>	<u>11,046,634</u>
37,452,228	\$ <u>13,471,666</u>
3,925,491	
<u>\$ 41,377,719</u>	

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS For the Year Ended December 31, 2012

	Major Enterprise Funds		
	Rock Haven	Airport	Highway
OPERATING REVENUES			
Charges for services	\$ 8,894,397	\$ 353,384	\$ 5,044,605
Total Operating Revenues	<u>8,894,397</u>	<u>353,384</u>	<u>5,044,605</u>
OPERATING EXPENSES			
Operation and maintenance	14,978,615	804,139	9,594,689
Depreciation	42,792	1,118,341	977,437
Total Operating Expenses	<u>15,021,407</u>	<u>1,922,480</u>	<u>10,572,126</u>
Operating Loss	<u>(6,127,010)</u>	<u>(1,569,096)</u>	<u>(5,527,521)</u>
NONOPERATING REVENUES (EXPENSES)			
General property taxes	5,894,384	482,455	2,786,712
Sales taxes	-	24,750	656,431
Intergovernmental grants	1,486,293	-	2,187,260
Gain on sale of assets	-	-	-
Amortization of debt premium	42,471	-	-
Interest expense	-	-	-
Total Nonoperating Revenues (Expenses)	<u>7,423,148</u>	<u>507,205</u>	<u>5,630,403</u>
Income (Loss) Before Contributions and Transfers	<u>1,296,138</u>	<u>(1,061,891)</u>	<u>102,882</u>
Capital contributions	-	20,888	-
Transfers in	-	-	2,492,769
Transfers out	-	-	(2,652,520)
Change in Net Position	<u>1,296,138</u>	<u>(1,041,003)</u>	<u>(56,869)</u>
NET POSITION - Beginning of Year (as restated)	<u>3,431,943</u>	<u>21,678,311</u>	<u>12,143,708</u>
NET POSITION - END OF YEAR	<u>\$ 4,728,081</u>	<u>\$ 20,637,308</u>	<u>\$ 12,086,839</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Change in Net Position of Business-type Activities

<u>Totals</u>	<u>Internal Service Funds</u>
<u>\$ 14,292,386</u>	<u>\$ 24,854,176</u>
<u>14,292,386</u>	<u>24,854,176</u>
 25,377,443	 25,731,766
<u>2,138,570</u>	<u>915,501</u>
<u>27,516,013</u>	<u>26,647,267</u>
 <u>(13,223,627)</u>	 <u>(1,793,091)</u>
 9,163,551	 1,538,936
681,181	918,000
3,673,553	-
-	3,932
42,471	-
-	<u>(13,539)</u>
<u>13,560,756</u>	<u>2,447,329</u>
 <u>337,129</u>	 <u>654,238</u>
 20,888	 -
2,492,769	28,127
<u>(2,652,520)</u>	<u>(5,000)</u>
 198,266	 677,365
	<u>12,794,301</u>
	<u>\$ 13,471,666</u>
 <u>226,316</u>	
<u>\$ 424,582</u>	

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2012

	Major Enterprise Funds		
	Rock Haven	Airport	Highway
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 10,337,843	\$ 338,369	\$ 5,205,875
Cash paid to suppliers and employees for goods and services	<u>(14,570,506)</u>	<u>(469,486)</u>	<u>(9,141,908)</u>
Net Cash Flows From Operating Activities	<u>(4,232,663)</u>	<u>(131,117)</u>	<u>(3,936,033)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
General property tax revenues	5,894,384	507,205	2,786,712
Other tax revenues	-	-	656,431
Transfers in (out)	-	-	(159,751)
Intergovernmental grants	<u>2,130,093</u>	<u>-</u>	<u>2,187,260</u>
Net Cash Flows From Noncapital Financing Activities	<u>8,024,477</u>	<u>507,205</u>	<u>5,470,652</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	7,300,000	-	-
Debt principal paid	(160,095)	-	-
Capital lease paid	-	-	-
Interest paid	(662,418)	-	-
Payment of advances from other funds	-	(56,420)	-
Sales of capital assets	-	-	-
Premium on long-term debt	259,915	-	-
Issuance costs of new debt	(101,060)	-	-
Acquisition and construction of capital assets	<u>(25,381,110)</u>	<u>(319,668)</u>	<u>(1,534,262)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(18,744,768)</u>	<u>(376,088)</u>	<u>(1,534,262)</u>
Net Change in Cash and Cash Equivalents	(14,952,954)	-	357
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>20,267,927</u>	<u>50</u>	<u>218</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,314,973</u>	<u>\$ 50</u>	<u>\$ 575</u>

See accompanying notes to financial statements.

<u>Totals</u>	<u>Internal Service Funds</u>
\$ 15,882,087	\$ 24,208,093
<u>(24,181,900)</u>	<u>(26,138,898)</u>
<u>(8,299,813)</u>	<u>(1,930,805)</u>
9,188,301	1,547,867
656,431	918,000
(159,751)	23,127
<u>4,317,353</u>	<u>-</u>
<u>14,002,334</u>	<u>2,488,994</u>
7,300,000	-
(160,095)	(66,106)
-	(101,789)
(662,418)	(13,539)
(56,420)	-
-	6,300
259,915	-
(101,060)	-
<u>(27,235,040)</u>	<u>(400,499)</u>
<u>(20,655,118)</u>	<u>(575,633)</u>
(14,952,597)	(17,444)
<u>20,268,195</u>	<u>84,161</u>
<u>\$ 5,315,598</u>	<u>\$ 66,717</u>

ROCK COUNTY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2012

	Major Enterprise Funds		
	Rock Haven	Airport	Highway
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss	\$ (6,127,010)	\$ (1,569,096)	\$ (5,527,521)
Adjustments to reconcile operating loss to net cash flows from operating activities			
Noncash items included in operating loss			
Depreciation	42,792	1,118,341	977,437
Change in Assets and Liabilities			
Accounts receivable	75,655	(15,654)	(8,350)
Due from other funds	1,367,791	-	169,620
Inventories	12,535	-	53,103
Prepaid items	-	-	-
Accounts payable	(27,261)	22,400	(256,557)
Due to other funds	-	300,455	542,439
Other current liabilities	283,616	11,798	55,661
Other postemployment benefits	139,219	-	58,135
Unearned revenues	-	639	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (4,232,663)</u>	<u>\$ (131,117)</u>	<u>\$ (3,936,033)</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Federally funded additions to capital assets	<u>\$ -</u>	<u>\$ 20,888</u>	<u>\$ -</u>
Capitalized interest	<u>\$ 938,996</u>	<u>\$ -</u>	<u>\$ -</u>
Additions to capital assets funded by governmental activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

<u>Totals</u>	<u>Internal Service Funds</u>
\$ (13,223,627)	\$ (1,793,091)
2,138,570	915,501
51,651	(67,509)
1,537,411	(578,215)
65,638	-
-	(117,846)
(261,418)	(318,638)
842,894	-
351,075	29,352
197,354	-
<u>639</u>	<u>(359)</u>
<u>\$ (8,299,813)</u>	<u>\$ (1,930,805)</u>

<u>\$</u>	-
<u>\$</u>	-
<u>\$</u>	<u>36,657</u>

ROCK COUNTY

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

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 19,256,722
Taxes receivable	1,635,742
Accounts receivable	<u>106,609</u>
TOTAL ASSETS	<u>\$ 20,999,073</u>
LIABILITIES	
Liabilities	
Due to other taxing units	\$ 19,460,919
Other liabilities	<u>1,538,154</u>
TOTAL LIABILITIES	<u>\$ 20,999,073</u>

See accompanying notes to financial statements.

ROCK COUNTY

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ROCK COUNTY

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units. The County Board created a housing authority in 2004, but there was no financial activity in 2012.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The county implemented this statement effective January 1, 2012.

Government-Wide Financial Statements

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

ROCK COUNTY

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

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

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

Government-Wide Financial Statements (cont.)

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

Fund Financial Statements

Financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. 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.

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

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

The county reports the following major governmental funds:

Major Governmental Funds

- General Fund – Accounts for the county's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.
- Human Services Special Revenue Fund – Account for and report resources legally restricted or committed for services provided to chemically dependent individuals and for operations associated with social services and welfare programs.
- DD Board Special Revenue Fund – Account for and report resources legally restricted or committed for services provided to developmentally disabled individuals.

