

Walworth County, Wisconsin



IHS
August 25, 2010

Mr. Dale Wilson
Payroll/Benefits Manager
Walworth County Finance Dept
100 W. Walworth, Rm 116
Elkhorn, WI 53121

Dear Dale:

We are pleased to inform you that Walworth County has been named by Interactive Health Solutions (IHS) as one of the **"Healthiest Companies in America"** for 2010. Congratulations!

As you know, the IHS program evaluates each employee in key health metrics, alerts them to specific conditions, provides individualized goals and customized healthcare information and support. Progress is measured annually using our Interactive Health Index (IHI), and is based on your employees' aggregate IHI scores.

This Award recognizes your commitment to the health and well-being of your employees, and creating a culture that encourages everyone to take an active role in preventative care. We hope you will commend your employees for achieving outstanding results!

A formal presentation including a Presidential Award will be made in early 2011 after all winners have been selected. Approximately 5% of our clients who are recognized as a "Healthy Competitor" (Interactive Health Index) score.

A healthy, high-performing workforce is the key to success. Walworth County is an equally healthy balance sheet. Our employees are what is truly a "healthy competitor".

Sincerely,
Joseph A. O'Brien
Joseph A. O'Brien
President/CEO



Comprehensive Annual Financial Report

Including Auditor's Report
for the fiscal year ended December 31, 2011

County Employees Promoting Healthier Lifestyles

In summer, 2010, Walworth County was named by Interactive Health Solutions, Inc. as one of the “Healthiest Companies in America,” based on progress made by county staff to improve their health. We are pleased to receive this recognition and encourage employees to continue such excellent progress.



The Walkers of Walworth (WOW) was born four years ago out of a challenge to curb soaring health insurance costs for county staff. Rather than being a club or membership group, WOW is a resource to help employees adopt healthy lifestyle changes and continue to practice them. Several different activities have been offered to county employees including exercise classes, walking and weight loss challenges, healthy cooking classes, healthy recipes and educational materials. WOW also strives to develop a supportive work environment.



Pictured: Trina Adams.

One of the most popular activities has been an annual walking challenge with an adjacent Wisconsin county. 2010 was the third year the walking challenge was held, and we are proud to say that Walworth County won for the third consecutive year. To date, approximately 130 county employees, or about 15% of the county’s workforce, have participated in all or some of the activities offered by WOW. All the funds raised on behalf of WOW have gone towards prizes and incentives for participants.



Pictured (left to right): Linda Eastburg, Patricia Reum, Donna Pruess.

As part of the Walworth County Employee Wellness Council’s initiative, discounts were obtained from area fitness clubs. The corporate initiative to encourage fitness/wellness requires no county contributions. These discount opportunities are communicated to county employees through the Council’s bi-monthly newsletter and on the Wellness Council’s website. Several employees have signed up to take advantage of this opportunity to reduce their costs to stay fit and well!

Pictured: Rich Colbert



Pictured (left to right): Vicki Taylor, Kristi Schiller, Dawn Nettesheim, Melissa Davis.

Pictured (left to right): Gage Wood, Dale Wilson, Sam Wilson.



On June 26, 2010, the county’s inaugural Get Fit 5K Run/Walk was held at the Nordic Trails in the Kettle Moraine State Forest. In all, 89 people participated in the Run/Walk event. Proceeds from this event will help sponsor future wellness-related events for Walworth County employees.



Pictured (left to right): Linda Gregurich, John Emerson, Cynthia Emerson.

An Employee Wellness Golf Challenge, held on October 7, 2010, provided fresh air and sunshine, while challenging county employees, family members and friends to complete 9 holes of golf without using a golf cart. Proceeds from the event support future activities sponsored by the Employee Wellness Council.

**WALWORTH COUNTY, WISCONSIN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011**

Prepared by:
Walworth County Finance Department

WALWORTH COUNTY, WISCONSIN
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INTRODUCTORY SECTION



May 29, 2012

To The Honorable Chairperson of the County Board,
Members of the County Board of Supervisors and
Citizens of Walworth County, Wisconsin

Finance
Employee Benefits

Nicole Andersen
Deputy County
Administrator-Finance

Ladies and Gentlemen:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the County of Walworth for the fiscal year ended December 31, 2011. To satisfy requirements of State law and Walworth County Ordinance, this report was prepared by the Finance Department in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other authoritative accounting standard setting bodies. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

This report consists of management's representations concerning the finances of Walworth County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of Walworth County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Walworth County's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the operation of the various funds of the County.

County policy, in accordance with state and federal requirements, is to provide for an annual audit of the financial records of the government. In addition to meeting the requirements set forth above, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 as amended, the related U.S. Office of Management and Budget Circular A-133 and the State Single Audit Act. An independent firm of licensed certified public accountants, CliftonLarsonAllen, has audited Walworth County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor has issued an unqualified ("clean") opinion that Walworth County's financial statements for the fiscal year ended December 31, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) is included in the financial section and immediately follows the independent auditor's report. It provides supplementary information which complements this letter of transmittal and should be read in conjunction with it.

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THE REPORTING ENTITY

Walworth County was created in 1838, pursuant to the laws of the territory of Wisconsin, with the City of Elkhorn established as the County Seat. The County was part of Racine County until its organization as a separate unit of county government was authorized by an act of the Territorial Legislature in 1839. In 2011, the new Village of Bloomfield was incorporated. Within the County's 576 square miles, there are now all or portions of 4 cities, 9 villages, 16 towns and 15 school districts.



Policy-making and legislative authority are vested in an 11-member Board of Supervisors. Supervisors serve two-year terms and are elected in April of the even numbered calendar years. The Board of Supervisors appoints the County Administrator. The financial reporting entity includes all of the funds of Walworth County. The government provides a full range of services to meet the needs of its citizens. These services include: general and financial administration, including tax collections; judiciary services and legal counsel; property records; county planning and zoning; public safety, including sheriff, emergency government and correctional facilities; health and human services; public works, including transportation and facilities maintenance; veteran's assistance; coroner; nursing home; election administration; cultural and recreational activities, including parks; special education; University of Wisconsin extension services; and the conservation of natural resources.

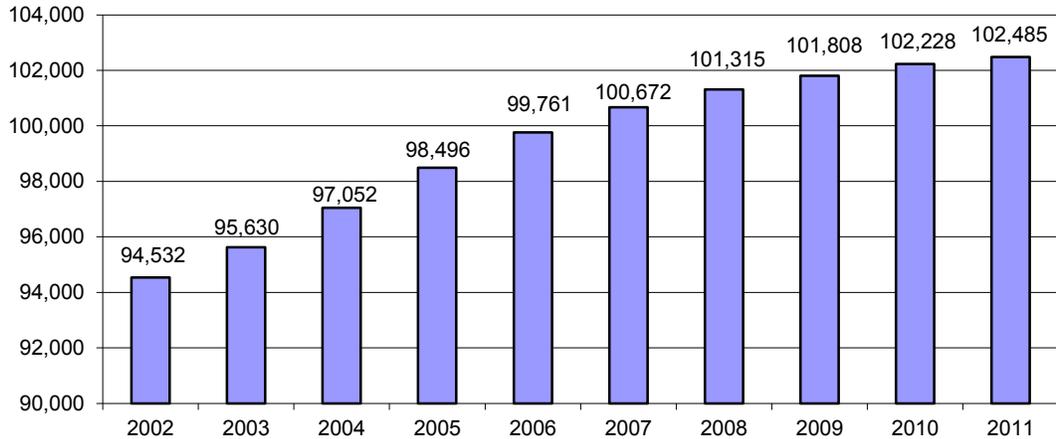
The County maintains budget controls, the objective of which is to ensure compliance with legal provisions of the annual budget adopted by the Walworth County Board of Supervisors. All County departments are required to submit their annual budget requests for the ensuing year to the County Administrator in August. The County Administrator evaluates departmental requests and submits his proposed Administrator's budget to the County Board of Supervisors in September. The County Board is required to hold public hearings on the proposed budget and finalize budget adoption on or before November 15. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the department level. Budget-to-actual comparisons are provided in the fund statements except for the General fund which is found in the Other Supplemental Information section.

ECONOMIC CONDITIONS AND OUTLOOK

LOCAL ECONOMY

According to the Wisconsin Department of Administration, Demographic Services Center, Walworth County has a population of 102,485, adding 7,953 new residents since 2002, representing a growth rate of 8.4%. The next graph demonstrates the steady increase in population for the past 10 years.

Walworth County Population 2002 to 2011

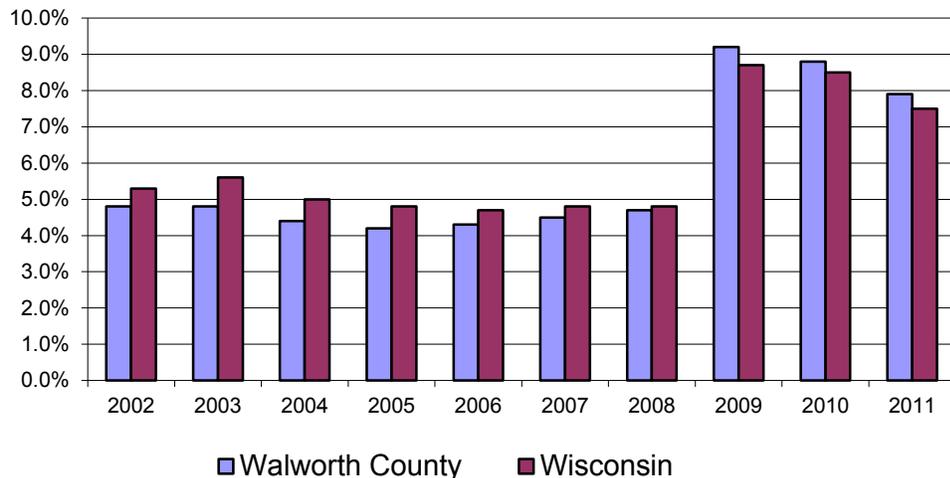


Source: Wisconsin Department of Administration, Demographic Services Center and US Census Bureau

Walworth County is strategically located in southeastern Wisconsin, approximately 100 miles northwest of the City of Chicago, 50 miles southwest of the City of Milwaukee and 65 miles southeast of the City of Madison. The county is home to the University of Wisconsin - Whitewater, a four-year institution founded in 1868 with an enrollment of 10,700 students. Gateway Technical College maintains a campus in the City of Elkhorn and offers associate degree and vocational education programs to serve the technical training needs of the area. George Williams College of Aurora University is located in Williams Bay, Wisconsin, on the shores of Lake Geneva. Aurora University is a private, independent university offering undergraduate and post-graduate degrees to approximately 4,000 combined students on their Aurora, Illinois, and Williams Bay, Wisconsin, campuses.

Historically, Walworth County has had an economy marked by steady growth, diversity and stability. As of December, 2011, the unemployment rate for the County was 7.0% compared to the statewide rate of 6.6%. The unemployment level is reflective of the overall economic conditions nationwide. The following graph shows the annualized unemployment rates and reflects the current positive trend.

Annualized Unemployment Rates 2002 to 2011



Source: Wisconsin Department of Workforce Development and US Department of Labor, Bureau of Labor Statistics

In addition to the public sector entities of the University of Wisconsin-Whitewater and Walworth County Government, the leisure and hospitality industry is vital to the economic well-being of the County. Without a stadium, regional mall or convention center, Walworth County currently ranks sixth in the state in terms of spending for tourists, according to the Wisconsin Department of Tourism's 2010 report. Two of the County's top ten principal property taxpayers and two of its top ten principal employers are from the leisure and hospitality industry. For a list of the County's top ten principal employers, please see the Statistical Section of this report.

Recreation is an integral part of the Walworth County economy and tourism draw. Golfing, boating, fishing, and hiking are popular activities. The County is home to Geneva Lake, a well-known Midwest vacation destination. The Kettle Moraine State Forest is renowned for its hiking, biking, and skiing trails. An abundant number of public and private courses are available for the golf enthusiast.

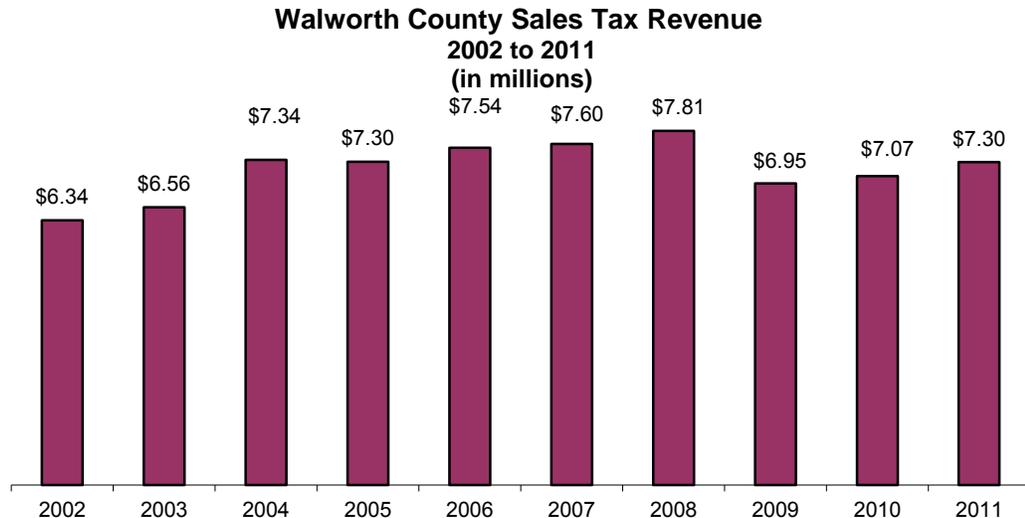
Tourism provides employment as well as sales and property tax revenue. Walworth County assists local tourism efforts by assisting with support of the Walworth County Visitors Bureau. The total estimated economic impact of tourism in 2010 was \$414.2 million based upon the 2010 report by the Wisconsin Department of Tourism. The table below outlines the County's top employing industries.

**Top 5 Industries in Walworth County
2011 Third Quarter**

<u>Industry</u>	<u>Employees</u>
Manufacturing	8,277
Leisure and Hospitality	7,182
Education and Health Services	6,796
Trade, Transportation, Utilities	6,621
Professional and Business Services	2,849

Source: Wisconsin Department of Workforce Development

Growth in retail is also a factor in the economic stability of Walworth County. The County imposes a 0.5% sales tax on retail purchases, providing additional revenues to fund County programs. Beginning in 2009, like many other regions, Walworth County experienced a downturn in the economy that was reflected in reduced retail sales. In 2010, the County saw the beginning of a recovery with actual sales tax collection increasing by \$116,000. In 2011, this increase doubled to \$232,000 for total sales tax revenue of \$7.3 million. Peak sales tax occurred in 2008 at \$7.8 million.



LONG-TERM FINANCIAL PLANNING

Flexibility under State Levy Caps

A fundamental step in keeping the County in a sound financial position is to maintain flexibility under the state-imposed operating levy rate caps.

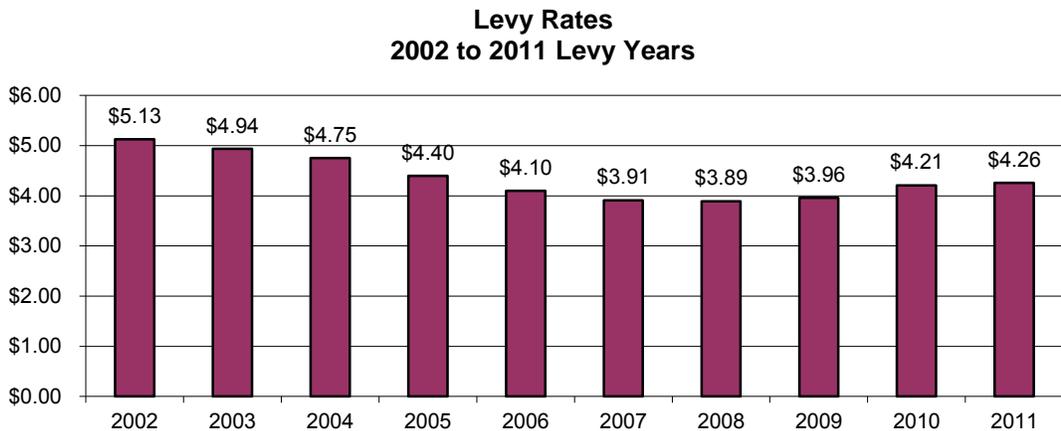
In 1993, the State Legislature imposed an operating mill rate limit on Wisconsin counties. Counties were required to limit the mill rate attributable to operating expenses at or below the rate they imposed in 1992. As part of the state budget bill for the two-year period beginning July 1, 2011, this levy limit has been temporarily suspended. The County continues to be below this cap.

State Budget Effects

For the last two state 2-year budget cycles, Wisconsin has placed an additional levy limit on local governments. For the County's 2011 budget cycle, the County was allowed to increase the levy by a percentage equal to the percentage change from its January 1 equalized value due to new construction, or up to 2%, whichever was greater. This limit excluded certain portions of the levy including Children with Disabilities Education Board, library, bridge/culvert aid and increases in certain debt service costs. An allowance for unused levy amount in the prior year's levy cap was also available. Walworth County was under the allowable 2010 levy limit for 2011 by 6.9% or \$3.76 million.

For the County's 2012 budget cycle, new legislation was passed that affected local governments in several ways. The levy limit was adjusted to a 0% levy increase based on the prior year's total levy (excluding Children with Disabilities Education Board levy), rather than 2% and included the loss of prior year carryforward adjustments. Other state funding affected by legislation included changes to administering health and human services grant programs, and reduced state shared revenues and transportation aids. With the exception of sworn law enforcement officers hired prior to July 1, 2011, the state mandates that public employees contribute toward their retirement benefits. The County had previously made the entire pension contribution. The bill also significantly limits represented employee bargaining rights, which has caused 4 of the County's 7 bargaining units to decertify in 2012 after the expiration of the 2011 contracts. These changes were to be utilized to offset the significant loss of proposed state aid. The County was able to meet this budget levy cap with a 0.14% decrease in its levy. This 0% levy limit will continue to be in effect for the 2013 budget cycle, for which the County expects to be able to meet the established requirements.

In 2011, the County experienced a reduction in its tax base value of 1.1%. This loss in value, despite the 0.14% decrease in the total tax levy needed to balance the budget, resulted in an increase in the County's tax levy rate.



Transition of CDEB Service to Local Districts

Walworth County operates a Children's with Disabilities Education Board (CDEB). The program has two distinct components. The first component includes services that are provided in the local school districts. The County currently provides limited staff in the local school districts necessary to provide integrated special education services. In August, 2006 the County Board adopted, and all participating school districts ratified, an implementation plan for transfer of county-sponsored CDEB services offered in the local school districts from County oversight to individual school district oversight over a 10-year period ending in 2016. The second component is the County-run school for special education students. The Board completed construction of a new school on a new site in 2008, with the issuance of \$17.1 million in debt. The County sold the existing school facility and its adjoining 8 acres to a private developer.

As of the end of the 2010-11 school year, the County has transferred a total of 73.85 FTEs to district responsibility. As part of the Transfer of Service agreement with the individual school districts, 22.50 teaching FTE positions are left to transfer before the agreement's termination deadline of 2016. A summary of transitioned FTEs is shown below.

Transition of FTEs to District Responsibility				
Year	Teachers	Aides	Programmer	Totals
2006	6.50	4.71		11.21
2007	7.00	4.18	1.00	12.18
2008	12.46	3.79		16.25
2009	10.00	3.39		13.39
2010	4.00	11.82		15.82
2011	5.00			5.00
Totals	44.96	27.89	1.0	73.85

Technology

The County strives to utilize technology that will best serve its citizens. The County recently began video streaming its Board and Committee meetings. Meetings may be viewed on the Internet, either live or in archived form. To ensure ongoing system support, the County is currently undergoing an upgrade to its phone and voice mail system. Disaster recovery plans for the server and data environments are being addressed through the installation of redundant SAN storage and a Virtual Server environment.

The most recent significant software implementations have been the new Records Management System (RMS), Computer Aided Dispatch (CAD), and Wireless Dispatch Assistant (WDA) systems. The RMS allows for the Sheriff's Office to combine all record keeping needs into one software package. This includes Arrest data, Incident Reports, Warrants, Property, Case Management, Traffic Citations, and more. The RMS tracks all information that deputies gather and makes it available for the Sheriff's Office in total. The RMS also contains a module that the Jail will use for tracking inmates and associated charges, sentences, work release and property.

The next major software project currently in the selection phase is a new tax system in the Treasurer and Register of Deeds offices. Implementation is anticipated for the printing of tax bills at the end of 2013.

Available Fund Balance/Net Assets

Walworth County places an emphasis on policies to maintain appropriate fund balance/net asset reserves to assist with making its current and long-term budgetary projections and decisions. County ordinance defines minimum available fund balance/net assets for the General fund, Children with Disabilities Education Board fund, Public Works, Lakeland Health Care Center, and the internal service funds. Use of the available funds is limited to one-time expenditures, including but not limited to: capital expenditures, prepayment of outstanding debt, start-up costs for new programs, termination costs of ineffective or inefficient programs, advance payment of multi-year obligations or other nonrecurring expenditures.

Only the General fund unassigned fund balance may be utilized throughout the County within the above restrictions; all other available fund balance/net assets must remain within the general purpose of the individual fund. The appropriate unassigned General fund balance is defined to be 15 to 20% of the General fund revenues without transfers plus the property tax revenue allocated to each fund. As of December 31, 2011, the unassigned fund balance is 26.16%, providing excess available funds in the amount of approximately \$5 million to be appropriated as authorized by the County Board of Supervisors. The table below depicts the definition of minimum fund balance/net assets, the calculated minimum, the actual, and the amount available at December 31, 2011 for all other funds with minimums defined in the County ordinance.

<u>Fund</u>	<u>Definition of Minimums</u>	<u>2011 Top of Min. Range</u>	<u>Actual</u>	<u>Available</u>
Children with Disabilities Ed Bd	15-20% revenues less property tax & transfers	\$ 2,076,278	\$ 3,347,732	\$ 1,652,460
Public Works	15-20% revenues less property tax & transfers	\$ 1,371,320	\$ 1,371,320*	\$ -
Lakeland Health Care Center	15-20% revenues less property tax & transfers	\$ 1,864,836	\$ 2,318,155*	\$ 453,318
Health Insurance	Average 3-4 months of claims	\$ 4,759,714	\$11,774,226	\$ 7,014,512
Dental Insurance	Average 3-4 months of claims	\$ 242,359	\$ 381,673	\$ 139,313
Workers Compensation	Average 3-4 months of claims	\$ 137,695	\$ 586,229	\$ 448,534
Risk Management	\$4,000,000	\$ 4,000,000	\$ 4,974,808	\$ 974,808

* Actual net asset amounts are after certain internally designated amounts have been deducted

Reducing Current and Future Debt Service

The 2011 budget's 5-year capital plan included an estimated \$11.5 million borrowing plan for the expansion of the County jail in 2014. The County's Criminal Justice Coordinating Committee, Sheriff's Office, Health and Human Services Department, Circuit Court, County Board, Public Defender, Probation and Parole, and Walworth County Chief of Police Association have worked together to research and develop programs and alternative methods that have postponed the need to expand the jail. These alternatives include electronic monitoring, day reporting, and drug court to be implemented during 2012. As a result, the need to borrow for an expanded facility has been taken completely out of the 2012 budget's 5-year capital plan.

The County's road construction capital plan includes the need to borrow every other year to complete major road construction projects. The off year is then used to engineer the next construction year or complete remaining projects. The County has chosen to use General fund unassigned fund balance as well as unused road contingency funds to eliminate its planned borrowing in 2013, with no anticipated need to postpone road construction projects.

The County also utilized available General fund unassigned fund balance and Lakeland Health Care Center net assets to call portions of 3 current debt obligations. In 2011, \$1,250,000 of outstanding debt was called, with an additional \$4,755,000 called in April, 2012. Interest expense savings resulted from these early payments.

Employee Benefits

The County places a significant focus on its health insurance employee benefits as this is generally a major driver in the County's annual budget. The 2008 budget included a 27.5% increase in health insurance premiums due to a complete drain of health reserves and a substantial increase in health care costs. Over the last 4 years, major changes have been made to the health insurance plan. These changes include new wellness initiatives to slow escalation of health care costs; the establishment of an employee premium contribution of 7-12%; tying the premium contribution to the wellness program, resulting in 96% participation; and negotiation of third party vendor contracts which resulted in additional health fund savings.

As a result of management initiatives and member usage, the fund ended 2011 with an increase to its reserves for its fourth straight year and has an ending balance equivalent to almost 10 months of claims. The improved status of the Health Insurance fund has resulted in 0% premium rate increases for the last 2 years, operating with the same rates since 2010.

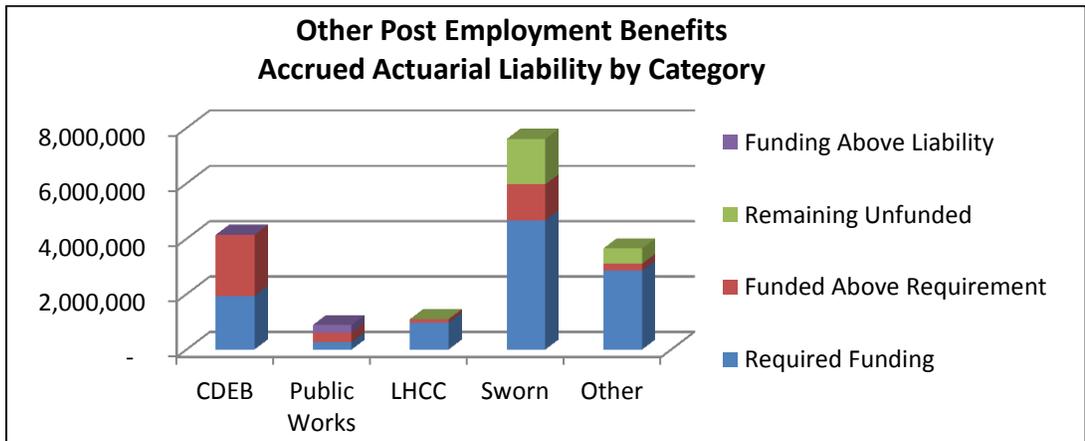
Changes have been implemented effective January 1, 2012 with the addition of a second tier health plan mandated for all new employees with the expected addition of the sworn deputy bargaining unit employees beginning January 1, 2013. The County therefore anticipates low, if any, increases for 2013.

