

ROCK COUNTY

Janesville, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2011

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

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, 2011, which collectively comprise the county's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the county's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

To the County Board of Supervisors
Rock County

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of funding progress, and schedule of employer contributions 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 the financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 16, 2012

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) December 31, 2011

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 2011 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 Assets 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 Assets (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals		Difference
	2010	2011	2010	2011	2010	2011	
Current and other assets	\$ 116.5	\$ 117.0	\$ 19.6	\$ 39.7	\$ 136.1	\$ 156.7	\$ 20.6
Capital assets	81.7	85.8	35.3	40.3	117.0	126.1	9.1
Total Assets	<u>\$ 198.2</u>	<u>\$ 202.8</u>	<u>\$ 54.9</u>	<u>\$ 80.0</u>	<u>\$ 253.1</u>	<u>\$ 282.8</u>	<u>\$ 29.7</u>
Current liabilities	\$ 74.2	\$ 74.2	\$ 12.1	\$ 13.4	\$ 86.3	\$ 87.6	\$ 1.3
Long-term liabilities	18.5	20.0	2.3	25.6	20.8	45.6	24.8
Total Liabilities	<u>\$ 92.7</u>	<u>\$ 94.2</u>	<u>\$ 14.4</u>	<u>\$ 39.0</u>	<u>\$ 107.1</u>	<u>\$ 133.2</u>	<u>\$ 26.1</u>
NET ASSETS							
Invested in Capital Assets, net of related debt	\$ 68.7	\$ 73.2	\$ 35.2	\$ 36.2	\$ 102.3	\$ 109.4	\$ 7.1
Restricted	6.2	2.9	-	-	6.2	2.9	(3.3)
Unrestricted	<u>30.6</u>	<u>32.5</u>	<u>5.3</u>	<u>4.7</u>	<u>37.4</u>	<u>37.2</u>	<u>(.2)</u>
Total Net Assets	<u>\$ 105.5</u>	<u>\$ 108.6</u>	<u>\$ 40.5</u>	<u>\$ 41.0</u>	<u>\$ 146.0</u>	<u>\$ 149.6</u>	<u>\$ 3.6</u>

NOTE: Totals may not foot due to rounding.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) December 31, 2011

CONDENSED FINANCIAL INFORMATION (cont.)

Changes In Net Assets (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals		Difference
	2010	2011	2010	2011	2010	2011	
Revenues							
Program Revenues							
Charges for services	\$ 18.2	\$ 18.8	\$ 15.6	\$ 15.4	\$ 33.8	\$ 34.2	\$ 0.4
Grants and contributions	56.7	59.2	3.6	4.1	60.3	63.3	3.0
General Revenues							
Property taxes	47.9	49.5	9.4	9.4	57.3	58.9	1.6
Intergovernmental	7.8	7.7	-	1.3	7.8	9.0	1.2
Other	12.1	12.9	1.5	-	13.6	12.9	(0.7)
Total Revenues	<u>142.7</u>	<u>148.1</u>	<u>30.1</u>	<u>30.2</u>	<u>172.8</u>	<u>178.3</u>	<u>5.5</u>
Expenses							
General government	8.6	9.1	-	-	8.6	9.1	0.5
Public safety	34.4	36.2	-	-	34.4	36.2	1.8
Health and Social Services	87.4	92.0	-	-	87.4	92.0	4.6
Public works	1.6	0.8	-	-	1.6	0.8	(0.8)
Culture, recreation, and education	3.8	3.8	-	-	3.8	3.8	-
Conservation and Development	2.0	3.2	-	-	2.0	3.2	1.2
Interest and fiscal charges	0.6	0.6	-	-	0.6	0.6	-
Rock Haven	-	-	17.1	17.1	17.1	17.1	-
Airport	-	-	1.9	2.0	1.9	2.0	0.1
Highway	-	-	9.8	10.0	9.8	10.0	0.2
Total Expenses	<u>138.4</u>	<u>145.7</u>	<u>28.8</u>	<u>29.1</u>	<u>167.2</u>	<u>174.8</u>	<u>7.6</u>
Excess (Deficiency) Before Transfers	4.3	2.4	1.2	1.2	5.6	3.6	(2.0)
Transfers	(2.4)	0.7	(2.4)	(0.7)	-	-	-
Increase (Decrease) in Net Assets	2.0	3.1	3.6	0.5	5.6	3.6	(2.0)
Net Assets - Beginning of Year	<u>103.5</u>	<u>105.5</u>	<u>36.9</u>	<u>40.5</u>	<u>140.4</u>	<u>146.0</u>	<u>5.6</u>
Net Assets - End of Year	<u>\$ 105.5</u>	<u>\$ 108.6</u>	<u>\$ 40.5</u>	<u>\$ 41.0</u>	<u>\$ 146.0</u>	<u>\$ 149.6</u>	<u>\$ 3.6</u>

NOTE: Totals may not foot due to rounding.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) December 31, 2011

NET ASSETS AND FUND BALANCE ANALYSIS

NET ASSETS

The county's net assets increased \$3.6 million as a result of operations for 2011. The governmental activities net assets increased by \$3.1 million and the business-type activities net assets increased by \$.5 million. Rock Haven, the county's nursing home, had an increase in net assets of \$450,814 due to total revenues, including the property tax subsidy, exceeding expenditures. The Airport had a decrease in net assets of \$541,435 as no new capital projects were completed in 2011 that exceeded the \$1.18 million in depreciation expense recorded for capital projects. The Highway had an increase in net assets of \$595,015 million. The county's internal service funds (primarily the insurance fund) had a \$11,283 decrease in net assets.

GOVERNMENTAL FUNDS

At December 31, 2011 the county governmental funds had combined ending fund balances of \$34,759,165, an increase of \$1,011,829 or 3% more than the prior year balances.

GENERAL FUND

The General Fund's unassigned Fund Balance had an increase of \$2,899,936 or approximately 17% from the prior period to \$19,865,358. The General Fund balance, plus the fund balances in the Special Revenue Funds (\$3,067,346) and Enterprise Funds' Working Capital (\$4,091,751), is approximately 16.4% of the reported General, Special Revenue and Enterprise Fund expenditures/expenses (\$164,545,575). This is within the 10% to 17% 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) December 31, 2011

NET ASSETS AND FUND BALANCE ANALYSIS (cont.)

SPECIAL REVENUE FUNDS

The Human Services Department is included in the financial statements as a Special Revenue Fund. Any unreserved budgetary appropriations remaining at the end of the fiscal year lapse to the General Fund. For 2011, \$2,142,287 from the Human Services Department'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 \$107,223 or 3.4% 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 \$13,359 or 5.1% to \$246,148 from December 31, 2010 to December 31, 2011.

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 \$2,448,934 from the prior period to \$4,825,424 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, 2011, Rock Haven's net assets increased by \$450,814 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 assets decreased by \$541,435 in 2011 to \$21,678,311 as no new capital projects were completed in 2011. The Airport's non-cash expenses included \$1,178,305 in depreciation charges.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) December 31, 2011

NET ASSETS 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 assets increased by \$595,015 to \$12,143,708.

GENERAL FUND BUDGET VARIATIONS

As detailed in the Budgetary Comparison schedule on Page 54, the results of operations for 2011 resulted in a net change in the general fund balance of \$3,581,345.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2011 the county had \$126.1 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:

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) December 31, 2011

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

CAPITAL ASSETS (cont.)

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

	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
Land	\$ 2.5	\$ 2.5	\$ 2.9	\$ 3.5	\$ 5.4	\$ 6.0
Land improvements	0.3	0.3	19.7	18.7	20.0	19.0
Buildings	37.3	34.9	3.7	3.7	41.0	38.6
Machinery and equipment	3.6	3.7	7.9	9.6	11.5	13.3
Infrastructure	28.4	29.7	0.0	0	28.4	29.7
Construction in progress	9.5	14.7	1.1	4.8	10.6	19.5
Totals	\$ 81.6	\$ 85.8	\$ 35.3	\$ 40.3	\$ 116.9	\$ 126.1

DEBT ADMINISTRATION

The county issued \$4,500,000 in general obligation promissory notes dated October 4, 2011, to fund various capital improvements included in the 2011 budget. The county also issued \$22,000,000 in general obligation bonds for the new Rock Haven project.

At year-end the county had \$39,475,000 in general obligation promissory notes and bonds outstanding versus \$16,040,000 the prior year, an increase of \$23,435,000 due mainly to the new Rock Haven project:

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

	Governmental Activities		Business-type Activities		Totals	
	2010	2011	2010	2011	2010	2011
General Obligation Notes	\$ 15.2	\$ 15.8	\$ 0.8	\$ 23.6	\$ 16.0	\$ 39.4

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 2011 was \$9,861,961,100 resulting in a statutory debt limit of \$493,098,055. The county's debt as of December 31, 2011 of \$39.4 million is 8.0% of the county's legal debt capacity.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) December 31, 2011

OTHER POST EMPLOYMENT BENEFITS

The county had an actuarial valuation report issued by Gabriel, Roeder Smith and Company as of January 1, 2009 as required by GASB Statement 45. As detailed in Footnote V. D. [pages 51- 52] the county had an unfunded actuarial accrued liability of \$26,124,900 and a net OPEB obligation of \$4,795,100 at December 31, 2011. The county currently does not pre-fund retiree healthcare benefits during an employee's working career.

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 was \$59,058,427 as adjusted for operations not 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 2012 budget includes \$9.7 million from this revenue source. Of this amount, \$2.2 million is earmarked for capital projects and \$7.5 million is budgeted to offset the 2011 property taxes for the 2012 operating budget.