ROCK COUNTY

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

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

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

Fund Financial Statements (cont.)

The county reports the following major enterprise funds:

Major Enterprise Funds

Rock Haven – Accounts for the operations of the county’s skilled nursing and intermediate care facilities for aged and disabled residents.

Airport Fund – Accounts for operations of the county’s airport.

Highway Fund – Accounts for the operations of the county’s department of public works.

The county reports the following nonmajor governmental funds:

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

Revolving Loans	Arrowhead Library System
Parks	County Bridge Aid
Other Grants	Other Activities
Land Records	Other Special Revenue Funds
Veterans’ Relief	Income Maintenance Consortium

Debt Service Fund – Used to account for and report financial resources that are restricted, committed, or assigned to expenditure, the payment of general long-term debt principal, interest, and related costs.

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

General Capital Projects
Sheriff’s Vehicles
Airport Projects

In addition, the county reports the following fund types:

Internal service funds are used to account for and report 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.

The county’s internal service funds are:

Motor Pool
Information Technology
Health Care Center Building Complex
Self Insurance

ROCK COUNTY

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

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

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

Fund Financial Statements (cont.)

Agency funds are used to account for and report assets held by the county in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The county's agency fund includes tax collections for municipalities, the health care center patient trust, clerk of courts, unclaimed trust and drainage districts.

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the county considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for intergovernmental revenues of the human services fund and DD board fund for which the county considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

The county's property taxes are levied on or before December 31 on the equalized valuation as of the prior January 1 for all general property located in the county. The taxes are due and payable in the following year. Property taxes are recorded in the year levied as taxes receivable and deferred revenues.

ROCK COUNTY

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

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

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

Fund Financial Statements (cont.)

Property taxes are recognized in the appropriate fund as revenues in the succeeding year when they are collected and available to finance services. If not collected by July 31, the delinquent property taxes are recorded as delinquent taxes receivable and deferred revenue in the general fund. Delinquent property taxes are recognized as revenue when collected. Delinquent taxes collected by February 28 of the subsequent year are also recognized as revenue in the current year. Interest on delinquent property taxes is recognized as revenue when received.

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

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

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

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

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

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

ROCK COUNTY

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

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

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

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

The county has adopted an investment policy. That policy follows the state statute for allowable investments.

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

ROCK COUNTY

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

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

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

1. Deposits and Investments (cont.)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2012, the fair value of the county's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

2. Receivables

The county's property taxes are levied on or before December 31 on the equalized valuation as of the prior January 1 for all general property located in the county. The taxes are due and payable in the following year. Property taxes are recorded in the year levied as taxes receivable and deferred revenues.

Local property taxes as levied are collected by local treasurers, typically through the last day of January in each year. Twenty municipalities have contracted with the county for tax collections. By February 20, the county treasurer and local treasurers settle for all collections and amounts paid timely through January 31 due the various taxing districts. On February 1 tax collection becomes the responsibility of the county, except for the City of Beloit, and delinquent taxes receivable represent unpaid taxes levied for all taxing entities within the county. On August 20 the county purchases uncollected property taxes from other taxing authorities at the unpaid amount to facilitate the collection of the taxes. The purchases are a financing arrangement and are not included in property tax revenues.

Following is the property tax calendar for municipalities within the county.

Property tax calendar – 2012 tax roll:

Levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Final installment due	July 31, 2013
Personal property taxes in full	January 31, 2013 (except improvements on leased land due January 31, 2013 and July 31, 2013)
Tax certificate date	September 1, 2013
Tax sale – 2012 delinquent real estate taxes	October 2015

Delinquent property taxes purchased from other taxing authorities are included as nonspendable fund balance at year end. Delinquent property taxes levied by the county are included as deferred revenue and are excluded from revenues and fund balance until collected.

ROCK COUNTY

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

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

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

2. Receivables (cont.)

On September 1, the tax lien date, all unpaid taxes are reflected as tax certificates. No allowance for losses on delinquent taxes has been provided because the county has demonstrated its ability to recover any losses through the sale of the property.

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

Rock County has a 0.5% sales tax which is collected by the State of Wisconsin and is remitted to the county monthly. Sales taxes are accrued as a receivable when the underlying sale relating to it takes place. At December 31, 2012, the county has accrued one month of the subsequent year’s collections as receivable.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid. At December 31, 2012, the general fund has advanced the airport fund \$1,111,886. No interest is being charged on the advance and repayment schedules have not been established.

The county has received federal and state grant funds for housing rehabilitation loan programs. The county records a loan receivable when the loan has been made and funds have been disbursed.

It is the county’s policy to record deferred revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

Accounts and notes receivable have been adjusted for all known uncollectible accounts. An allowance for uncollectible notes receivable of \$1,255,845 has been recorded in the Revolving loan fund at year end.

3. Inventories and Prepaid Items

Governmental fund inventories are valued at cost using the first-in, first-out (FIFO) method and using the consumption method of accounting. Inventories of the proprietary funds, except for the public works department, are valued at cost using the FIFO method. The public works department uses the average cost method.

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.

ROCK COUNTY

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

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

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$100,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. Interest capitalized during the current year for Rock Haven was \$938,996. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	15 to 75 Years
Land Improvements	15 to 30 Years
Machinery and Equipment	3 to 15 Years
Infrastructure	15 to 75 Years

Fund Financial Statements

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

6. Other Assets

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

ROCK COUNTY

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

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

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

7. Compensated Absences

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

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

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

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists 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 debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

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

The county does not engage in conduit debt transactions.

9. Claims and Judgments

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

ROCK COUNTY

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

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

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

10. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 76,534,105	\$ 36,745,498	\$ (2,168,995)	\$ 111,110,608
Unrestricted	28,442,797	4,632,221	2,168,995	35,244,013

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

Fund Statements

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

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

ROCK COUNTY

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

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

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

10. Equity Classifications (cont.)

Fund Statements

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

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

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

The county has a formal fund balance policy. The policy is to maintain a minimum unassigned General fund balance, total Special Revenue fund balances, and working capital in the Enterprise funds equal to 10% to 17% of the total General, Special Revenue, and Enterprise Fund expenditures/expenses. This calculated balance at year end was \$32,094,665, or 19.5% of the expenditures/expenses as listed above.

ROCK COUNTY

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

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

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

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

One element of that reconciliation states that “capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.”

Land	\$ 2,513,417
Construction in progress	464,757
Infrastructure construction in progress	2,646,617
Infrastructure and land improvements	2,432,634
Other capital assets, net of depreciation	78,407,460
Less: Internal service fund capital assets included above, net of depreciation	<u>(1,615,542)</u>
Adjustment for Capital Assets	<u>\$ 84,849,343</u>

One element of that reconciliation states that “some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.”

General obligation debt payable	\$ 12,180,594
Compensated absences	6,405,690
Other postemployment benefits	5,134,478
Accrued interest	<u>134,381</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 23,855,143</u>

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

A budget has been adopted for the general fund, special revenue funds, debt service fund and capital projects funds. The budgeted amounts presented include any amendments made. The finance committee may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action. Budgets are adopted at the program level of expenditure.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$779,058 in the general fund.

ROCK COUNTY

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

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The county controls expenditures at the program level. Some individual programs may have experienced expenditures which exceeded appropriations. The detail of those items can be found in the county's year-end budget to actual report.

C. DEFICIT BALANCES

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

As of December 31, 2012, the following individual fund held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
General capital projects	\$ 263,768	Excess expenditures over revenues

The general capital projects fund deficit is anticipated to be funded with future contributions, general tax revenues, or long-term borrowing.

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

The county may also exceed the limitation by holding a referendum (according to state statutes) authorizing the county board to approve a higher rate. The county may also exceed the rate if it increases the services it provides due to a transfer of these services from another governmental unit.

The State Budget Bill also imposes restrictions on the county's ability to issue new debt. Generally, referendum approval is required to issue unlimited tax general obligation debt, with the following exceptions:

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

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

The county is in compliance with the limitation.