Other Post Employment Benefits

The County continues to take proactive steps in regards to its Other Post Employment Benefits (OPEB). Shortly after the first actuarial study, steps were taken to eliminate the retiree health insurance benefit for all individuals hired beginning in 2005 and 2006, based upon the various agreements with County labor groups. The effects were not immediate, but the County's commitment to reducing employee eligibility combined with maintaining health care premiums at a flat rate have proven to be effective methods in reducing the liability according to the most recent actuarial study. The following is a brief history of changes from the last four actuarial studies.

	12/31/2005	12/31/2007	12/31/2009	12/31/2011
Annual Required Contribution	1,726,090	2,009,422	1,862,055	895,681
Actuarial Accrued Liability	13,880,268	19,387,673	21,570,387	17,096,898
Number of Participants	941	819	696	626

The County has also taken an aggressive approach in funding the trust. As of December 31, 2011, the County has available assets of \$15,188,887. An additional \$3.7 million was included in the 2012 budget. The County is currently ahead of its amortization schedule and is reporting an OPEB asset rather than a liability. The following graph shows the five different OPEB reserves tracked individually and the funding status of each. The current liability for three of the five reserves are fully funded, with the remaining two to be fully funded by year-end 2013 based on the current actuarial study results.



FINANCIAL POLICIES

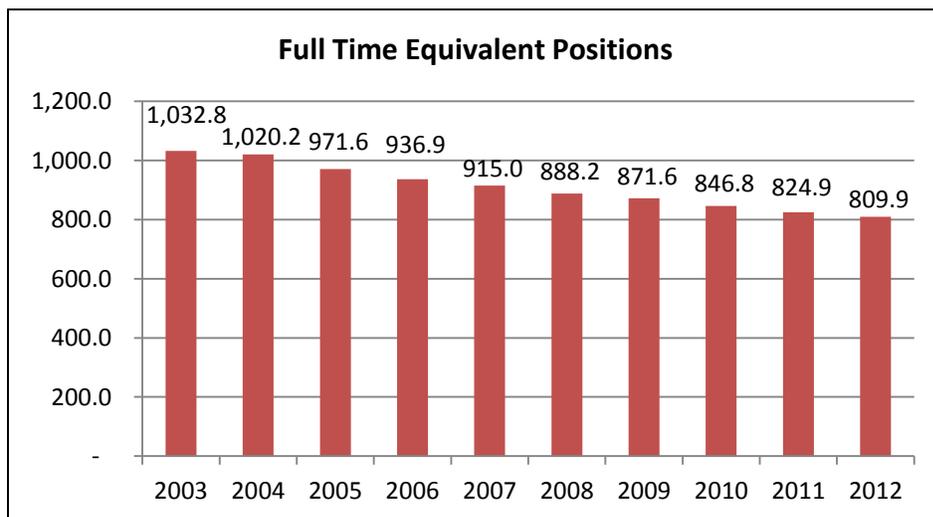
The County continues to follow all accounting requirements issued by the Governmental Accounting Standards Board. Management continues to expand and develop internal administrative procedures that support and uphold both County Board approved and externally required financial policies.

The County's fund balance/net asset formal ordinance and policies continue to expand to allow for savings related to specific future purchases and obligations. During 2011, the County began several new committed fund balance accounts to allocate and save funds in areas such as future debt service reduction, expected compensated absence bank payouts owed at time of retirements, road construction contingency, and building and equipment future replacements and purchases. The County places an emphasis on the use of its fund balance policies and continues to list detailed information directly in the governmental basic financial statements regarding fund balance classifications which signifies the importance of their use in the County's decision-making process.

MAJOR INITIATIVES

Department Consolidations

Significant departmental consolidations have occurred in recent years. These consolidations have resulted in the elimination of several positions, thereby providing significant cost savings, yet maintaining or improving services. Since 2002, budgeted full time equivalent (FTE) positions have been reduced from 1,032.81 to 809.93, effective with the 2012 budget. This is a net reduction of 222.88 FTEs. The following chart shows total FTEs for the last 10 years.



Economic Development

In an effort to create good jobs and diversify the tax base, the County introduced an economic development initiative in 2003. That year, a strategic planning process began which involved representatives from each town, city and village in the County, together with representatives of business, higher education and county government. The process resulted in a recommendation that economic development be pursued through a non-profit corporation funded by both government and the private sector. In late 2005, the Walworth County Economic Development Alliance, Inc. (WCEDA) was formed. In 2010, the County expanded its economic development strategy to include the creation of a professional position in the University of Wisconsin-Extension Office. The County continues to support both of these initiatives. In 2011, the County agreed to act as the recipient of a Community Development Block Grant on behalf of a local corporation to assist with expanding facilities and creating an expected 127 full time positions within Walworth County by December 31, 2013.

Intergovernmental Relations

Walworth County continues to promote intergovernmental cooperation. On December 11, 2007, the Board established an Intergovernmental Cooperation Council (ICC). The ICC consists of the chief elected officer of each city, village and town in the county as well as the County Board Chairperson. The ICC meets three times a year and promotes intergovernmental cooperation, including the expanded use of shared services and equipment as well as group purchasing initiatives and training.

AWARDS/RECOGNITION

FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the ninth consecutive year that the County received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

BUDGET

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to County of Walworth, Wisconsin for its annual budget for the fiscal year beginning January 1, 2011. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This is the seventh consecutive year that the County was awarded this noteworthy award.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we have submitted it to GFOA to determine its eligibility for another award.

HEALTHIEST COMPANIES

Interactive Health Solutions (IHS) is the County's third party vendor which administers health assessments for County employees and their spouses enrolled in the County's health insurance plan. The vendor recently named the County as one of the "Healthiest Companies in America" for 2011. This is the second consecutive year that the County has met the necessary requirements. Individual results obtained are confidential to the employees, however, the County received an aggregate wellness score in the top 5% of the IHS client base. The County believes that healthier employees generally correspond to less health care costs overall.

MANAGEMENT AWARDS

The County is very proud of its management staff. Various staff across the County are asked to represent and speak at public service related organizational meetings on various topics that demonstrate leadership and share information related to the County's services and programs. In 2011, the County logged 47 speaking engagements in this community outreach program.

Over the years, staff have received various awards demonstrating their strengths and abilities in County-related business. During 2011, Rich Colbert, Applications Supervisor, and Louise Olson, Deputy Director-Land Use and Resource Management, received the Wisconsin Land

Information Association "Local Government Achievement" award. This award is based upon their cooperative efforts in developing a land records web application for NR151 compliance tracking allowing for local data sharing with statewide accessibility and cooperative agreements.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the cooperation, dedication and extensive involvement of the entire staff of the Finance Department. We would like to express our appreciation to all County staff who assisted and contributed to the preparation of this report through their ongoing dedication to strong financial management.

Appreciation is also expressed for the assistance received from our independent auditors, CliftonLarsonAllen. We thank the County Board and Finance Committee Chairpersons, the County Board of Supervisors, and members of the Finance Committee for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



David A. Bretl
County Administrator



Nicole J. Andersen
Deputy County Administrator-Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Walworth County
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



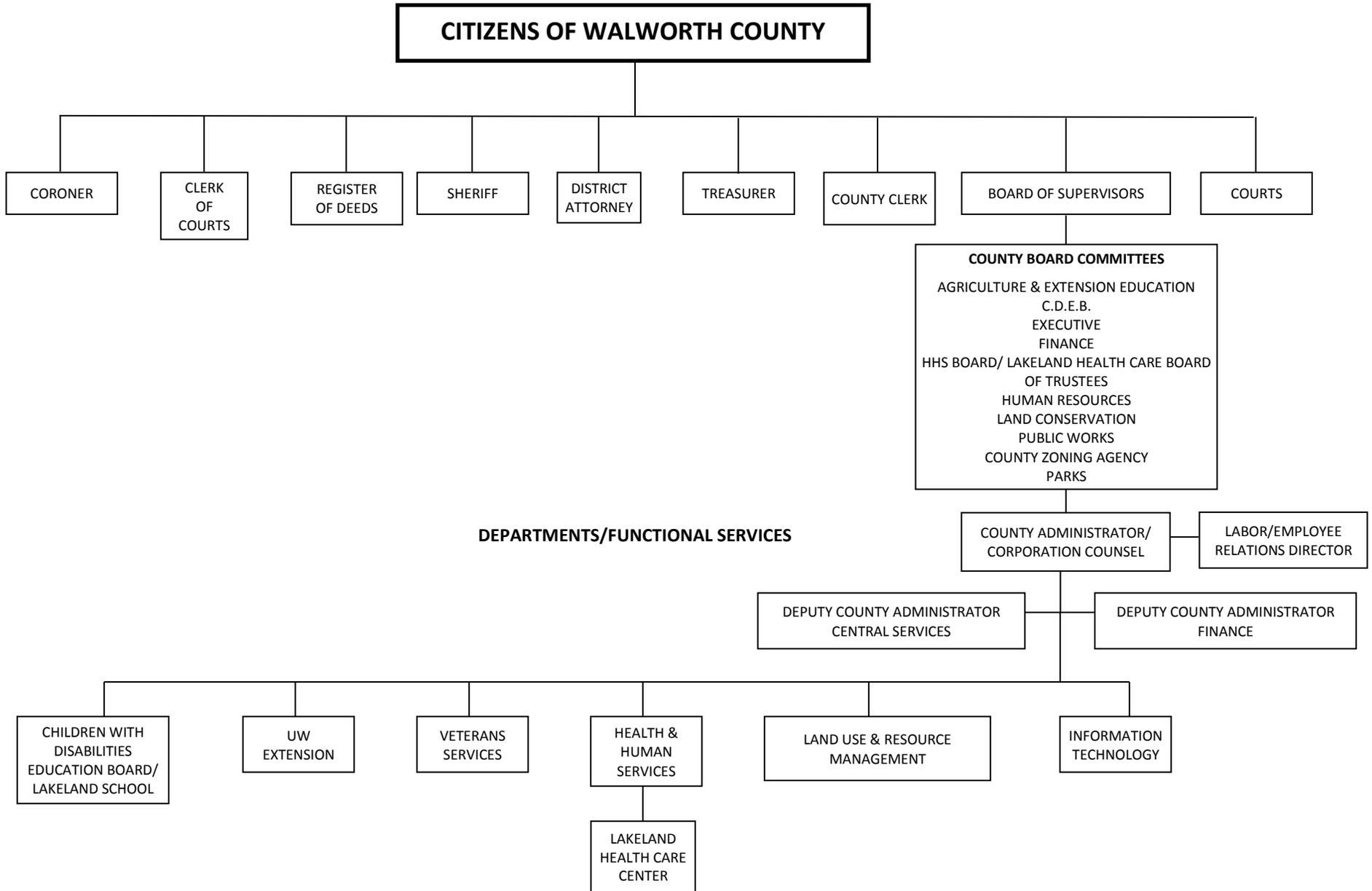
Linda C. Davison

President

Jeffrey R. Evers

Executive Director

WALWORTH COUNTY ORGANIZATION STRUCTURE



WALWORTH COUNTY, WISCONSIN
LIST OF PRINCIPAL OFFICIALS
As of December 31, 2011

ELECTED OFFICIALS

County Clerk	Kimberly Bushey
Clerk of Courts	Sheila Reiff
Coroner	John Griebel
District Attorney	Phillip Koss
Register of Deeds	Connie Woolever
Sheriff	David Graves
Treasurer	Kathy Du Bois

COUNTY BOARD SUPERVISORS

Supervisory District	Name
1	Rick Stacey
2	Joe Schaefer
3	Russ Wardle
4	Jerry Grant
5	Carl Redenius
6	Kathy Ingersoll
7	David A. Weber
8	Daniel G. Kilkenny
9	Richard Brandl
10	Randy A. Hawkins
11	Nancy Russell

NONELECTED OFFICIALS

<u>Activity</u>	<u>Name</u>
County Administrator	David Bretl
Corporation Counsel	David Bretl
Deputy County Administrator - Finance	Nicole Andersen
Comptroller	Jessica Lanser
Deputy County Administrator – Central Services	Shane Crawford
Health and Human Services Director	Linda Seemeyer
Information Systems Director	John Orr
Lakeland Health Care Center Administrator	Bernadette Janiszewski
Special Education Director	Tracy Moate
Land Use and Resource Management Director	Michael Cotter
University of Wisconsin Extension Department Head	Christine Regester
Veterans Service Officer	Christine Jordan

**FINANCIAL
SECTION**

Independent Auditor's Report

Board of County Supervisors
Walworth County, Wisconsin
Elkhorn, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparison information for the General Fund, Health and Human Services Fund and Children with Disabilities Education Board Fund of Walworth County, Wisconsin as of and for the year ended December 31, 2011 which collectively comprise Walworth County, Wisconsin's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Walworth County, Wisconsin'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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Walworth County, Wisconsin as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison information for the General Fund, Health and Human Services Fund and Children with Disabilities Education Board Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2012 on our consideration of Walworth County, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress be presented to supplement the basic financial statements, such information although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Walworth County, Wisconsin's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are the responsibility of management and were derived from and relate 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.

The introductory and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
May 29, 2012

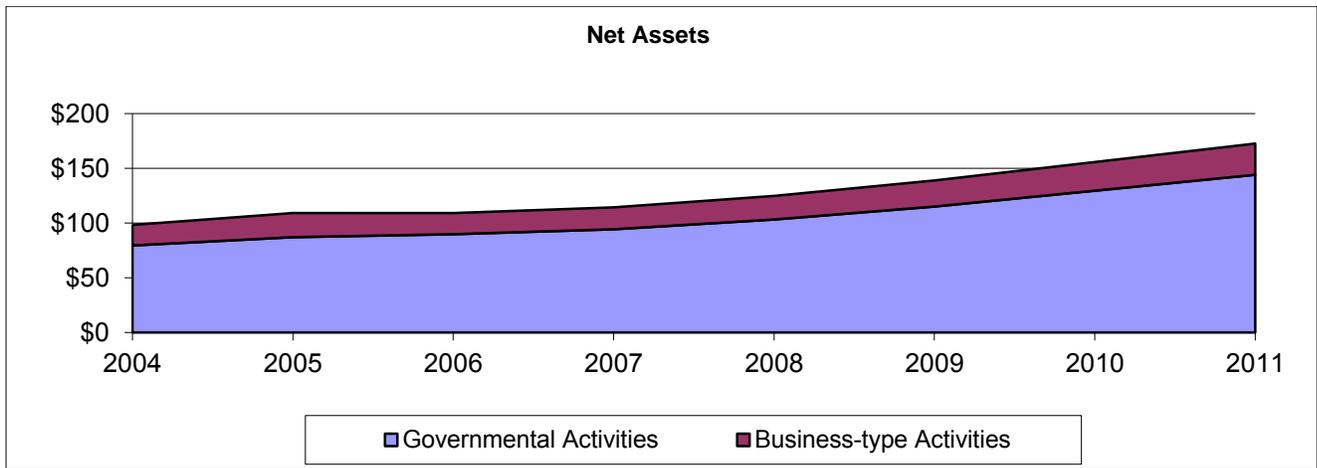
**MANAGEMENT
DISCUSSION
AND
ANALYSIS**

WALWORTH COUNTY, WISCONSIN
 Management's Discussion and Analysis
 December 31, 2011

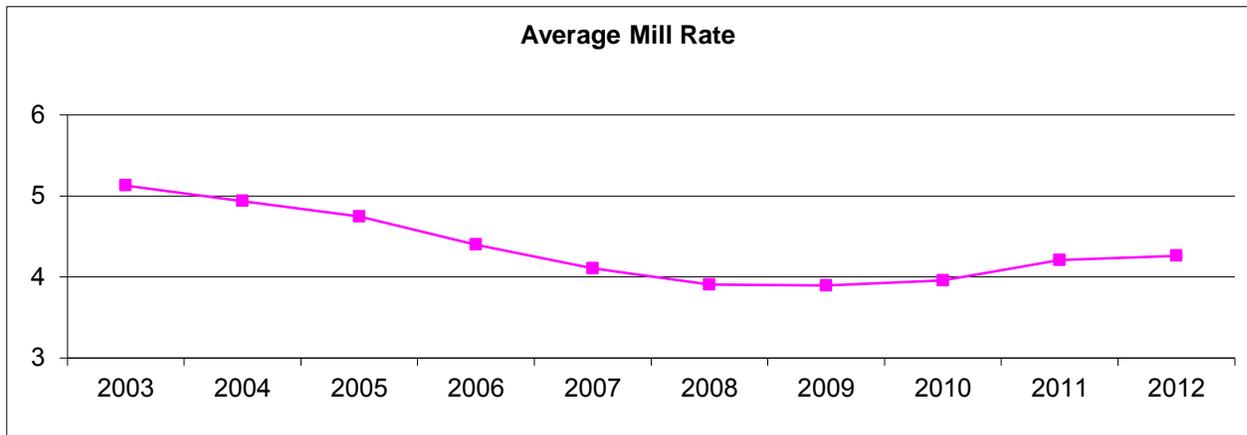
As management of Walworth County, we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2011. Efforts have been made to provide comparison to prior year data when such data is available.

Financial Highlights

- The assets of the County exceeded its liabilities as of December 31, 2011 by \$172.7 million (*net assets*), \$144.2 million in governmental activities and \$28.5 million in business-type activities. Of this amount, \$81.1 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased \$16.8 million. Governmental activities increased net assets by \$14.5 million; business-type activities increased net assets by \$2.3 million. This chart shows the history of net assets increasing over the last 8 years.



- As of December 31, 2011, the County's governmental funds reported combined ending fund balances of \$50.4 million. Approximately 43% of this total amount, \$21.5 million, is available for spending at the County's discretion (*unassigned fund balance*).
- The average mill rate increased 1.3% to 4.261 per \$1,000 of property value for the year ended December 31, 2011. The following graph depicts the history of the average mill rate over the last 10 years. Total tax levy increased by 0.14% for the 2011 tax levy appropriated for the 2012 budget.



WALWORTH COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2011

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

The government-wide financial statements can be found on pages 28-29 of this report.

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

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

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

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Health and Human Services, Children with Disabilities Education Board, and Debt Service funds, all of which are considered to be major funds. Data from the other three

WALWORTH COUNTY, WISCONSIN
Management's Discussion and Analysis
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governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for all its governmental funds, except for the Sheriff Trusts special revenue fund. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the General fund and for each individual, major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 30-38 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its Lakeland Health Care Center nursing home and its Public Works highway and facility administration services. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its employee benefits and risk management. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide business-type activities financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Lakeland Health Care Center and the Public Works fund, both of which are considered to be major funds of the County. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 39-43 of this report.

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

The basic fiduciary fund financial statements can be found on pages 44-45 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 46-73 of this report.

Required supplementary information. The required supplemental information provides information on the funding progress of the County's other postemployment benefit plan. This information can be found on page 74 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 75-89. Detailed schedules of capital assets used in operation of governmental funds can be found on pages 91-93.

Government-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$172,682,421 at the close of 2011.

WALWORTH COUNTY, WISCONSIN
 Management's Discussion and Analysis
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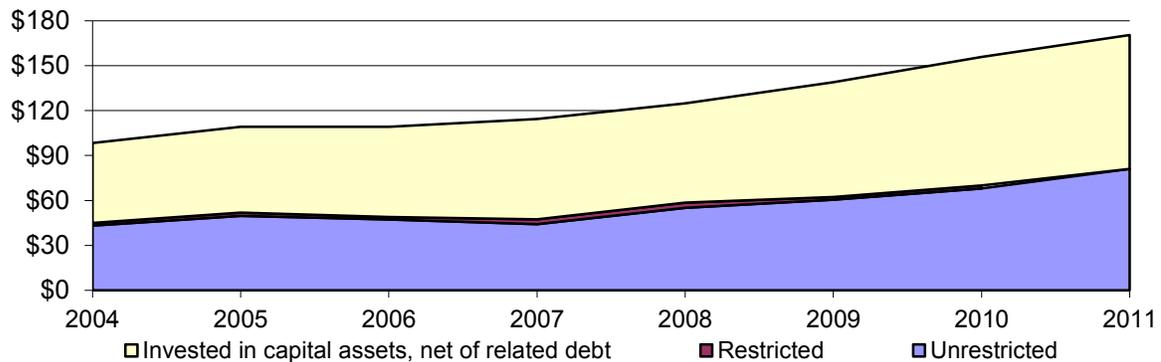
Walworth County's Net Assets
 (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current assets	\$ 134,192	\$ 126,417	\$ 21,875	\$ 21,479	\$ 156,067	\$ 147,896
Capital assets	105,307	101,433	22,735	22,722	128,042	124,155
Other noncurrent assets	5,741	2,670	464	294	6,205	2,964
Total assets	245,240	230,520	45,074	44,495	290,314	265,237
Current liabilities	64,961	66,526	8,497	8,476	73,458	75,002
Noncurrent liabilities	36,093	34,354	8,081	9,835	44,174	44,189
Total liabilities	101,054	100,880	16,578	18,311	117,632	119,191
Net assets:						
Invested in capital assets, net of related debt	73,774	71,633	15,635	14,190	89,410	85,823
Restricted	1,978	1,733	236	267	2,214	2,000
Unrestricted	68,434	56,274	12,625	11,727	81,058	68,001
Total net assets	\$ 144,186	\$ 129,640	\$ 28,496	\$ 26,184	\$ 172,682	\$ 155,824

The largest portion of the County's net assets (51.8%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (1.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$81,058,869) may be used to meet the County's ongoing obligations to citizens and creditors. Below is a graph of the net asset classifications over the last 8 years.

Net Asset Classifications (in millions)



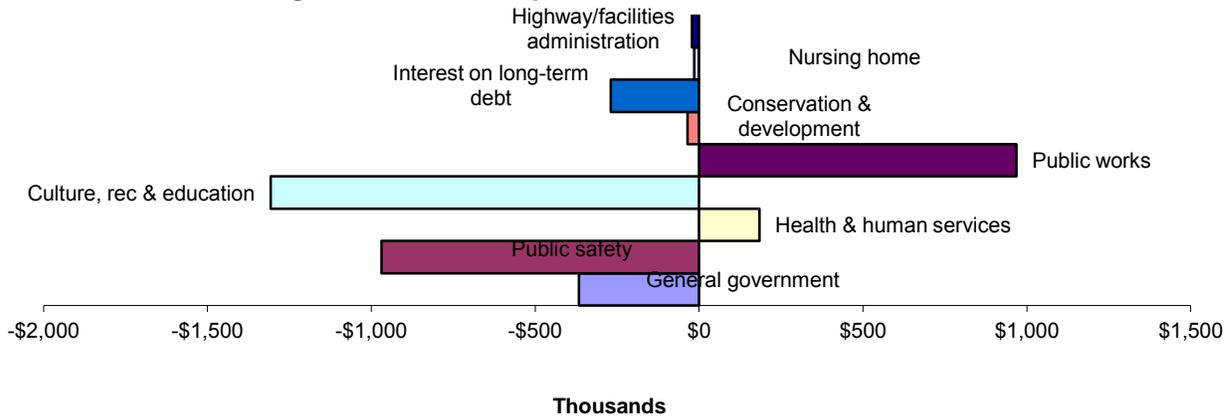
Change in net assets. At the end of the fiscal year, the County reported total revenues of \$118,138,275 and total expenses of \$101,280,371, resulting in an increase in net assets of \$16,857,904 (after considering transfers). The table below and the narrative that follows consider the key elements of this increase broken down by governmental activities and business-type activities. The graph focuses on the change in expenses.

WALWORTH COUNTY, WISCONSIN
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Walworth County's Change in Net Assets
 (In thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 7,782	\$ 8,633	\$12,640	\$ 12,787	\$ 20,422	\$ 21,420
Operating grants and contributions	21,886	22,126	2,729	3,340	24,615	25,466
Capital grants and contributions	328	2,814	-	8	328	2,822
General revenues:						
Property taxes	55,922	54,586	7,499	6,945	63,421	61,531
Other taxes	7,372	7,155	-	-	7,372	7,155
Grants and contributions not restricted to specific programs	375	381	-	-	375	381
Other	794	929	811	268	1,605	1,197
Total revenues	94,459	96,624	23,679	23,348	118,138	119,972
Expenses:						
General government	14,024	14,391	-	-	14,023	14,391
Public safety	23,882	24,851	-	-	23,882	24,851
Health and human services	23,462	23,277	-	-	23,462	23,277
Culture, recreation and education	13,277	14,594	-	-	13,277	14,584
Public works	2,408	1,440	-	-	2,408	1,440
Conservation and development	2,153	2,187	-	-	2,153	2,187
Interest on long-term debt	1,148	1,417	-	-	1,148	1,417
Nursing home	-	-	12,123	12,138	12,123	12,138
Highway/facilities administration	-	-	8,803	8,824	8,803	8,824
Total expenses	80,354	82,147	20,926	20,962	101,280	103,109
Increase (decrease) in net assets before transfers	14,105	14,477	2,753	2,386	16,858	16,863
Transfers	441	30	(441)	(30)	-	-
Increase in net assets	14,546	14,507	2,312	2,356	16,858	16,863
Net assets - January 1	129,640	115,133	26,184	23,828	155,824	138,961
Net assets - December 31	\$ 144,186	\$ 129,640	\$ 28,496	\$ 26,184	\$ 172,682	\$ 155,824

Dollar Change in Functional Expenses between 2010 and 2011



WALWORTH COUNTY, WISCONSIN
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Explanation of Functional Changes.