The 2012 budget results in a net decrease of 13.3 full-time equivalent [FTE] positions. The 2012 personnel roster includes 1,158.65 FTE, which is a reduction of 280.55 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 ASSETS

As of December 31, 2011

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 52,619,990	\$ 1,368	\$ 52,621,358
Restricted cash and investments	-	20,266,827	20,266,827
Taxes receivable	51,384,565	8,788,655	60,173,220
Delinquent taxes receivable	9,411,123	-	9,411,123
Accounts receivable	5,596,872	1,877,166	7,474,038
Due from other governments	-	1,471,127	1,471,127
Loans receivable (net)	3,957,344	-	3,957,344
Internal balances	(6,394,927)	6,394,927	-
Advances to/from other funds	157,135	(157,135)	-
Inventories	27,115	1,067,542	1,094,657
Prepaid items	195,671	676	196,347
Capital Assets			
Land	4,946,051	3,553,465	8,499,516
Construction in progress	14,686,829	4,774,544	19,461,373
Other capital assets, net of depreciation	66,211,899	31,964,644	98,176,543
Total Assets	<u>202,799,667</u>	<u>80,003,806</u>	<u>282,803,473</u>
LIABILITIES			
Accounts payable	8,220,222	2,697,641	10,917,863
Accrued liabilities	4,278,529	601,144	4,879,673
Due to other governments	2,909,384	-	2,909,384
Unearned revenues	52,083,100	8,797,415	60,880,515
Noncurrent Liabilities			
Due within one year	6,685,161	1,349,363	8,034,524
Due in more than one year	20,019,331	25,605,106	45,624,437
Total Liabilities	<u>94,195,727</u>	<u>39,050,669</u>	<u>133,246,396</u>
NET ASSETS			
Invested in capital assets, net of related debt	73,186,449	36,233,821	106,950,985
Restricted for debt service	87,716	-	87,716
Restricted for grants	497,067	-	497,067
Restricted for land records	289,744	-	289,744
Restricted for library	13,936	-	13,936
Restricted for bridge aid	128,668	-	128,668
Restricted for ATC projects	1,307,752	-	1,307,752
Restricted for other activities	587,270	-	587,270
Unrestricted	<u>32,505,338</u>	<u>4,719,316</u>	<u>39,693,939</u>
TOTAL NET ASSETS	<u>\$ 108,603,940</u>	<u>\$ 40,953,137</u>	<u>\$ 149,557,077</u>

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

Functions	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities							
General government	\$ 9,093,309	\$ 2,780,403	\$ 777,331	\$ -	\$ (5,535,575)	\$ -	\$ (5,535,575)
Public safety	36,232,536	3,600,412	2,652,394	-	(29,979,730)	-	(29,979,730)
Health and social services	91,890,305	11,817,490	53,279,858	-	(26,792,957)	-	(26,792,957)
Public works	773,126	27,739	53,827	62,729	(628,831)	-	(628,831)
Culture, recreation and education	3,841,071	45,422	587,301	3,954	(3,204,394)	-	(3,204,394)
Conservation and development	3,234,723	504,650	1,201,904	494,195	(1,033,974)	-	(1,033,974)
Interest and fiscal charges	601,422	-	100,182	-	(501,240)	-	(501,240)
Total Governmental Activities	<u>145,666,492</u>	<u>18,776,116</u>	<u>58,652,797</u>	<u>560,878</u>	<u>(67,676,701)</u>	<u>-</u>	<u>(67,676,701)</u>
Business-type Activities							
Health care center	17,141,979	9,876,942	1,278,500	-	-	(5,986,537)	(5,986,537)
Airport	1,945,345	363,157	-	569,428	-	(1,012,760)	(1,012,760)
Highway	9,978,898	5,170,023	2,264,186	-	-	(2,544,689)	(2,544,689)
Total Business-type Activities	<u>29,066,222</u>	<u>15,410,122</u>	<u>3,542,686</u>	<u>569,428</u>	<u>-</u>	<u>(9,543,986)</u>	<u>(9,543,986)</u>
Totals	<u>\$ 174,732,714</u>	<u>\$ 34,186,238</u>	<u>\$ 62,195,483</u>	<u>\$ 1,130,306</u>	<u>(67,676,701)</u>	<u>(9,543,986)</u>	<u>(77,220,687)</u>
General Revenues							
Taxes							
Property taxes					49,568,587	9,363,982	58,932,569
Sales taxes					8,694,873	1,331,876	10,026,749
Other taxes					53,667	-	53,667
Interest on taxes					2,048,582	-	2,048,582
Intergovernmental revenues not restricted to specific programs					7,672,035	-	7,672,035
Investment income					603,770	-	603,770
Miscellaneous					1,471,916	-	1,471,916
Transfers					670,878	(670,878)	-
Total General Revenues and Transfers					<u>70,784,308</u>	<u>10,024,980</u>	<u>80,809,288</u>
Change in Net Assets					<u>3,107,607</u>	<u>480,994</u>	<u>3,588,601</u>
NET ASSETS - Beginning of Year					<u>105,496,333</u>	<u>40,472,143</u>	<u>145,968,476</u>
NET ASSETS - END OF YEAR					<u>\$ 108,603,940</u>	<u>\$ 40,953,137</u>	<u>\$ 149,557,077</u>

See accompanying notes to financial statements.

ROCK COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2011

	General Fund	Human Services	DD Board	General Capital Projects	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and investments	\$ 47,618,127	\$ 57,264	\$ -	\$ 1,645,204	\$ 1,474,234	\$ 50,794,829
Receivables						
Taxes	21,286,393	19,260,135	3,690,628	-	5,990,939	50,228,095
Delinquent taxes	9,411,123	-	-	-	-	9,411,123
Accounts	2,018,270	1,669,323	1,202,883	10,058	317,702	5,218,236
Loans (net)	-	-	-	-	3,957,344	3,957,344
Due from other funds	3,960,998	970,835	568,790	5,259,181	5,459,868	16,219,672
Inventories	27,115	-	-	-	-	27,115
Prepaid items	180,243	10,805	-	-	4,623	195,671
Advances to other funds	157,135	-	-	-	-	157,135
TOTAL ASSETS	\$ 84,659,404	\$ 21,968,362	\$ 5,462,301	\$ 6,914,443	\$ 17,204,710	\$ 136,209,220

	General Fund	Human Services	DD Board	General Capital Projects	Nonmajor Governmental Funds	Totals
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 1,228,905	\$ 2,224,959	\$ 1,771,673	\$ 556,805	\$ 291,809	\$ 6,074,151
Accrued liabilities	4,104,994	15,103	-	-	-	4,120,097
Due to other governments	2,641,074	268,310	-	-	-	2,909,384
Due to other funds	27,406,741	-	-	3,186,439	1,558,245	32,151,425
Deferred revenues	22,657,443	19,459,990	3,690,628	-	10,386,937	56,194,998
Total Liabilities	58,039,157	21,968,362	5,462,301	3,743,244	12,236,991	101,450,055
Fund Balances						
Nonspendable	5,017,466	-	-	-	4,623	5,022,089
Restricted	-	-	-	-	3,070,585	3,070,585
Committed	-	-	-	-	238,286	238,286
Assigned	1,737,423	-	-	3,171,199	1,654,225	6,562,847
Unassigned	19,865,358	-	-	-	-	19,865,358
Total Fund Balances	26,620,247	-	-	3,171,199	4,967,719	34,759,165
TOTAL LIABILITIES AND FUND BALANCES	\$ 84,659,404	\$ 21,968,362	\$ 5,462,301	\$ 6,914,443	\$ 17,204,710	

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

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds (Note II.A.).	84,097,569
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	5,268,727
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.).	(25,952,517)
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.	10,430,996
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	\$ 108,603,940

ROCK COUNTY

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

	General	Human Services	DD Board	General Capital Projects	Nonmajor Governmental Funds	Totals
REVENUES						
Taxes	\$ 29,920,594	\$ 19,813,485	\$ 3,491,655	\$ 591,905	\$ 5,280,195	\$ 59,097,834
Intergovernmental	11,550,228	31,084,340	19,147,852	176,400	5,266,795	67,225,615
Regulation and compliance	1,313,299	-	-	-	-	1,313,299
Public charges for services	3,112,499	810,627	3,202,233	-	928,360	8,053,719
Intergovernmental charges for services	1,320,126	2,549,501	3,113,915	-	601,967	7,585,509
Other	1,508,004	150,941	-	449,824	343,653	2,452,422
Total Revenues	<u>48,724,750</u>	<u>54,408,894</u>	<u>28,955,655</u>	<u>1,218,129</u>	<u>12,420,970</u>	<u>145,728,398</u>
EXPENDITURES						
Current						
General government	7,344,526	-	-	-	370,815	7,715,341
Public safety	31,950,931	-	-	-	699,172	32,650,103
Health and social services	6,657,595	52,266,607	28,631,313	-	3,585,048	91,140,563
Public works	-	-	-	-	17,091	17,091
Culture, recreation, and education	369,851	-	-	-	2,409,318	2,779,169
Conservation and development	1,434,945	-	-	-	1,456,771	2,891,716
Capital Outlay	-	-	-	6,148,448	285,983	6,434,431
Debt Service	-	-	-	-	-	-
Principal retirement	-	-	-	-	2,979,414	2,979,414
Interest and fiscal charges	-	-	-	57,693	562,831	620,524
Total Expenditures	<u>47,757,848</u>	<u>52,266,607</u>	<u>28,631,313</u>	<u>6,206,141</u>	<u>12,366,443</u>	<u>147,228,352</u>