E. LIMITATIONS ON THE COUNTY'S TAX LEVY

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

ROCK COUNTY

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

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 28,786,859	\$ 32,365,420	Custodial credit risk
Money market mutual fund	1,017,178	1,017,178	N/A
U.S. agencies	19,324,181	19,324,181	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
U.S. Treasuries	764,295	764,295	Custodial credit risk, interest rate risk
Corporate bonds	1,712,481	1,712,481	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
LGIP	23,961,687	23,965,578	Credit risk
Petty cash	22,196	-	N/A
Total Cash and Investments	\$ 75,588,877	\$ 79,149,133	
Reconciliation to financial statements			
Per statement of net position			
Cash and investments	\$ 54,119,570		
Restricted cash and investments	2,212,585		
Per statement of assets and liabilities			
Agency fund	19,256,722		
Total Cash and Investments	\$ 75,588,877		

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

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

The county maintains collateral agreements with its banks. At December 31, 2012, the banks had pledged various government securities in the amount of \$10,884,482 to secure the county's deposits.

ROCK COUNTY

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

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

As of December 31, 2012, \$15,273,455 of the county’s total bank balances of \$32,365,420 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 15,273,455</u>
--------------------------------	----------------------

The county’s investment policy as it relates to custodial credit risk specifies that safekeeping agreements shall be in effect with each financial institution.

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

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

The county’s investment policy as it relates to custodial credit risk states that ownership of all securities shall be perfected in the name of the county.

Credit Risk

As of December 31, 2012, the county’s investments were rated as follows:

Investment Type	Standard & Poor’s	Fitch Ratings
U.S. Agencies – FHLMC	AA+	Aaa
U.S. Agencies – FNMA	AA+	Aaa
U.S. Agencies – FHLB	AA+	Aaa
U.S. Agencies – FFCB	AA+	Aaa

In addition, the county’s corporate bond ratings (Standard & Poor’s) as a percentage of the total corporate bond portfolio are as follows:

AA+	100%
-----	------

The county also had investments in the following external pool which is not rated:

Local Government Investment Pool

ROCK COUNTY

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

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

B. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

The county's investment policy as it relates to credit risk states that the county may invest in treasury obligations, federal agencies, local government investment pool, commercial paper rated at least A-1 by Standard & Poor's or P-1 by Moody's, and other allowable investments. Complete details are available in the county's investment policy.

Concentration of Credit Risk

The county's investment policy states that no more than 5% of the county's total investment portfolio can be invested in any one issuer. Of the total county investment portfolio of \$45,766,535, \$5,828,720 is invested in FHLMC, \$2,194,722 is invested in FFCB, and \$9,526,704 is invested in FNMA investments.

Interest Rate Risk

As of December 31, 2012, the county's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
U.S. agencies	\$ 19,324,181	1,534
U.S. treasuries	764,295	1,339
Corporate bonds	1,712,481	164
Total Fair Value	\$ 21,800,957	

The county's investment policy states that the county may invest in U.S. treasuries and agencies not exceeding five years, corporate bonds not exceeding three years, and the LGIP in accordance with Federal Securities Regulation 2a-7.

B. RECEIVABLES

Receivables are not expected to be collected within one year as follows:

	General	Nonmajor Governmental Funds
Amounts not expected to be collected within one year	\$ 8,222,425	\$ 4,007,338

ROCK COUNTY

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

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

B. RECEIVABLES (cont.)

At December 31, 2012, delinquent taxes receivable are as follows:

Tax Certificates –		
2011	\$	3,581,148
2010		1,606,316
2009		440,964
2008		35,985
2007		12,444
2006 and prior		<u>4,370</u>
Totals		5,681,227
Special assessment tax certificates and deeds (payable to other governments)		2,403,258
Other miscellaneous taxes		<u>137,940</u>
Total Delinquent Taxes Receivable	\$	<u><u>8,222,425</u></u>

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

	Unavailable	Unearned	Totals
Property taxes receivable	\$ -	\$ 51,712,567	\$ 51,712,567
Delinquent property taxes receivable	1,132,995	-	1,132,995
Loans receivable	4,007,338	-	4,007,338
Grant drawdowns prior to meeting all eligibility requirements	<u>-</u>	596,162	<u>596,162</u>
Total Deferred/Unearned Revenue For Governmental Funds	<u>\$ 5,140,333</u>		<u>\$ 57,449,062</u>
Internal Service Fund			
Taxes receivable		1,201,256	
Subsequent period prepayments		<u>8,931</u>	
Governmental Activities Unearned Revenue		<u>\$ 53,518,916</u>	

ROCK COUNTY

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

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

C. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,513,417	\$ -	\$ -	\$ 2,513,417
Construction in progress	14,119,565	1,375,890	15,030,698	464,757
Infrastructure construction in progress	567,264	2,079,353	-	2,646,617
Infrastructure and land improvements	2,432,634	-	-	2,432,634
Total Capital Assets Not Being Depreciated	19,632,880	3,455,243	15,030,698	8,057,425
Capital assets being depreciated				
Land improvements	958,773	834,088	-	1,792,861
Buildings and improvements	69,388,193	15,062,186	329,467	84,120,912
Machinery and equipment	15,692,793	916,535	878,579	15,730,749
Roads	32,485,503	573,167	254,658	32,804,012
Bridges	4,609,154	-	-	4,609,154
Stop lights	123,973	-	-	123,973
Airport water and sewer system	1,557,502	-	-	1,557,502
Snowmobile bridges	247,574	-	-	247,574
Total Capital Assets Being Depreciated	125,063,465	17,385,976	1,462,704	140,986,737
Less: Accumulated depreciation for				
Land improvements	(642,391)	(12,448)	-	(654,839)
Buildings and improvements	(34,463,460)	(3,075,841)	329,467	(37,209,834)
Machinery and equipment	(11,972,047)	(1,262,156)	799,320	(12,434,883)
Roads	(10,472,402)	(656,080)	254,658	(10,873,824)
Bridges	(883,047)	(76,433)	-	(959,480)
Stop lights	(22,311)	(2,479)	-	(24,790)
Airport water and sewer system	(332,272)	(20,767)	-	(353,039)
Snowmobile bridges	(63,636)	(4,952)	-	(68,588)
Total Accumulated Depreciation	(58,851,566)	(5,111,156)	1,383,445	(62,579,277)
Net Capital Assets Being Depreciated	66,211,899	12,274,820	79,259	78,407,460
Total Governmental Activities Capital Assets, Net of Depreciation	\$ 85,844,779	\$ 15,730,063	\$ 15,109,957	\$ 86,464,885

ROCK COUNTY

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

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 475,964
Public safety	2,523,708
Health and social services	228,963
Public works	760,711
Culture, recreation and education	567,664
Conservation and development	7,802
Sub-total	4,564,812
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	546,344
Total Governmental Activities Depreciation Expense	\$ 5,111,156

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 3,553,465	\$ -	\$ 12,559	\$ 3,540,906
Construction in progress	4,774,544	26,752,448	475,017	31,051,975
Total Capital Assets Not Being Depreciated	8,328,009	26,752,448	487,577	34,592,881
Capital assets being depreciated				
Land improvements	31,569,388	12,511	-	31,581,899
Buildings	15,066,668	212,901	-	15,279,569
Machinery and equipment	24,630,509	1,229,655	-	25,860,164
Total Capital Assets Being Depreciated	71,266,565	1,455,066	-	72,721,632
Less: Accumulated depreciation for				
Land improvements	(12,912,029)	(1,061,722)	-	(13,973,751)
Buildings	(11,391,247)	(288,371)	-	(11,679,618)
Machinery and equipment	(14,998,644)	(1,157,634)	-	(16,156,278)
Total Accumulated Depreciation	(39,301,920)	(2,507,727)	-	(41,809,647)
Net Capital Assets Being Depreciated	31,964,645	(1,052,661)	-	30,911,985
Total Business-type Capital Assets, Net of Depreciation	\$ 40,292,654	\$ 25,699,787	\$ 487,577	\$ 65,504,866

ROCK COUNTY

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

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Rock Haven	\$	42,792
Airport		1,118,341
Highway		977,437
Capital assets held by Health Care Center building complex charged to various functions based on usage		369,157
 Total Business-type Activities Depreciation Expense	 \$	 <u>2,507,727</u>

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
General Fund	Special revenue – Revolving loans	\$ 773,192
	Special revenue – Other grants	932,014
	Special revenue – DD board	1,794,527
	General capital projects	1,496,710
	Enterprise – Highway	545,689
	Internal service – Motor pool	70,024
Special Revenue Funds		
Human services	General	2,825,360
Income maintenance consortium	General	273,543
Revolving loans	General	1,199,631
Parks	General	35,317
Other grants	General	773,192
Land records	General	318,241
Veterans' relief	General	2,168
Arrowhead library system	General	333,283
County bridge aid	General	66,883
Other activities	General	550,346
Other special revenue funds	General	153,506
Debt Service Fund	General	133,539

ROCK COUNTY

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

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

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Interfund Receivables/Payables (cont.)