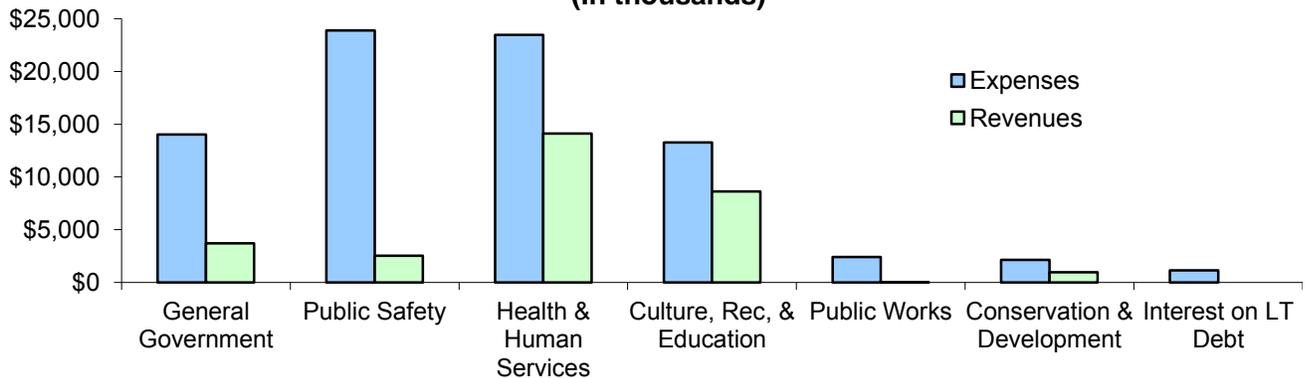
Major functional changes include the change in culture, recreation and education decrease in expenses due primarily to the transfer of the remaining student aids from County to individual school district responsibility. Public works increase in expenses is the result of major road work being completed every other year. The change in public safety includes an increase in other post employment benefit contributions by \$660,000.

Governmental Activities. Governmental activities increased the County's net assets by \$14,546,184, thereby accounting for 86% of the total growth in net assets of the County. This growth is due to increased revenues and decreased expenses. Revenues for the County's governmental activities total \$94,900,193, with property taxes accounting for 58.9% of the total revenue, followed by operating grants and contributions at 23.1%. Expenses cover a range of services, with the majority in four areas: 29.7% for public safety, 29.2% for health and human services, 17.5% for general government, and 16.5% for culture, recreation and education.

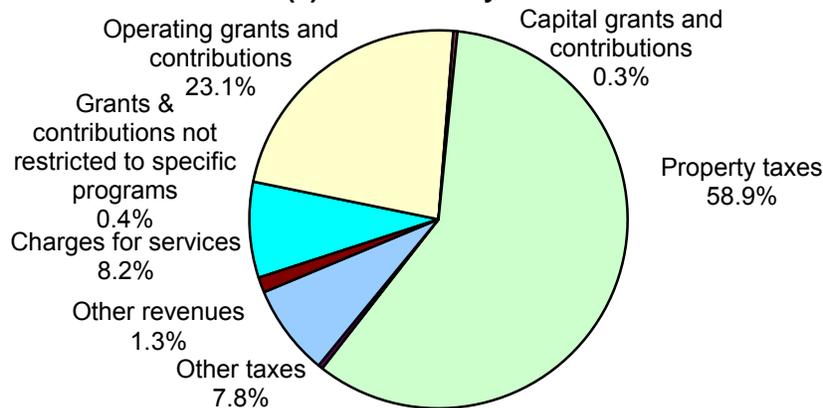
The internal service funds resulted in a \$2.3 million increase in net assets due primarily to less claims than historical averages and greater stop loss recoveries. An increase of \$3 million is due to excess contributions to the other post employments benefit asset. Capital assets net of accumulated depreciation increased by \$3.9 million in total due primarily to completed road infrastructure.

The graphs below compare (1) total governmental activity expenses to program revenue, which does not include general revenues of property and other taxes, or grants and contributions not related to specific programs, and (2) all revenue sources for governmental activities.

**Governmental Activities
 (1) Expenses and Program Revenues
 (In thousands)**



**Governmental Activities
 (2) Revenues by Source**

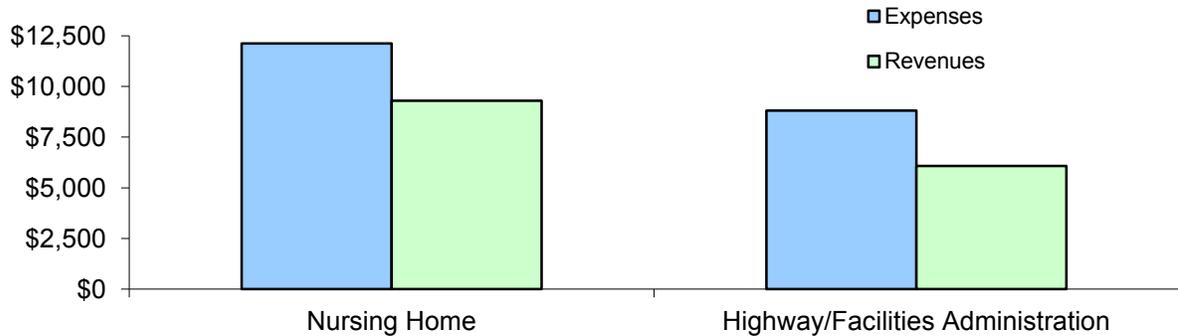


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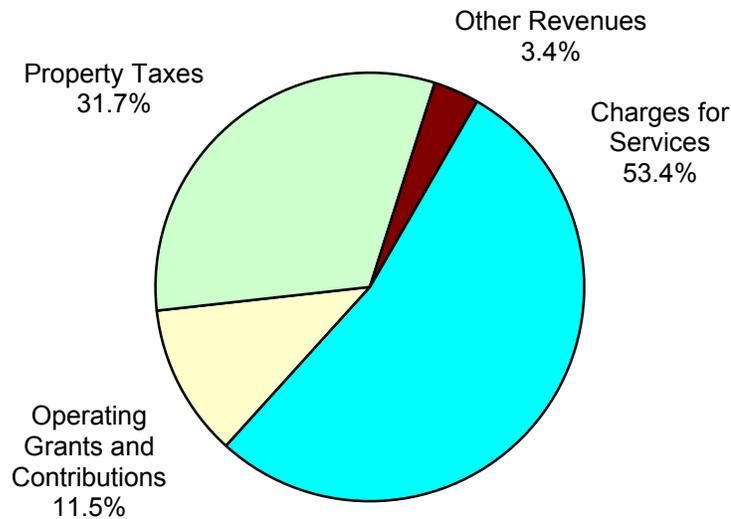
Business-type Activities. Business-type activities increased net assets by \$2,311,720, thereby accounting for 14% of the total growth in net assets of the County. This growth is due primarily to decreased expenses. Due to position vacancies and a hiring freeze across the County during 2011, \$978,000 of wage and benefit savings resulted between highway/facilities administration and the nursing home. \$450,000 of the net assets increase is due to health insurance savings discussed above in the governmental activities. An increase of \$600,000 relates to insurance recoveries for the highway/facilities area.

The graphs below compare (1) total business-type activity expenses to program revenue, which does not include general revenues of property and other taxes, or grants and contributions not related to specific programs and (2) all revenue sources for business-type activities.

**Business-type Activities
 (1) Expenses and Program Revenues
 (In thousands)**



**Business-type Activities
 (2) Revenues by Source**



WALWORTH COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2011

Financial Analysis of the County's Funds

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

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

As of December 31, 2011, the County's governmental funds reported combined ending fund balances of \$50,419,745, an increase of \$6,909,147 from the prior year. Approximately 43% of this amount (\$21,493,566) constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The following fund balance amounts have been assigned by County Board or management: subsequent year budget items (\$5,857,324), open projects carried forward into the next year (\$1,055,522), future equipment and building purchases (\$1,815,700), non-specific Children with Disabilities Education Board purposes (\$3,347,732), and non-specific capital project purposes (\$203,407). Committed fund balance indicates that it is not available for new spending because it has already been committed by the County Board by ordinance or formal resolution. Commitments include funds set aside future building and equipment purchases (\$592,000), future debt service payments (\$1,566,218), general donations (\$93,206), open encumbrances (\$956,962), future investment market adjustments for potential short-term losses (\$1,182,591), future road construction (354,364), transfers to be made to the General fund (\$2,127,908), parks (\$172,789), and for anticipated retirement severance payments (\$535,697). Restricted fund balance accounts for funds with a funding source specifically restricted by a third party. Restricted amounts include Alpine Valley fees for future concert public safety needs (\$110,174), carryforward projects with restricted revenue funding (\$3,714), donations for school, sheriff, health and human services, and parks (\$316,389), encumbrances (\$624), land information projects (\$703,435), non-metallic mining fees collected and held by statute (\$25,163), redaction fees collected and held by statute (\$113,006), Sheriff Trust funds collected and held by statute (\$703,380), and unspent bond proceeds (\$2,029,983). Nonspendable fund balance are portions of fund balance that cannot be spent because of their non-cash form including inventory that benefits periods beyond the end of the current year (\$5,613), and delinquent taxes, not yet collected (\$5,053,278).

The General fund is the chief operating fund of the County. At the end of the current year, unassigned fund balance of the General fund was \$21,493,566, while total fund balance reached \$36,985,022. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers. Unassigned fund balance represents 47% of total General fund expenditures and transfers, while total fund balance represents 81% of that same amount.

The fund balance of the County's General fund increased by \$4,473,656. The fund was budgeted to decrease by \$667,917. Many of the capital outlay expenditures and related grants have been carried forward into 2011. Lapsing individual General fund department savings of \$4,362,337 existed at yearend. The largest excess revenue contributions were due to interest and penalties on delinquent taxes of \$796,000 and excess sales tax received of \$400,000. The largest excess expenditure savings was in wage and benefit expenses due primarily to a hiring freeze requiring an in depth look at each position by the County's human resources committee before positions could be refilled. This resulted in a savings of \$1.5 million by the General fund.

Per County resolution, the assigned fund balance for non-specific purposes remaining in a governmental special revenue fund balance at year-end is transferred to/from the General fund during the subsequent year. The exception is Children with Disabilities Education Board, which maintains its fund balance for future years.

The Health and Human Services special revenue fund has a total fund balance of \$2,597,727. Of this total, \$192,390 is restricted for donations, \$584 is restricted to encumbrances, and \$285,606 is assigned to fund projects carried forward to future years. The fund balance decreased by \$212,084, which is \$2,548,721 better than budgeted net change in fund balance due primarily to improved service and programs allowing for

WALWORTH COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2011

a decrease in professional services. Health and Human Services net change in fund balance will result in a 2012 transfer to the General fund in the amount of \$2,119,147 which has been committed in the fund balance.

The Children with Disabilities Education Board special revenue fund has a total fund balance of \$5,211,120. Of this fund balance, \$90 is committed/restricted for encumbrances, \$6,174 is assigned to fund projects carried forward to future years, \$550,000 is committed for building/equipment purchases, \$1,000,000 is committed for future debt service payments, \$149,797 is committed for anticipated retirement/severance payments, and \$157,327 is committed/restricted for donations. The fund balance increased by \$1,558,270 over budgeted expectations, primarily due to the early implementation of school district transfers of teachers and student aides to the local districts, resulting in savings of payroll costs.

The Debt Service fund has a total fund balance of \$704,072, which includes a restricted amount of \$137,854 for unspent bond proceeds, and the remaining \$566,218 is assigned to future debt service payments. The fund balance increase of \$104,063 was due to the premium received on the long term debt issued during 2011.

Proprietary funds. The County's proprietary funds provide the same type of information found in the County's government-wide financial statements, but in more detail.

Unrestricted net assets of Lakeland Health Care Center at the end of the year amounted to \$6,379,752. The total growth in net assets was \$629,900.

Unrestricted net assets of the Public Works fund at the end of the year amounted to \$4,084,131. The total growth in net assets was \$1,230,305.

Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

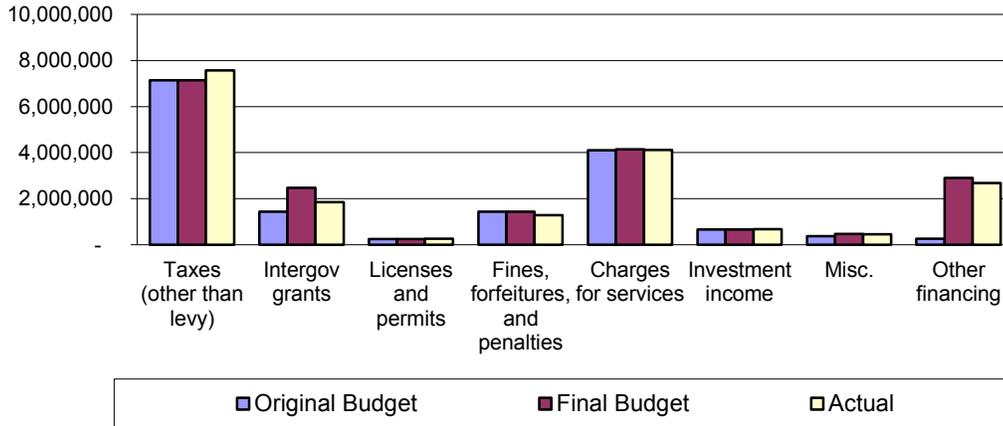
General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an increase of \$105,883 in appropriations; major changes in fund balance additions/uses during the year included a transfer from health and human services 2011 net income of \$2.4 million which was offset by the use of fund balance for several capital outlay projects as well as calling a debt payment early for \$1.255 million. The following graphs depict actual revenue and expenditure categories compared to original and final budget.

During the year, actual revenues and transfers exceeded budgeted revenues by \$308,871. The largest increase in revenues compared to budget of \$1.3 million is due to excess interest and penalties on delinquent taxes and excess sales tax collections. Decreases seen in other financing sources and intergovernmental grant revenues total \$820,169 are primarily due to projects not yet completed and therefore the related revenues have not yet been earned. These revenues are expected to be earned in 2012.

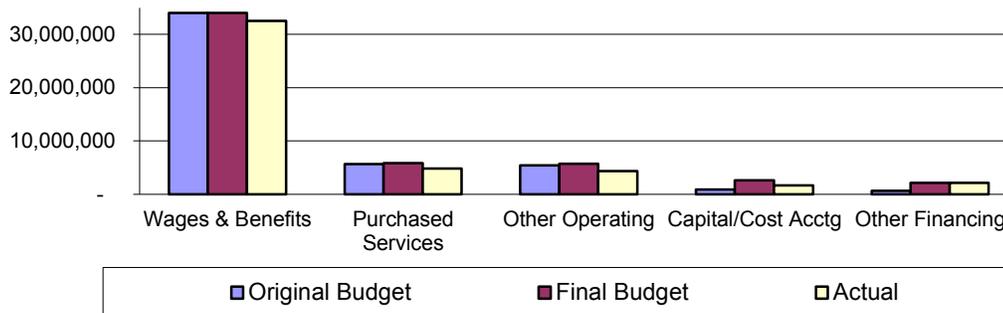
WALWORTH COUNTY, WISCONSIN
 Management's Discussion and Analysis
 December 31, 2011

General Fund Budget to Actual by Revenue Categories (excluding tax levy)



Actual expenditures were less than budgeted expenditures by \$4,832,702, primarily due to operational efficiencies from each department. Wages and benefits account for \$1.5 million of this savings due primarily to a hiring freeze requiring an in depth look at each position by the County's human resources committee before positions could be refilled. Capital outlay projects/open operating encumbrances carried forward for expenditures not completed at year end account for \$1,156,674 of the total.

General Fund Budget to Actual by Expenditure Categories



Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2011 amounts to \$128,042,878 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress. The total increase in the County's investment in capital assets for the current fiscal year was 3%.

The County completes road construction every other year. 2011 was considered a road construction year.

Major capital asset events completed during the current fiscal year included the following:

- Completed road and bridge construction, at a cost of \$8,381,003
- Replacement of 12 sheriff vehicles, at a cost of \$266,463
- Purchase of health and human services Echo billing/case management software, at a cost of \$508,325
- Replacement of Government Center roof at a cost of \$440,903
- Purchase of various new Public Works equipment, at a total cost of \$628,564

WALWORTH COUNTY, WISCONSIN
Management's Discussion and Analysis
December 31, 2011

Two major capital asset impairment events occurred during the year:

- Vehicle/property accident with impairment to a Public Works Highway Truck, insurance recovery resulted in a net gain of \$89,430
- Wind damage with impairment to a Public Works Salt Dome, insurance recovery resulted in a net gain of \$108,569

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements, using the depreciation method of reporting capital assets.

Further details of the County's capital assets can be found in the notes to the financial statements on pages 60-61.

Long-term debt. At the end of the current fiscal year, the County had total general obligation debt outstanding of \$40,575,000. Moody's Investors Service rates Walworth County for its general obligation debt as an Aa1. Under current state statutes, the County's general obligation debt is subject to a legal limitation, based on 5% of the total equalized value of taxable property in the County. The current debt limitation for the County is \$693,126,678, which is significantly in excess of the County's \$40,575,000 in authorized general obligation debt.

The County's total general obligation debt increased by \$640,000 (2%) during the current fiscal year. Changes include a new borrowing of \$7,740,000 for road construction, which is offset by \$7,100,000 for debt principal payments. A called portion of debt is included in the principal retirement total for outstanding 2003 general obligation notes in the amount of \$1,250,000.

Further details of the County's long-term debt activity can be found in the notes to the financial statements on pages 61-64.

Economic Factors and Next Year's Budget and Rates

- The economic condition of the nation has taken a downturn affecting many aspects of the County's economy including employment and revenue declines. The County is based on a relatively healthy mix of manufacturing, tourism, service industry, retail, and farming activities that support our tax base, and therefore expects to return to a stable environment.
- Inflationary trends in our region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2012 fiscal year.

Limits have been imposed on the property tax levy rates for Wisconsin counties. The limit excludes the Children with Disabilities Education Board tax levy, bridge aid, libraries, and certain increases in debt service. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the County qualifies for one of the exceptions allowed under the statute. The statute establishes specific penalties for failure to meet the levy rate freeze requirements. Among the penalties for exceeding the limits is the reduction of state shared revenues and transportation aids.

The County continues to review and analyze long and short term budget needs carefully to make the important decisions related to serving the needs of Walworth County citizens in the most effective manner while continuing to keep spending within statutory limits.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Walworth County Finance Department, 100 West Walworth, P.O. Box 1001, Elkhorn, WI 53121.



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BASIC FINANCIAL STATEMENTS

WALWORTH COUNTY, WISCONSIN

STATEMENT OF NET ASSETS
December 31, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 65,428,148	\$ 9,115,850	\$ 74,543,998
Restricted cash and investments	1,777,156	26,133	1,803,289
Receivables (net of allowance for uncollectibles):			
Taxes	53,260,447	7,619,605	60,880,052
Delinquent taxes	9,534,660	-	9,534,660
Accounts	2,264,567	1,171,818	3,436,385
Internal balances	(2,152,864)	2,152,864	-
Due from other governments	3,958,964	264,823	4,223,787
Inventories	5,613	1,511,836	1,517,449
Prepaid items	115,764	6,199	121,963
Unamortized debt issuance costs	-	5,371	5,371
Long-term receivable	282,771	-	282,771
Restricted investments			
Deposit held with Wisconsin Municipal Mutual Insurance Company (WMMIC)	1,563,000	-	1,563,000
Other post employment benefits	3,764,661	447,725	4,212,386
Unamortized debt issuance costs	130,305	16,105	146,410
Capital assets:			
Land and construction in progress	2,030,210	620,881	2,651,091
Other capital assets (net of accumulated depreciation)	103,276,981	22,114,806	125,391,787
Total assets	<u>245,240,383</u>	<u>45,074,016</u>	<u>290,314,399</u>
LIABILITIES			
Accounts payable	2,621,284	430,432	3,051,716
Accrued interest payable	319,615	63,990	383,605
Accrued liabilities	1,728,077	344,071	2,072,148
Claims payable	4,707,057	-	4,707,057
Deposits	2,072,308	26,133	2,098,441
Due to other governments	158,323	-	158,323
Unearned revenue	53,354,179	7,632,732	60,986,911
Noncurrent liabilities:			
Due within one year	5,591,586	2,131,418	7,723,004
Due in more than one year	30,501,526	5,949,247	36,450,773
Total liabilities	<u>101,053,955</u>	<u>16,578,023</u>	<u>117,631,978</u>
NET ASSETS			
Invested in capital assets, net of related debt	73,774,252	15,635,317	89,409,569
Restricted for:			
General government	115,254	-	115,254
Public safety	869,360	-	869,360
Health and human services	192,975	-	192,975
Culture, recreation and education	71,947	-	71,947
Conservation and development	728,598	-	728,598
Nursing home	-	84,712	84,712
Solid Waste	-	151,137	151,137
Unrestricted	68,434,042	12,624,827	81,058,869
Total net assets	<u>\$ 144,186,428</u>	<u>\$ 28,495,993</u>	<u>\$ 172,682,421</u>

The notes to the financial statements are an integral part of this statement.

WALWORTH COUNTY, WISCONSIN

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 14,023,579	\$ 2,837,631	\$ 871,920	\$ -	\$ (10,314,028)	\$ -	\$ (10,314,028)
Public safety	23,882,453	1,285,248	957,714	286,687	(21,352,804)	-	(21,352,804)
Health and human services	23,461,950	2,577,202	11,546,247	2,667	(9,335,834)	-	(9,335,834)
Culture, recreation and education	13,277,101	451,602	8,168,834	13,866	(4,642,799)	-	(4,642,799)
Public works	2,408,323	698	-	25,000	(2,382,625)	-	(2,382,625)
Conservation and development	2,152,632	630,145	340,873	-	(1,181,614)	-	(1,181,614)
Interest on long-term debt	1,147,971	-	-	-	(1,147,971)	-	(1,147,971)
Total governmental activities	<u>80,354,009</u>	<u>7,782,526</u>	<u>21,885,588</u>	<u>328,220</u>	<u>(50,357,675)</u>	<u>-</u>	<u>(50,357,675)</u>
Business-type activities:							
Nursing home	12,123,385	8,739,899	555,797	-	-	(2,827,689)	(2,827,689)
Highway/facilities administration	8,802,977	3,899,705	2,173,460	-	-	(2,729,812)	(2,729,812)
Total business-type activities	<u>20,926,362</u>	<u>12,639,604</u>	<u>2,729,257</u>	<u>-</u>	<u>-</u>	<u>(5,557,501)</u>	<u>(5,557,501)</u>
Total primary government	<u>\$ 101,280,371</u>	<u>\$ 20,422,130</u>	<u>\$ 24,614,845</u>	<u>\$ 328,220</u>	<u>(50,357,675)</u>	<u>(5,557,501)</u>	<u>(55,915,176)</u>
General revenues:							
General property taxes					51,744,402	7,499,486	59,243,888
Property taxes for debt service					4,177,192	-	4,177,192
County share of sales taxes					7,300,040	-	7,300,040
Other taxes					71,607	-	71,607
Grants and contributions not restricted to specific programs					375,478	-	375,478
Unrestricted investment earnings					724,442	6,542	730,984
Gain on sale of assets					-	165,790	165,790
Miscellaneous					69,213	638,888	708,101
Transfers					441,485	(441,485)	-
Total general revenues and transfers					<u>64,903,859</u>	<u>7,869,221</u>	<u>72,773,080</u>
Change in net assets					14,546,184	2,311,720	16,857,904
Net assets - beginning					129,640,244	26,184,273	155,824,517
Net assets - ending					<u>\$ 144,186,428</u>	<u>\$ 28,495,993</u>	<u>\$ 172,682,421</u>

The notes to the financial statements are an integral part of this statement.