ROCK COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (cont.) For the Year Ended December 31, 2011

	General	Human Services	DD Board	General Capital Projects	Nonmajor Governmental Funds	Totals
Excess (deficiency) of revenues over expenditures	\$ 966,902	\$ 2,142,287	\$ 324,342	\$ (4,988,012)	\$ 54,527	\$ (1,499,954)
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	-	-	-	2,146,984	1,097,200	3,244,184
Premium on debt issued	-	-	-	58,919	-	58,919
Transfers in	2,887,999	-	-	497,727	660,401	4,046,127
Transfers out	(273,556)	(2,142,287)	(324,342)	(1,225,769)	(871,493)	(4,837,447)
Total Other Financing Sources (Uses)	2,614,443	(2,142,287)	(324,342)	1,477,861	886,108	2,511,783
Net Change in Fund Balances	3,581,345	-	-	(3,510,151)	940,635	1,011,829
FUND BALANCES - Beginning of Year	23,038,902	-	-	6,681,350	4,027,084	33,747,336
FUND BALANCES - END OF YEAR	\$ 26,620,247	\$ -	\$ -	\$ 3,171,199	\$ 4,967,719	\$ 34,759,165

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, 2011

Net change in fund balances - total governmental funds	\$ 1,011,829
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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 assets 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	6,434,431
Some items reported as capital outlay were not capitalized	(519,200)
Some items capitalized were reported as operating expenditures in the fund financial statements but are capitalized in the government-wide financial statements	327,081
Some items capitalized were contributed by others	62,729
Some items capitalized were paid for by business type activities	1,926,189
Some items were contributed to business type activities	(276,500)
Depreciation is reported in the government-wide statements	(4,016,862)
Net book value of capital assets disposed of during the year	(116,441)

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	(489,468)
County levied delinquent taxes	3,847

Debt that was issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds (\$3,244,184) exceed payments (\$2,979,414)

	(264,770)
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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	86,099
Other post-employment benefits	(1,092,575)
Accrued interest on debt	19,101

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

	<u>12,117</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

	<u>\$ 3,107,607</u>
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ROCK COUNTY

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

	Major Enterprise Funds		
	Rock Haven	Airport	Highway
ASSETS			
Current Assets			
Cash and investments	\$ 1,100	\$ 50	\$ 218
Taxes receivable	5,137,022	482,455	2,786,712
Accounts receivable	1,569,223	13,215	294,015
Due from other funds	8,685,539	-	169,620
Due from other governments	-	-	1,471,127
Inventories	108,368	-	959,174
Prepaid items	-	-	676
Total Current Assets	<u>15,501,252</u>	<u>495,720</u>	<u>5,681,542</u>
Noncurrent Assets			
Restricted Asset			
Cash and investments	20,266,827	-	-
Cash and investments with Mutual Insurance Company	-	-	-
Capital Assets			
Land	-	3,428,588	104,153
Construction work in progress	4,212,395	43,331	472,438
Other capital assets	1,759,542	33,439,153	22,462,941
Less: Accumulated depreciation	<u>(1,564,412)</u>	<u>(13,922,822)</u>	<u>(12,197,589)</u>
TOTAL ASSETS	<u>40,175,604</u>	<u>23,483,970</u>	<u>16,523,485</u>
LIABILITIES			
Current Liabilities			
Accounts payable	1,621,595	440,525	605,611
Accrued liabilities	576,153	6,068	9,936
Accrued vacation and comp time	703,058	-	362,305
Due to other funds	3,972,502	710,716	3,250
Unearned revenues	5,137,022	491,215	2,786,712
Current portion of capital lease	-	-	-
Current portion of long-term debt	<u>160,095</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>12,170,425</u>	<u>1,648,524</u>	<u>3,767,814</u>
Long-Term Debt Net of Current Maturities			
General obligation debt	23,474,771	-	-
Unamortized discount on general obligation debt	(578,504)	-	-
Unamortized premium on debt	678,494	-	-
Capital lease	-	-	-
Advances from other funds	-	157,135	-
Other Liabilities			
Other postemployment benefits	522,559	-	218,209
Accrued sick leave	<u>475,916</u>	<u>-</u>	<u>393,754</u>
Total Long-Term Debt	<u>24,573,236</u>	<u>157,135</u>	<u>611,963</u>
TOTAL LIABILITIES	<u>36,743,661</u>	<u>1,805,659</u>	<u>4,379,777</u>
NET ASSETS			
Invested in capital assets, net of related debt	835,760	22,988,250	10,841,943
Unrestricted (deficit)	<u>2,596,183</u>	<u>(1,309,939)</u>	<u>1,301,765</u>
TOTAL NET ASSETS	<u>\$ 3,431,943</u>	<u>\$ 21,678,311</u>	<u>\$ 12,143,708</u>

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

Net Assets of Business-type Activities

Totals	Internal Service Funds
\$ 1,368	\$ 84,161
8,406,189	1,538,936
1,876,453	379,349
8,855,159	11,833,294
1,471,127	-
1,067,542	-
676	-
<u>21,678,514</u>	<u>13,835,740</u>
20,266,827	-
-	1,741,000
3,532,741	20,724
4,728,164	46,380
57,661,636	19,612,869
<u>(27,684,823)</u>	<u>(15,877,828)</u>
<u>80,183,059</u>	<u>19,378,885</u>
2,667,731	2,175,981
592,157	8,987
1,065,363	203,491
4,686,468	70,232
8,414,949	1,539,295
-	101,789
160,095	66,106
<u>17,586,763</u>	<u>4,165,881</u>
23,474,771	529,635
(578,504)	-
678,494	-
-	385,278
157,135	-
740,768	-
<u>869,670</u>	<u>167,920</u>
<u>25,342,334</u>	<u>1,082,833</u>
<u>42,929,097</u>	<u>5,248,714</u>
34,665,953	2,719,337
<u>2,588,009</u>	<u>11,410,834</u>
37,253,962	<u>\$ 14,130,171</u>
3,699,175	
<u>\$ 40,953,137</u>	

See accompanying notes to financial statements.

ROCK COUNTY

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

	Major Enterprise Funds		
	Rock Haven	Airport	Highway
OPERATING REVENUES			
Charges for services	\$ 8,585,334	\$ 363,157	\$ 5,170,023
Total Operating Revenues	8,585,334	363,157	5,170,023
OPERATING EXPENSES			
Operation and maintenance	15,392,046	766,286	8,965,792
Depreciation	47,115	1,178,305	956,802
Total Operating Expenses	15,439,161	1,944,591	9,922,594
Operating Loss	(6,853,827)	(1,581,434)	(4,752,571)
NONOPERATING REVENUES (EXPENSES)			
General property taxes	5,817,853	470,571	2,666,997
Sales taxes	-	-	1,331,876
Intergovernmental grants	1,278,500	-	2,264,186
Gain on sale of assets	-	-	-
Premium on debt issued	13,641	-	-
Interest expense	(45,246)	-	-
Total Nonoperating Revenues (Expenses)	7,064,748	470,571	6,263,059
Income (Loss) Before Contributions and Transfers	210,921	(1,110,863)	1,510,488
Capital contributions	239,893	569,428	-
Transfers in	-	-	1,010,716
Transfers out	-	-	(1,926,189)
Change in Net Assets	450,814	(541,435)	595,015
NET ASSETS - Beginning of Year	2,981,129	22,219,746	11,548,693
NET ASSETS - END OF YEAR	\$ 3,431,943	\$ 21,678,311	\$ 12,143,708

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

Change in Net Assets of Business-type Activities

<u>Totals</u>	<u>Internal Service Funds</u>
\$ 14,118,514	\$ 24,788,721
<u>14,118,514</u>	<u>24,788,721</u>
25,124,124	25,446,125
<u>2,182,222</u>	<u>867,530</u>
<u>27,306,346</u>	<u>26,313,655</u>
<u>(13,187,832)</u>	<u>(1,524,934)</u>
8,955,421	1,642,589
1,331,876	30,000
3,542,686	-
-	32,636
13,641	-
<u>(45,246)</u>	<u>(8,835)</u>
<u>13,798,378</u>	<u>1,696,390</u>
<u>610,546</u>	<u>171,456</u>
809,321	36,657
1,010,716	1,704
<u>(1,926,189)</u>	<u>(221,100)</u>
504,394	(11,283)
	<u>14,141,454</u>
	<u>\$ 14,130,171</u>
<u>(23,400)</u>	
<u>\$ 480,994</u>	

See accompanying notes to financial statements.