Receivable Fund	Payable Fund	Amount
Capital Projects Funds		
General capital projects	General	\$ 1,155,612
Sheriff vehicles	General	68,854
Airport projects	General	1,514,816
Enterprise Funds		
Rock Haven	General	3,345,246
Internal Service Funds		
Information technology	General	2,670,041
Health Care Center building complex	General	1,933,741
Self insurance	General	<u>7,804,477</u>
Sub-Total – Fund Financial Statements		30,769,952
Less: Fund eliminations		(35,503,250)
Less: Interfund receivables, IT, self- insurance created with internal service and fund eliminations		<u>(795,710)</u>
Total Government-Wide Financial Statements		<u>\$ (5,529,008)</u>
Governmental Activities	Business-type Activities	\$ 545,689
Business-type Activities	Governmental Activities	<u>(6,074,697)</u>
Total		<u>\$ (5,529,008)</u>

All amounts are considered to be due within one year and the principal purpose of these interfunds is for operating activities.

Balances owed by the general fund to other funds result from the cash and investment management for the county being accounted for in the general fund with the share owned by other funds being reported as interfund balances. Balances owed to the general fund resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

ROCK COUNTY

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

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

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Advances

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General	Enterprise – Airport	\$ 1,111,886	\$ 1,111,886

The principal purpose of this advance is to fund the operating deficit of this fund.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Special revenue – Human services	\$ 3,160,858	Close lapsing funds
	Special revenue – DD Board	766,366	Close lapsing funds
	Special revenue – Other grants	23,911	Close lapsing funds
	Special revenue – Other special revenue	95,058	Transfer flexible spending balance
	Special revenue – Other activities	173,533	Grant funding
	Internal service – Self insurance	5,000	Contributed capital repayment
	Special Revenue Funds	Parks	104,273
Other grants		39	Close lapsing funds
Other grants		47,708	ATC drawdown
Other grants		45,862	Grant funding
Other activities		240,010	Project funding
Other activities		13,250	Project funding
Human services		776,510	Project funding
		General	

ROCK COUNTY

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

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

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers (cont.)

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Capital Projects Funds			
General capital projects	Special revenue – Other activities	\$ 171,981	Contributed capital repayment
General capital projects	General	847,350	Parking lot project funding
General capital projects	Other special revenue funds	64,584	Project funding from ATC funds
Sheriff's vehicles	General	250,000	Funding for vehicles
Enterprise Funds			
Highway	Special revenue – County bridge aid	86,400	Bridge aid
Highway	Capital projects – General	2,406,369	Project funding
Internal Service Funds			
Information Technology	General	<u>28,127</u>	Project funding
Sub-Total – Fund Financial Statements		9,307,189	
Governmental activities infrastructure paid by highway enterprise fund		2,652,520	
Fund eliminations		<u>(11,799,958)</u>	
Total Government-Wide Financial Statements		<u><u>\$ 159,751</u></u>	

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

ROCK COUNTY

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

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

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers (cont.)

For the government wide statement of activities transfers which are between funds within the governmental activities or business-type activities are netted and eliminated. Remaining transfers between the governmental activities and business-type activities included:

Purpose	Governmental Activities	Business-type Activities
Highway infrastructure assets	\$ 2,652,520	\$ (2,652,520)
Highway project funding	<u>(2,492,769)</u>	<u>2,492,769</u>
Totals	<u>\$ 159,751</u>	<u>\$ (159,751)</u>

E. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Notes Payable:					
General Obligation Debt					
General	\$ 15,244,393	\$ -	\$ 3,063,799	\$ 12,180,594	\$ 2,785,553
Internal service	595,741	-	66,106	529,635	62,852
Total Notes Payable	<u>15,840,134</u>	<u>-</u>	<u>3,129,905</u>	<u>12,710,229</u>	<u>2,848,405</u>
Other Liabilities:					
Vested compensated absences					
General	6,495,360	3,284,211	3,373,881	6,405,690	3,330,332
Internal service	314,666	189,250	181,375	322,541	183,151
Other postemployment benefits	<u>4,054,332</u>	<u>2,097,301</u>	<u>1,017,155</u>	<u>5,134,478</u>	<u>-</u>
Total Other Liabilities	<u>10,864,358</u>	<u>5,570,762</u>	<u>4,572,411</u>	<u>11,862,709</u>	<u>3,513,483</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 26,704,492</u>	<u>\$ 5,570,762</u>	<u>\$ 7,702,316</u>	<u>\$ 24,572,938</u>	<u>\$ 6,361,888</u>

ROCK COUNTY

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

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

E. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Debt					
Enterprise	\$ 23,634,866	\$ 7,300,000	\$ 160,095	\$ 30,774,771	\$ 736,598
Add/(subtract) deferred amounts for (discounts)/premiums:					
Premium on long-term debt	678,494	259,915	45,233	893,176	-
Discount on long-term debt	(578,504)	(101,060)	(38,567)	(640,997)	-
Total Notes Payable	23,734,856	7,458,855	166,761	31,026,950	736,598
Other Liabilities:					
Vested compensated absences					
Enterprise	1,935,033	1,047,947	1,065,363	1,917,617	1,118,540
Internal service	56,745	28,081	22,116	62,710	26,730
Other postemployment benefits	740,768	383,199	185,845	938,122	-
Capital lease – internal service	487,067	-	101,789	385,278	104,238
Total Other Liabilities	3,219,613	1,459,227	1,375,113	3,303,727	1,249,508
Total Business-type Activities Long-Term Liabilities	\$ 26,954,469	\$ 8,918,082	\$ 1,541,874	\$ 34,330,677	\$ 1,986,106

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the county may not exceed 5% of the equalized value of taxable property within the county's jurisdiction. The debt limit as of December 31, 2012 was \$481,933,580. Total general obligation debt outstanding at year end was \$43,485,000.

ROCK COUNTY

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

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-12
General Obligation Debt					
Promissory notes	2005	2013	3.25 - 4.00%	\$ 8,905,000	\$ 825,000
Promissory notes	2006	2014	3.75 - 4.00%	5,000,000	1,500,000
Promissory notes	2008	2015	3.50 - 3.75%	5,000,000	2,675,000
Promissory notes	2010	2019	1.35 - 4.30%	5,815,000	4,860,000
Promissory notes	2011	2020	2.00 - 2.50%	4,500,000	4,325,000
Promissory bonds	2011	2026	2.00 - 4.00%	22,000,000	22,000,000
Promissory bonds	2012	2021	1.25 - 4.00%	7,300,000	7,300,000
Total General Obligation Debt					\$ 43,485,000
					Balance 12-31-12
Governmental Activities					
General					\$ 12,180,594
Internal service					529,635
Sub-Total					12,710,229
Business-type Activities					
Enterprise					30,774,771
Total General Obligation Debt					\$ 43,485,000

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2013	\$ 2,848,402	\$ 417,393	\$ 736,598	\$ 931,637
2014	2,648,877	314,388	896,123	928,295
2015	1,923,877	225,962	1,606,123	910,234
2016	1,076,733	164,161	1,723,267	868,360
2017	1,181,057	133,166	1,663,943	839,753
2018 – 2022	3,031,283	167,201	11,748,717	3,556,979
2023 – 2026	-	-	12,400,000	1,240,000
Totals	\$ 12,710,229	\$ 1,422,271	\$ 30,774,771	\$ 9,275,258