WALWORTH COUNTY, WISCONSIN

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	Special Revenue Funds					Total Governmental Funds
	General	Health & Human Services	Children With Disabilities Education Board	Debt Service	Nonmajor Governmental Funds	
ASSETS						
Cash and investments	\$ 30,941,738	\$ 2,985,064	\$ 4,476,396	\$ 704,072	\$ 4,109,482	\$ 43,216,752
Receivables (net of allowance for uncollectibles):						
Taxes	29,467,233	11,329,389	8,398,149	3,558,522	507,154	53,260,447
Delinquent taxes	7,616,875	-	-	-	-	7,616,875
Accounts	932,290	679,017	68	-	2,829	1,614,204
Due from other governments	1,373,477	819,785	1,756,780	-	8,922	3,958,964
Inventories	5,613	-	-	-	-	5,613
Long-term receivables	282,771	-	-	-	-	282,771
Restricted cash and investments						
Bonds and unclaimed funds	158,865	-	-	-	-	158,865
Patient and school deposits	-	211,875	18,063	-	-	229,938
Sheriff trusts	-	-	-	-	1,017,811	1,017,811
Total assets	\$ 70,778,862	\$ 16,025,130	\$ 14,649,456	\$ 4,262,594	\$ 5,646,198	\$ 111,362,240
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 454,025	\$ 1,149,096	\$ 698,634	\$ -	\$ 215,344	\$ 2,517,099
Accrued liabilities	1,242,571	368,020	116,292	-	1,194	1,728,077
Due to other funds	6,486	2,188	1,413	-	1	10,088
Due to other governments	100	158,219	-	-	4	158,323
Deposits	30,028	203,269	-	-	-	233,297
Deferred tax revenues	30,832,278	11,329,389	8,398,149	3,558,522	507,154	54,625,492
Other deferred revenues	1,069,487	5,347	205,785	-	697	1,281,316
Liabilities payable from restricted assets						
Bonds and unclaimed funds	158,865	-	-	-	-	158,865
Patient and school deposits	-	211,875	18,063	-	-	229,938
Total liabilities	33,793,840	13,427,403	9,438,336	3,558,522	724,394	60,942,495

(Continued)

WALWORTH COUNTY, WISCONSIN

BALANCE SHEET (concluded)
GOVERNMENTAL FUNDS
December 31, 2011

	Special Revenue Funds					Total Governmental Funds
	General	Health & Human Services	Children With Disabilities Education Board	Debt Service	Nonmajor Governmental Funds	
Fund balances:						
Nonspendable:						
Delinquent taxes	\$ 5,053,278	\$ -	\$ -	\$ -	\$ -	\$ 5,053,278
Inventory	5,613	-	-	-	-	5,613
Restricted for:						
Alpine Valley	110,174	-	-	-	-	110,174
Carryforward projects	3,714	-	-	-	-	3,714
Donations	59,878	192,390	64,121	-	-	316,389
Encumbrances	-	584	40	-	-	624
Modernization fees	-	-	-	-	444,086	444,086
Public access fees	-	-	-	-	259,349	259,349
Non-metallic mining fees	25,163	-	-	-	-	25,163
Redaction fees	113,006	-	-	-	-	113,006
Sheriff trusts	-	-	-	-	703,380	703,380
Unspent bond proceeds	-	-	-	137,854	1,892,129	2,029,983
Committed for:						
Building/equipment	42,000	-	550,000	-	-	592,000
Debt service	-	-	1,000,000	566,218	-	1,566,218
Donations	-	-	93,206	-	-	93,206
Encumbrances	518,798	-	50	-	438,114	956,962
Investment market adjustments	1,182,591	-	-	-	-	1,182,591
Road construction	-	-	-	-	354,364	354,364
Transfer to General fund	-	2,119,147	-	-	8,761	2,127,908
Parks	172,789	-	-	-	-	172,789
Severance	385,900	-	149,797	-	-	535,697
Assigned for:						
Subsequent year budget items	5,857,324	-	-	-	-	5,857,324
Carryforward projects	145,528	285,606	6,174	-	618,214	1,055,522
Building/equipment	1,815,700	-	-	-	-	1,815,700
Children with Disabilities Education Board	-	-	3,347,732	-	-	3,347,732
Capital projects	-	-	-	-	203,407	203,407
Unassigned	21,493,566	-	-	-	-	21,493,566
Total fund balances	<u>36,985,022</u>	<u>2,597,727</u>	<u>5,211,120</u>	<u>704,072</u>	<u>4,921,804</u>	<u>50,419,745</u>
Total liabilities and fund balances	<u>\$ 70,778,862</u>	<u>\$ 16,025,130</u>	<u>\$ 14,649,456</u>	<u>\$ 4,262,594</u>	<u>\$ 5,646,198</u>	<u>\$ 111,362,240</u>

WALWORTH COUNTY, WISCONSIN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
December 31, 2011

Total fund balances-governmental funds (page 31)		\$ 50,419,745
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. In the statement of net assets, the cost of these assets are capitalized and expensed over their estimated lives.		
Land	\$ 1,092,194	
Construction in progress	938,016	
Buildings	65,651,333	
Improvements other than buildings	4,835,685	
Machinery and equipment	21,526,472	
Infrastructure	55,927,569	
Less: Accumulated depreciation	<u>(44,664,078)</u>	
		105,307,191
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Interest and penalties for delinquent taxes	1,917,785	
Court assessments	418,425	
Delinquent real estate taxes - county share	1,365,045	
Long term receivable	282,771	
Sheriff – Huber/jail inmate receivables	161,144	
Local charges for services	1,111	
Grant revenue	<u>324,133</u>	
		4,470,414
Internal service funds are used by management to charge the costs of health insurance, dental insurance, workers compensation, and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		
		17,719,184
Due from business-type activities related to internal service funds		(2,160,944)
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	(33,467,450)	
Debt discount/(premium)	(95,472)	
Compensated absences	(2,530,190)	
Other post employment benefits	3,764,661	
Health insurance retiree sick leave credits	948,599	
Issuance costs	130,305	
Accrued interest on long-term obligations	<u>(319,615)</u>	
		<u>(31,569,162)</u>
Net assets of governmental activities as reported on the statement of net assets (see page 28)		<u>\$ 144,186,428</u>

The notes to the financial statements are an integral part of this schedule.

WALWORTH COUNTY, WISCONSIN

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

	Special Revenue Funds		
	General	Health & Human Services	Children With Disabilities Education Board
REVENUES			
Taxes	\$ 38,506,804	\$ 11,617,905	\$ 8,500,312
Intergovernmental	1,853,938	11,346,032	7,984,981
Licenses and permits	262,145	-	-
Fines, forfeitures and penalties	1,290,652	-	-
Public charges for services	2,229,892	2,458,006	82,561
Intergovernmental charges for services	1,891,519	139,519	329,072
Investment income	670,483	-	11,066
Miscellaneous	451,873	172,616	68,679
Total revenues	47,157,306	25,734,078	16,976,671
EXPENDITURES			
Current:			
General government	13,153,880	-	-
Public safety	25,925,264	-	-
Health and human services	187,818	23,624,665	-
Culture, recreation, and education	602,648	-	14,377,863
Conservation and development	1,781,541	-	-
Capital outlay	1,605,580	126,896	56,064
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	43,256,731	23,751,561	14,433,927
Excess (deficiency) of revenues over expenditures	3,900,575	1,982,517	2,542,744
OTHER FINANCING SOURCES (USES)			
Issuance of long-term debt	-	-	-
Transfers in	2,605,800	245,000	-
Transfers out	(2,110,276)	(2,439,601)	(1,282,076)
Premium on long-term debt	-	-	-
Capital leases	10,200	-	-
Sale of assets	67,357	-	-
Total other financing sources (uses)	573,081	(2,194,601)	(1,282,076)
Net change in fund balances	4,473,656	(212,084)	1,260,668
Fund balances - beginning	32,511,366	2,809,811	3,950,452
Fund balances - ending	\$ 36,985,022	\$ 2,597,727	\$ 5,211,120

(Continued)

WALWORTH COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (concluded) GOVERNMENTAL FUNDS

For the Year Ended December 31, 2011

	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 4,177,192	\$ 530,650	\$ 63,332,863
Intergovernmental	61,845	300	21,247,096
Licenses and permits	-	-	262,145
Fines, forfeitures and penalties	-	-	1,290,652
Public charges for services	-	183,203	4,953,662
Intergovernmental charges for services	-	8,081	2,368,191
Investment income	5,085	864	687,498
Miscellaneous	-	288,425	981,593
Total revenues	<u>4,244,122</u>	<u>1,011,523</u>	<u>95,123,700</u>
EXPENDITURES			
Current:			
General government	-	-	13,153,880
Public safety	-	59,941	25,985,205
Health and human services	-	-	23,812,483
Culture, recreation, and education	-	-	14,980,511
Conservation and development	-	225,947	2,007,488
Capital outlay	-	8,068,977	9,857,517
Debt service:			
Principal retirement	5,666,598	-	5,666,598
Interest and fiscal charges	1,147,767	-	1,147,767
Total expenditures	<u>6,814,365</u>	<u>8,354,865</u>	<u>96,611,449</u>
Excess (deficiency) of revenues over expenditures	<u>(2,570,243)</u>	<u>(7,343,342)</u>	<u>(1,487,749)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of long-term debt	-	7,740,000	7,740,000
Transfers in	2,536,452	1,046,963	6,434,215
Transfers out	-	(160,777)	(5,992,730)
Premium on long-term debt	137,854	-	137,854
Capital leases	-	-	10,200
Sale of assets	-	-	67,357
Total other financing sources (uses)	<u>2,674,306</u>	<u>8,626,186</u>	<u>8,396,896</u>
Net change in fund balances	104,063	1,282,844	6,909,147
Fund balances - beginning	600,009	3,638,960	43,510,598
Fund balances - ending	<u>\$ 704,072</u>	<u>\$ 4,921,804</u>	<u>\$ 50,419,745</u>

The notes to the financial statements are an integral part of this statement.

WALWORTH COUNTY, WISCONSIN

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

Net change in fund balances-total governmental funds (page 34)		\$ 6,909,147
Amounts reported for governmental activities in the statement of activities (page 29) are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation. This is the amount by which capital outlays exceeded depreciation in the current period.		
Depreciation expense	\$ (4,056,151)	
Capital outlay	<u>9,857,517</u>	5,801,366
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		
Loss on disposal of assets	(1,239,160)	
Proceeds from the sale of assets/insurance recoveries	(67,357)	
Repair and maintenance projects not capitalized	<u>(620,739)</u>	(1,927,256)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in revenue from the prior year is reported here.		
Interest and penalties for delinquent taxes	(5,746)	
Delinquent real estate taxes-county share	162,175	
Grant revenues not yet received	(20,779)	
Local governments charges for services not yet received	10,448	
Long term receivables	<u>(27,858)</u>	165,240
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, has any effect on net assets.		
Issuance of general obligation debt	(7,740,000)	
Repayment of general obligation debt	<u>5,666,598</u>	(2,073,402)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Net issuance costs	28,761	
Net (premiums)/discounts	<u>(124,037)</u>	(95,276)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued interest expense	(42,782)	
Compensated absences	458,698	
Other post employment benefits	<u>3,042,169</u>	3,458,085
The net effect of certain activities of internal service funds is reported with governmental activities.		<u>2,308,280</u>
Change in net assets of governmental activities as reported on the statement of activities (page 29)		<u><u>\$ 14,546,184</u></u>

The notes to the financial statements are an integral part of this schedule.

WALWORTH COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 37,293,690	\$ 37,186,865	\$ 38,506,804	\$ 1,319,939
Intergovernmental	1,433,439	2,478,009	1,853,938	(624,071)
Licenses and permits	253,765	253,765	262,145	8,380
Fines, forfeitures and penalties	1,430,750	1,442,750	1,290,652	(152,098)
Public charges for services	2,446,510	2,345,567	2,229,892	(115,675)
Intergovernmental charges for services	1,661,500	1,794,719	1,891,519	96,800
Investment income	663,700	665,176	670,483	5,307
Miscellaneous	372,197	468,643	451,873	(16,770)
Total revenues	<u>45,555,551</u>	<u>46,635,494</u>	<u>47,157,306</u>	<u>521,812</u>
EXPENDITURES				
Current:				
General government	15,457,201	14,813,700	13,153,880	1,659,820
Public safety	26,826,691	27,793,576	25,925,264	1,868,312
Health and human services	186,473	199,719	187,818	11,901
Culture, recreation, and education	789,063	777,075	602,648	174,427
Conservation and development	1,935,790	2,032,309	1,781,541	250,768
Capital outlay:				
General government	187,110	1,092,794	802,187	290,607
Public safety	571,247	1,346,842	775,796	571,046
Culture, recreation, and education	27,050	33,418	27,597	5,821
Total expenditures	<u>45,980,625</u>	<u>48,089,433</u>	<u>43,256,731</u>	<u>4,832,702</u>
Excess (deficiency) of revenues over expenditures	<u>(425,074)</u>	<u>(1,453,939)</u>	<u>3,900,575</u>	<u>5,354,514</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	167,074	2,801,899	2,605,800	(196,099)
Transfers out	(610,200)	(2,110,277)	(2,110,276)	1
Capital leases	10,200	10,200	10,200	-
Sale of capital assets	84,200	84,200	67,357	(16,843)
Total other financing sources (uses)	<u>(348,726)</u>	<u>786,022</u>	<u>573,081</u>	<u>(212,941)</u>
Net change in fund balances	(773,800)	(667,917)	4,473,656	5,141,573
Fund balances - beginning	32,511,366	32,511,366	32,511,366	-
Fund balances - ending	<u>\$ 31,737,566</u>	<u>\$ 31,843,449</u>	<u>\$ 36,985,022</u>	<u>\$ 5,141,573</u>

The notes to the financial statements are an integral part of this statement.

WALWORTH COUNTY, WISCONSIN

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

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 11,582,003	\$ 11,617,905	\$ 11,617,905	\$ -
Intergovernmental	10,539,199	11,845,665	11,346,032	(499,633)
Public charges for services	2,999,530	2,697,537	2,458,006	(239,531)
Intergovernmental charges for services	77,610	130,962	139,519	8,557
Miscellaneous	102,675	124,350	172,616	48,266
Total revenues	<u>25,301,017</u>	<u>26,416,419</u>	<u>25,734,078</u>	<u>(682,341)</u>
EXPENDITURES				
Current:				
Health and human services	25,288,017	26,548,521	23,624,665	2,923,856
Capital outlay:				
Health and human services	13,000	434,102	126,896	307,206
Total expenditures	<u>25,301,017</u>	<u>26,982,623</u>	<u>23,751,561</u>	<u>3,231,062</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(566,204)</u>	<u>1,982,517</u>	<u>2,548,721</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	245,000	245,000	-
Transfers out	-	(2,439,601)	(2,439,601)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,194,601)</u>	<u>(2,194,601)</u>	<u>-</u>
Net change in fund balances	-	(2,760,805)	(212,084)	2,548,721
Fund balances - beginning	2,809,811	2,809,811	2,809,811	-
Fund balances - ending	<u>\$ 2,809,811</u>	<u>\$ 49,006</u>	<u>\$ 2,597,727</u>	<u>\$ 2,548,721</u>

The notes to the financial statements are an integral part of this statement.

WALWORTH COUNTY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CHILDREN WITH DISABILITIES EDUCATION BOARD SPECIAL REVENUE FUND For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 8,500,312	\$ 8,500,312	\$ 8,500,312	\$ -
Intergovernmental	7,713,538	7,824,698	7,984,981	160,283
Public charges for services	25,150	70,021	82,561	12,540
Intergovernmental charges for services	165,000	201,868	329,072	127,204
Investment income	14,640	10,130	11,066	936
Miscellaneous	35,000	42,069	68,679	26,610
Total revenues	<u>16,453,640</u>	<u>16,649,098</u>	<u>16,976,671</u>	<u>327,573</u>
EXPENDITURES				
Current:				
Culture, recreation, and education	15,161,763	15,582,270	14,377,863	1,204,407
Capital outlay:				
Culture, recreation, and education	<u>30,500</u>	<u>82,353</u>	<u>56,064</u>	<u>26,289</u>
Total expenditures	<u>15,192,263</u>	<u>15,664,623</u>	<u>14,433,927</u>	<u>1,230,696</u>
Excess of revenues over expenditures	<u>1,261,377</u>	<u>984,475</u>	<u>2,542,744</u>	<u>1,558,269</u>
OTHER FINANCING USES				
Transfers out	<u>(1,281,377)</u>	<u>(1,282,077)</u>	<u>(1,282,076)</u>	<u>1</u>
Total other financing uses	<u>(1,281,377)</u>	<u>(1,282,077)</u>	<u>(1,282,076)</u>	<u>1</u>
Net change in fund balances	(20,000)	(297,602)	1,260,668	1,558,270
Fund balances - beginning	<u>3,950,452</u>	<u>3,950,452</u>	<u>3,950,452</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,930,452</u>	<u>\$ 3,652,850</u>	<u>\$ 5,211,120</u>	<u>\$ 1,558,270</u>

The notes to the financial statements are an integral part of this statement.

WALWORTH COUNTY, WISCONSIN

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 December 31, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Lakeland Health Care Center	Public Works	Total Enterprise Funds	
ASSETS				
Current assets:				
Cash and investments	\$ 6,145,484	\$ 2,970,366	\$ 9,115,850	\$ 22,211,396
Restricted cash and investments:				
Patient deposits	26,133	-	26,133	-
Deposits held with fiscal agents	-	-	-	370,542
Taxes receivable	3,665,454	3,954,151	7,619,605	-
Accounts receivable (net of allowance for uncollectibles)	1,036,723	135,095	1,171,818	650,363
Due from other funds	-	-	-	18,168
Due from other governments	102,137	162,686	264,823	-
Inventories	20,352	1,491,484	1,511,836	-
Prepaid items	-	6,199	6,199	115,764
Unamortized debt issuance costs	5,371	-	5,371	-
Total current assets	<u>11,001,654</u>	<u>8,719,981</u>	<u>19,721,635</u>	<u>23,366,233</u>
Noncurrent assets:				
Restricted cash and investments:				
Deposit held with Wisconsin Municipal Mutual Insurance Company (WMMIC)	-	-	-	1,563,000
Other post employment benefits	124,615	323,110	447,725	-
Unamortized debt issuance costs	16,105	-	16,105	-
Capital assets:				
Land	36,260	62,226	98,486	-
Construction in progress	5,628	516,767	522,395	-
Other capital assets	15,475,192	16,752,408	32,227,600	-
Less: Accumulated depreciation	(1,973,016)	(8,139,778)	(10,112,794)	-
Net capital assets	<u>13,544,064</u>	<u>9,191,623</u>	<u>22,735,687</u>	-
Total noncurrent assets	<u>13,684,784</u>	<u>9,514,733</u>	<u>23,199,517</u>	<u>1,563,000</u>
Total assets	<u>24,686,438</u>	<u>18,234,714</u>	<u>42,921,152</u>	<u>24,929,233</u>
LIABILITIES				
Current liabilities:				
Accounts payable	206,511	223,921	430,432	104,185
Accrued interest payable	63,990	-	63,990	-
Accrued liabilities	177,437	166,634	344,071	-
Claims payable	-	-	-	4,707,057
Due to other funds	3,577	4,503	8,080	-
Deposits	26,133	-	26,133	1,450,208
Deferred tax revenues	3,665,454	3,954,151	7,619,605	-
Other deferred revenues	-	13,127	13,127	-
Compensated absences - current	343,808	302,762	646,570	-
General obligation notes payable - current	1,484,848	-	1,484,848	-
Retiree health credits - current	-	-	-	164,167
Total current liabilities	<u>5,971,758</u>	<u>4,665,098</u>	<u>10,636,856</u>	<u>6,425,617</u>

(Continued)

WALWORTH COUNTY, WISCONSIN

STATEMENT OF NET ASSETS (concluded)
 PROPRIETARY FUNDS
 December 31, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Lakeland Health Care Center	Public Works	Total Enterprise Funds	
LIABILITIES (concluded)				
Noncurrent liabilities:				
Compensated absences	\$ 191,000	\$ 142,725	\$ 333,725	\$ -
General obligation notes payable (net of unamortized discounts)	5,615,522	-	5,615,522	-
Retiree health credits	-	-	-	784,432
Total noncurrent liabilities	<u>5,806,522</u>	<u>142,725</u>	<u>5,949,247</u>	<u>784,432</u>
Total liabilities	<u>11,778,280</u>	<u>4,807,823</u>	<u>16,586,103</u>	<u>7,210,049</u>
NET ASSETS				
Invested in capital assets, net of related debt	6,443,694	9,191,623	15,635,317	-
Restricted for donations	84,712	-	84,712	2,248
Restricted for solid waste	-	151,137	151,137	-
Unrestricted	<u>6,379,752</u>	<u>4,084,131</u>	<u>10,463,883</u>	<u>17,716,936</u>
Total net assets	<u>\$ 12,908,158</u>	<u>\$ 13,426,891</u>	<u>\$ 26,335,049</u>	<u>\$ 17,719,184</u>

Amounts reported for business-type activities in the statement of net assets are different because:

Internal service funds are used by management to charge the costs of employee benefits and risk management to individual funds. The assets and liabilities of the internal service funds are primarily included in the governmental activities in the statement of net assets. Some assets, however, are reported as business-type activities.

2,160,944

Net assets of business-type activities as reported on the statement of net assets (see page 28)

\$ 28,495,993

The notes to the financial statements are an integral part of this statement.

WALWORTH COUNTY, WISCONSIN

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Lakeland Health Care Center	Public Works	Total Enterprise Funds	
Operating revenues:				
Charges for services	\$ 8,739,899	\$ 3,899,705	12,639,604	\$ 2,163,504
Interdepartmental	-	-	-	17,425,486
Change in estimate of prior years claims	-	-	-	374,389
Total operating revenues	<u>\$ 8,739,899</u>	<u>\$ 3,899,705</u>	<u>\$ 12,639,604</u>	<u>\$ 19,963,379</u>
Operating expenses:				
Operation and maintenance	11,804,580	8,073,159	19,877,739	-
Insurance services	-	-	-	17,665,140
Depreciation	317,551	811,915	1,129,466	-
Total operating expenses	<u>12,122,131</u>	<u>8,885,074</u>	<u>21,007,205</u>	<u>17,665,140</u>
Operating income (loss)	<u>(3,382,232)</u>	<u>(4,985,369)</u>	<u>(8,367,601)</u>	<u>2,298,239</u>
Nonoperating revenues (expenses):				
Property taxes	3,702,858	3,796,628	7,499,486	-
Intergovernmental grants	555,797	2,173,460	2,729,257	198,235
Investment income	4,249	2,293	6,542	36,944
Interest expense	(262,396)	-	(262,396)	-
Debt issuance costs and discounts	(7,190)	-	(7,190)	-
Gain on disposal of assets, net	-	64,705	64,705	-
Insurance recovery	-	600,792	600,792	60,957
Legal claim settlement	213	13,145	13,358	-
Rent, rebates, and donations	24,023	714	24,737	4,165
Total nonoperating revenues (expenses)	<u>4,017,554</u>	<u>6,651,737</u>	<u>10,669,291</u>	<u>300,301</u>
Income before transfers	635,322	1,666,368	2,301,690	2,598,540
Transfers in	-	700	700	-
Transfers out	<u>(5,422)</u>	<u>(436,763)</u>	<u>(442,185)</u>	<u>-</u>
Change in net assets	629,900	1,230,305	1,860,205	2,598,540
Total net assets - beginning	<u>12,278,258</u>	<u>12,196,586</u>	<u>24,474,844</u>	<u>15,120,644</u>
Total net assets - ending	<u>\$ 12,908,158</u>	<u>\$ 13,426,891</u>	<u>\$ 26,335,049</u>	<u>\$ 17,719,184</u>

Amounts reported for business-type activities in the statement of activities are different because:

Net change in net assets-total enterprise funds	1,860,205
The net revenue of certain activities of internal service funds is reported within business-type activities.	<u>451,515</u>
Net change in net assets of business-type activities as reported on the statement of activities (see page 29)	<u>\$ 2,311,720</u>

The notes to the financial statements are an integral part of this statement.

WALWORTH COUNTY, WISCONSIN

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Lakeland Health Care Center	Public Works	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 8,884,320	\$ 3,613,442	\$ 12,497,762	\$ 2,247,768
Receipts from interfund services provided	2,205	666,110	668,315	17,893,290
Payments to suppliers	(2,473,763)	(2,706,787)	(5,180,550)	(18,116,642)
Payments to employees	(9,591,446)	(5,070,717)	(14,662,163)	-
Payments for interfund services used	(16,985)	(638,889)	(655,874)	-
Payments of patient trust deposits	1,649	-	1,649	-
Net cash provided by (used in) operating activities	<u>(3,194,020)</u>	<u>(4,136,841)</u>	<u>(7,330,861)</u>	<u>2,024,416</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
General property taxes	3,702,858	3,796,628	7,499,486	-
Intergovernmental grants	555,797	2,173,460	2,729,257	198,235
Insurance recovery	-	-	-	60,957
Legal claim settlements	213	13,145	13,358	-
Rent, rebates, and donations	24,023	714	24,737	4,165
Transfer from other funds	-	700	700	-
Transfer to other funds	(5,422)	(436,763)	(442,185)	-
Net cash provided by non-capital financing activities	<u>4,277,469</u>	<u>5,547,884</u>	<u>9,825,353</u>	<u>263,357</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(83,293)	(1,596,818)	(1,680,111)	-
Capital asset insurance recovery	-	1,202,888	1,202,888	-
Principal paid on capital debt	(1,433,402)	-	(1,433,402)	-
Interest paid on capital debt	(281,392)	-	(281,392)	-
Net cash used in capital and related financing activities	<u>(1,798,087)</u>	<u>(393,930)</u>	<u>(2,192,017)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	4,249	2,293	6,542	36,944
Net cash provided by investing activities	<u>4,249</u>	<u>2,293</u>	<u>6,542</u>	<u>36,944</u>
Net increase (decrease) in cash and investments	(710,389)	1,019,406	309,017	2,324,717
Cash and investments - beginning	6,882,006	1,950,960	8,832,966	20,257,221
Cash and investments - ending	<u>\$ 6,171,617</u>	<u>\$ 2,970,366</u>	<u>\$ 9,141,983</u>	<u>\$ 22,581,938</u>
Cash and investments on December 31 are reconciled from the Statement of Net Assets as follows:				
Cash and investments	\$ 6,145,484	\$ 2,970,366	\$ 9,115,850	\$ 22,211,396
Restricted cash and investments	26,133	-	26,133	370,542
	<u>\$ 6,171,617</u>	<u>\$ 2,970,366</u>	<u>\$ 9,141,983</u>	<u>\$ 22,581,938</u>

(Continued)

WALWORTH COUNTY, WISCONSIN

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

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Lakeland Health Care Center	Public Works	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (3,382,232)	\$ (4,985,369)	\$ (8,367,601)	\$ 2,298,239
Adjustments to reconcile operating income (loss) to net cash provided by (used in) from operating activities				
Noncash items included in operating income (loss)				
Depreciation	317,551	811,915	1,129,466	-
Change in assets and liabilities:				
Accounts receivable	273,324	37,397	310,721	84,263
Due from other funds	-	-	-	(298)
Due from other governments	(101,657)	530,678	429,021	-
Inventories	(456)	(118,487)	(118,943)	-
Prepaid items	-	1,700	1,700	12,031
Accounts payable	(49,283)	(238,583)	(287,866)	(10,767)
Accrued liabilities	54,205	8,317	62,522	-
Due to other funds	672	(1,469)	(797)	-
Deferred revenues	(40)	6,720	6,680	-
Claims payable	-	-	-	(452,764)
Compensated absences	(133,037)	(189,289)	(322,326)	-
Retiree health credits	-	-	-	161,255
Deposits	1,649	-	1,649	(67,543)
Other post employment benefits	(174,716)	(371)	(175,087)	-
Net cash provided by (used in) operating activities	<u>\$ (3,194,020)</u>	<u>\$ (4,136,841)</u>	<u>\$ (7,330,861)</u>	<u>\$ 2,024,416</u>

Noncash investing, capital, and financing activities:

There are no noncash activities, capital and financing activities for the year ended 12/31/2011.