ROCK COUNTY

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

	Major Enterprise Funds		
	Rock Haven	Airport	Highway
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 8,517,608	\$ 358,561	\$ 4,749,606
Cash paid to suppliers and employees for goods and services	<u>(15,162,406)</u>	<u>(279,618)</u>	<u>(8,649,626)</u>
Net Cash Flows From Operating Activities	<u>(6,644,798)</u>	<u>78,943</u>	<u>(3,900,020)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
General property tax revenues	5,817,853	470,571	2,666,997
Other tax revenues	-	-	1,331,876
Transfers in (out)	-	-	(915,473)
Intergovernmental grants	<u>708,400</u>	<u>-</u>	<u>2,264,186</u>
Net Cash Flows From Noncapital Financing Activities	<u>6,526,253</u>	<u>470,571</u>	<u>5,347,586</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Debt issued	22,850,000	-	-
Debt principal paid	(44,804)	-	-
Capital lease paid	-	-	-
Interest paid	(45,246)	-	-
Payment of advances from other funds	-	(67,441)	-
Sales of capital assets	-	-	91,207
Premium on long-term debt	678,494	-	-
Issuance costs of new debt	(564,863)	-	-
Acquisition and construction of capital assets	<u>(2,488,209)</u>	<u>(482,073)</u>	<u>(1,539,130)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>20,385,372</u>	<u>(549,514)</u>	<u>(1,447,923)</u>
Net Change in Cash and Cash Equivalents	20,266,827	-	(357)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,100</u>	<u>50</u>	<u>575</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 20,267,927</u>	<u>\$ 50</u>	<u>\$ 218</u>

<u>Totals</u>	<u>Internal Service Funds</u>
\$ 13,625,775	\$ 24,891,372
<u>(24,091,650)</u>	<u>(25,475,144)</u>
<u>(10,465,875)</u>	<u>(583,772)</u>
8,955,421	1,642,589
1,331,876	30,000
(915,473)	(182,739)
<u>2,972,586</u>	<u>-</u>
<u>12,344,410</u>	<u>1,489,850</u>
22,850,000	405,816
(44,804)	(40,782)
-	(41,703)
(45,246)	(8,835)
(67,441)	-
91,207	52,044
678,494	-
(564,863)	-
<u>(4,509,412)</u>	<u>(1,198,492)</u>
<u>18,387,935</u>	<u>(831,952)</u>
20,266,470	74,126
<u>1,725</u>	<u>10,035</u>
<u>\$ 20,268,195</u>	<u>\$ 84,161</u>

ROCK COUNTY

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

	Major Enterprise Funds		
	Rock Haven	Airport	Highway
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss	\$ (6,853,827)	\$ (1,581,434)	\$ (4,752,571)
Adjustments to reconcile operating loss to net cash flows from operating activities			
Noncash items included in operating loss			
Depreciation	47,115	1,178,305	956,802
Change in Assets and Liabilities			
Accounts receivable	(623,037)	(5,783)	(355,333)
Due from other funds	555,311	-	(65,084)
Inventories	39,418	-	(5,697)
Prepaid items	-	-	-
Accounts payable	25,834	426,829	301,202
Due to other funds	-	59,042	3,250
Other current liabilities	23,567	797	(41,393)
Other postemployment benefits	140,821	-	58,804
Unearned revenues	-	1,187	-
	-	1,187	-
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 \$ (6,644,798)	 \$ 78,943	 \$ (3,900,020)
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Federally funded additions to capital assets	\$ -	\$ 569,428	\$ -
Additions to capital assets funded by governmental activities	\$ 239,893	\$ -	\$ -
Capital lease	\$ -	\$ -	\$ -
Capital assets acquired by capital lease	\$ -	\$ -	\$ -

<u>Totals</u>	<u>Internal Service Funds</u>
\$ (13,187,832)	\$ (1,524,934)
2,182,222	867,530
(984,153)	173,799
490,227	(45,412)
33,721	-
-	108,183
753,865	(120,622)
62,292	-
(17,029)	(16,580)
199,625	-
<u>1,187</u>	<u>(25,736)</u>
<u>\$ (10,465,875)</u>	<u>\$ (583,772)</u>

\$ -

\$ 36,657

\$ 528,770

\$ 528,770

ROCK COUNTY

STATEMENT OF NET ASSETS
FIDUCIARY FUND
As of December 31, 2011

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 16,459,751
Taxes receivable	1,673,635
Accounts receivable	<u>113,396</u>
TOTAL ASSETS	<u>\$ 18,246,782</u>
LIABILITIES	
Liabilities	
Due to other taxing units	\$ 16,832,727
Other liabilities	<u>1,414,055</u>
TOTAL LIABILITIES	<u>\$ 18,246,782</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, 2011

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 2011.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2009, the GASB issued statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional not disclosures regarding fund balance classifications policies and procedures.

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

Government-Wide Financial Statements

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

ROCK COUNTY

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

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

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

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 assets/fund equity, revenues, and expenditures/expenses.

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

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

The county reports the following major governmental funds:

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, 2011

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

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

Fund Financial Statements (cont.)

The county reports the following 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

Parks

Other Grants

Land Records

Veterans' Relief

Arrowhead Library System

County Bridge Aid

Other Activities

Other Special Revenue Funds

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, 2011

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

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

Fund Financial Statements (cont.)

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

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

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

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, 2011

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 enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of 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, 2011

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 ASSETS OR EQUITY

1. Deposits and Investments

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

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

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, 2011

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

D. ASSETS, LIABILITIES, AND NET ASSETS 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, 2011, the fair value of the county's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

2. Receivables

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 – 2011 tax roll:

Levy date	December 2011
Tax bills mailed	December 2011
Payment in full, or	January 31, 2012
First installment due	January 31, 2012
Final installment due	July 31, 2012
Personal property taxes in full	January 31, 2012 (except improvements on leased land due January 31, 2012 and July 31, 2012)
Tax certificate date	September 1, 2012
Tax sale – 2011 delinquent real estate taxes	October 2014

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, 2011

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

D. ASSETS, LIABILITIES, AND NET ASSETS 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 assets. 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, 2011, 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 fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. At December 31, 2011, the general fund has advanced the airport fund \$157,135. No interest is being charged on the advances and repayment schedules have not been established. The airport will repay the general fund with future revenues.

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 \$1,022,914 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, 2011

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

D. ASSETS, LIABILITIES, AND NET ASSETS 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. There was no interest capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. 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, 2011

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

D. ASSETS, LIABILITIES, AND NET ASSETS 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, 2011 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 assets.

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, 2011

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

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

10. Equity Classifications

Government-Wide Statements

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

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

The net assets 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 "invested in capital assets, net of related debt," and an increase in "unrestricted" net assets, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Invested in capital assets, net of related debt	\$ 73,186,449	\$ 36,233,821	\$ (2,469,285)	\$ 106,950,985
Unrestricted	33,092,608	4,719,316	2,469,285	40,281,209

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, 2011

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

D. ASSETS, LIABILITIES, AND NET ASSETS 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 (ordinance, resolution, motion) of the county. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the county that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The 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.

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 \$27,024,455, or 16.42% of the expenditures/expenses as listed above.

ROCK COUNTY

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

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

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

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

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	14,119,565
Infrastructure construction in progress	567,264
Infrastructure and land improvements	2,432,634
Other capital assets, net of depreciation	66,211,899
Less: Internal service fund capital assets included above, net of depreciation	<u>(1,747,210)</u>
Adjustment for Capital Assets	<u>\$ 84,097,569</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	\$ 15,244,393
Compensated absences	6,495,360
Other postemployment benefits	4,054,332
Accrued interest	<u>158,432</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 25,952,517</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 \$264,173 in the general fund.

ROCK COUNTY

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

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, 2011, no individual funds held a deficit balance.

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

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, 2011

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	\$ 27,820,478	\$ 29,283,508	Custodial credit risk
Money market mutual fund	834,629	834,629	N/A
U.S. agencies	16,277,420	16,277,420	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
U.S. Treasury	758,204	758,204	Custodial credit risk, interest rate risk
Corporate bonds	1,730,878	1,730,878	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
LGIP	41,905,016	41,907,343	Credit risk, interest rate risk
Petty cash	21,311	-	N/A
Total Cash and Investments	\$ 89,347,936	\$ 90,791,982	
Reconciliation to financial statements			
Per statement of net assets			
Cash and investments	\$ 52,621,358		
Restricted cash and investments	20,266,827		
Per statement of net assets –			
Fiduciary Funds			
Agency	16,459,751		
Total Cash and Investments	\$ 89,347,936		

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 amounts for noninterest bearing transaction accounts.

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

The county maintains collateral agreements with its banks. At December 31, 2011, the banks had pledged various government securities in the amount of \$13,270,629 to secure the county's deposits.

ROCK COUNTY

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

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

As of December 31, 2011, \$9,379,760 of the county's total bank balances of \$29,283,508 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 9,379,760</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, 2011, the county's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Fitch Ratings</u>
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+	64%
AA-	36%

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, 2011

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

A. 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 \$60,671,518, \$4,085,124 is invested in FHLMC, \$3,834,812 is invested in FFCB, and \$6,629,613 is invested in FNMA investments.