ROCK COUNTY

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

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

F. CAPITAL LEASE

In 2011, the county acquired capital assets through lease/purchase agreements. The gross amount of these assets under capital lease are included in capital assets. The future principal and interest payments as of December 31, 2012 are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 104,238	\$ 8,037	\$ 112,275
2014	106,747	5,529	112,276
2015	109,315	2,961	112,276
2016	<u>64,978</u>	<u>516</u>	<u>65,494</u>
 Totals	 <u>\$ 385,278</u>	 <u>\$ 17,043</u>	 <u>\$ 402,321</u>

G. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

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

Governmental Activities

Net investment in capital assets	
Land	\$ 4,946,051
Construction in progress	3,111,374
Other capital assets, net of accumulated depreciation	78,407,460
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(9,930,780)</u>
Total Net Investment in Capital Assets	<u>76,534,105</u>
 Restricted	
Grants and loan programs	4,942,166
Land records	319,963
Bridge aid	66,883
ATC projects	1,261,081
Other activities	<u>560,784</u>
Total Restricted	<u>7,150,877</u>
 Unrestricted	 <u>28,442,797</u>
 Total Governmental Activities Net Position	 <u>\$ 112,127,779</u>

ROCK COUNTY

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

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

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

Governmental Activities (cont.)

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

Nonspendable

Major Fund

General Fund

Delinquent taxes	\$ 3,435,465
Inventories	25,543
Prepaid items	93,855
Advances to other funds	<u>1,111,886</u>

Total \$ 4,666,749

Nonmajor Fund

Arrowhead library system – prepaid items \$ 829

Restricted

Nonmajor Funds – Special Revenue Funds

Revolving loans	\$ 477,740
Other grants	176,415
Land records	319,963
County bridge aid	66,883
Other activities	560,784
Other special revenue funds	<u>1,261,081</u>
Sub-total	2,862,866

Nonmajor Fund – Debt Service Fund 133,539

Total \$ 2,996,405

Committed

Nonmajor Funds – Special Revenue Funds

Parks	\$ 19,443
Veterans' relief	2,168
Other special revenue funds	<u>168,071</u>

Total \$ 189,682

ROCK COUNTY

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

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

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

Governmental Activities (cont.)

Assigned

Major Funds

General Fund

Sales taxes for future expenditures	\$ 1,027,703
Carryforward appropriations	<u>791,958</u>

Total General Fund \$ 1,819,661

Nonmajor Funds – Capital Projects Funds

Sheriff's vehicles	\$ 68,854
Airport projects	<u>1,514,816</u>

Total \$ 1,583,670

Unassigned

Major Fund

General Fund	<u>\$ 25,453,843</u>
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Nonmajor Fund – Capital Projects Fund

General capital projects (deficit)	<u>\$ (263,768)</u>
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H. BUSINESS-TYPE ACTIVITIES NET POSITION

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

Business-type Activities

Net investment in capital assets

Land	\$ 3,540,905
Construction in progress	31,051,975
Other capital assets, net of depreciation	30,911,984
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(28,759,366)</u>
Total Net Investment in Capital Assets	<u>36,745,498</u>

Unrestricted 4,632,221

Total Business-type Activities Net Position \$ 41,377,719

ROCK COUNTY

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

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

I. RESTATEMENT OF NET POSITION

Net position has been restated to correct a clerical error in reported health insurance claims payable.

Governmental Activities Net Position – December 31, 2011 (as reported)	\$ 108,603,940
Less: Additional health claims payable	<u>(1,335,870)</u>
Net Position – December 31, 2011 (as restated)	<u>\$ 107,268,070</u>
The change in net position of the prior year would have been decreased by:	<u>\$ 281,069</u>
Internal Service Funds Net Position – December 31, 2011 (as reported)	\$ 14,130,171
Less: Additional health claims payable	<u>(1,335,870)</u>
Net Position – December 31, 2011 (as restated)	<u>\$ 12,794,301</u>
The change in net position of the prior year would have been decreased by:	<u>\$ 281,069</u>

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

ROCK COUNTY

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

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2012 are:

	<u>Employee</u>	<u>Employer</u>
General	5.9%	5.9%
Executives and Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for county employees covered by WRS for the year ended December 31, 2012 was \$54,972,255; the employer's total payroll was \$57,722,969. The total required contribution for the year ended December 31, 2012 was \$7,150,229 or 13 percent of covered payroll. Of this amount, 100 percent was contributed for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$7,014,205 and \$6,261,747, respectively, equal to the required contributions for each year.

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

Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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

The pension related debt for the county as of December 31, 2012 was \$-0-.

ROCK COUNTY

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

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT

Self Insurance

The county is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The county participates in a public entity risk pool called WMMIC to provide coverage for losses from theft of, damage to, or destruction of assets. However, other risks, such as worker's compensation and health care of employees, are accounted for and financed through self insurance activities recorded in the self insurance internal service fund.

The county has self funded insurance programs for health care and workers compensation. Claims are processed by an administrator on behalf of the county. A separate fund has been established into which deposits are made and actual claims are paid out. As a part of the plan a reinsurance policy has been purchased which picks up health claims in excess of \$135,000 per individual and worker's compensation claims in excess of \$400,000 per individual. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the county participate in the risk management program. Amounts payable to the 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. The excess of deposits over claims as of December 31, 2012 was \$7,145,226 and is reflected in an internal service fund in these statements. Total contributions to the program during the year were \$20,616,951.

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. Accounts payable include an amount for claims that have been incurred but not reported. The county does not allocate overhead costs or other nonincremental costs to the claims liability.

Public Entity Risk Pool

In 2007, Rock County became a member of the Wisconsin Municipal Mutual Insurance Company (WMMIC). WMMIC is a mutual company operating solely within the property and liability insurance industry. WMMIC was organized to provide liability insurance and risk management services to participant municipalities. The aggregate annual maximum coverage per municipality is \$15,000,000. At December 31, 2012, WMMIC was owned by seventeen municipalities. Responsibility for the operation and management of WMMIC is vested in its board of directors which is comprised of various municipal officials.

WMMIC was formed pursuant to an Intergovernmental Charter-Contract dated November 1, 1987 by municipal members. WMMICs initial capitalization was obtained by a \$13,935,000 tax exempt revenue bond issuance. The bonds were repaid in full in 2007.

ROCK COUNTY

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

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

WMMIC is self-insured for all insurance risks up to a maximum of \$15,000,000 of losses involving two or more of its members. WMMIC retains the first \$1,000,000 of the loss and the remaining \$14,000,000 is through reinsurance. Losses paid by WMMIC plus administrative costs will be recovered through premiums of the participating pool of municipalities. The county's share of such losses is 4.02%. A list of other members and their share of participation is in the WMMIC report. Financial statements of WMMIC are available from: Wisconsin Municipal Mutual Insurance Company, 4785 Hayes Road, Madison, WI 53704-7364.

The county's investment in WMMIC is reported on the statement of net position as a restricted asset in the amount of \$1,741,000.

Claims Liability

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims – Beginning of Year (as restated)	\$ 2,958,517	\$ 3,166,400
Current year claims and administration	20,823,668	20,471,503
Claims and administration payments	<u>(20,615,785)</u>	<u>(20,630,550)</u>
Unpaid Claims – End of Year (as restated)	<u>\$ 3,166,400</u>	<u>\$ 3,007,353</u>

C. COMMITMENTS AND CONTINGENCIES

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

The county has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

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

The county has encumbrances outstanding at year end, relating to the General Capital Projects fund of \$1,246,676.

ROCK COUNTY

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

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS

The county administers a single-employer defined benefit healthcare plan (“the Retiree Healthcare Benefit Program”). The plan provides health insurance contributions for eligible retirees and their spouses through the county’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive postemployment healthcare insurance at established contribution rates. The Retiree Health Plan does not issue a publicly available financial report.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the county and the union. For Deputy Sheriffs and Deputy Sheriff’s Supervisors, the county makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year until age 65. The county provides other employees access to the retiree healthcare benefits; however, these retirees must pay 100% of the premium. The premium for coverage prior to age 65 is the same as the active employee rate. There is a separate plan for members after age 65 that is fully insured through outside carriers that retirees may elect at that time. All post-65 retirees pay 100% of that premium for coverage. The county contributes 100% of the current year premiums for a family or single plan for eligible Deputy Sheriffs and Deputy Sheriff’s Supervisors, retired plan members, and their spouses. All other eligible retirees pay 100% of the current year premiums for a family or single plan. For fiscal year 2012, the county contributed \$1,203,000 to the plan. Administrative costs of the plan are financed through investment earnings.