WALWORTH COUNTY, WISCONSIN

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2011

	Other Post Employment Benefits Trust Fund	Private Purpose Trusts	Agency Funds
ASSETS			
Cash and investments	\$ 15,188,887	\$ 40,747	\$ 1,713,228
Total assets	15,188,887	40,747	1,713,228
LIABILITIES			
Accounts payable	-	-	313,554
Due to other governments	-	-	20,981
Deposits	-	-	1,378,693
Total liabilities	-	-	1,713,228
NET ASSETS			
Held in trust for post employment benefits:			
Children with Disabilities Education Board	4,142,557	-	-
Public Works	883,916	-	-
Lakeland Health Care Center	1,097,130	-	-
Sworn	5,968,261	-	-
Other	3,097,023	-	-
Held in trust for private purposes	-	40,747	-
Total net assets	\$ 15,188,887	\$ 40,747	\$ -

The notes to the financial statements are an integral part of this statement.

WALWORTH COUNTY, WISCONSIN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended December 31, 2011

	Other Post Employment Benefits Trust Fund	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 3,659,624	\$ -
Investment earnings:		
Interest and dividends	538,518	57
Total investment earnings	538,518	57
Less investment expense	66,757	-
Less net decrease in the fair value of investments	320,283	-
Net investment earnings	151,478	57
Total additions	3,811,102	57
DEDUCTIONS		
Benefits	281,835	-
Administrative expenses	2,500	-
Total deductions	284,335	-
Change in net assets	3,526,767	57
Net assets - beginning	11,662,120	40,690
Net assets - ending	\$ 15,188,887	\$ 40,747

The notes to the financial statements are an integral part of this statement.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE A - REPORTING ENTITY

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

Reporting Entity

The County board is governed by 11 supervisors elected every two years from each of 11 supervisory districts. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units that have a significant operational or financial relationship with the County. The County has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statements No. 14 and No. 39.

Related Organization

The Walworth County Housing Authority is a related organization of Walworth County. Walworth County is responsible for appointing the Board of the Housing Authority but the Housing Authority is not financially accountable to Walworth County nor is the County able to impose its will on the organization.

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise and internal service funds. 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 non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. 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.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE A - REPORTING ENTITY (continued)

The County reports the following major governmental funds:

GENERAL FUND

This is the County's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND

This fund accounts for the financial activity of the Health and Human Services department. Many of its services are funded with state and federal money used to provide the County's taxpayers with health information and assistance.

CHILDREN WITH DISABILITIES EDUCATION BOARD SPECIAL REVENUE FUND

This fund accounts for the financial activity of the Children with Disabilities Education Board. Many of its services are funded with state and federal money used to provide the County's disabled children with public and special education.

DEBT SERVICE FUND

This fund is used to accumulate monies for the payment of long-term debt obligations of the governmental funds (general, special revenue, and capital projects funds). Financing for debt service is generally provided by property taxes and transfers from other funds.

The County reports the following major enterprise funds:

LAKELAND HEALTH CARE CENTER FUND

This fund accounts for the provision of health delivery services to its elderly residents. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, nursing, rehabilitation, dental, medical, related services, and administration. Most of the funding comes from Federal Medicare and Medicaid Programs as well as private billing of the residents.

PUBLIC WORKS FUND

This fund accounts for the maintenance and construction of state highways and local roads, as well as services provided to other County departments. The costs are billed to the state, towns and cities, and other departments at actual cost plus an overhead factor. This fund also accounts for the administration costs in maintaining County property and buildings and the administration of the solid waste program.

Additionally, the County reports the following:

Nonmajor governmental funds consist of Land Information special revenue fund, Sheriff Trusts special revenue fund, and Capital Projects fund.

Internal service funds account for the employee benefits of health insurance, dental insurance, and workers compensation. Risk management is also provided to other departments of the County on a cost reimbursement basis.

Other post employment benefits fund is used to account for resources legally held in trust for health insurance benefits for retirees of the County.

The *private-purpose trust funds* are used to account for resources legally held in trust for educational betterment of the nursing staff of the Lakeland Health Care Center in the G. Charter Harrison Trust and for the tricentennial celebration to be held in 2076 in the Tricentennial Trust.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE A - REPORTING ENTITY (continued)

The County accounts for assets held as an agent for receipt of forfeitures, fines and court costs paid in advance for pending court cases, holding of Huber prisoners' funds, and various fees collected due to the state in an *agency fund*.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and private purpose trust financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are direct charges for services between the County's departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards

The County has early implemented several statements of the Governmental Accounting Standards Board as of December 31, 2011. The implementation of these statements had no effect on the financial statements.

Statement No. 62 of the Governmental Accounting Standards Board: *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement relates to the reporting and disclosures related to the proprietary funds.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Standards (continued)

Statement No. 64 of the Governmental Accounting Standards Board: *Derivative Instruments Application of Hedge Accounting Termination Provisions – and amendment of GASB Statement No. 53*, issued June 2011. This statement's objective is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider.

Statement No. 66 of the Governmental Accounting Standards Board: *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62*, issued March 2012. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

In addition, the Governmental Accounting Standards Board issued statements 61, 63 and 65, which will be required in future years. The County has not yet implemented these standards.

Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

Receivables

A majority of accounts receivables are recorded at gross amount with uncollectible amounts recognized under the direct write-off method, since it is believed that the amount of such allowances would not be material. For accounts receivables that expect to have material uncollectible amounts, these balances have been shown net of these allowances. The details of these uncollectible amounts are listed in Note E.

Property taxes are due, in the year subsequent to the levy, on the last day of January, and collected by local treasurers through that date, at which time unpaid taxes are assigned to the County and appropriate receivables and payables are recorded. Tax collections become the responsibility the County and taxes receivable include unpaid taxes levied for all taxing entities within the County. The County makes restitution to local districts in August for payables recorded at the settlement date without regard to collected funds. A lien is placed on all properties for which a portion of the current tax levy remains unpaid as of September 1.

Restricted Assets/Deposits

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet. Noncurrent portions of the interfund receivables described as "advances to" and "advances from" governmental funds are offset by a reservation of fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation. There are no advances for December 31, 2011.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2011

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Receivables and Payables (continued)

The amount reported on the statement of net assets for internal balances represents the residual balance outstanding between the governmental activities and business-type activities. Balances existing between governmental funds and between proprietary funds have been eliminated for the government-wide statement of net assets.

Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased. Inventory quantities are confirmed by physical counts once annually. For 2011, these were completed on December 31, for Lakeland Health Care Center and November 4, for Public Works.

Inventories of governmental funds in the fund financial statements are offset by fund balance nonspendable amounts to indicate that they do not represent spendable available financial resources.

Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items in the proprietary funds and the government-wide statements. Prepaid items of governmental funds are recorded as expenditures when paid in the fund statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Governmental fund capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of one year. In addition, the Lakeland Health Care Center will follow Medicare guidelines and include capital assets with a value greater than \$1,000. The Public Works fund will follow the governmental funds threshold but will also include all state-classified equipment regardless of the value. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	Governmental Activities	Business-Type Activities
	Years	
Buildings	7-60	7-60
Improvements other than buildings	25	25
Machinery and equipment	2-60	2-60
Infrastructure – roads	20-60	N/A
Infrastructure – bridges/dams	50	N/A

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation, compensatory time and holiday banked benefits in accordance with county policy and bargaining unit agreements. Unused sick leave is accumulated and reported for those employees who will not convert their banks to other post employment benefits, but are eligible for a cash payout upon retirement. A liability for the sick leave amount is reported within the other post employment benefits liability only if the sick leave banks may be converted to health credits, as a result of employee retirements. Vacation, sick, compensatory and holiday banks subject to payouts or eligible for the other post employment benefits liability are accrued when incurred in the government-wide and proprietary fund financial statements.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences (continued)

Compensated absences are paid from the governmental fund that incurs the associated payroll expense. This would include the General fund, Health and Human Services fund, Children with Disabilities Education Board fund, and the Nonmajor governmental fund of Land Information.

Deferred Revenue

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 or for resources that have been received, but not yet recognizable.

Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the government-wide statements, equity is classified as net assets and displayed in three components.

1. Invested in capital assets, net of related debt – Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds and related borrowing discounts/premiums.
2. Restricted net assets - Amount of net assets subject to restrictions imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

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

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components.

1. Nonspendable fund balance – Amounts that cannot be spent because they are 1) not in spendable form, or 2) legally or contractually required to be maintained intact. The County reports nonspendable inventories and delinquent personal property taxes which meet the requirement of not in spendable form.
2. Restricted fund balance – Amount constraints requiring use for a specific purpose and are either: 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. Fund balance restrictions are legally enforceable when a third party can enforce the resources to be used appropriately.
3. Committed fund balance – Amounts used for specific purposes based on constraints imposed by formal action of the County Board. The commitment purposes must be made during the County's fiscal year ended December 31, 2011 and can only be amended by the same formal legal action creating the original commitments such as resolution or ordinance.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity (continued)

4. Assigned fund balance - Funds that are constrained by the county administrator as established by county ordinance with the intent for the amount to be used for specific purposes, but is neither restricted nor committed.
5. Unassigned fund balance – The balance of General fund's fund balance available for appropriation.

It is the County's policy to use fund balance resources in the following manner, first, restricted, then committed, assigned and finally unassigned.

Fiduciary fund equity is classified as restricted on the statement of fiduciary net assets. Various donor restrictions apply, and the County believes it is in compliance with all significant restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.

NOTE C - STEWARDSHIP AND COMPLIANCE

Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During November, County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by County Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general, special revenue and debt service funds, with the exception of the Sheriff Trusts special revenue fund. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the next year's budget.

The Capital Projects fund is considered a multi-year fund. The original budget accounts for current year budgeted projects only. Revised budget reflects remaining budget on all open projects while actual amounts appropriately reflect only 2011 related activity.

3. During the year, formal budgetary integration is employed as a management control device for the general, special revenue, and debt service funds, with the exception of the Sheriff Trusts special revenue fund.
4. Expenditures may not exceed appropriations provided to each department of the County. Amendments to the budget during the year require initial approval by management. Transfers require submission of a resolution to the County Board. Transfers are defined as:
 - a. Transfers exceeding 10% in the aggregate of the funds originally provided for such office or department.
 - b. Transfers exceeding the amount adopted in the contingency funds budget.
 - c. Transfers from the contingency funds.
 - d. Transfers from the unassigned General fund's fund balance.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE C - STEWARDSHIP AND COMPLIANCE (continued)

Supplemental Appropriations

Supplemental appropriations for expenditures that were necessary for 2011 are as follows:

Department/Fund	Adopted Budget	Modified Budget	Increase/ (Decrease)
County board	\$ 360,419	\$ 300,439	\$ (59,980)
County clerk	370,662	382,803	12,141
Elections	123,596	81,596	(42,000)
Administration	1,541,913	1,566,528	24,615
Finance	1,496,306	1,504,226	7,920
Treasurer	504,841	505,573	732
Coroner	380,509	380,866	357
Clerk of courts	3,147,194	3,158,431	11,237
District attorney	970,875	971,668	793
Register of deeds	727,182	760,175	32,993
Information systems	1,781,277	2,193,966	412,689
Central services	1,103,178	1,449,325	346,147
Non-departmental	3,540,759	4,555,374	1,014,615
Community initiative	205,800	205,800	-
Sheriff	27,397,938	29,140,418	1,742,480
Veterans services	186,473	199,719	13,246
UW extension	583,082	595,804	12,722
Parks	233,031	214,689	(18,342)
Land use & resource management	1,935,790	2,032,309	6,519
Total General fund	46,590,825	50,199,709	3,608,884
Health and Human Services fund	25,301,017	29,422,224	4,121,207
Children with Disabilities Education			
Board fund	16,473,640	16,946,700	473,060
Land Information fund	325,458	375,592	50,134

Encumbrances

Encumbrance accounting is employed in the governmental fund statements. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restrictions of fund balance when encumbrances are budgeted to be paid from restricted resources, and reported as committed fund balance for all other encumbrances per county board ordinance. Encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Excess of Expenditures Over Budget Appropriations

The County did not have any major violation of legal or contractual provisions for the fiscal year ended December 31, 2011.

The County maintains the expenditure budget at a department level for budgeted accounts of the general, debt service, and special revenue funds with the exception of the Sheriff Trusts fund. At December 31, 2011, no department total actual expenditures exceeded total budgeted appropriations.

NOTE D – CASH AND INVESTMENTS

The County maintains various cash and investment accounts, which are pooled and available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE D – CASH AND INVESTMENTS (continued)

Invested cash consists of deposits and investments that are restricted by Wisconsin Statute 66.0603. County ordinance further restricts investments to the following:

Time deposits; repurchase agreements; securities issued by federal government and federally supported agency entities; government bonds/debt securities; collateralized money markets; treasury separate trading of registered interest and principal securities (STRIPS), and the Wisconsin Local Government Investment Pool.

The other post employment benefit (OPEB) trust investments may be invested pursuant to the Uniform Investor Act as set forth in Wisconsin statute 88.01, as these shall be considered long-term investments that do not need to be liquidated for current operations. The following OPEB investment exceptions apply:

- (1) Letter stock and other unregistered securities, direct commodities or commodity contracts, short sales, margin transactions, private placements (with the exception of Rule 144A securities), venture capital funds, private equity, or hedge funds.
- (2) Derivatives, options or futures for the purpose of portfolio leveraging.
- (3) Neither direct real estate equity nor natural resource properties such as oil, gas or timber may be held except by purchase of publicly traded securities or within pooled vehicles, except for existing real estate holdings.
- (4) The purchase of collectibles.

The carrying amount of the County's cash and investments totaled \$94,853,149 on December 31, 2011 as summarized below:

Petty cash	\$ 5,660
Demand deposits	1,548,386
Certificates of deposit	13,307,345
Deposits with fiscal agents	370,542
Wisconsin Municipal Mutual Insurance Company (WMMIC) Deposit	1,563,000
Investments	78,058,216
	<u>\$ 94,853,149</u>
Reconciliation to the basic financial statements:	
Basic financial statements	
Cash and investments	\$ 74,543,998
Restricted cash and investments	1,803,289
Restricted investment – deposit with WMMIC	1,563,000
Fiduciary funds	
Other post employment benefits trust fund	15,188,887
Private purpose trust funds	40,747
Agency funds	1,713,228
	<u>\$ 94,853,149</u>

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the specific risks and the County's policy related to the risk.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE D – CASH AND INVESTMENTS (continued)

Custodial Credit Risk (continued)

require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The County's investment policy addresses custodial credit risk by requiring all financial institutions acting as a depository for the County to enter a depository agreement, requiring the depository to pledge collateral to secure amounts over and above those guaranteed through a combination of the FDIC and state deposit guarantee fund for banks or NCUA for credit unions. The depository agreement requires all securities serving as collateral shall be specifically pledged to the County and placed in a custodial account at a Federal Reserve bank, a trust department of a commercial bank, or through another financial institution.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited coverage for non-interest bearing accounts. The County's operating bank deposits had additional FDIC coverage due to the FDIC's Transaction Account Guarantee Program. This program provides full coverage for all non-interest bearing accounts and some other interest bearing accounts with interest rates of .5 percent or less. This coverage has been considered for custodial credit risk. Deposits in each local and area credit union are insured by the NCUA in the amount of \$250,000.

Bank accounts, not including credit unions, 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 total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered for custodial credit risk.

On December 31, 2011, none of the County's deposits with financial institutions were in excess of federal depository insurance limits or uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name) for its governmental or business-type funds. The OPEB trust does not require collateralization per the County's OPEB investment policy.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The County's investment policy specifically addresses credit risk by limiting the types of allowable investments, pre-qualifying financial institutions and investment advisors and by diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual financial institution will be minimized. Presented below is the actual rating as of year end by investment type for all investments not in the OPEB trust.

Investment Type	Amount	Rating as of Year End		
		AAA	Aa	Not Rated
Federal agency securities	\$ 20,918,152	\$ 20,918,152	\$ -	\$ -
U.S. Treasury Notes	1,763,798	1,763,798	-	-
Wisconsin Municipal Bonds	7,706,561	4,380,885	3,325,676	-
Wisconsin Local Government Investment Pool	9,439,808	-	-	9,439,808
JP Morgan Repurchase	3,936,432	-	-	3,936,432
JP Morgan Money Market fund	1,562,171	-	-	1,562,171
Associated Money Market fund	7,023,490	-	-	7,023,490
M&I Bank Money Market fund	95,579	-	-	95,579
Mid America Money Market fund	10,171,514	-	-	10,171,514
Peoples Bank Money Market fund	251,824	-	-	251,824
	<u>\$ 62,869,329</u>	<u>\$ 27,062,835</u>	<u>\$3,325,676</u>	<u>\$32,480,818</u>

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2011

NOTE D – CASH AND INVESTMENTS (continued)

Credit Risk (continued)

The OPEB trust has various fixed income mutual funds totaling \$10,106,279. The funds are made up of fixed income bonds and securities with the following average ratings: 58.3% with an AAA average rating, 7.9% with an AA average rating, 11.1% with an A average rating, 10.5% with a BBB average rating, 3.7% with a BB average rating, 3.8% with a B average rating, 4.0% with below a B average rating, and 0.7% not rated. The remaining OPEB trust mutual funds are equity investment funds of \$4,351,827 of which are unrated.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification of having significant funds invested in a few individual issuers, thereby exposing the County to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

The County's investment officer as appointed by the County Board, develops and adheres to the following administrative policy limits for the amount that can be invested in any one issuer. For securities or specific financial institution investments, a single agency shall be limited to 50% of the core portfolio, currently \$23,077,500. For Wisconsin debt instruments, a single district/government shall be limited to \$3 million. The governing body is provided a report on a quarterly basis, detailing the County's investments and their adherence to County and administrative investment policies. For 2011, no policy limits were exceeded.

At year end, the following issuers (over five percent of total investments) in the County's portfolio (other than U.S. Treasury securities, money market funds, and external investment pools) were:

Issuer Type	Percent of Total Investments	Amount
Federal National Mortgage Association (FNMA)	13.98%	\$ 10,079,082
Federal Home Loan Bank (FHLB)	7.27%	5,269,642

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County's investment policy limits security purchases to securities that mature or may be tendered for purchase at the option of the holder for a term not to exceed five years from the date the security is acquired. Individual investments in certificates of deposit are restricted to maturities of 3 years or less. Additionally, total investments with a maturity between 3 and 12 months shall not exceed 95% of total cash and investment portfolio. Total investments with a maturity of greater than 12 months and less than 60 months shall not exceed 50% of total cash and investment portfolio.

The OPEB trust shows mutual funds of \$8,529,270 with a maturity greater than 60 months due to the long-term nature of the trust fund. The \$6,659,617 remaining in the OPEB trust includes \$730,780 with maturities of 3 months or less, \$2,014,114 with maturities between 12 and 60 months and \$3,914,723 invested in equity funds that, by definition, do not have maturities.

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments not related to the OPEB trust by maturity:

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE D – CASH AND INVESTMENTS (continued)

Interest Rate Risk (continued)

Investment Type	Amount	Remaining Maturity (in Months)		
		3 Months Or Less	3 to 12 Months	13 to 60 Months
Federal agency securities	\$20,918,152	\$ 601,457	\$5,263,333	\$15,053,362
U.S. Treasury Notes	1,763,798	-	151,407	1,612,391
Wisconsin Municipal Bonds	7,706,561	105,139	3,913,730	3,687,692
JP Morgan Repurchase	3,936,432	3,936,432	-	-
Wisconsin Local Government Investment Pool	9,439,808	9,439,808	-	-
JP Morgan Money Market	1,562,171	1,562,171	-	-
Associated Money Market	7,023,490	7,023,490	-	-
M&I Trust Money Market	95,579	95,579	-	-
Mid America Money Market	10,171,514	10,171,514	-	-
Peoples Bank Money Market	251,824	251,824	-	-
Totals	\$62,869,329	\$33,187,414	\$9,328,470	\$20,353,445
Percent of total investments	100.0%	52.8%	14.8%	32.4%

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The County's investments include U.S. government, agency and municipal securities that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above). The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates. The fair value at December 31, 2011 is \$30,388,511. Of this amount, \$8,159,560 are callable, and therefore subject to early payment in a period of declining interest rates. The OPEB trust fund fair value of \$14,458,106 invested in mutual funds are also highly sensitive to interest rate fluctuations.

Investment in Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin Local Government Investment Pool of \$9,439,808 at year end. 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. The investments in the LGIP are covered up to \$400,000 by the State Guarantee Fund. Certificates of deposit held in the LGIP are covered by FDIC insurance, which applies to the proportionate public unit account share. 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.

NOTE E – RECEIVABLES

Allowance for Uncollectible Receivables

An allowance for uncollectible accounts has been provided for the funds listed below. No other allowances have been made, since it is believed that the amount of such allowances would not be material.

Governmental activities

General fund	
Clerk of courts	\$ 39,774
Health and Human Services fund	<u>1,844,870</u>
Total	\$ 1,884,644

Business-type activities

Lakeland Health Care Center fund	\$ 183,691
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WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE E – RECEIVABLES (continued)

Property Tax Apportionments

Property taxes are apportioned annually in November to local taxing units within the County for financing state charges and the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as deferred revenue at year end. Property tax payments from individual property owners are due in two installments by January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent. The delinquent taxes are acquired by the County's General fund in accordance with state statutes, providing the County with a statutory lien.

The County apportionment of \$60,880,052 is for financing 2012 operations and will be transferred in 2012 from deferred revenue to current revenues of the County's governmental and proprietary funds.

Delinquent Property Taxes - General Fund

General fund delinquent property taxes represent unpaid property taxes on real estate and unpaid taxes on commercial personal property, including state and local government equities therein. In regards to real estate taxes, under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax-deeded properties. In regards to personal property taxes, delinquent taxes remain recorded for one year. If collection efforts remain unsuccessful, the amounts are then submitted to the County Board for write-off approval.

On December 31, 2011 the General fund showed an investment of \$7,616,875 in delinquent taxes as follows:

Tax certificates	\$ 7,587,583
Tax deeds	21,629
Personal property taxes	7,663
Total	\$ 7,616,875

An aging of the total delinquent taxes of \$7,616,875 on December 31, 2011 follows:

<u>Year Acquired</u>	<u>Total</u>	<u>Tax Certificates</u>	<u>Tax Deeds</u>	<u>Personal Property Taxes</u>
Prior to 2001	\$ 107	\$ -	\$ 107	\$ -
2006	629	629	-	-
2007	10,998	10,998	-	-
2008	24,474	24,474	-	-
2009	695,175	687,512	-	7,663
2010	2,203,495	2,203,495	-	-
2011	4,681,997	4,660,475	21,522	-
	\$ 7,616,875	\$ 7,587,583	\$ 21,629	\$ 7,663

Of the total of \$7,587,583 for delinquent real estate taxes, the County collected \$1,169,260 within 60 days after December 31, 2011. The remaining unpaid balance of \$6,418,323 is reported as nonspendable fund balance for the General fund for the County purchased portion of \$5,053,278 and reported as deferred revenue for the County levied portion of \$1,365,045.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE F – RESTRICTED ASSETS/DEPOSITS

Mandatory segregation of assets is presented on the statement of net assets as restricted assets. External parties require such segregations. Restricted assets, consisting of patient and student deposits and bonds and unclaimed funds held by various County funds, are offset by a related payable. Land Information deposits and Sheriff trusts have restrictions from state statutes. Internal service fund deposits are restricted as amounts are held by a third party on behalf of the County.

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Bonds and Unclaimed Funds	\$ 158,865
Health and Human Services	Patient Deposits	211,875
Children with Disabilities Education Board	School/Student Deposits	18,063
Nonmajor Governmental	Sheriff Trusts	330,845
Nonmajor Governmental	Land Information deposits	686,966
Lakeland Health Care Center	Patient Deposits	26,133
Workers Compensation	Held by Fiscal Agent	35,000
Risk Management	Held by Fiscal Agent	335,542
Risk Management	Held with WMMIC	1,563,000
Total Restricted Assets		<u>\$ 3,366,289</u>

NOTE G – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables between individual funds of the County, as reported in the fund financial statements, as of December 31, 2011 are detailed below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal service funds	General fund	\$ 6,486
	Health and Human Services fund	2,188
	Children with Disabilities Education Board fund	1,413
	Nonmajor Governmental funds	1
	Lakeland Health Care Center fund	3,577
	Public Works fund	4,503
Subtotal – Fund financial statements		<u>18,168</u>
Less: Fund eliminations		(10,088)
Less: interfund receivables created with internal service fund eliminations		(2,160,944)
Total Internal balances – government-wide statement of net assets		<u>\$ (2,152,864)</u>
 <u>Receivable Fund</u>	 <u>Payable Fund</u>	
Business-type Activities	Governmental Activities	<u>\$ 2,152,864</u>

The Workers Compensation internal service fund interfund is for the December premium due from each fund. All fund financial statement amounts are to be paid within one year.