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Maturity (Days)
U.S. agencies	\$ 16,277,420	1,287
U.S. Treasury	758,204	-
Corporate bonds	1,730,878	472
Local government investment pool	41,905,016	97
Total Fair Value	\$ 60,671,518	

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	\$ 9,411,123	\$ 3,957,344

ROCK COUNTY

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

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

B. RECEIVABLES (cont.)

At December 31, 2011, delinquent taxes receivable are as follows:

Tax Certificates –	
2010	\$ 4,402,867
2009	1,843,128
2008	554,734
2007	31,136
2006	2,784
2005 and prior	<u>5,233</u>
Totals	6,839,882
Special assessment tax certificates and deeds (payable to other governments)	2,508,489
Other miscellaneous taxes	<u>62,752</u>
Total Delinquent Taxes Receivable	<u>\$ 9,411,123</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:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable	\$ -	\$ 50,228,378	\$ 50,228,378
Delinquent property taxes receivable	1,311,384	-	1,311,384
Loans receivable	3,957,343	-	3,957,343
Grant drawdowns prior to meeting all eligibility requirements	<u>-</u>	697,893	<u>697,893</u>
Total Deferred/Unearned Revenue For Governmental Funds	<u>\$ 5,268,727</u>		<u>\$ 56,194,998</u>
Internal Service Fund Taxes receivable		<u>1,156,829</u>	
Governmental Activities Unearned Revenue		<u>\$ 52,083,100</u>	

ROCK COUNTY

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

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

C. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 2,513,417	\$ -	\$ -	\$ 2,513,417
Construction in progress	8,832,658	5,629,248	342,341	14,119,565
Infrastructure construction in progress	666,379	567,264	666,379	567,264
Infrastructure and land improvements	2,423,170	9,464	-	2,432,634
Total Capital Assets Not Being Depreciated	14,435,624	6,205,976	1,008,720	19,632,880
Capital assets being depreciated				
Land improvements	958,773	-	-	958,773
Buildings and improvements	69,322,401	65,792	-	69,388,193
Machinery and equipment	16,279,902	1,488,874	2,075,983	15,692,793
Roads	31,476,447	1,115,102	106,046	32,485,503
Bridges	3,686,970	963,467	41,283	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	123,653,542	3,633,235	2,223,312	125,063,465
Less: Accumulated depreciation for				
Land improvements	(629,943)	(12,448)	-	(642,391)
Buildings and improvements	(31,981,028)	(2,482,432)	-	(34,463,460)
Machinery and equipment	(12,635,999)	(1,276,182)	1,940,134	(11,972,047)
Roads	(9,928,738)	(649,710)	106,046	(10,472,402)
Bridges	(846,162)	(76,727)	39,842	(883,047)
Stop lights	(19,832)	(2,479)	-	(22,311)
Airport water and sewer system	(311,505)	(20,767)	-	(332,272)
Snowmobile bridges	(58,684)	(4,952)	-	(63,636)
Total Accumulated Depreciation	(56,411,891)	(4,525,697)	2,086,022	(58,851,566)
Net Capital Assets Being Depreciated	67,241,651	(892,462)	137,290	66,211,899
Total Governmental Activities Capital Assets, Net of Depreciation	\$ 81,677,275	\$ 5,313,514	\$ 1,146,010	\$ 85,844,779

ROCK COUNTY

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

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 496,005
Public safety	1,697,822
Health and social services	220,675
Public works	754,635
Culture, recreation and education	840,074
Conservation and development	7,651
Sub-total	4,016,862
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	508,835
Total Governmental Activities Depreciation Expense	\$ 4,525,697

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 2,886,391	\$ 667,074	\$ -	\$ 3,553,465
Construction in progress	1,109,239	4,728,175	1,062,870	4,774,544
Total Capital Assets Not Being Depreciated	3,995,630	5,395,249	1,062,870	8,328,009
Capital assets being depreciated				
Land improvements	31,532,970	36,418	-	31,569,388
Buildings	15,176,674	311,709	421,715	15,066,668
Machinery and equipment	22,762,134	2,988,070	1,119,695	24,630,509
Total Capital Assets Being Depreciated	69,471,778	3,336,197	1,541,410	71,266,565
Less: Accumulated depreciation for				
Land improvements	(11,790,545)	(1,121,484)	-	(12,912,029)
Buildings	(11,514,413)	(298,548)	421,714	(11,391,247)
Machinery and equipment	(14,906,247)	(1,120,886)	1,028,489	(14,998,644)
Total Accumulated Depreciation	(38,211,205)	(2,540,918)	1,450,203	(39,301,920)
Net Capital Assets Being Depreciated	31,260,573	795,279	91,207	31,964,645
Total Business-type Capital Assets, Net of Depreciation	\$ 35,256,203	\$ 6,190,528	\$ 1,154,077	\$ 40,292,654

ROCK COUNTY

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

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	\$	47,115
Airport		1,178,305
Highway		956,802
Capital assets held by Health Care Center building complex charged to various functions based on usage		358,696
 Total Business-type Activities Depreciation Expense	 \$	 <u>2,540,918</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	785,053
	General capital projects	1,621,805
	Enterprise – Airport	710,716
	Internal service – Motor pool	70,232
Special Revenue Funds		
Human services	General	970,835
DD board	General	568,790
Revolving loans	General	1,164,648
Parks	General	11,967
Other grants	General	773,192
Land records	General	287,808
Veterans' relief	General	2,303
Arrowhead library system	General	342,147
County bridge aid	General	131,678
Other activities	General	587,270
Other special revenue funds	General	258,482
Debt Service Fund	General	246,148

ROCK COUNTY

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

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	\$ 1,286,679
General capital projects	Rock Haven	3,972,502
Sheriff vehicles	General	107,609
Airport projects	General	1,546,616
Enterprise Funds		
Rock Haven	General	7,157,562
Highway	General	169,620
Rock Haven	General capital projects	1,527,977
Internal Service Funds		
Information technology	General	2,184,887
Health Care Center building complex	General	1,478,957
Self insurance	General	8,129,543
Health Care Center building complex	General capital projects	36,657
Motor pool	Highway	3,250
Sub-Total – Fund Financial Statements		36,908,125
Less: Fund eliminations		(42,592,430)
Less: Interfund receivables, IT, self- insurance created with internal service and fund eliminations		(710,622)
Total Government-Wide Financial Statements		\$ (6,394,927)
Governmental Activities	Business-type Activities	\$ 4,683,218
Business-type Activities	Governmental Activities	(11,078,145)
Total		\$ (6,394,927)

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 assets, 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, 2011

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	\$ 157,135	\$ 157,135

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	\$ 2,142,287	Close lapsing funds
	Special revenue – DD Board	324,342	Close lapsing funds
	Special revenue – Other grants	1,285	Close lapsing funds
	Special revenue – Other special revenue	93,663	Transfer flexible spending balance
	Special revenue – Other activities	138,981	Grant funding
	Internal service – Information technology	60,941	Contributed capital repayment
	Internal service – Self insurance	126,500	Contributed capital repayment
	Special Revenue Funds	Parks Special revenue – Other special revenue	30,598
Other grants General		7,235	Close lapsing funds
Other grants Special revenue – Other special revenue		41,538	ATC drawdown
Other grants Special revenue – Other activities		57,086	Grant funding
Arrowhead library system Special revenue – Other activities		2,000	Grant funding
Other activities Capital projects – General		225,769	Project funding
Other activities Special revenue – Arrowhead library system		12,516	Project funding

ROCK COUNTY

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

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
Debt Service Fund	Internal service – Health Care Center building complex	\$ 33,659	Debt retirement
Capital Projects Funds			
General capital projects	Special revenue – Other activities	174,226	Contributed capital repayment
General capital projects	Debt service fund	164,000	Project funding
General capital projects	General	14,501	Video conferencing project funding
General capital projects	Other special revenue funds	145,000	Parks projects funding from ATC funds
Sheriff's vehicles	General	250,000	Funding for vehicles
Enterprise Funds			
Highway	Special revenue – County bridge aid	10,600	Bridge aid
Highway	Capital projects – General	1,000,000	Project funding
Highway	General	116	Project funding
Internal Service Funds			
Health Care Center Building complex	General	1,704	Insurance proceeds
Sub-Total – Fund Financial Statements		5,058,547	
Governmental activities infrastructure paid by highway enterprise fund		1,926,189	
Health Care Center capital assets funded by governmental activities		(276,550)	
Fund eliminations		(6,037,308)	
Total Government-Wide Financial Statements		<u>\$ 670,878</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, 2011

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
Rock Haven project funding	\$ (239,893)	\$ 239,893
Health Care Center Building Complex transfer for interest	33,659	(33,659)
Highway infrastructure assets	1,926,189	(1,926,189)
Highway project funding	(1,010,716)	1,010,716
Health Care Center building complex project funding	(38,361)	38,361
Totals	<u>\$ 670,878</u>	<u>\$ (670,878)</u>

E. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Notes Payable:					
General Obligation Debt					
General	\$ 14,979,623	\$ 3,244,184	\$ 2,979,414	\$ 15,244,393	\$ 3,063,799
Internal service	230,707	405,816	40,782	595,741	66,106
Total Notes Payable	<u>15,210,330</u>	<u>3,650,000</u>	<u>3,020,196</u>	<u>15,840,134</u>	<u>3,129,905</u>
Other Liabilities:					
Vested compensated absences					
General	6,581,459	3,271,046	3,357,145	6,495,360	3,373,881
Internal service	282,571	195,221	163,126	314,666	181,375
Other postemployment benefits	2,961,757	2,008,269	915,694	4,054,332	-
Total Other Liabilities	<u>9,825,787</u>	<u>5,474,536</u>	<u>4,435,965</u>	<u>10,864,358</u>	<u>3,555,256</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 25,036,117</u>	<u>\$ 9,124,536</u>	<u>\$ 7,456,161</u>	<u>\$ 26,704,492</u>	<u>\$ 6,685,161</u>

ROCK COUNTY

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

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	\$ 829,670	\$22,850,000	\$ 44,804	\$ 23,634,866	\$ 160,095
Add/(subtract) deferred amounts for (discounts)/premiums:					
Premium on long-term debt	-	678,494	-	678,494	-
Discount on long-term debt	-	(578,504)	-	(578,504)	-
Total Notes Payable	829,670	22,949,990	44,804	23,734,856	160,095
Other Liabilities:					
Vested compensated absences					
Enterprise	1,985,527	1,055,142	1,105,636	1,935,033	1,065,363
Internal service	89,861	860	33,976	56,745	22,116
Other postemployment benefits	541,143	366,661	167,036	740,768	-
Capital lease – internal service	-	528,770	41,703	487,067	101,789
Total Other Liabilities	2,616,531	1,951,433	1,348,351	3,219,613	1,189,268
Total Business-type Activities Long-Term Liabilities	\$ 3,446,201	\$24,901,423	\$ 1,393,155	\$ 26,954,469	\$ 1,349,363

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, 2011, was \$493,098,055. Total general obligation debt outstanding at year end was \$39,475,000.