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

Annual required contribution	\$ 2,455,300
Interest on net OPEB obligation	215,800
Adjustment to annual required contribution	<u>(190,600)</u>
Annual OPEB cost	2,480,500
Contributions made	<u>(1,203,000)</u>
Increase in Net OPEB Obligation	1,277,500
Net OPEB Obligation – Beginning of Year	<u>4,795,100</u>
Net OPEB Obligation – End of Year	<u>\$ 6,072,600</u>

ROCK COUNTY

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

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The county's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 2,480,500	49%	\$ 6,072,600
2011	2,375,200	46%	4,795,100
2010	2,059,400	50%	3,502,900

The most recent actuarial valuation date of the plan was as of January 1, 2011. The funded status of the plan as of December 31, 2012 was as follows:

Actuarial accrued liability (AAL)	\$ 27,541,500
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 27,541,500</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 52,705,900
UAAL as a percentage of covered payroll	52%

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

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

In the actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.5% investment rate of return and an annual healthcare cost trend of 9% initially, reduced by decrements of 0.5% to an ultimate rate of 4.5%. Both rates include a 3% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2012 was 30 years.

ROCK COUNTY

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

NOTE V – OTHER INFORMATION (cont.)

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

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

REQUIRED SUPPLEMENTARY INFORMATION

ROCK COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 31,235,231	\$31,235,231	\$32,265,499	\$ 1,030,268
Intergovernmental	10,025,045	10,026,045	9,835,791	(190,254)
Regulation and compliance	1,458,442	1,592,533	1,606,755	14,222
Public charges for services	3,308,556	3,325,299	3,267,716	(57,583)
Intergovernmental charges for services	1,229,918	1,146,988	1,593,241	446,253
Other	635,275	957,369	1,064,460	107,091
Total Revenues	<u>47,892,467</u>	<u>48,283,465</u>	<u>49,633,462</u>	<u>1,349,997</u>
EXPENDITURES				
Current				
General government	7,413,769	7,253,534	6,764,515	489,019
Public safety	32,214,897	32,711,073	31,799,441	911,632
Health and social services	6,697,358	6,693,748	6,502,278	191,470
Culture, recreation, and education	374,679	374,679	347,711	26,968
Conservation and development	1,346,764	1,367,410	1,222,212	145,198
Total Expenditures	<u>48,047,467</u>	<u>48,400,444</u>	<u>46,636,157</u>	<u>1,764,287</u>
Excess (deficiency) of revenues over expenditures	<u>(155,000)</u>	<u>(116,979)</u>	<u>2,997,305</u>	<u>3,114,284</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	155,000	486,158	4,224,726	3,738,568
Transfers out	-	(369,179)	(1,902,025)	(1,532,846)
Total Other Financing Sources (Uses)	<u>155,000</u>	<u>116,979</u>	<u>2,322,701</u>	<u>2,205,722</u>
Net change in fund balance	-	-	5,320,006	5,320,006
FUND BALANCE - Beginning of Year	<u>26,620,247</u>	<u>26,620,247</u>	<u>26,620,247</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 26,620,247</u>	<u>\$26,620,247</u>	<u>\$31,940,253</u>	<u>\$ 5,320,006</u>

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

ROCK COUNTY

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE HUMAN SERVICES FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Taxes	\$ 19,330,135	\$ 19,330,135	\$ 19,330,135	\$ -
Intergovernmental	29,702,856	30,299,480	30,454,995	155,515
Public charges for services	972,483	972,483	794,936	(177,547)
Intergovernmental charges for services	2,564,738	2,579,872	3,256,396	676,524
Other	8,000	122,711	157,569	34,858
Total Revenues	<u>52,578,212</u>	<u>53,304,681</u>	<u>53,994,031</u>	<u>689,350</u>
EXPENDITURES				
Current				
Health and social services	<u>52,578,212</u>	<u>53,810,621</u>	<u>51,609,683</u>	<u>2,200,938</u>
Total Expenditures	<u>52,578,212</u>	<u>53,810,621</u>	<u>51,609,683</u>	<u>2,200,938</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(505,940)</u>	<u>2,384,348</u>	<u>2,890,288</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	505,940	776,510	270,570
Transfers out	<u>-</u>	<u>-</u>	<u>(3,160,858)</u>	<u>(3,160,858)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>505,940</u>	<u>(2,384,348)</u>	<u>(2,890,288)</u>
Net change in fund balance	-	-	-	-
FUND BALANCE - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

ROCK COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 DD BOARD FUND
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,690,628	\$ 3,690,628	\$ 3,690,628	\$ -
Intergovernmental	20,564,375	20,564,375	20,382,935	(181,440)
Public charges for services	3,101,815	3,101,815	3,176,096	74,281
Intergovernmental charges for services	2,816,064	2,816,064	2,923,064	107,000
Total Revenues	30,172,882	30,172,882	30,172,723	(159)
EXPENDITURES				
Current				
Health and social services	30,172,882	30,172,882	29,406,357	766,525
Total Expenditures	30,172,882	30,172,882	29,406,357	766,525
Excess (deficiency) of revenues over expenditures	-	-	766,366	766,366
OTHER FINANCING USES				
Transfers out	-	-	(766,366)	(766,366)
Total Other Financing Uses	-	-	(766,366)	(766,366)
Net change in fund balance	-	-	-	-
FUND BALANCE - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

ROCK COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
For the Year Ended December 31, 2012

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age Normal Cost</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2011	\$ -	\$ 26,124,900	\$ 26,124,900	0%	\$ 51,071,600	51%
January 1, 2009	-	21,779,500	21,779,500	0%	51,631,500	42%
January 1, 2007	-	19,455,600	19,455,600	0%	44,373,800	44%

The most recent actuarial valuation date of the plan was as of January 1, 2011.

ROCK COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2012

BUDGETARY INFORMATION

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

Excess expenditures over appropriations are as follows:

	<u>Amended Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
Transfers out	\$ 369,179	\$ 1,902,025	\$ 1,532,846
<u>Human Services Fund</u>			
Transfers out	-	3,160,858	3,160,858
<u>DD Board Fund</u>			
Transfers out	-	766,366	766,366

SUPPLEMENTAL INFORMATION

ROCK COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2012

	Special Revenue Funds					
	Revolving Loans	Parks	Other Grants	Land Records	Veterans' Relief	Arrowhead Library System
ASSETS						
Cash and investments	\$ 51,301	\$ -	\$ 56,671	\$ -	\$ -	\$ 150
Taxes receivable	-	503,505	241,739	-	4,154	1,038,501
Accounts receivable	-	204	441,875	2,000	-	-
Loans receivable (net)	4,007,338	-	-	-	-	-
Due from other funds	1,199,631	35,317	773,192	318,241	2,168	333,283
Prepaid items	-	-	-	-	-	9,774
TOTAL ASSETS	<u>\$ 5,258,270</u>	<u>\$ 539,026</u>	<u>\$1,513,477</u>	<u>\$ 320,241</u>	<u>\$ 6,322</u>	<u>\$1,381,708</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 15,753	\$ 124,375	\$ 278	\$ -	\$ 13,424
Due to other funds	773,192	-	932,014	-	-	-
Deferred revenues	4,007,338	503,830	280,673	-	4,154	1,367,455
Total Liabilities	<u>4,780,530</u>	<u>519,583</u>	<u>1,337,062</u>	<u>278</u>	<u>4,154</u>	<u>1,380,879</u>
Fund Balances						
Nonspendable	-	-	-	-	-	829
Restricted	477,740	-	176,415	319,963	-	-
Committed	-	19,443	-	-	2,168	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total Fund Balances	<u>477,740</u>	<u>19,443</u>	<u>176,415</u>	<u>319,963</u>	<u>2,168</u>	<u>829</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,258,270</u>	<u>\$ 539,026</u>	<u>\$1,513,477</u>	<u>\$ 320,241</u>	<u>\$ 6,322</u>	<u>\$1,381,708</u>