In the government-wide statements, the interfund is created due to the under/over collection of Health, Dental, and Workers Compensation internal service funds.

Interfund transfers for the year ended December 31, 2011 were as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
General fund	Health and Human Services fund	\$ 2,439,601
	Nonmajor Governmental funds	160,777
	Lakeland Health Care Center fund	5,422
Health and Human Services fund	General fund	245,000
Nonmajor Governmental funds	General fund	610,200

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE G – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Transfers (continued)

Nonmajor Governmental funds	Public Works fund	436,763
Debt Service fund	General fund	1,255,076
	Children with Disabilities Education Board fund	1,281,376
Public Works fund	Children with Disabilities Education Board fund	700
Subtotal transfers in– Fund financial statements		<u>\$ 6,434,915</u>
Less: Fund eliminations		(5,993,430)
Total transfers – Government-wide statement of activities		<u><u>\$ 441,485</u></u>

<u>Transfers To</u>	<u>Transfers From</u>	
Business-type Activities	Governmental Activities	<u>\$ 441,485</u>

County transfers are used to 1) move revenues from the fund that collects them to the fund that the budget requires to expend them, 2) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, 3) to close out completed projects and 4) move excess/shortage prior year fund balance in accordance with County ordinance related to lapsing funds. In the fund financial statements, operating or capital related purposes total \$1,443,227, while use of unrestricted fund balance total \$2,110,276. Lapsing prior year funds account for \$2,881,413 of the total transfers.

NOTE H – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,092,194	\$ -	\$ -	\$ 1,092,194
Construction in progress	1,858,532	531,485	1,452,001	938,016
Total capital assets, not being depreciated	<u>2,950,726</u>	<u>531,485</u>	<u>1,452,001</u>	<u>2,030,210</u>
Capital assets, being depreciated:				
Buildings	65,784,984	515,168	648,819	65,651,333
Improvements other than buildings	4,847,164	20,198	31,677	4,835,685
Machinery and equipment	20,672,208	1,240,925	386,661	21,526,472
Infrastructure – roads	46,286,283	8,381,003	2,471,093	52,196,193
Infrastructure – bridges/dams	4,634,977	-	903,601	3,731,376
Subtotals	<u>142,225,616</u>	<u>10,157,294</u>	<u>4,441,851</u>	<u>147,941,059</u>
Less accumulated depreciation for:				
Buildings	11,584,487	1,225,386	452,168	12,357,705
Improvements other than buildings	1,979,686	170,836	11,615	2,138,907
Machinery and equipment	9,829,811	1,392,218	323,897	10,898,132
Infrastructure – roads	18,901,906	1,206,466	2,100,429	18,007,943
Infrastructure – bridges/dams	1,447,371	61,245	247,225	1,261,391
Subtotals	<u>43,743,261</u>	<u>4,056,151</u>	<u>3,135,334</u>	<u>44,664,078</u>
Total capital assets, being depreciated, net	<u>98,482,355</u>	<u>6,101,143</u>	<u>1,306,517</u>	<u>103,276,981</u>
Governmental activities capital assets, net	<u>\$ 101,433,081</u>	<u>\$ 6,632,628</u>	<u>\$ 2,758,518</u>	<u>\$ 105,307,191</u>

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE H – CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 98,486	\$ -	\$ -	\$ 98,486
Construction in progress	365,925	169,815	13,345	522,395
Total capital assets, not being depreciated	<u>464,411</u>	<u>169,815</u>	<u>13,345</u>	<u>620,881</u>
Capital assets, being depreciated:				
Buildings	18,763,089	895,468	508,555	19,150,002
Improvements other than buildings	239,321	58,100	-	297,421
Machinery and equipment	12,394,866	708,568	323,257	12,780,177
Subtotals	<u>31,397,276</u>	<u>1,662,136</u>	<u>831,812</u>	<u>32,227,600</u>
Less accumulated depreciation for:				
Buildings	2,855,553	366,104	5,973	3,215,684
Improvements other than buildings	127,721	15,647	-	143,368
Machinery and equipment	6,155,980	755,280	157,518	6,753,742
Subtotals	<u>9,139,254</u>	<u>1,137,031</u>	<u>163,491</u>	<u>10,112,794</u>
Total capital assets, being depreciated, net	<u>22,258,022</u>	<u>525,105</u>	<u>668,321</u>	<u>22,114,806</u>
Business-type activities capital assets, net	<u>\$ 21,722,433</u>	<u>\$ 694,920</u>	<u>\$ 681,666</u>	<u>\$ 22,735,687</u>

In 2011, \$620,739 of the capital outlay recorded in the governmental activities was expensed as repair and maintenance projects or amounts under the threshold and therefore not recorded as capital assets

The highway/facilities administration department had four asset reclassifications during 2011. These reclasses resulted in asset increases and decreases of \$82,608 and accumulated depreciation increases and decreases of \$7,565 for the business type activities.

Depreciation expense was charged to functions of the County as follows:

Governmental activities	
General government	\$ 1,035,595
Public safety	1,056,720
Health and human services	154,567
Culture, recreation and education	344,426
Public works	1,267,711
Conservation and development	197,132
Total depreciation expense – governmental activities	<u>\$ 4,056,151</u>
Business-type activities	
Nursing home	\$ 317,551
Highway/facilities administration	811,915
Total depreciation expense – business-type activities	<u>\$ 1,129,466</u>

NOTE I – DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet recognizable.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE I – DEFERRED REVENUE (continued)

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>
Subsequent year tax levy receivable		
General fund	\$ -	\$ 29,467,233
Health and Human Services	-	11,329,389
Children with Disabilities Education Board	-	8,398,149
Debt Service	-	3,558,522
Nonmajor Governmental funds	-	169,916
Capital Projects	-	337,238
Delinquent real estate taxes – County share	1,365,045	-
Long-term receivable	282,771	-
Grant funds not received meeting all eligibility requirements	324,133	-
Clerk of Courts fines and penalties	418,425	-
Sheriff – Huber/jail inmate charges, not yet received	161,144	-
Local charges for services earned, but not yet received	1,111	-
Grant funds received prior to meeting all eligibility requirements	-	90,162
Donations received prior to meeting all eligibility requirements	-	3,570
Totals	\$ 2,552,629	\$ 53,354,179

NOTE J – LEASES AND LONG-TERM OBLIGATIONS

Operating Leases

Lessor

The County entered into an operating lease with Aurora Healthcare Southern Lakes, Inc. effective April 1, 2006 for the use of the County's steam plant. The plant was built in 1929 and has a total value of \$2,953,348. The current carrying value is \$1,197,232 with a current year depreciation of \$102,134. The original length of the lease was 5 years. Both parties agreed to exercise an option for a 5-year extension beginning May, 2011. Rent payments to the County are \$850/month.

Remaining annual required future lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
2012	\$ 10,200
2013	10,200
2014	10,200
2015	10,200
2016	2,550
Total:	\$ 43,350

General Obligation Notes Called

On November 11, 2011, the County called the 2013 principal payment of the 2003 general obligation promissory notes in the amount of \$1,250,000. Savings on interest payments for 2012 and 2013 total \$58,674.

Long-term Obligations

Total interest and fees paid during the year on long-term debt totaled \$1,429,158, with \$281,391 of the interest paid attributable to the Lakeland Health Care Center fund. The County's 2010 debt issuance resulted in a 2011 reimbursement of interest payment by the federal Build America Bonds program in the amount of \$61,845.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE J – LEASES AND LONG-TERM OBLIGATIONS (continued)

Long-term Obligations (continued)

The following table is a summary of changes in long-term obligations of the County for the year ended December 31, 2011:

	Outstanding 1/1/11	Issued	Retired	Outstanding 12/31/11	Due Within One Year
Governmental activities:					
<u>By Type:</u>					
General obligation debt					
Bonds	\$ 16,160,000	\$ -	\$ 660,000	\$ 15,500,000	\$ 690,000
Notes	15,234,048	7,740,000	5,006,598	17,967,450	3,088,333
Unamortized debt premium (discount)	(28,565)	137,854	13,817	95,472	20,707
Total general obligation debt	31,365,483	7,877,854	5,680,415	33,562,922	3,799,040
Compensated absences	2,988,888	4,086,272	4,544,970	2,530,190	1,792,546
	<u>\$ 34,354,371</u>	<u>\$ 11,964,126</u>	<u>\$ 10,225,385</u>	<u>\$ 36,093,112</u>	<u>\$ 5,591,586</u>

By Purpose:

General government	\$ 5,510,138	\$ 605,925	\$ 3,151,908	\$ 2,964,155	\$ 1,749,336
Public safety	1,106,338	1,691,188	1,891,503	906,023	641,884
Health and human services	709,086	993,474	1,130,570	571,990	405,234
Culture, recreation and education	16,722,769	668,684	1,450,304	15,941,149	1,025,586
Public works	9,982,154	7,877,854	2,297,630	15,562,378	1,665,107
Conservation and development	323,886	127,001	303,470	147,417	104,439
	<u>\$ 34,354,371</u>	<u>\$ 11,964,126</u>	<u>\$ 10,225,385</u>	<u>\$ 36,093,112</u>	<u>\$ 5,591,586</u>

Business-type activities:

By Type:

General obligation notes	\$ 8,540,952	\$ -	\$ 1,433,402	\$ 7,107,550	\$ 1,486,667
Unamortized debt discount	(8,999)	-	(1,819)	(7,180)	(1,819)
Total general obligation debt	8,531,953	-	1,431,583	7,100,370	1,484,848
Compensated absences	1,302,621	1,091,099	1,413,425	980,295	646,570
	<u>\$ 9,834,574</u>	<u>\$ 1,091,099</u>	<u>\$ 2,845,008</u>	<u>\$ 8,080,665</u>	<u>\$ 2,131,418</u>

By Purpose:

Nursing home	\$ 9,199,798	\$ 671,277	\$ 2,235,896	\$ 7,635,179	\$ 1,828,656
Highway/facilities administration	634,776	419,822	609,111	445,487	302,762
	<u>\$ 9,834,574</u>	<u>\$ 1,091,099</u>	<u>\$ 2,845,007</u>	<u>\$ 8,080,666</u>	<u>\$ 2,131,418</u>

General obligation debt has been obtained for the purpose of funding capital purchases and construction of capital assets. General obligation debt currently outstanding is detailed as follows:

Bonds:

\$8,500,000; due in various annual installments of \$315,000 to \$675,000 through 2027;

 Issued: August 1, 2007

 Interest: 4.00% to 4.20%

 Purpose: Children with Disabilities Education Board new school building
construction

7,855,000

\$8,600,000; due in various annual installments of \$305,000 to \$645,000 through 2027;

 Issued: January 18, 2008

 Interest: 3.50% to 4.00%

 Purpose: Children with Disabilities Education Board new school building
construction

7,645,000

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE J – LEASES AND LONG-TERM OBLIGATIONS (continued)

Notes:

\$9,205,000; due in various annual installments of \$570,000 to \$1,185,000 through 2012; Issued: November 1, 2003 Interest: 1.00% to 3.40% Purpose: Road construction and new judicial center building construction	1,185,000
\$6,070,000; due in various annual installments of \$500,000 to \$725,000 through 2014; Issued: September 1, 2004 Interest: 3.00% to 3.55% Purpose: Road construction, government center improvements, and new judicial center building construction	2,085,000
\$9,800,000; due in various annual installments of \$785,000 to \$1,155,000 through 2015; Issued: August 1, 2005 Interest: 3.38% to 3.50% Purpose: Road construction and new Lakeland Health Care Center building construction	4,365,000
\$7,350,000; due in various annual installments of \$200,000 to \$925,000 through 2016; Issued: April 1, 2006 Interest: 3.75% to 3.80% Purpose: Road construction and new Lakeland Health Care Center building construction	4,275,000
\$1,400,000; due in various annual installments of \$30,000 to \$200,000 through 2017; Issued: August 1, 2008 Interest: 4.00% to 4.15% Purpose: Road construction	1,070,000
\$5,345,000; due in various annual installments of \$570,000 to \$990,000 through 2019; Issued: August 4, 2009 Interest: 2.00% to 4.75% Purpose: Road construction	4,355,000
\$7,740,000; due in various annual installments of \$200,000 to \$945,000 through 2021; Issued: July 6, 2011 Interest: 2.00% to 3.00% Purpose: Road construction	7,740,000
Total Outstanding General Obligation Debt	\$ 40,575,000

Annual principal and interest maturities of the outstanding general obligation debt of \$40,575,000 on December 31, 2011 are detailed in the following table.

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 3,778,333	\$ 1,138,730	\$ 1,486,667	\$ 229,585
2013	2,696,190	950,810	1,543,809	175,817
2014	3,364,694	859,121	1,605,305	119,833
2015	2,723,675	769,228	1,666,327	60,924
2016	2,554,558	691,908	805,442	15,303
2017-2021	11,255,000	2,325,976	-	-
2022-2026	5,775,000	882,256	-	-
2027	1,320,000	27,075	-	-
	\$ 33,467,450	\$ 7,645,104	\$ 7,107,550	\$ 601,462

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE J – LEASES AND LONG-TERM OBLIGATIONS (continued)

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2011 was \$693,126,678 as follows:

Equalized valuation of the County		\$ 14,662,709,200
Statutory limitation percentage		(x) 5%
<hr/>		
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		733,135,460
Total outstanding general obligation debt applicable to debt limitation	\$ 40,575,000	
Less: Amounts available for financing general obligation debt Debt Service fund	(566,218)	
		<hr/>
Net outstanding general obligation debt applicable to debt limitation		40,008,782
Legal Margin for New Debt		<u><u>\$ 693,126,678</u></u>

NOTE K – EQUITY CLASSIFICATIONS

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

Invested in capital assets, net of related debt		
Land		\$ 1,092,194
Construction in progress		938,016
Buildings, net of accumulated depreciation		53,293,628
Improvements other than buildings, net of accumulated depreciation		2,696,778
Machinery and equipment, net of accumulated depreciation		10,628,340
Infrastructure, net of accumulated depreciation		36,658,235
Subtotal		<hr/> 105,307,191
Less: related long-term debt outstanding (net of unspent capital related debt proceeds of \$2,029,983 and debt discount \$95,472)		<hr/> (31,532,939)
Total Invested in capital assets, net of related debt		<hr/> <u>73,774,252</u>
Restricted		
Alpine Valley concert fee surplus	\$	110,174
Employee wellness donations		2,248
Barn quilt donations		272
Health and Human Services donations		192,390
Health and Human Services grant related encumbrances		585
Land modernization fees		444,086
Non-metallic mining fees		25,163
Park donations		3,800
Public access fees		259,349
Redaction fees		113,006
School donations		64,121
School grant related encumbrances		40
Sheriff donation		55,806
Sheriff trusts		703,380
UW-Extension grant related carryforward project		3,714
Total Restricted		<hr/> 1,978,134
Unrestricted		68,434,042
Total governmental activities net assets		<u><u>\$ 144,186,428</u></u>

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2011

NOTE K – EQUITY CLASSIFICATIONS (continued)

The detail of the fund balance restrictions, commitments, assigned, and unassigned balances can be found in the fund statements.

NOTE L – OTHER POST EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) issued Statement No. 43 – *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans* and the GASB issued Statement No. 45 – *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. The County made the decision to implement effective January 1, 2008.

County-wide Plan Description

Walworth County provides post employment health care benefits in accordance with collective bargaining agreements and the County's ordinance code as amended by the County board. The County does not issue separate, audited financial statements for this defined benefit plan. The County provides other post employment benefits (OPEB) by offering health insurance to retired employees. This liability encompasses the County's share of the costs associated with the Sheriff Deputies Sworn personnel and the Lakeland Education Association personnel who receive unique OPEB benefits as described below in addition to the benefits offered to all County employees. The County offers employees retiring with the County to continue to purchase health insurance through the County's self-insured Health Insurance fund. The retirees pay monthly premiums for this service equal to employee premiums for single or family coverage and at a reduced rate once reaching Medicare eligible age. The County incurs a liability for these benefits offered as the cost of claims is greater than the cost of monthly premiums received. This benefit is only available to those employees hired before the contract dates listed below.

<u>Contract/Bargaining Unit</u>	<u>Hired Before</u>
Deputy Sheriffs' Association	01/01/2005
Association of Human Services Professionals	11/12/2005
Non-represented Employees	12/01/2005
AFSCME Local 1925C – Health and Human Services Employees	12/03/2005
AFSCME Local 1925 – Highway Employees	12/21/2005
AFSCME Local 1925A – Nonclerical Lakeland Health Care Center Employees	12/23/2005
AFSCME Local 1925B – Courthouse Employees	12/23/2005
Lakeland Education Association	12/01/2006

Sick Leave/Health Credit Benefit

In addition to the County benefit to purchase health insurance, employees hired prior to the dates above who at termination apply for an immediate retirement annuity from the Wisconsin Retirement System, or have reached the age of 50 or older and have a minimum of 20 years of service with Walworth County, will have their sick leave balance converted at 60% of their base pay rate at the time of retirement to pay for county health insurance until the credits are exhausted. Currently, 41 retirees meet the eligibility requirements for this benefit. During 2011, approximately \$177,574 of expenditures were recognized for post employment health care benefits from these sick leave insurance credits. The OPEB calculation includes these benefits.

Lakeland Education Association Retirement Benefits

In addition to the above retirement benefits, the County offers an early retirement program for teachers who are at least age 57 and have completed at least 20 years of service. Under the program, eligible teachers are entitled to receive employer-paid single health insurance coverage under the group plan for 5 years. At December 31, 2011, 15 retirees were eligible to receive future benefits. This benefit was terminated with the 2005 contract for all employees hired after ratification on December 1, 2006. The 2008-2009 letter of agreement includes early retirement health insurance incentives in effect for employees at the end of the 2016 school year age 55 or older with at least 15 continuous years of service. The OPEB calculation includes these benefits. For 2011, \$130,500 was expended for retirees currently receiving benefit.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE L – OTHER POST EMPLOYMENT BENEFITS (continued)

Deputies Sworn Retirement Benefits

The County also has an early retirement policy for protective occupation employees who retire on a Wisconsin Retirement System (WRS) retirement or disability annuity at age 54 or older, at age 53 with a minimum of 25 years of WRS service, or have a minimum of 20 years of continuous County service upon becoming an annuitant at age 50 to 53. This policy will also apply to an employee receiving a duty disability annuity prior to age 50, who has 20 years of continuous County service and is considered “permanently and totally” disabled. The employees are entitled to a County payment of 50% of their premium for health insurance until the retiree is eligible for Medicare coverage. The insurance coverage shall be the same as provided to active employees. At December 31, 2011, 15 retirees were eligible to receive future benefits. This benefit was terminated with the 2005 contract for all employees hired after January 1, 2005. The OPEB calculation includes these benefits. For 2011, \$151,335 was expended for retirees currently receiving benefit.

Funding Policy

On September 7, 2006, the County elected to amortize its postemployment health benefits over a 30-year period such that this benefit will be fully amortized by December 31, 2034. On December 26, 2008, the County obtained an outside investment trust company to hold the funds on behalf of the County. Withdrawals may only be made to the County for the purpose of funding current retirees retirement OPEB related health insurance costs. As of December 31, 2011, the County’s investment held in trust was \$15,188,887 of which \$850,461 was due to realized interest earned and \$157,562 of unrealized interest since inception of the trust.

Annual OPEB Cost

The County’s annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the 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 costs for the year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation to the Trust.

Annual required contribution	\$ 895,681
Interest on annual required contribution	(100,980)
Adjustment to annual required contribution	(46,185)
Annual OPEB Cost	748,516
Contributions made	(3,965,772)
Decrease in net OPEB obligation	(3,217,256)
Net OPEB (asset) – beginning of year	(995,130)
Net OPEB obligation (asset) – end of year	\$ (4,212,386)
Governmental Activities Net OPEB obligation (asset)	\$ (3,764,661)
Business-type Activities Net OPEB obligation (asset)	(447,725)
	\$ (4,212,386)

The County reports its OPEB cost under one plan which is monitored in 5 separate reserves accounts; Children with Disabilities Education Board (CDEB) reserve funded from CDEB fund contributions, public works reserve (PW) funded from Public Works fund contributions, Lakeland Health Care Center (LHCC) reserve funded from LHCC fund contributions, sworn deputies reserve funded from General fund contributions, and all other county departments reserve funded from General fund and Health and Human Services fund contributions. The assets contributed and earned under each of these reserve accounts will not be used to pay benefits to any of the other beneficiary groups, however, assets may be transferred between reserve accounts if necessary. The OPEB trust is therefore considered one plan.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE L – OTHER POST EMPLOYMENT BENEFITS (continued)

The government's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows for each individual reserve account.

<u>Reserve Account</u>	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
CDEB	2009	\$ 404,849	44%	\$ (1,715,702)
	2010	336,463	149%	(1,879,813)
	2011	57,433	668%	(2,205,883)
Public Works	2009	71,240	104%	(317,260)
	2010	76,139	127%	(337,634)
	2011	23,452	38%	(323,110)
LHCC	2009	122,560	154%	181,446
	2010	124,458	208%	50,101
	2011	34,648	604%	(124,615)
Sworn Deputies	2009	931,262	97%	2,556,158
	2010	965,478	204%	1,548,971
	2011	393,239	827%	(1,309,263)
Other Departments	2009	380,359	272%	(137,814)
	2010	387,774	162%	(376,755)
	2011	239,744	47%	(249,515)
Total County	2009	1,910,270	124%	566,828
	2010	1,887,312	183%	(995,130)
	2011	748,516	530%	(4,212,386)

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2011 was as follows:

	<u>CDEB</u>	<u>PW</u>	<u>LHCC</u>	<u>Sworn</u>	<u>Other</u>	<u>Total</u>
Actuarial accrued liability (AAL)	\$4,142,259	\$598,234	\$1,097,774	\$7,604,108	\$3,654,523	\$17,096,898
Actuarial value of plan assets	4,142,557	883,916	1,097,130	5,968,261	3,097,023	15,188,887
Unfunded actuarial accrued liability (UAAL)	(298)	(285,682)	644	1,635,847	557,500	1,908,011
Funded ratio (actuarial value of plan assets/AAL)	100%	148%	100%	78%	85%	89%
Covered payroll	5,310,443	3,294,614	5,686,894	5,775,963	20,307,131	40,375,045
UAAL as a percentage of covered payroll	0%	-9%	0%	28%	3%	5%

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE L – OTHER POST EMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as 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 of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation the projected unit credit actuarial cost method is used as the basis to establish the December 31, 2011 liability. Under this method, the actuarial cost gain (losses), as they occur, generally reduce (increase) the unfunded actuarial accrued liability. The actuarial assumptions include a 4.5 percent investment rate per the County's investment strategy agreement with its investment advisor. Investment decisions have been made by the advisor to achieve this rate based on historical figures. A 4.5% rate is used for the December 31, 2011 liability calculation. An annual healthcare cost trend rate of 8.5 percent initially, increased at various increments each year thereafter between 5.5% and 8%. A three percent salary inflation assumption is also used. The "*Wisconsin Retirement System 2006 – 2008 Experience Study*" was used to determine mortality, disability and turnover rates. Retirement rates, benefit selections, and participation of employees and spousal coverage have been developed based on County experience. 2012 monthly premiums were used and converted to age-specific charges using Actuarial & Health Care Solutions, LLC rating model factors to create the annual benefit costs for retirees. Administrative costs were included in benefit costs. The unfunded actuarial accrued liability is being amortized using a level percent of payroll method. A closed amortization period was used for the most recent valuation, amortizing costs as of December 31, 2011 over 23 years.

NOTE M - TERMINATION BENEFITS

There were no new termination benefit agreements or activity during 2011.

NOTE N – WISCONSIN RETIREMENT SYSTEM

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All permanent employees hired after July 1, 2011 expected to work over 1,200 hours per year (600 hours if hired prior to July 1, 2011) or teachers and school district educational support personnel expected to work over 880 hours (440 hours if hired prior to July 1, 2011) are eligible to participate in WRS. Covered employees in the General/Teacher/Educational Support personnel category are required by statute to contribute 5.8% of their salary (6.65% for Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of certain employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE N – WISCONSIN RETIREMENT SYSTEM (continued)

The payroll for County employees covered by WRS for the year ended December 31, 2011 was \$40,030,207; the employer's total payroll was \$41,270,526. The total required contribution for the year ended December 31, 2011 was \$5,135,807 or 12.8% of covered payroll. This amount consisted of \$4,810,913 (12%) from the employer and \$324,894 (0.8%) from employees. Total contributions for the years ending December 31, 2010 and 2009 were \$4,626,490 and \$4,440,372 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials, 54 for protective occupation employees with less than 25 years of service, 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. The final average earnings are the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 or after April 24, 1998 through June 30, 2011 are immediately vested. For participants employed after July 1, 2011, five years of creditable service is required for vesting of employer contributions.

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

The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

NOTE O – RISK MANAGEMENT

Risk Entity

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. It is the policy of the County to purchase commercial insurance for the risks of losses to which it is exposed. The County established a risk management program for liability, health, dental, and workers compensation insurance utilizing third-party claims administrator. The County completes an annual review of its insurance coverage to ensure an adequate coverage.

Self Insurance of Employee Benefits

Premiums are paid into the internal service funds by all other funds and are available to pay claims, administrative costs of the program and establish a claims reserve for health insurance, dental insurance and workers compensation. A liability for claims is reported when it is probable that a loss has been incurred and it can be reasonably estimated.