ROCK COUNTY

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

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 12-31-11
General Obligation Debt					
Promissory notes	2005	2013	3.25 - 4.00%	\$ 8,905,000	\$ 1,650,000
Promissory notes	2006	2014	3.75 - 4.00%	5,000,000	2,200,000
Promissory notes	2008	2015	3.50 - 3.75%	5,000,000	3,475,000
Promissory notes	2010	2019	1.35 - 4.30%	5,815,000	5,650,000
Promissory notes	2011	2020	2.00 - 2.50%	4,500,000	4,500,000
Promissory bonds	2011	2026	2.00 - 4.00%	22,000,000	<u>22,000,000</u>
Total General Obligation Debt					<u>\$ 39,475,000</u>
					Balance 12-31-11
Governmental Activities					
General					\$ 15,244,393
Internal service					595,741
Sub-Total					<u>15,840,134</u>
Business-type Activities					
Enterprise					23,634,866
Sub-Total					<u>23,634,866</u>
Total General Obligation Debt					<u>\$ 39,475,000</u>

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
2012	\$ 3,129,905	\$ 512,372	\$ 160,095	\$ 635,488
2013	2,848,402	417,393	456,598	790,696
2014	2,648,877	314,388	796,123	781,487
2015	1,923,877	225,962	731,123	764,927
2016	1,076,733	164,161	753,267	749,302
2017 – 2021	4,212,340	300,367	5,237,660	3,464,883
2022 – 2026	-	-	15,500,000	1,829,000
	<u>\$ 15,840,134</u>	<u>\$ 1,934,643</u>	<u>\$ 23,634,866</u>	<u>\$ 9,015,783</u>
Totals				

ROCK COUNTY

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

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, 2011 are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 101,789	\$ 10,487	\$ 112,276
2013	104,238	8,037	112,275
2014	106,747	5,529	112,276
2015	109,315	2,961	112,276
2016	64,978	516	65,494
	<u>\$ 487,067</u>	<u>\$ 27,530</u>	<u>\$ 514,597</u>

G. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES

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

Governmental Activities

Invested in capital assets, net of related debt

Land	\$ 4,946,051
Construction in progress	14,686,829
Other capital assets, net of accumulated depreciation	66,211,899
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(12,658,330)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>73,186,449</u>

Restricted

General debt service	87,716
Grants	497,067
Land records	289,744
Library	13,936
Bridge aid	128,668
ATC projects	<u>1,307,752</u>
Total Restricted	<u>2,324,883</u>

Unrestricted

33,092,608

Total Governmental Activities Net Assets

\$ 108,603,940

ROCK COUNTY

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

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

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

Governmental Activities (cont.)

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

Nonspendable	
Major Fund	
General Fund	
Delinquent taxes	\$ 3,942,257
Inventories	27,115
Prepaid items	180,243
Advances to other funds and non-current interfund receivables	<u>867,851</u>
Total	<u>\$ 5,017,466</u>
Nonmajor Fund	
Arrowhead library system – prepaid items	<u>\$ 4,623</u>
Restricted	
Nonmajor Funds – Special Revenue Funds	
Revolving loans	\$ 414,523
Other grants	82,544
Land records	289,744
Arrowhead library system	13,936
County bridge aid	128,668
Other activities	587,270
Other special revenue funds	<u>1,307,752</u>
Sub-total	<u>2,824,437</u>
Nonmajor Fund – Debt Service Fund	<u>246,148</u>
Total	<u>\$ 3,070,585</u>
Committed	
Nonmajor Funds – Special Revenue Funds	
Parks	\$ 1,016
Veterans' relief	2,303
Other special revenue funds	<u>234,967</u>
Total	<u>\$ 238,286</u>

ROCK COUNTY

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

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

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

Governmental Activities (cont.)

Assigned	
Major Funds	
General Fund	
Sales taxes for future expenditures	\$ 1,473,250
Carryforward appropriations	<u>264,173</u>
Total General Fund	<u>\$ 1,737,423</u>
General capital projects	<u>\$ 3,171,449</u>
Nonmajor Funds – Capital Projects Funds	
Sheriff's vehicles	\$ 107,609
Other special revenue funds	<u>1,546,616</u>
Total	<u>\$ 1,654,225</u>
Unassigned	
Major Fund	
General Fund	<u>\$ 19,865,358</u>

H. BUSINESS-TYPE ACTIVITIES NET ASSETS

Business-type activities net assets reported on the government-wide statement of net assets at December 31, 2011 include the following:

Business-type Activities

Invested in capital assets, net of related debt:

Land	\$ 3,553,465
Construction in progress	4,774,544
Other capital assets, net of depreciation	31,964,644
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(4,058,832)</u>
Total Invested in Capital Assets, Net of Related Debt	36,233,821
Unrestricted	<u>4,719,316</u>
Total Business-type Activities Net Assets	<u>\$ 40,953,137</u>

ROCK COUNTY

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

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible county employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (1,200 hours for employees hired on or after July 1, 2011) are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan through June 28, 2011. Beginning June 29, 2011, and thereafter, covered employees in the General category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security). Employers generally make these contributions to the plan on behalf of employees through June 28, 2011. Thereafter, employees are required to fund their contribution, subject to terms of employment contracts and which employee group they are a member of. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for county employees covered by the system for the year ended December 31, 2011 was \$54,661,337; the employer's total payroll was \$57,291,686. The total required contribution for the year ended December 31, 2011 was \$7,014,205 or 13% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2010 and 2009 were \$6,261,747 and \$5,930,714, 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 before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, or beginning participation on or after July 1, 2011, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and between April 24, 1998 and June 30, 2011 are immediately vested.

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

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

ROCK COUNTY

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

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, 2011 was \$8,499,695 and is reflected in an internal service fund in these statements. Total contributions to the program during the year were \$20,579,482.

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, 2011, 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. WMMIC's 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, 2011

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 assets as a restricted asset. The amount reported increased \$100,000 from the original capitalization to \$1,741,000.

Claims Liability

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims – Beginning of Year	\$ 3,106,136	\$ 1,903,716
Current year claims and administration	15,786,292	20,542,599
Claims and administration payments	<u>(16,988,712)</u>	<u>(20,615,785)</u>
Unpaid Claims – End of Year	<u>\$ 1,903,716</u>	<u>\$ 1,830,530</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 funds on hand in the General Capital Projects fund of \$2,071,423.

ROCK COUNTY

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

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 2011, the county contributed \$1,083,000 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	\$ 2,356,800
Interest on net OPEB obligation	157,600
Adjustment to annual required contribution	<u>(139,200)</u>
Annual OPEB cost	2,375,200
Contributions made	<u>1,083,000</u>
Increase in Net OPEB Obligation	<u>1,292,200</u>
Net OPEB Obligation – Beginning of Year	<u>3,502,900</u>
Net OPEB Obligation – End of Year	<u>\$ 4,795,100</u>

ROCK COUNTY

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

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 2011 and prior were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 2,375,200	46%	\$ 4,795,100
2010	2,059,400	50%	3,502,900
2009	1,923,500	45%	2,471,900

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, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 26,124,900
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 26,124,900</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 51,071,600
UAAL as a percentage of covered payroll	51%

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, 2011 was 30 years.

ROCK COUNTY

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

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

REQUIRED SUPPLEMENTARY INFORMATION

ROCK COUNTY

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE GENERAL FUND For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Taxes	\$ 29,334,569	\$ 29,334,569	\$ 29,920,594	\$ 586,025
Intergovernmental	11,695,432	11,711,852	11,550,228	(161,624)
Regulation and compliance	1,569,716	1,569,716	1,313,299	(256,417)
Public charges for services	3,496,116	3,420,166	3,112,499	(307,667)
Intergovernmental charges for services	1,315,931	1,311,931	1,320,126	8,195
Other	928,315	1,107,481	1,508,004	400,523
Total Revenues	<u>48,340,079</u>	<u>48,455,715</u>	<u>48,724,750</u>	<u>269,035</u>
EXPENDITURES				
Current				
General government	7,425,529	7,512,046	7,344,526	167,520
Public safety	32,338,910	32,676,602	31,950,931	725,671
Health and social services	6,902,808	6,916,887	6,657,595	259,292
Culture, recreation, and education	383,948	383,948	369,851	14,097
Conservation and development	1,392,884	1,540,281	1,434,945	105,336
Total Expenditures	<u>48,444,079</u>	<u>49,029,764</u>	<u>47,757,848</u>	<u>1,271,916</u>
Excess (deficiency) of revenues over expenditures	<u>(104,000)</u>	<u>(574,049)</u>	<u>966,902</u>	<u>1,540,951</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	104,000	609,571	2,887,999	2,278,428
Transfers out	-	(35,522)	(273,556)	(238,034)
Total Other Financing Sources (Uses)	<u>104,000</u>	<u>574,049</u>	<u>2,614,443</u>	<u>2,040,394</u>
Net change in fund balance	-	-	3,581,345	3,581,345
FUND BALANCE - Beginning of Year	<u>23,038,902</u>	<u>23,038,902</u>	<u>23,038,902</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 23,038,902</u>	<u>\$ 23,038,902</u>	<u>\$ 26,620,247</u>	<u>\$ 3,581,345</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, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Taxes	\$ 19,813,485	\$ 19,813,485	\$ 19,813,485	\$ -
Intergovernmental	30,250,663	31,207,828	31,084,340	(123,488)
Public charges for services	1,075,089	1,082,489	810,627	(271,862)
Intergovernmental charges for services	2,605,233	2,605,233	2,549,501	(55,732)
Other	187,160	187,462	150,941	(36,521)
Total Revenues	<u>53,931,630</u>	<u>54,896,497</u>	<u>54,408,894</u>	<u>(487,603)</u>
EXPENDITURES				
Current				
Health and social services	53,931,630	54,914,789	52,266,607	2,648,182
Total Expenditures	<u>53,931,630</u>	<u>54,914,789</u>	<u>52,266,607</u>	<u>2,648,182</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(18,292)</u>	<u>2,142,287</u>	<u>2,160,579</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	18,292	-	(18,292)
Transfers out	<u>-</u>	<u>-</u>	<u>(2,142,287)</u>	<u>(2,142,287)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>18,292</u>	<u>(2,142,287)</u>	<u>(2,160,579)</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,491,655	\$ 3,491,655	\$ 3,491,655	\$ -
Intergovernmental	19,744,669	19,744,669	19,147,852	(596,817)
Public charges for services	3,384,069	3,384,069	3,202,233	(181,836)
Intergovernmental charges for services	2,920,255	2,920,255	3,113,915	193,660
Total Revenues	<u>29,540,648</u>	<u>29,540,648</u>	<u>28,955,655</u>	<u>(584,993)</u>
EXPENDITURES				
Current				
Health and social services	<u>29,540,648</u>	<u>29,540,648</u>	<u>28,631,313</u>	<u>909,335</u>
Total Expenditures	<u>29,540,648</u>	<u>29,540,648</u>	<u>28,631,313</u>	<u>909,335</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>324,342</u>	<u>324,342</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(324,342)</u>	<u>(324,342)</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>(324,342)</u>	<u>(324,342)</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
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
For the Year Ended December 31, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age Normal Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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, 2011