Special Revenue Funds				Debt Service Fund	Capital Project Funds			Totals
County Bridge Aid	Other Activities	Other Special Revenue Funds	Income Maintenance Consortium	Debt Service	General Capital Projects	Sheriff's Vehicles	Airport Projects	
\$ -	\$ -	\$ 1,309,578	\$ -	\$ -	\$ 541,626	\$ -	\$ -	\$ 1,959,326
50,000	-	52,736	5,000	4,617,989	-	-	-	6,513,624
-	10,438	3,285	-	-	18,423	-	-	476,225
-	-	-	-	-	-	-	-	4,007,338
66,883	550,346	153,506	273,543	133,539	1,155,612	68,854	1,514,816	6,578,931
-	-	-	136	-	-	-	-	9,910
<u>\$ 116,883</u>	<u>\$ 560,784</u>	<u>\$ 1,519,105</u>	<u>\$ 278,679</u>	<u>\$ 4,751,528</u>	<u>\$ 1,715,661</u>	<u>\$ 68,854</u>	<u>\$ 1,514,816</u>	<u>\$ 19,545,354</u>
\$ -	\$ -	\$ 10,365	\$ 273,679	\$ -	\$ 482,719	\$ -	\$ -	\$ 920,593
-	-	-	-	-	1,496,710	-	-	3,201,916
50,000	-	79,588	5,000	4,617,989	-	-	-	10,916,027
50,000	-	89,953	278,679	4,617,989	1,979,429	-	-	15,038,536
-	-	-	-	-	-	-	-	829
66,883	560,784	1,261,081	-	133,539	-	-	-	2,996,405
-	-	168,071	-	-	-	-	-	189,682
-	-	-	-	-	-	68,854	1,514,816	1,583,670
-	-	-	-	-	(263,768)	-	-	(263,768)
66,883	560,784	1,429,152	-	133,539	(263,768)	68,854	1,514,816	4,506,818
<u>\$ 116,883</u>	<u>\$ 560,784</u>	<u>\$ 1,519,105</u>	<u>\$ 278,679</u>	<u>\$ 4,751,528</u>	<u>\$ 1,715,661</u>	<u>\$ 68,854</u>	<u>\$ 1,514,816</u>	<u>\$ 19,545,354</u>

ROCK COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	Special Revenue Funds					
	Revolving Loans	Parks	Other Grants	Land Records	Veterans' Relief	Arrowhead Library System
REVENUES						
Taxes	\$ -	\$ 480,695	\$ 235,387	\$ -	\$ 3,746	\$ 1,069,793
Intergovernmental	-	76,438	3,080,097	-	-	470,628
Public charges for services	135,803	34,739	231,932	342,247	-	9,809
Intergovernmental charges for services	-	-	99,662	-	-	170,259
Other	3,680	5,402	145,084	4,641	-	2,076
Total Revenues	<u>139,483</u>	<u>597,274</u>	<u>3,792,162</u>	<u>346,888</u>	<u>3,746</u>	<u>1,722,565</u>
EXPENDITURES						
Current						
General government	-	-	-	279,174	-	-
Public safety	-	-	755,382	-	-	-
Health and social services	-	-	2,858,437	-	3,881	-
Public works	-	-	-	-	-	-
Culture, recreation, and education	-	683,120	-	-	-	1,727,045
Conservation and development	76,266	-	154,170	37,495	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>76,266</u>	<u>683,120</u>	<u>3,767,989</u>	<u>316,669</u>	<u>3,881</u>	<u>1,727,045</u>
Excess (deficiency) of revenues over expenditures	<u>63,217</u>	<u>(85,846)</u>	<u>24,173</u>	<u>30,219</u>	<u>(135)</u>	<u>(4,480)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	104,273	93,609	-	-	-
Transfers out	-	-	(23,911)	-	-	(13,250)
Total Other Financing Sources (Uses)	<u>-</u>	<u>104,273</u>	<u>69,698</u>	<u>-</u>	<u>-</u>	<u>(13,250)</u>
Net changes in fund balance	63,217	18,427	93,871	30,219	(135)	(17,730)
FUND BALANCES - Beginning of Year	<u>414,523</u>	<u>1,016</u>	<u>82,544</u>	<u>289,744</u>	<u>2,303</u>	<u>18,559</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 477,740</u>	<u>\$ 19,443</u>	<u>\$ 176,415</u>	<u>\$ 319,963</u>	<u>\$ 2,168</u>	<u>\$ 829</u>

Special Revenue Funds				Debt Service Fund	Capital Project Funds			Totals
County Bridge Aid	Other Activities	Other Special Revenue Funds	Income Maintenance Consortium	Debt Service	General Capital Projects	Sheriff's Vehicles	Airport Projects	
\$ 45,000	\$ -	\$ 72,590	\$ -	\$ 3,354,916	\$ 214,000	\$ -	\$ -	\$ 5,476,127
-	-	6,800	2,380,648	81,717	6,623	-	-	6,102,951
-	-	3,312	-	-	-	-	-	757,842
-	-	256,292	-	-	-	-	-	526,213
-	320,669	90,421	-	-	411,362	-	-	983,335
<u>45,000</u>	<u>320,669</u>	<u>429,415</u>	<u>2,380,648</u>	<u>3,436,633</u>	<u>631,985</u>	<u>-</u>	<u>-</u>	<u>13,846,468</u>
-	209,039	10,018	-	-	-	-	-	498,231
-	-	36,931	-	-	-	-	-	792,313
-	-	-	2,380,648	-	-	-	-	5,242,966
20,385	-	-	-	-	-	-	-	20,385
-	-	-	-	-	-	-	-	2,410,165
-	-	184,410	-	-	-	-	-	452,341
-	-	-	-	-	2,504,488	288,755	31,800	2,825,043
-	-	-	-	3,063,799	-	-	-	3,063,799
-	-	-	-	485,443	-	-	-	485,443
<u>20,385</u>	<u>209,039</u>	<u>231,359</u>	<u>2,380,648</u>	<u>3,549,242</u>	<u>2,504,488</u>	<u>288,755</u>	<u>31,800</u>	<u>15,790,686</u>
<u>24,615</u>	<u>111,630</u>	<u>198,056</u>	<u>-</u>	<u>(112,609)</u>	<u>(1,872,503)</u>	<u>(288,755)</u>	<u>(31,800)</u>	<u>(1,944,218)</u>
-	253,260	-	-	-	1,083,915	250,000	-	1,785,057
(86,400)	(391,376)	(311,623)	-	-	(2,646,379)	-	-	(3,472,939)
(86,400)	(138,116)	(311,623)	-	-	(1,562,464)	250,000	-	(1,687,882)
(61,785)	(26,486)	(113,567)	-	(112,609)	(3,434,967)	(38,755)	(31,800)	(3,632,100)
<u>128,668</u>	<u>587,270</u>	<u>1,542,719</u>	<u>-</u>	<u>246,148</u>	<u>3,171,199</u>	<u>107,609</u>	<u>1,546,616</u>	<u>8,138,918</u>
<u>\$ 66,883</u>	<u>\$ 560,784</u>	<u>\$ 1,429,152</u>	<u>\$ -</u>	<u>\$ 133,539</u>	<u>\$ (263,768)</u>	<u>\$ 68,854</u>	<u>\$ 1,514,816</u>	<u>\$ 4,506,818</u>