Interfund premiums are based primarily on claims experience and are reported as quasi-external interfund transactions. An excess coverage insurance policy covers individual workers compensation claims up to \$1,000,000. An excess coverage insurance covers health insurance claims in excess of \$125,000 up to \$2,000,000. Settled claims for workers compensation and dental insurance have not exceeded reinsurance coverage in any of the last three years. Individual health insurance claims exceeding \$125,000 resulted in reinsurance amounts received in each of the last 3 years in the following amounts:

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE O – RISK MANAGEMENT (continued)

Self Insurance of Employee Benefits (continued)

<u>Year</u> <u>Ended</u>	<u>Reinsurance</u> <u>Amount</u>
2009	\$ 979,811
2010	1,495,388
2011	832,011
Total	\$ 3,307,210

The County has recognized a total of \$3,597,931 in claims liabilities in the Health, Dental and Workers Compensation internal service funds at December 31, 2011. This actuarial determined liability amount was based on reviewing the 2011 claim settlements recorded during the first three months of 2011 and extrapolating forward. The calculation of the claims liability is below:

	<u>Health</u>	<u>Dental</u>	<u>Workers</u> <u>Compensation</u>	<u>Total</u>
January 1, 2010 claims liabilities	\$ 1,672,000	\$ 70,000	\$ 1,637,340	\$ 3,379,340
2010 claims incurred during the period	15,607,513	665,276	1,181,507	17,454,296
2010 discounts, rebates, and refunds	(1,532,993)	-	-	(1,532,993)
2010 claims payments	(13,999,520)	(695,276)	(917,095)	(15,611,891)
January 1, 2011 claims liabilities	1,747,000	40,000	1,901,752	3,688,752
2011 claims incurred during the period	15,078,415	755,078	195,919	16,029,412
2011 discounts, rebates, and refunds	(843,272)	-	-	(843,272)
2011 claims payments	(14,257,143)	(741,078)	(278,740)	(15,276,961)
Unpaid claims – end of year	\$ 1,725,000	\$ 54,000	\$ 1,818,931	\$ 3,597,931

Investment in Wisconsin Municipal Mutual Insurance Company

Effective January 1, 2008 the County became a member with certain other units of government within the State of Wisconsin, of the Wisconsin Municipal Mutual Insurance Company (WMMIC), a non-assessable mutual company which provides liability insurance and risk management services to its members. The scope of insurance protection provided by WMMIC is broad, covering automobile liability, general liability, law enforcement liability, public official's errors and omissions, civil rights, incidental medical malpractice, personal injury, equal rights, and Americans with Disabilities Act at policy limits of \$10,000,000 per occurrence with a \$10,000,000 aggregate for general and automobile liability claims and a \$30,000,000 aggregate for errors or omissions claims. At this time, settled claims have not exceeded the commercial coverage in any of the past three years. WMMIC's exposure in its layer of insurance is limited to \$1,000,000 per occurrence in that the company purchases \$4,000,000 per occurrence in reinsurance for losses in excess of its retained layer of coverage.

WMMIC is governed by one entity-one vote. Member entities include Walworth County, and the counties of Brown, Chippewa, Dane, Dodge, Eau Claire, Jefferson, Kenosha, LaCrosse, Manitowoc, Marathon, Outagamie, Rock, St. Croix, Waukesha, and the cities of Eau Claire and Madison. All member entities participate in the governing of the company. Its Board of Directors is made up of at least five representatives of the participating entities and the company's Charter allows for the appointment of two at large members to the Board of Directors. The participants elect the board members at the annual meeting. The Board has the authority to adopt its own budget, set policy matters and control the financial affairs of the company.

The County's investment in WMMIC is reported on the Risk Management fund balance sheet as a deposit. The amount reported is the original capitalization of \$1,563,000. According to its bylaws, WMMIC allocates equity to members based on the percentage of participation. As of December 31, 2011 this amount is valued at \$1,646,771. A list of other members and their share of participation is in the WMMIC report. Separate financial statements can be obtained from WMMIC at their address of 4785 Hayes Road, Madison, Wisconsin, 53704.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE O – RISK MANAGEMENT (continued)

Investment in Wisconsin Municipal Mutual Insurance Company (continued)

Liability claims are paid out of the Risk Management internal service fund and are reimbursed by the appropriate County department in the following year for all damage claims. The County maintains a reserve that will then be replenished in the following year. The known claims liability of \$1,109,126 reported in the fund at December 31, 2011 is based on the requirements of GASB Statement No. 10. This statement requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. The total liability includes the actuarial determined incurred but not reported (IBNR) claims. The County's objective is to provide a reserve confidence level between 75% and 95% for liability claims as a reflection of the County's risk tolerance. At December 31, 2011, the County's liability claims reserve is recorded at a 95% confidence level. Changes in the fund's claim liability amount for 2011 and 2010 follow:

January 1, 2010 claims liabilities	\$ 1,576,576
2010 claims incurred during the period	16,413
2010 change in estimates of prior years	(81,594)
2010 claims payments	<u>(40,326)</u>
Unpaid claims – December 31, 2010	1,471,069
2011 claims incurred during the period	11,767
2011 change in estimates of prior years	(320,072)
2011 claims payments	<u>(53,638)</u>
Unpaid claims – December 31, 2011	<u><u>\$ 1,109,126</u></u>

Commercial Insurance

Surety bonds are purchased for key officials in accordance with statutory requirement chapter 59.21. The County also purchases commercial insurance to provide coverage from losses from theft of, damages to or destruction of assets.

NOTE P – CONTINGENCIES AND COMMITMENTS

Single Audit Pending

The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under OMB Circular A-133 has been conducted but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Legal Proceedings

From time to time, the County becomes party to claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position. Any proceedings considered probable have been recorded as liabilities where applicable.

Bonded Capital Projects

The County has approved several capital projects to be completed over the next couple years that will be funded by borrowed funds. These projects have started or will be started in the near future. The total estimated cost of the remaining bonded projects is \$10,546,611. Costs expended in these bonded projects through December 31, 2011 totals \$7,930,882. Current bond funds reserved in the Capital Projects fund will be utilized for these projects as well as tax levy, grants and other funds designated by the Board.

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE P – CONTINGENCIES AND COMMITMENTS (continued)

Outstanding Encumbrances

At December 31, 2011, the County's governmental funds had encumbered commitments under various goods and service agreements which provide for payments in the amount of \$1,401,048. The service agreement payments are subject to adjustment resulting from changes in cost of living and other factors.

Children with Disabilities Education Board Transfer Agreement

The County has entered an agreement with the school districts to transfer teaching and student aide duties provided at the school district sites previously provided by County personnel to the individual school districts. This agreement will transfer these duties over a 10-year period ending in 2016. The Lakeland Education Association union contract includes a letter of agreement for early retirement health insurance incentives and involuntary layoff termination benefits for eligible employees at the time of termination. At this time, the County does not have any liabilities associated with this transfer of duties. The early health insurance incentives expected are accounted for within the other post employment benefits described in Note L.

Property Tax Levy Limit

Wisconsin State Statute 66.0602, imposes a limit on the property tax levies for all Wisconsin counties for a two-year period. The Act limits the increase for 2011 tax levy collected in 2012 to the greater of 0.0% growth plus terminated TID applied to the 2010 levy (0.246%) or the percentage of change in equalized value due to net new construction (.467%) plus terminated TID applied to the 2010 levy (0.246%). The limit for the County for the 2011 budget was 0.713%. The levy limit is applied to both operations and debt service. However, the Statute allows the limit to exclude increases in debt service, the Children with Disabilities Education Board (CDEB) tax levy, bridge & culvert repair under s. 82.08(2), library payments under s. 43.12, charitable and penal charges, and countywide EMS. The County was under the levy limit for its 2012 budget by \$220,496.

NOTE Q – SUBSEQUENT EVENTS

Management Monitoring of Subsequent Events

Management evaluated subsequent events through May 29, 2012, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2011, but prior to May 29, 2012 that provided additional evidence about conditions that existed at December 31, 2011, have been recognized in the financial statements for the year ended December 31, 2011. Events or transactions that provided evidence about conditions that did not exist at December 31, 2011, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2011.

Wisconsin State Legislative Changes

With the passing of new state legislation in 2011, the County was afforded the opportunity to make changes to existing work rules and well as create new work rules for employees hired in 2012 and beyond. Some of the major changes are summarized below:

- One bargaining unit contract expired on June 30, 2011 and the other six expired on December 31, 2011. The unions were required to file a petition to remain a represented bargaining unit. Of the six unions that fell under this criteria (Sheriff sworn staff were exempt from this provision), two of the unions filed petitions and recertified as represented bargaining units (Lakeland Education Association and Health & Human Service Professionals Association). The four AFSCME units did not file a petition and were decertified as of January 30, 2012. County ordinance determines specific pay practices for these decertified bargaining units beginning in 2012.
- Walworth County implemented Wisconsin Retirement System employee contributions as required by state legislation during 2011. Collective bargaining agreements expiring December 31, 2011 were implemented January 1, 2012. 2012 employee contributions are 5.9% of eligible wages, which were

WALWORTH COUNTY, WISCONSIN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

NOTE Q – SUBSEQUENT EVENTS (continued)

Wisconsin State Legislative Changes (continued)

formerly paid by the County. This requirement does not apply to Sheriff sworn staff. The estimate 2012 cost savings to the County as a result of this change is expected to be \$1,900,000.

- Walworth County implemented a secondary health plan effective 1/1/2012. This plan is only offered to new hires. The Deputy Sheriff Association members will switch to this plan effective 1/1/2013. This plan implements a higher deductible for all levels of coverage, higher co-pays for certain visits, and is not a grandfathered plan under federal legislation. A non-grandfathered plan allowed for certain benefits to increase for the insured.

General Obligation Promissory Notes Called

On April 1, 2012, the County called the 2013 and 2014 principal payments of the 2004 general obligation promissory notes in the amounts of \$695,000 and \$725,000 respectively. Savings on interest payments for 2012 through 2014 total \$75,453. Available funds from the County's General fund were used to call this debt.

On April 1, 2012, the County called the 2013, 2014 and 2015 principal payments of the 2005 general obligation promissory notes in the amounts of \$1,070,000, \$1,110,000 and \$1,155,000 respectively. Savings on interest payments for 2012 through 2015 total \$232,868. Available funds from the County's General fund in the amount of \$748,673 and from the Lakeland Health Care Center in the amount of \$2,586,327 were used to call this debt.



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**REQUIRED
SUPPLEMENTARY
INFORMATION**

WALWORTH COUNTY, WISCONSIN

REQUIRED SUPPLEMENTAL INFORMATION SCHEDULE OF FUNDING PROGRESS

<u>Reserve</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) ** (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
Children with Disabilities							
Education Board	12/31/2009	\$ 3,418,524	\$ 4,608,335	\$ 1,189,811	74%	\$ 6,345,909	19%
	12/31/2010*	3,878,551	4,933,631	1,055,080	79%	5,823,654	18%
	12/31/2011	4,142,557	4,142,259	(298)	100%	5,310,443	0%
Public Works							
	12/31/2009	718,682	978,910	260,228	73%	3,563,240	7%
	12/31/2010*	816,996	1,080,297	263,301	76%	3,448,665	8%
	12/31/2011	883,916	598,234	(285,682)	148%	3,294,614	-9%
Lakeland Health Care Center							
	12/31/2009	582,405	1,599,533	1,017,128	36%	5,808,770	18%
	12/31/2010*	837,956	1,742,863	904,907	48%	5,647,772	16%
	12/31/2011	1,097,130	1,097,774	644	100%	5,686,894	0%
Deputies-Sworn							
	12/31/2009	1,340,321	10,179,055	8,838,734	13%	5,725,159	154%
	12/31/2010*	3,345,292	11,014,487	7,669,195	30%	5,906,223	130%
	12/31/2011	5,968,261	7,604,108	1,635,847	78%	5,775,963	28%
Other County Departments							
	12/31/2009	2,152,918	4,204,554	2,051,636	51%	20,706,739	10%
	12/31/2010*	2,783,325	4,672,222	1,888,897	60%	20,344,733	9%
	12/31/2011	3,097,023	3,654,523	557,500	85%	20,307,131	3%
Total County							
	12/31/2009	8,212,850	21,570,387	13,357,537	38%	42,149,817	32%
	12/31/2010*	11,662,120	23,443,500	11,781,380	50%	41,171,047	29%
	12/31/2011	15,188,887	17,096,898	1,908,011	89%	40,375,045	5%

12/31/2011 valuations based on reports as of 1/1/2012.
12/31/2009 and 12/31/2010 valuations based on reports as of 1/1/2010.

* 12/31/2010 actuarial value of assets and unfunded AAL amounts between reserves have been restated to correctly report market investment adjustments. Total value of assets and unfunded AAL do not change.

**Projected unit credit actuarial method used.



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**OTHER
SUPPLEMENTAL
INFORMATION**

GENERAL FUND

The general fund is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund.

WALWORTH COUNTY, WISCONSIN

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
TAXES				
Real and personal property taxes	\$ 30,145,570	\$ 30,038,755	\$ 30,940,216	\$ 901,461
Retail sales and use taxes	6,900,120	6,900,110	7,300,040	399,930
Other taxes	248,000	248,000	266,548	18,548
TOTAL	37,293,690	37,186,865	38,506,804	1,319,939
INTERGOVERNMENTAL				
State shared taxes	318,170	318,170	375,477	57,307
Federal grants	110,446	1,031,904	553,097	(478,807)
State grants	1,004,823	1,127,935	925,364	(202,571)
TOTAL	1,433,439	2,478,009	1,853,938	(624,071)
LICENSES AND PERMITS				
Licenses	68,575	68,575	69,210	635
Permits	185,190	185,190	192,935	7,745
TOTAL	253,765	253,765	262,145	8,380
FINES, FORFEITURES AND PENALTIES				
Law and ordinance violations	701,600	701,600	560,370	(141,230)
Court fees and costs	729,150	741,150	730,282	(10,868)
TOTAL	1,430,750	1,442,750	1,290,652	(152,098)
PUBLIC CHARGES FOR SERVICES				
Public charges for services	2,446,510	2,345,567	2,229,892	(115,675)
INTERGOVERNMENTAL CHARGES FOR SERVICES				
State and federal	270,464	392,101	478,564	86,463
Local districts	50,768	60,873	82,426	21,553
Interdepartmental revenues	1,340,268	1,341,745	1,330,529	(11,216)
TOTAL	1,661,500	1,794,719	1,891,519	96,800

(Continued)

WALWORTH COUNTY, WISCONSIN

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
 BUDGET AND ACTUAL - GENERAL FUND (concluded)
 For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
INVESTMENT INCOME				
Investment income	\$ 663,700	\$ 665,176	\$ 670,483	\$ 5,307
MISCELLANEOUS				
Rental revenue	211,680	211,680	208,334	(3,346)
Property sales and loss compensation	130,842	178,381	192,444	14,063
Donations and contributions	2,125	3,708	9,072	5,364
Rebates, refunds and reimbursements	22,550	73,974	41,926	(32,048)
Other	5,000	900	97	(803)
TOTAL	<u>372,197</u>	<u>468,643</u>	<u>451,873</u>	<u>(16,770)</u>
TOTAL REVENUES	<u>45,555,551</u>	<u>46,635,494</u>	<u>47,157,306</u>	<u>521,812</u>
OTHER FINANCING SOURCES				
Transfers in	167,074	2,801,899	2,605,801	(196,098)
Capital leases	10,200	10,200	10,200	-
Sale of capital assets	84,200	84,200	67,357	(16,843)
TOTAL	<u>261,474</u>	<u>2,896,299</u>	<u>2,683,358</u>	<u>(212,941)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 45,817,025</u>	<u>\$ 49,531,793</u>	<u>\$ 49,840,664</u>	<u>\$ 308,871</u>

WALWORTH COUNTY, WISCONSIN

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
CURRENT:				
GENERAL GOVERNMENT				
County board	\$ 360,419	\$ 275,439	\$ 183,348	\$ 92,091
County clerk	370,662	382,803	331,192	51,611
Elections	123,596	81,596	63,297	18,299
Administration	1,541,913	1,513,846	1,408,752	105,094
Finance	1,483,506	1,490,926	1,399,617	91,309
Treasurer	504,841	505,573	447,924	57,649
Coroner	380,509	380,866	362,475	18,391
Clerk of courts	3,138,384	3,149,621	2,806,098	343,523
District attorney	970,875	971,668	935,754	35,914
Register of deeds	727,182	760,175	591,795	168,380
Information technology	1,700,277	1,697,227	1,500,408	196,819
Central services	1,018,678	953,062	856,140	96,922
Non-departmental	2,930,559	2,445,098	2,061,280	383,818
Community initiative	205,800	205,800	205,800	-
TOTAL	<u>15,457,201</u>	<u>14,813,700</u>	<u>13,153,880</u>	<u>1,659,820</u>
PUBLIC SAFETY				
Sheriff	<u>26,826,691</u>	<u>27,793,576</u>	<u>25,925,264</u>	<u>1,868,312</u>
HEALTH AND HUMAN SERVICES				
Veterans services	<u>186,473</u>	<u>199,719</u>	<u>187,818</u>	<u>11,901</u>
CULTURE, RECREATION, AND EDUCATION				
UW extension	583,082	595,804	539,082	56,722
Parks	<u>205,981</u>	<u>181,271</u>	<u>63,566</u>	<u>117,705</u>
TOTAL	<u>789,063</u>	<u>777,075</u>	<u>602,648</u>	<u>174,427</u>
CONSERVATION AND DEVELOPMENT				
Land use and resource management	<u>1,935,790</u>	<u>2,032,309</u>	<u>1,781,541</u>	<u>250,768</u>
TOTAL CURRENT EXPENDITURES	<u>45,195,218</u>	<u>45,616,379</u>	<u>41,651,151</u>	<u>3,965,228</u> (Continued)

WALWORTH COUNTY, WISCONSIN

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL FUND (concluded) For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
CAPITAL OUTLAY:				
GENERAL GOVERNMENT				
County board	\$ -	\$ 25,000	\$ 24,334	\$ 666
Administration	-	52,682	48,469	4,213
Finance	12,800	13,300	12,470	830
Clerk of courts	8,810	8,810	8,810	-
Information technology	81,000	496,739	280,279	216,460
Central services	84,500	496,263	427,825	68,438
TOTAL	<u>187,110</u>	<u>1,092,794</u>	<u>802,187</u>	<u>290,607</u>
PUBLIC SAFETY				
Sheriff	<u>571,247</u>	<u>1,346,842</u>	<u>775,796</u>	<u>571,046</u>
CULTURE, RECREATION, AND EDUCATION				
Parks	<u>27,050</u>	<u>33,418</u>	<u>27,597</u>	<u>5,821</u>
TOTAL CAPITAL OUTLAY	<u>785,407</u>	<u>2,473,054</u>	<u>1,605,580</u>	<u>867,474</u>
TOTAL EXPENDITURES	<u>45,980,625</u>	<u>48,089,433</u>	<u>43,256,731</u>	<u>4,832,702</u>
OTHER FINANCING USES:				
Transfers out	<u>610,200</u>	<u>2,110,277</u>	<u>2,110,277</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 46,590,825</u>	<u>\$ 50,199,710</u>	<u>\$ 45,367,008</u>	<u>\$ 4,832,702</u>

DEBT SERVICE FUND

The debt service fund is used to accumulate monies for the payment of long-term debt obligations of the governmental funds (general, special revenue, and capital projects funds). Financing is generally provided by property taxes and interfund transfers.

WALWORTH COUNTY, WISCONSIN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL DEBT SERVICE FUND

For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 4,177,192	\$ 4,177,192	\$ 4,177,192	\$ -
Intergovernmental	61,845	61,845	61,845	-
Investment income	-	-	5,085	5,085
Total revenues	<u>4,239,037</u>	<u>4,239,037</u>	<u>4,244,122</u>	<u>5,085</u>
EXPENDITURES				
Debt service:				
Principal retirement	4,416,598	5,666,598	5,666,598	-
Interest and fiscal charges	1,103,816	1,149,748	1,147,767	1,981
Total expenditures	<u>5,520,414</u>	<u>6,816,346</u>	<u>6,814,365</u>	<u>1,981</u>
Excess (deficiency) of revenues over expenditures	<u>(1,281,377)</u>	<u>(2,577,309)</u>	<u>(2,570,243)</u>	<u>7,066</u>
OTHER FINANCING SOURCES				
Transfers in	1,281,377	2,536,454	2,536,452	(2)
Premium on long-term debt	-	137,854	137,854	-
Total other financing sources	<u>1,281,377</u>	<u>2,674,308</u>	<u>2,674,306</u>	<u>(2)</u>
Net change in fund balances	-	96,999	104,063	7,064
Fund balances - beginning	600,009	600,009	600,009	-
Fund balances - ending	<u>\$ 600,009</u>	<u>\$ 697,008</u>	<u>\$ 704,072</u>	<u>\$ 7,064</u>



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NONMAJOR GOVERNMENTAL FUNDS

- ◆ **Land Information Fund** – to account for the financial activity of the Wisconsin Land Information Board. Its services are funded with retained filing fees and debt proceeds to coordinate land records modernization activities.
- ◆ **Sheriff Trusts Fund** – to account for several sheriff trust funds for use by the County:
 - ◆ **County Jail Trust** – to account for the accumulation of jail assessments awarded by the courts. Funds are held within the Sheriff's Department and used for building remodeling and construction.
 - ◆ **Federal Confiscated** – to account for the accumulation of money confiscated from federal crimes. Funds have been used to purchase drug-sniffing dogs and drug equipment.
 - ◆ **State Confiscated** – to account for the accumulation of money confiscated from state crimes.
- ◆ **Capital Projects Fund** – to account for the financing and construction of general capital projects. Financing for these projects is provided by general obligation debt proceeds, intergovernmental revenues, and donations.

WALWORTH COUNTY, WISCONSIN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2011

	Special Revenue Funds			Totals
	Land Information	Sheriff Trusts	Capital Projects	
ASSETS				
Cash and investments	\$ 49,634	\$ 362,039	\$ 3,697,809	\$ 4,109,482
Restricted cash and investments	686,966	330,845	-	1,017,811
Taxes receivable	169,916	-	337,238	507,154
Accounts receivable	-	2,829	-	2,829
Due from other governments	20	8,205	697	8,922
Total assets	<u>\$ 906,536</u>	<u>\$ 703,918</u>	<u>\$ 4,035,744</u>	<u>\$ 5,646,198</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 23,225	\$ 538	\$ 191,581	\$ 215,344
Accrued liabilities	1,194	-	-	1,194
Due to other governments	4	-	-	4
Due to other funds	1	-	-	1
Deferred tax revenues	169,916	-	337,238	507,154
Other deferred revenues	-	-	697	697
Total liabilities	<u>194,340</u>	<u>538</u>	<u>529,516</u>	<u>724,394</u>
Fund balances:				
Restricted for:				
Modernization fees	444,086	-	-	444,086
Public access fees	259,349	-	-	259,349
Sheriff trusts	-	703,380	-	703,380
Unspent bond proceeds	-	-	1,892,129	1,892,129
Committed for:				
Encumbrances	-	-	438,114	438,114
Road construction	-	-	354,364	354,364
Transfer to General fund	8,761	-	-	8,761
Assigned for:				
Carryforward projects	-	-	618,214	618,214
Capital projects	-	-	203,407	203,407
Total fund balance	<u>712,196</u>	<u>703,380</u>	<u>3,506,228</u>	<u>4,921,804</u>
Total liabilities and fund balances	<u>\$ 906,536</u>	<u>\$ 703,918</u>	<u>\$ 4,035,744</u>	<u>\$ 5,646,198</u>

WALWORTH COUNTY, WISCONSIN

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Land Information	Sheriff Trusts	Capital Projects	
REVENUES				
Taxes	\$ 169,850	\$ -	\$ 360,800	\$ 530,650
Intergovernmental	300	-	-	300
Public charges for services	183,203	-	-	183,203
Intergovernmental charges for services	3,822	-	4,259	8,081
Investment income	864	-	-	864
Miscellaneous	-	263,425	25,000	288,425
Total revenues	<u>358,039</u>	<u>263,425</u>	<u>390,059</u>	<u>1,011,523</u>
EXPENDITURES				
Current:				
Public safety	-	59,941	-	59,941
Conservation and development	225,947	-	-	225,947
Capital outlay:				
Conservation and development	18,992	-	-	18,992
Public works	-	-	8,049,985	8,049,985
Total expenditures	<u>244,939</u>	<u>59,941</u>	<u>8,049,985</u>	<u>8,354,865</u>
Excess (deficiency) of revenues over expenditures	<u>113,100</u>	<u>203,484</u>	<u>(7,659,926)</u>	<u>(7,343,342)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	7,740,000	7,740,000
Transfers in	-	-	1,046,963	1,046,963
Transfers out	(5,049)	(155,728)	-	(160,777)
Total other financing sources (uses)	<u>(5,049)</u>	<u>(155,728)</u>	<u>8,786,963</u>	<u>8,626,186</u>
Net change in fund balances	108,051	47,756	1,127,037	1,282,844
Fund balances - beginning	604,145	655,624	2,379,191	3,638,960
Fund balances - ending	<u>\$ 712,196</u>	<u>\$ 703,380</u>	<u>\$ 3,506,228</u>	<u>\$ 4,921,804</u>

WALWORTH COUNTY, WISCONSIN

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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 165,588	\$ 169,850	\$ 169,850	\$ -
Intergovernmental	300	300	300	-
Public charges for services	126,300	123,225	183,203	59,978
Intergovernmental charges for services	-	208	3,822	3,614
Investment income	1,050	820	864	44
Total revenues	<u>293,238</u>	<u>294,403</u>	<u>358,039</u>	<u>63,636</u>
EXPENDITURES				
Current:				
Conservation and development	296,958	316,453	225,947	90,506
Capital outlay:				
Conservation and development	28,500	54,090	18,992	35,098
Total expenditures	<u>325,458</u>	<u>370,543</u>	<u>244,939</u>	<u>125,604</u>
Excess (deficiency) of revenues over expenditures	<u>(32,220)</u>	<u>(76,140)</u>	<u>113,100</u>	<u>189,240</u>
OTHER FINANCING USES				
Transfers out	-	(5,049)	(5,049)	-
Net change in fund balances	(32,220)	(81,189)	108,051	189,240
Fund balances - beginning	604,145	604,145	604,145	-
Fund balances - ending	<u>\$ 571,925</u>	<u>\$ 522,956</u>	<u>\$ 712,196</u>	<u>\$ 189,240</u>

WALWORTH COUNTY, WISCONSIN

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

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 360,800	\$ 360,800	\$ 360,800	\$ -
Intergovernmental	399,700	399,700	-	(399,700)
Intergovernmental charges for services	-	9,427	4,259	(5,168)
Miscellaneous	-	28,229	25,000	(3,229)
Total revenues	<u>760,500</u>	<u>798,156</u>	<u>390,059</u>	<u>(408,097)</u>
EXPENDITURES				
Capital outlay:				
General government	-	200,000	-	200,000
Public works	<u>9,110,700</u>	<u>11,206,539</u>	<u>8,049,985</u>	<u>3,156,554</u>
Total expenditures	<u>9,110,700</u>	<u>11,406,539</u>	<u>8,049,985</u>	<u>3,356,554</u>
Excess (deficiency) of revenues over expenditures	<u>(8,350,200)</u>	<u>(10,608,383)</u>	<u>(7,659,926)</u>	<u>2,948,457</u>
OTHER FINANCING SOURCES				
Issuance of long-term debt	7,740,000	7,740,000	7,740,000	-
Transfers in	610,200	1,046,963	1,046,963	-
Transfers out	-	-	-	-
Total other financing sources	<u>8,350,200</u>	<u>8,786,963</u>	<u>8,786,963</u>	<u>-</u>
Net change in fund balances	-	(1,821,420)	1,127,037	2,948,457
Fund balances - beginning	<u>2,379,191</u>	<u>2,379,191</u>	<u>2,379,191</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,379,191</u>	<u>\$ 557,771</u>	<u>\$ 3,506,228</u>	<u>\$ 2,948,457</u>

INTERNAL SERVICE FUNDS

- ◆ **Health Insurance** – to account for the accumulation of costs associated with the provision of health insurance benefits to the County’s employees. Such costs are billed to County departments and employees at a rate expected to recover all costs associated with these benefits.
- ◆ **Dental Insurance** – to account for the accumulation of costs associated with the provision of dental insurance benefits to the County’s employees. Such costs are billed to County departments and employees at a rate expected to recover all costs associated with these benefits.
- ◆ **Workers Compensation** – to account for the accumulation of costs associated with the provision of workers compensation benefits to the County’s employees. Such costs are billed to County departments and employees at a rate expected to recover all costs associated with these benefits.
- ◆ **Risk Management** – to account for the accumulation of liability claims relating to bodily and personal injury, property damage, natural disasters, and errors or omissions. Such costs are billed to County departments based on the prior year’s actual claims.