BUDGETARY INFORMATION

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

Excess expenditures over appropriations are as follows:

	<u>Amended Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
Transfers out	\$ 35,522	\$ 273,556	\$ 238,034
<u>Human Services Fund</u>			
Transfers out	-	2,142,287	2,142,287
<u>DD Board Fund</u>			
Transfers out	-	324,342	324,342

SUPPLEMENTAL INFORMATION

ROCK COUNTY

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

	Special Revenue Funds				
	Revolving Loans	Parks	Other Grants	Land Records	Veterans' Relief
ASSETS					
Cash and investments	\$ 23,067	\$ -	\$ 143,473	\$ -	\$ -
Taxes receivable	-	480,695	235,387	-	3,746
Accounts receivable	-	-	309,444	2,000	-
Loans receivable (net)	3,957,344	-	-	-	-
Due from other funds	1,164,648	11,967	773,192	287,808	2,303
Prepaid items	-	-	-	-	-
TOTAL ASSETS	<u>\$5,145,059</u>	<u>\$ 492,662</u>	<u>\$1,461,496</u>	<u>\$289,808</u>	<u>\$ 6,049</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 10,951	\$ 248,812	\$ 64	\$ -
Due to other funds	773,192	-	785,053	-	-
Deferred revenues	3,957,344	480,695	345,087	-	3,746
Total Liabilities	<u>4,730,536</u>	<u>491,646</u>	<u>1,378,952</u>	<u>64</u>	<u>3,746</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	414,523	-	82,544	289,744	-
Committed	-	1,016	-	-	2,303
Assigned	-	-	-	-	-
Total Fund Balances	<u>414,523</u>	<u>1,016</u>	<u>82,544</u>	<u>289,744</u>	<u>2,303</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$5,145,059</u>	<u>\$ 492,662</u>	<u>\$1,461,496</u>	<u>\$289,808</u>	<u>\$ 6,049</u>

Special Revenue Funds				Debt Service Fund	Capital Project Funds		Totals
Arrowhead Library System	County Bridge Aid	Other Activities	Other Special Revenue Funds	Debt Service	Sheriff's Vehicles	Airport Projects	
\$ 150	\$ -	\$ -	\$1,307,544	\$ -	\$ -	\$ -	\$ 1,474,234
1,069,793	45,000	-	44,040	4,112,278	-	-	5,990,939
6,087	-	-	171	-	-	-	317,702
-	-	-	-	-	-	-	3,957,344
342,147	131,678	587,270	258,482	246,148	107,609	1,546,616	5,459,868
4,623	-	-	-	-	-	-	4,623
<u>\$1,422,800</u>	<u>\$ 176,678</u>	<u>\$ 587,270</u>	<u>\$1,610,237</u>	<u>\$ 4,358,426</u>	<u>\$ 107,609</u>	<u>\$ 1,546,616</u>	<u>\$ 17,204,710</u>
\$ 5,494	\$ 3,010	\$ -	\$ 23,478	\$ -	\$ -	\$ -	\$ 291,809
-	-	-	-	-	-	-	1,558,245
1,398,747	45,000	-	44,040	4,112,278	-	-	10,386,937
1,404,241	48,010	-	67,518	4,112,278	-	-	12,236,991
4,623	-	-	-	-	-	-	4,623
13,936	128,668	587,270	1,307,752	246,148	-	-	3,070,585
-	-	-	234,967	-	-	-	238,286
-	-	-	-	-	107,609	1,546,616	1,654,225
18,559	128,668	587,270	1,542,719	246,148	107,609	1,546,616	4,967,719
<u>\$1,422,800</u>	<u>\$ 176,678</u>	<u>\$ 587,270</u>	<u>\$1,610,237</u>	<u>\$ 4,358,426</u>	<u>\$ 107,609</u>	<u>\$ 1,546,616</u>	<u>\$ 17,204,710</u>

ROCK COUNTY

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

	Special Revenue Funds				
	Revolving Loans	Parks	Other Grants	Land Records	Veterans' Relief
REVENUES					
Taxes	\$ -	\$ 480,695	\$ 188,684	\$ -	\$ 1,746
Intergovernmental	-	121,656	4,354,483	203,136	-
Public charges for services	416,713	37,040	172,506	291,705	-
Intergovernmental charges for services	-	-	105,126	33,714	-
Other	4,831	2,596	178,151	2,410	-
Total Revenues	<u>421,544</u>	<u>641,987</u>	<u>4,998,950</u>	<u>530,965</u>	<u>1,746</u>
EXPENDITURES					
Current					
General government	-	-	-	254,964	-
Public safety	-	-	634,988	-	-
Health and social services	-	-	3,582,051	-	2,997
Public works	-	-	-	-	-
Culture, recreation, and education	-	748,455	-	-	-
Conservation and development	157,424	-	908,309	249,381	-
Capital Outlay	-	-	-	-	-
Debt Service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>157,424</u>	<u>748,455</u>	<u>5,125,348</u>	<u>504,345</u>	<u>2,997</u>
Excess (deficiency) of revenues over expenditures	<u>264,120</u>	<u>(106,468)</u>	<u>(126,398)</u>	<u>26,620</u>	<u>(1,251)</u>
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	-	-	-	-
Transfers in	-	30,598	105,859	-	-
Transfers out	-	-	(1,285)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>30,598</u>	<u>104,574</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	<u>264,120</u>	<u>(75,870)</u>	<u>(21,824)</u>	<u>26,620</u>	<u>(1,251)</u>
FUND BALANCES - Beginning of Year	<u>150,403</u>	<u>76,886</u>	<u>104,368</u>	<u>263,124</u>	<u>3,554</u>
FUND BALANCES - END OF YEAR	<u>\$ 414,523</u>	<u>\$ 1,016</u>	<u>\$ 82,544</u>	<u>\$ 289,744</u>	<u>\$ 2,303</u>

Special Revenue Funds				Debt Service Fund	Capital Project Funds		Totals
Arrowhead Library System	County Bridge Aid	Other Activities	Other Special Revenue Funds	Debt Service	Sheriff's Vehicles	Airport Projects	
\$1,006,108	\$ -	\$ -	\$ 43,917	\$ 3,559,045	\$ -	\$ -	\$ 5,280,195
487,338	-	-	-	100,182	-	-	5,266,795
10,036	-	-	360	-	-	-	928,360
151,293	-	-	311,834	-	-	-	601,967
4,000	-	57,692	93,973	-	-	-	343,653
<u>1,658,775</u>	<u>-</u>	<u>57,692</u>	<u>450,084</u>	<u>3,659,227</u>	<u>-</u>	<u>-</u>	<u>12,420,970</u>
-	-	14,092	101,759	-	-	-	370,815
-	-	-	64,184	-	-	-	699,172
-	-	-	-	-	-	-	3,585,048
-	17,091	-	-	-	-	-	17,091
1,660,863	-	-	-	-	-	-	2,409,318
-	-	-	141,657	-	-	-	1,456,771
-	-	-	-	-	285,983	-	285,983
-	-	-	-	2,979,414	-	-	2,979,414
-	-	-	-	562,831	-	-	562,831
<u>1,660,863</u>	<u>17,091</u>	<u>14,092</u>	<u>307,600</u>	<u>3,542,245</u>	<u>285,983</u>	<u>-</u>	<u>12,366,443</u>
<u>(2,088)</u>	<u>(17,091)</u>	<u>43,600</u>	<u>142,484</u>	<u>116,982</u>	<u>(285,983)</u>	<u>-</u>	<u>54,527</u>
-	-	-	-	-	-	1,097,200	1,097,200
2,000	-	238,285	-	33,659	250,000	-	660,401
<u>(12,516)</u>	<u>(10,600)</u>	<u>(372,293)</u>	<u>(310,799)</u>	<u>(164,000)</u>	<u>-</u>	<u>-</u>	<u>(871,493)</u>
<u>(10,516)</u>	<u>(10,600)</u>	<u>(134,008)</u>	<u>(310,799)</u>	<u>(130,341)</u>	<u>250,000</u>	<u>1,097,200</u>	<u>886,108</u>
(12,604)	(27,691)	(90,408)	(168,315)	(13,359)	(35,983)	1,097,200	940,635
<u>31,163</u>	<u>156,359</u>	<u>677,678</u>	<u>1,711,034</u>	<u>259,507</u>	<u>143,592</u>	<u>449,416</u>	<u>4,027,084</u>
<u>\$ 18,559</u>	<u>\$ 128,668</u>	<u>\$ 587,270</u>	<u>\$ 1,542,719</u>	<u>\$ 246,148</u>	<u>\$ 107,609</u>	<u>\$ 1,546,616</u>	<u>\$ 4,967,719</u>