ROCK COUNTY

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2012

	<u>Motor Pool</u>	<u>Information Technology</u>
ASSETS		
Current Assets		
Cash and investments	\$ -	\$ -
Taxes receivable	-	1,201,256
Accounts receivable	-	23,635
Due from other funds	-	2,670,041
Prepays	-	-
Total Current Assets	<u>-</u>	<u>3,894,932</u>
Noncurrent Assets		
Restricted Asset		
Deposit with Wisconsin Mutual Insurance Company	<u>-</u>	<u>-</u>
Capital Assets		
Land	-	-
Capital assets	680,774	5,390,309
Less: Accumulated depreciation	(355,124)	(4,125,895)
Construction work in progress	<u>25,478</u>	<u>-</u>
Net Capital Assets	<u>351,128</u>	<u>1,264,414</u>
Total Assets	<u>351,128</u>	<u>5,159,346</u>
LIABILITIES		
Current Liabilities		
Accounts payable	25,479	155,950
Accrued liabilities	-	-
Accrued vacation and comp time	-	183,151
Due to other funds	70,024	-
Unearned revenues	-	1,210,187
Current portion of capital lease	-	-
Current portion of debt	-	62,852
Total Current Liabilities	<u>95,503</u>	<u>1,612,140</u>
Long-Term Debt Net of Current Maturities		
General obligation debt	-	466,783
Capital lease	-	-
Accrued sick leave	<u>-</u>	<u>139,389</u>
Total Non-Current Liabilities	<u>-</u>	<u>606,172</u>
Total Liabilities	<u>95,503</u>	<u>2,218,312</u>
NET POSITION		
Net investment in capital assets	351,128	734,779
Unrestricted (deficit)	<u>(95,503)</u>	<u>2,206,255</u>
TOTAL NET POSITION	<u>\$ 255,625</u>	<u>\$ 2,941,034</u>

Health Care Center Building Complex	Self Insurance	Totals
\$ -	\$ 66,717	\$ 66,717
487,884	-	1,689,140
684	422,539	446,858
1,933,741	7,804,477	12,408,259
-	117,846	117,846
<u>2,422,309</u>	<u>8,411,579</u>	<u>14,728,820</u>
-	1,741,000	1,741,000
20,724	-	20,724
13,643,553	-	19,714,636
(11,986,254)	-	(16,467,273)
46,380	-	71,858
<u>1,724,403</u>	<u>-</u>	<u>3,339,945</u>
<u>4,146,712</u>	<u>10,152,579</u>	<u>19,809,765</u>
56,559	3,007,353	3,245,341
24,500	-	24,500
26,730	-	209,881
-	-	70,024
487,884	-	1,698,071
104,238	-	104,238
-	-	62,852
<u>699,911</u>	<u>3,007,353</u>	<u>5,414,907</u>
-	-	466,783
281,040	-	281,040
35,980	-	175,369
<u>317,020</u>	<u>-</u>	<u>923,192</u>
<u>1,016,931</u>	<u>3,007,353</u>	<u>6,338,099</u>
1,339,125	-	2,425,032
<u>1,790,656</u>	<u>7,145,226</u>	<u>11,046,634</u>
<u>\$ 3,129,781</u>	<u>\$ 7,145,226</u>	<u>\$ 13,471,666</u>

ROCK COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

	<u>Motor Pool</u>	<u>Information Technology</u>
OPERATING REVENUES		
Charges for services	\$ 221,633	\$ 2,807,346
Total Operating Revenues	<u>221,633</u>	<u>2,807,346</u>
OPERATING EXPENSES		
Operation and maintenance	153,404	3,824,485
Depreciation	<u>82,334</u>	<u>464,010</u>
Total Operating Expenses	<u>235,738</u>	<u>4,288,495</u>
Operating Loss	<u>(14,105)</u>	<u>(1,481,149)</u>
NONOPERATING REVENUES (EXPENSES)		
Property taxes	-	1,156,470
Other taxes	-	875,000
Gain on sale of assets	3,932	-
Interest expense	<u>-</u>	<u>(13,539)</u>
Total Nonoperating Revenues (Expenses)	<u>3,932</u>	<u>2,017,931</u>
Increase (Decrease) Before Transfers	<u>(10,173)</u>	<u>536,782</u>
Transfers in	-	28,127
Transfers out	<u>-</u>	<u>-</u>
Total Transfers	<u>-</u>	<u>28,127</u>
Increase (Decrease) in Net Position	(10,173)	564,909
NET POSITION - Beginning of Year (as restated)	<u>265,798</u>	<u>2,376,125</u>
NET POSITION - END OF YEAR	<u>\$ 255,625</u>	<u>\$ 2,941,034</u>

Health Care Center Building Complex	Self Insurance	Totals
<u>\$ 1,208,246</u>	<u>\$ 20,616,951</u>	<u>\$ 24,854,176</u>
<u>1,208,246</u>	<u>20,616,951</u>	<u>24,854,176</u>
1,123,327	20,630,550	25,731,766
<u>369,157</u>	<u>-</u>	<u>915,501</u>
<u>1,492,484</u>	<u>20,630,550</u>	<u>26,647,267</u>
<u>(284,238)</u>	<u>(13,599)</u>	<u>(1,793,091)</u>
382,466	-	1,538,936
43,000	-	918,000
-	-	3,932
<u>-</u>	<u>-</u>	<u>(13,539)</u>
<u>425,466</u>	<u>-</u>	<u>2,447,329</u>
<u>141,228</u>	<u>(13,599)</u>	<u>654,238</u>
-	-	28,127
<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
<u>-</u>	<u>(5,000)</u>	<u>23,127</u>
141,228	(18,599)	677,365
<u>2,988,553</u>	<u>7,163,825</u>	<u>12,794,301</u>
<u>\$ 3,129,781</u>	<u>\$ 7,145,226</u>	<u>\$ 13,471,666</u>

ROCK COUNTY

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2012

	Motor Pool	Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 221,633	\$ 2,301,313
Cash paid to suppliers and employees for goods and services	(153,404)	(3,976,202)
Net Cash Flows From Operating Activities	68,229	(1,674,889)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
General property taxes	-	1,165,401
Other taxes	-	875,000
Transfers in (out)	-	28,127
Net Cash Flows From Non-Capital Financing Activities	-	2,068,528
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt principal paid	-	(66,106)
Capital lease principal paid	-	-
Interest paid	-	(13,539)
Sales of capital assets	6,300	-
Acquisition and construction of capital assets	(74,529)	(313,994)
Net Cash Flows From Capital and Related Financing Activities	(68,229)	(393,639)
Net Change in Cash and Cash Equivalents	-	-
CASH AND CASH EQUIVALENTS - Beginning of Year	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -	\$ -

Health Care Center Building Complex	Self Insurance	Totals
\$ 790,148	\$ 20,894,999	\$ 24,208,093
<u>(1,101,849)</u>	<u>(20,907,443)</u>	<u>(26,138,898)</u>
<u>(311,701)</u>	<u>(12,444)</u>	<u>(1,930,805)</u>
382,466	-	1,547,867
43,000	-	918,000
<u>-</u>	<u>(5,000)</u>	<u>23,127</u>
<u>425,466</u>	<u>(5,000)</u>	<u>2,488,994</u>
-	-	(66,106)
(101,789)	-	(101,789)
-	-	(13,539)
-	-	6,300
<u>(11,976)</u>	<u>-</u>	<u>(400,499)</u>
<u>(113,765)</u>	<u>-</u>	<u>(575,633)</u>
-	(17,444)	(17,444)
<u>-</u>	<u>84,161</u>	<u>84,161</u>
<u>\$ -</u>	<u>\$ 66,717</u>	<u>\$ 66,717</u>

ROCK COUNTY

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2012

	<u>Motor Pool</u>	<u>Information Technology</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (14,105)	\$ (1,481,149)
Adjustments to reconcile operating loss to net cash flows from operating activities		
Noncash items included in operating loss		
Depreciation	82,334	464,010
Change in Assets and Liabilities		
Accounts receivable	-	(20,879)
Due from other funds	-	(485,154)
Prepaid items	-	-
Accounts payable	-	(159,591)
Other current liabilities	-	7,874
Unearned revenues	-	-
	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 68,229</u>	<u>\$ (1,674,889)</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Additions to capital assets funded by governmental activities	<u>\$ -</u>	<u>\$ -</u>

Health Care Center Building Complex	Self Insurance	Totals
\$ (284,238)	\$ (13,599)	\$ (1,793,091)
369,157	-	915,501
29	(46,659)	(67,509)
(418,127)	325,066	(578,215)
-	(117,846)	(117,846)
-	(159,047)	(318,638)
21,478	-	29,352
-	(359)	(359)
<u>\$ (311,701)</u>	<u>\$ (12,444)</u>	<u>\$ (1,930,805)</u>
<u>\$ 36,657</u>	<u>\$ -</u>	<u>\$ 36,657</u>