ROCK COUNTY

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

	<u>Motor Pool</u>	<u>Information Technology</u>
ASSETS		
Current Assets		
Cash and investments	\$ -	\$ -
Taxes receivable	-	1,156,470
Accounts receivable	-	2,756
Due from other funds	3,250	2,184,887
Prepays	-	-
Total Current Assets	<u>3,250</u>	<u>3,344,113</u>
Noncurrent Assets		
Restricted Asset		
Investment in Mutual Insurance Company	-	-
Capital Assets		
Land	-	-
Capital assets	629,322	5,378,619
Less: Accumulated depreciation	(296,542)	(3,964,189)
Construction work in progress	-	-
Net Capital Assets	<u>332,780</u>	<u>1,414,430</u>
Total Assets	<u>336,030</u>	<u>4,758,543</u>
LIABILITIES		
Current Liabilities		
Accounts payable	-	315,541
Accrued liabilities	-	-
Accrued vacation and comp time	-	181,375
Due to other funds	70,232	-
Unearned revenues	-	1,156,470
Current portion of capital lease	-	-
Current portion of debt	-	66,106
Total Current Liabilities	<u>70,232</u>	<u>1,719,492</u>
Long-Term Debt Net of Current Maturities		
General obligation debt	-	529,635
Capital lease	-	-
Accrued sick leave	-	133,291
Total Non-Current Liabilities	<u>-</u>	<u>662,926</u>
Total Liabilities	<u>70,232</u>	<u>2,382,418</u>
NET ASSETS		
Invested in capital assets, net of related debt	332,780	818,689
Unrestricted (deficit)	<u>(66,982)</u>	<u>1,557,436</u>
TOTAL NET ASSETS	<u>\$ 265,798</u>	<u>\$ 2,376,125</u>

Health Care Center Building Complex	Self Insurance	Totals
\$ -	\$ 84,161	\$ 84,161
382,466	-	1,538,936
713	375,880	379,349
1,515,614	8,129,543	11,833,294
-	-	-
<u>1,898,793</u>	<u>8,589,584</u>	<u>13,835,740</u>
-	1,741,000	1,741,000
20,724	-	20,724
13,604,928	-	19,612,869
(11,617,097)	-	(15,877,828)
46,380	-	46,380
<u>2,054,935</u>	<u>-</u>	<u>3,802,145</u>
<u>3,953,728</u>	<u>10,330,584</u>	<u>19,378,885</u>
29,910	1,830,530	2,175,981
8,987	-	8,987
22,116	-	203,491
-	-	70,232
382,466	359	1,539,295
101,789	-	101,789
-	-	66,106
<u>545,268</u>	<u>1,830,889</u>	<u>4,165,881</u>
-	-	529,635
385,278	-	385,278
34,629	-	167,920
<u>419,907</u>	<u>-</u>	<u>1,082,833</u>
<u>965,175</u>	<u>1,830,889</u>	<u>5,248,714</u>
1,567,868	-	2,719,337
<u>1,420,685</u>	<u>8,499,695</u>	<u>11,410,834</u>
<u>\$ 2,988,553</u>	<u>\$ 8,499,695</u>	<u>\$ 14,130,171</u>

ROCK COUNTY

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

	Motor Pool	Information Technology
OPERATING REVENUES		
Charges for services	\$ 184,201	\$ 2,733,430
Total Operating Revenues	184,201	2,733,430
OPERATING EXPENSES		
Operation and maintenance	87,081	3,510,277
Depreciation	76,599	432,236
Total Operating Expenses	163,680	3,942,513
Operating Income (Loss)	20,521	(1,209,083)
NONOPERATING REVENUES (EXPENSES)		
Property taxes	-	1,234,028
Other taxes	-	30,000
Gain on sale of assets	-	32,636
Interest expense	-	(8,835)
Total Nonoperating Revenues (Expenses)	-	1,287,829
Increase (Decrease) Before Contributions and Transfers	20,521	78,746
Capital contributions	-	-
Transfers in	-	-
Transfers out	-	(60,941)
Total Transfers	-	(60,941)
Increase (Decrease) in Net Assets	20,521	17,805
NET ASSETS - Beginning of Year	245,277	2,358,320
NET ASSETS - END OF YEAR	\$ 265,798	\$ 2,376,125

Health Care Center Building Complex	Self Insurance	Totals
\$ 1,291,608	\$ 20,579,482	\$ 24,788,721
<u>1,291,608</u>	<u>20,579,482</u>	<u>24,788,721</u>
1,232,982	20,615,785	25,446,125
358,695	-	867,530
<u>1,591,677</u>	<u>20,615,785</u>	<u>26,313,655</u>
<u>(300,069)</u>	<u>(36,303)</u>	<u>(1,524,934)</u>
408,561	-	1,642,589
-	-	30,000
-	-	32,636
-	-	(8,835)
<u>408,561</u>	<u>-</u>	<u>1,696,390</u>
<u>108,492</u>	<u>(36,303)</u>	<u>171,456</u>
36,657	-	36,657
1,704	-	1,704
<u>(33,659)</u>	<u>(126,500)</u>	<u>(221,100)</u>
<u>4,702</u>	<u>(126,500)</u>	<u>(182,739)</u>
113,194	(162,803)	(11,283)
<u>2,875,359</u>	<u>8,662,498</u>	<u>14,141,454</u>
<u>\$ 2,988,553</u>	<u>\$ 8,499,695</u>	<u>\$ 14,130,171</u>

ROCK COUNTY

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

	Motor Pool	Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 184,201	\$ 2,710,226
Cash paid to suppliers and employees for goods and services	(87,081)	(3,525,618)
Net Cash Flows From Operating Activities	97,120	(815,392)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
General property taxes	-	1,234,028
Other taxes	-	30,000
Transfers in (out)	-	(60,941)
Net Cash Flows From Non-Capital Financing Activities	-	1,203,087
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt issued	-	405,816
Debt principal paid	-	(40,782)
Capital lease principal paid	-	-
Interest paid	-	(8,835)
Sales of capital assets	13,226	38,818
Acquisition and construction of capital assets	(110,346)	(782,712)
Net Cash Flows From Capital and Related Financing Activities	(97,120)	(387,695)
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
\$ 1,215,531	\$ 20,781,414	\$ 24,891,372
<u>(1,281,657)</u>	<u>(20,580,788)</u>	<u>(25,475,144)</u>
<u>(66,126)</u>	<u>200,626</u>	<u>(583,772)</u>
408,561	-	1,642,589
-	-	30,000
<u>4,702</u>	<u>(126,500)</u>	<u>(182,739)</u>
<u>413,263</u>	<u>(126,500)</u>	<u>1,489,850</u>
-	-	405,816
-	-	(40,782)
(41,703)	-	(41,703)
-	-	(8,835)
-	-	52,044
<u>(305,434)</u>	<u>-</u>	<u>(1,198,492)</u>
<u>(347,137)</u>	<u>-</u>	<u>(831,952)</u>
-	74,126	74,126
-	10,035	10,035
<u>\$ -</u>	<u>\$ 84,161</u>	<u>\$ 84,161</u>

ROCK COUNTY

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

	<u>Motor Pool</u>	<u>Information Technology</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 20,521	\$ (1,209,083)
Adjustments to reconcile operating loss to net cash flows from operating activities		
Noncash items included in operating income (loss)		
Depreciation	76,599	432,236
Change in Assets and Liabilities		
Accounts receivable	-	(2,699)
Due from other funds	-	(20,505)
Due from other governments	-	-
Prepaid items	-	-
Accounts payable	-	(47,436)
Other current liabilities	-	32,095
Unearned revenues	-	-
	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 97,120</u>	<u>\$ (815,392)</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Additions to capital assets funded by governmental activities	<u>\$ -</u>	<u>\$ -</u>
Capital lease	<u>\$ -</u>	<u>\$ -</u>
Capital assets acquired by capital lease	<u>\$ -</u>	<u>\$ -</u>

Health Care Center Building Complex	Self Insurance	Totals
\$ (300,069)	\$ (36,303)	\$ (1,524,934)
358,695	-	867,530
26,050	150,448	173,799
(76,032)	51,125	(45,412)
-	-	-
-	108,183	108,183
-	(73,186)	(120,622)
(48,675)	-	(16,580)
<u>(26,095)</u>	<u>359</u>	<u>(25,736)</u>
<u>\$ (66,126)</u>	<u>\$ 200,626</u>	<u>\$ (583,772)</u>
<u>\$ 36,657</u>	<u>\$ -</u>	<u>\$ 36,657</u>
<u>\$ 528,770</u>	<u>\$ -</u>	<u>\$ 528,770</u>
<u>\$ 528,770</u>	<u>\$ -</u>	<u>\$ 528,770</u>