WALWORTH COUNTY, WISCONSIN

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

	Health Insurance	Dental Insurance	Workers Compensation	Risk Management	Totals
ASSETS					
Current assets:					
Cash and investments	\$ 15,172,372	\$ 504,533	\$ 2,353,741	\$ 4,180,750	\$ 22,211,396
Restricted cash and investments:					
Deposits held with fiscal agents	-	-	35,000	335,542	370,542
Accounts receivable	650,363	-	-	-	650,363
Due from other funds	-	-	18,168	-	18,168
Prepaid items	111,122	-	-	4,642	115,764
Total current assets	<u>15,933,857</u>	<u>504,533</u>	<u>2,406,909</u>	<u>4,520,934</u>	<u>23,366,233</u>
Noncurrent assets:					
Restricted cash and investments:					
Deposit held with WMMIC	-	-	-	1,563,000	1,563,000
Total assets	<u>15,933,857</u>	<u>504,533</u>	<u>2,406,909</u>	<u>6,083,934</u>	<u>24,929,233</u>
LIABILITIES					
Current liabilities:					
Accounts payable	102,242	194	1,749	-	104,185
Claims payable	1,725,000	54,000	1,818,931	1,109,126	4,707,057
Deposits	1,381,542	68,666	-	-	1,450,208
Retiree health credits - current	164,167	-	-	-	164,167
Total current liabilities	<u>3,372,951</u>	<u>122,860</u>	<u>1,820,680</u>	<u>1,109,126</u>	<u>6,425,617</u>
Noncurrent liabilities:					
Retiree health credits - long term	784,432	-	-	-	784,432
Total liabilities	<u>4,157,383</u>	<u>122,860</u>	<u>1,820,680</u>	<u>1,109,126</u>	<u>7,210,049</u>
NET ASSETS					
Restricted for donations	2,248	-	-	-	2,248
Unrestricted	11,774,226	381,673	586,229	4,974,808	17,716,936
Total net assets	<u>\$ 11,776,474</u>	<u>\$ 381,673</u>	<u>\$ 586,229</u>	<u>\$ 4,974,808</u>	<u>\$ 17,719,184</u>

WALWORTH COUNTY, WISCONSIN

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

	Health Insurance	Dental Insurance	Workers Compensation	Risk Management	Totals
Operating revenues:					
Interdepartmental	\$ 15,962,229	\$ 796,009	\$ 487,663	\$ 179,585	\$ 17,425,486
Charges for services	2,138,148	25,356	-	-	2,163,504
Change in estimate of prior years claims	-	-	-	374,389	374,389
Total operating revenues	<u>18,100,377</u>	<u>821,365</u>	<u>487,663</u>	<u>553,974</u>	<u>19,963,379</u>
Operating expenses:					
Insurance services	<u>16,175,202</u>	<u>746,709</u>	<u>454,347</u>	<u>288,882</u>	<u>17,665,140</u>
Total operating expenses	<u>16,175,202</u>	<u>746,709</u>	<u>454,347</u>	<u>288,882</u>	<u>17,665,140</u>
Operating income	<u>1,925,175</u>	<u>74,656</u>	<u>33,316</u>	<u>265,092</u>	<u>2,298,239</u>
Nonoperating revenues:					
Intergovernmental grants	198,008	227	-	-	198,235
Investment income	18,899	628	3,236	14,181	36,944
Insurance recovery	-	-	-	60,957	60,957
Rent, rebates, and donations	3,665	-	500	-	4,165
Total nonoperating revenues	<u>220,572</u>	<u>855</u>	<u>3,736</u>	<u>75,138</u>	<u>300,301</u>
Change in net assets	2,145,747	75,511	37,052	340,230	2,598,540
Total net assets - beginning	<u>9,630,727</u>	<u>306,162</u>	<u>549,177</u>	<u>4,634,578</u>	<u>15,120,644</u>
Total net assets - ending	<u>\$ 11,776,474</u>	<u>\$ 381,673</u>	<u>\$ 586,229</u>	<u>\$ 4,974,808</u>	<u>\$ 17,719,184</u>

WALWORTH COUNTY, WISCONSIN

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

	Health Insurance	Dental Insurance	Workers Compensation	Risk Management	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 2,221,920	\$ 25,848	\$ -	\$ -	\$ 2,247,768
Receipts from interfund services provided	16,056,898	795,053	487,365	553,974	17,893,290
Payments to suppliers	<u>(16,197,209)</u>	<u>(732,517)</u>	<u>(537,244)</u>	<u>(649,672)</u>	<u>(18,116,642)</u>
Net cash provided by (used in) operating activities	<u>2,081,609</u>	<u>88,384</u>	<u>(49,879)</u>	<u>(95,698)</u>	<u>2,024,416</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Intergovernmental grants	198,008	227	-	-	198,235
Insurance recovery	-	-	-	60,957	60,957
Rent, rebates, and donations	<u>3,665</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>4,165</u>
Net cash provided by non-capital financing activities	<u>201,673</u>	<u>227</u>	<u>500</u>	<u>60,957</u>	<u>263,357</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	<u>18,899</u>	<u>628</u>	<u>3,236</u>	<u>14,181</u>	<u>36,944</u>
Net cash provided by investing activities	<u>18,899</u>	<u>628</u>	<u>3,236</u>	<u>14,181</u>	<u>36,944</u>
Net increase in cash and investments	2,302,181	89,239	(46,143)	(20,560)	2,324,717
Cash and investments - beginning	<u>12,870,191</u>	<u>415,294</u>	<u>2,434,884</u>	<u>4,536,852</u>	<u>20,257,221</u>
Cash and investments - ending	<u>\$ 15,172,372</u>	<u>\$ 504,533</u>	<u>\$ 2,388,741</u>	<u>\$ 4,516,292</u>	<u>\$ 22,581,938</u>

Cash and investments on December 31 are reconciled from the Statement of Net Assets as follows:

Cash and investments	\$ 15,172,372	\$ 504,533	\$ 2,353,741	\$ 4,180,750	\$ 22,211,396
Restricted cash and investments	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>335,542</u>	<u>370,542</u>
	<u>\$ 15,172,372</u>	<u>\$ 504,533</u>	<u>\$ 2,388,741</u>	<u>\$ 4,516,292</u>	<u>\$ 22,581,938</u>

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:

Operating income (loss)	\$ 1,925,175	\$ 74,656	\$ 33,316	\$ 265,092	\$ 2,298,239
Adjustments to reconcile operating income (loss) to to net cash provided by (used in) operating activities					
Change in assets and liabilities:					
Accounts receivable	83,772	491	-	-	84,263
Due from other funds	-	-	(298)	-	(298)
Prepaid items	10,878	-	-	1,153	12,031
Accounts payable	(10,885)	194	(76)	-	(10,767)
Claims payable	(22,000)	14,000	(82,821)	(361,943)	(452,764)
Retiree health credits	161,255	-	-	-	161,255
Deposits	<u>(66,586)</u>	<u>(957)</u>	<u>-</u>	<u>-</u>	<u>(67,543)</u>
Net cash provided by operating activities	<u>\$ 2,081,609</u>	<u>\$ 88,384</u>	<u>\$ (49,879)</u>	<u>\$ (95,698)</u>	<u>\$ 2,024,416</u>



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FIDUCIARY FUNDS

Private Purpose Trust Fund

- ◆ **G. Charter Harrison Trust** – to account for the accumulation of resources to be used for the educational betterment of the nursing staff of the Lakeland Health Care Center. The principal amount of the monies received is maintained intact and invested. Investment earnings are used to reimburse nurses for additional education leading to Registered Nurse status.
- ◆ **Tricentennial Trust Fund** – to account for the accumulation of resources for use at the Tricentennial celebration in 2076. The funds are held in a savings account at JP Morgan Chase. The account is titled “Walworth County American Revolution”. Currently, interest is the only revenue activity.

Agency Funds

- ◆ **Pending Court Cases** – to account for the receipt of forfeitures, fines, and court costs in advance of a trial; held for the court until the disposition of such funds can be determined.
- ◆ **Other Agency Funds:**
 - ◆ **Dog License Fund** – to account for the accumulation of proceeds from the sale of dog licenses. Payments are made to the State, Lakeland Animal Welfare Society, Inc. for various administrative and claims expenses.
 - ◆ **Marriage License Trust** – to account for the accumulation of marriage license fees; payments are made to the State Treasurer, the County, and the Clerk of Courts who provide counseling services.
 - ◆ **Probate Court Trust** – to account for the accumulation of estate filing fees due the County and the State of Wisconsin. Prior to September, 2001 the fee was .1% of the estate; after September, 2001 the fee was raised to .2%.
 - ◆ **Real Estate Transfer Fees** – to account for the accumulation of real estate transfer revenues charged at the rate of \$3.00 per \$1,000 of valuation, 80% of which are turned over to the State of Wisconsin.
 - ◆ **Other Register of Deed Deposits** – to account for the accumulation of recording and copying fees which are subsequently divided between the County and the State.
 - ◆ **Huber/Inmate Trust** – to account for the holding of funds for Huber prisoners and jail inmates.
 - ◆ **Gang Intelligence Deposits** – to account for gang related activity deposits and payments to be used by the county and local governments.
 - ◆ **Sheriff Bond Collections** – to account for the accumulation of bond, writ, or warrant fees turned over to local governments or court ordered services.

WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2011

	<u>Private Purpose Trusts</u>		
	<u>G. Charter Harrison Trust</u>	<u>Tricentennial Trust</u>	<u>Fiduciary Funds Total</u>
ASSETS			
Cash and investments	<u>\$ 40,113</u>	<u>\$ 634</u>	<u>\$ 40,747</u>
NET ASSETS			
Held in trust for private purposes	<u>\$ 40,113</u>	<u>\$ 634</u>	<u>\$ 40,747</u>

WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended December 31, 2011

	Private Purpose Trusts		
	G. Charter Harrison Trust	Tricentennial Trust	Fiduciary Funds Total
ADDITIONS			
Investment income	\$ 56	\$ 1	\$ 57
Change in net assets	56	1	57
Net assets - beginning	40,057	633	40,690
Net assets - ending	\$ 40,113	\$ 634	\$ 40,747

WALWORTH COUNTY, WISCONSIN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS For the Year Ended December 31, 2011

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
<u>PENDING COURT CASES</u>				
ASSETS				
Cash and investments	\$ 1,048,132	\$ 3,203,884	\$ 2,753,971	\$ 1,498,045
Total assets	\$ 1,048,132	\$ 3,203,884	\$ 2,753,971	\$ 1,498,045
LIABILITIES				
Accounts payable	\$ 171,034	\$ 2,222,182	\$ 2,230,508	\$ 162,708
Deposits	877,098	607,321	149,082	1,335,337
Total liabilities	\$ 1,048,132	\$ 2,829,503	\$ 2,379,590	\$ 1,498,045
<u>OTHER</u>				
ASSETS				
Cash and investments	\$ 118,038	\$ 1,381,845	\$ 1,284,700	\$ 215,183
Accounts receivable	-	87,759	87,759	-
Total assets	\$ 118,038	\$ 1,469,604	\$ 1,372,459	\$ 215,183
LIABILITIES				
Accounts payable	\$ 68,689	\$ 253,327	\$ 171,170	\$ 150,846
Due to other governments	1,028	1,203,632	1,183,679	20,981
Deposits	48,321	387,026	391,991	43,356
Total liabilities	\$ 118,038	\$ 1,843,985	\$ 1,746,840	\$ 215,183
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 1,166,170	\$ 4,585,729	\$ 4,038,671	\$ 1,713,228
Accounts receivable	-	87,759	87,759	-
Total assets	\$ 1,166,170	\$ 4,673,488	\$ 4,126,430	\$ 1,713,228
LIABILITIES				
Accounts payable	\$ 239,723	\$ 2,475,509	\$ 2,401,678	\$ 313,554
Due to other governments	1,028	1,203,632	1,183,679	20,981
Deposits	925,419	994,347	541,073	1,378,693
Total liabilities	\$ 1,166,170	\$ 4,673,488	\$ 4,126,430	\$ 1,713,228



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**CAPITAL ASSETS
USED IN THE
OPERATION OF
GOVERNMENTAL
FUNDS**

WALWORTH COUNTY, WISCONSIN

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CAPITAL ASSETS BY SOURCE

December 31, 2011 and 2010

	2011	2010
Capital assets:		
Land	\$ 1,092,194	\$ 1,092,194
Buildings	65,651,333	65,784,984
Improvements other than buildings	4,835,685	4,847,164
Infrastructure	55,927,569	50,921,260
Machinery and equipment	21,526,472	20,672,208
Construction in progress	938,016	1,858,532
TOTAL CAPITAL ASSETS	\$ 149,971,269	\$ 145,176,342
Investment in capital assets by source:		
Bonds	\$ 82,635,661	\$ 75,234,148
Donations	1,615,941	1,616,973
Grants	5,178,809	4,744,430
Tax levy	26,248,358	25,806,802
Capital projects **	34,292,500	37,773,989
TOTAL INVESTMENT IN CAPITAL ASSETS	\$ 149,971,269	\$ 145,176,342

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.

** Capital Projects is the total of infrastructure assets not previously recorded. Due to the implementation of GASB 34, these assets are estimated and actual funding consists of various sources.

WALWORTH COUNTY, WISCONSIN

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
December 31, 2011

<u>FUNCTION AND ACTIVITY</u>	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	INFRASTRUCTURE	MACHINERY AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
General Government							
County clerk	\$ -	\$ -	\$ -	\$ -	\$ 11,886	\$ -	\$ 11,886
Elections	-	-	-	-	18,750	-	18,750
Administration	-	-	-	-	61,427	-	61,427
Finance	-	-	-	-	675,766	-	675,766
Clerk of courts	-	-	-	-	522,319	-	522,319
District attorney	-	-	-	-	54,812	-	54,812
Register of deeds	-	-	-	-	93,818	-	93,818
Information technology	-	-	-	-	2,821,301	169,897	2,991,198
Purchasing	-	-	-	-	6,046	-	6,046
Central services	-	21,287,338	2,568,274	-	2,266,197	53,989	26,175,798
Non-departmental	708,930	90,530	405,278	-	27,500	-	1,232,238
TOTAL GENERAL GOVERNMENT	708,930	21,377,868	2,973,552	-	6,559,822	223,886	31,844,058
Public Safety							
Sheriff	-	21,873,634	1,321,345	-	8,145,196	604,354	31,944,529
TOTAL PUBLIC SAFETY	-	21,873,634	1,321,345	-	8,145,196	604,354	31,944,529
Health and Human Services							
Veterans	-	-	-	-	13,117	-	13,117
Human services	-	5,224,544	74,631	-	738,509	11,689	6,049,373
TOTAL HEALTH AND HUMAN SERVICES	-	5,224,544	74,631	-	751,626	11,689	6,062,490
Culture, Recreation, and Education							
Children with Disabilities Education Board	-	16,730,643	-	-	344,833	-	17,075,476
Parks	383,264	444,644	466,157	-	-	-	1,294,065
TOTAL CULTURE, RECREATION AND EDUCATION	383,264	17,175,287	466,157	-	344,833	-	18,369,541
Public Works							
Capital projects	-	-	-	-	-	98,087	98,087
Infrastructure	-	-	-	55,927,569	-	-	55,927,569
TOTAL PUBLIC WORKS	-	-	-	55,927,569	-	98,087	56,025,656
Conservation and Development							
Land use and resource management	-	-	-	-	113,764	-	113,764
Land information	-	-	-	-	5,611,231	-	5,611,231
TOTAL CONSERVATION AND DEVELOPMENT	-	-	-	-	5,724,995	-	5,724,995
TOTAL CAPITAL ASSETS	\$ 1,092,194	\$ 65,651,333	\$ 4,835,685	\$ 55,927,569	\$ 21,526,472	\$ 938,016	\$ 149,971,269

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

WALWORTH COUNTY, WISCONSIN

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY For the Year Ended December 31, 2011

<u>FUNCTION AND ACTIVITY</u>	CAPITAL ASSETS JANUARY 1, 2011	ADDITIONS	DEDUCTIONS	CAPITAL ASSETS DECEMBER 31, 2011
General Government				
County clerk	\$ 11,886	\$ -	\$ -	\$ 11,886
Elections	18,750	-	-	18,750
Administration	50,219	50,321	39,113	61,427
Finance	670,395	5,371	-	675,766
Clerk of courts	513,509	8,810	-	522,319
District attorney	54,812	-	-	54,812
Register of deeds	93,818	-	-	93,818
Information technology	2,735,837	383,017	127,656	2,991,198
Purchasing	-	6,046	-	6,046
Central services	26,209,085	547,847	581,134	26,175,798
Non-departmental	1,232,238	-	-	1,232,238
TOTAL GENERAL GOVERNMENT	31,590,549	1,001,412	747,903	31,844,058
Public Safety				
Sheriff	31,668,569	638,664	362,704	31,944,529
TOTAL PUBLIC SAFETY	31,668,569	638,664	362,704	31,944,529
Health and Human Services				
Veterans	13,117	-	-	13,117
Human services	6,357,874	575,508	884,009	6,049,373
TOTAL HEALTH AND HUMAN SERVICES	6,370,991	575,508	884,009	6,062,490
Culture, Recreation, and Education				
Children with Disabilities Education Board	17,063,238	35,660	23,422	17,075,476
Parks	1,294,065	-	-	1,294,065
TOTAL CULTURE, RECREATION AND EDUCATION	18,357,303	35,660	23,422	18,369,541
Public Works				
Capital projects	542,675	56,532	501,120	98,087
Infrastructure	50,921,260	8,381,003	3,374,694	55,927,569
TOTAL PUBLIC WORKS	51,463,935	8,437,535	3,875,814	56,025,656
Conservation and Development				
Land use and resource management	113,764	-	-	113,764
Land information	5,611,231	-	-	5,611,231
TOTAL CONSERVATION AND DEVELOPMENT	5,724,995	-	-	5,724,995
TOTAL CAPITAL ASSETS	\$ 145,176,342	\$ 10,688,779	\$ 5,893,852	\$ 149,971,269

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.



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**STATISTICAL
SECTION**

Statistical Section (Unaudited)

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

	<u>Page</u>
FINANCIAL TRENDS	94 – 101
These schedules contain trend information to help the reader understand how the County's financial performance and well being have changed over time.	
REVENUE CAPACITY	102 – 105
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	
DEBT CAPACITY	106 – 109
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	110 – 111
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
OPERATING INFORMATION	112 – 116
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. The County implemented GASB 34 in 2003; schedules presenting government-wide information include information beginning in that year.

TABLE 1
WALWORTH COUNTY, WISCONSIN
 Net Assets by Component
 Last Nine Fiscal Years

	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 39,965,835	\$ 45,152,949	\$ 49,641,480	\$ 40,139,193	\$ 59,418,254	\$ 57,401,851	\$ 64,608,829	\$ 71,632,627	\$ 73,774,252
Restricted	2,717,020	1,772,359	1,913,155	1,510,947	3,102,544	3,320,060	1,344,848	1,733,105	1,978,134
Unrestricted	31,516,690	32,626,923	35,583,545	35,535,211	31,835,196	42,594,421	49,179,068	56,274,512	68,434,042
Subtotal governmental activities net assets	<u>\$ 74,199,545</u>	<u>\$ 79,552,231</u>	<u>\$ 87,138,180</u>	<u>\$ 77,185,351</u>	<u>\$ 94,355,994</u>	<u>\$ 103,316,332</u>	<u>\$ 115,132,745</u>	<u>\$ 129,640,244</u>	<u>\$ 144,186,428</u>
Business-type activities									
Invested in capital assets, net of related debt	8,439,267	\$ 8,214,914	\$ 7,674,254	\$ 20,108,504	\$ 7,582,462	\$ 8,910,256	\$ 12,061,594	\$ 14,190,480	\$ 15,635,317
Restricted	-	-	250,998	121,838	128,927	144,269	433,244	266,883	235,849
Unrestricted	8,650,148	10,583,255	14,129,494	13,066,408	12,322,506	12,473,282	11,333,696	11,726,910	12,624,827
Subtotal business-type activities net assets	<u>\$ 17,089,415</u>	<u>\$ 18,798,169</u>	<u>\$ 22,054,746</u>	<u>\$ 33,296,750</u>	<u>\$ 20,033,895</u>	<u>\$ 21,527,807</u>	<u>\$ 23,828,534</u>	<u>\$ 26,184,273</u>	<u>\$ 28,495,993</u>
Primary government									
Invested in capital assets, net of related debt	\$ 48,405,102	\$ 53,367,863	\$ 57,315,734	\$ 60,247,697	\$ 67,000,716	\$ 66,312,107	\$ 76,670,423	\$ 85,823,107	\$ 89,409,569
Restricted	2,717,020	1,772,359	2,164,153	1,632,785	3,231,471	3,464,329	1,778,092	1,999,988	2,213,983
Unrestricted	40,166,838	43,210,178	49,713,039	48,601,619	44,157,702	55,067,703	60,512,764	68,001,422	81,058,869
Total primary government net assets	<u>\$ 91,288,960</u>	<u>\$ 98,350,400</u>	<u>\$ 109,192,926</u>	<u>\$ 110,482,101</u>	<u>\$ 114,389,889</u>	<u>\$ 124,844,139</u>	<u>\$ 138,961,279</u>	<u>\$ 155,824,517</u>	<u>\$ 172,682,421</u>

TABLE 2
WALWORTH COUNTY, WISCONSIN
 Changes in Net Assets
 Last Nine Fiscal Years

	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Expenses									
Governmental activities:									
General government	\$ 11,680,604	\$ 13,384,447	\$ 13,034,915	\$ 15,159,984	\$ 15,308,444	\$ 13,813,464	\$ 14,016,099	\$ 14,390,338	\$ 14,023,579
Public safety	18,706,689	19,747,239	20,694,984	21,841,262	23,062,787	23,803,711	24,087,943	24,851,250	23,882,453
Health and human services	29,577,094	29,940,303	29,228,166	29,316,500	30,870,763	29,975,541	29,937,903	23,277,180	23,461,950
Culture, recreation and education	11,181,802	11,602,673	12,511,033	14,182,158	14,193,460	16,011,838	14,494,732	14,583,667	13,277,101
Public works	1,322,027	1,286,584	1,612,019	3,616,627	3,726,158	2,175,607	2,269,576	1,440,280	2,408,323
Conservation and development	2,433,761	2,292,313	2,345,557	2,409,888	2,479,686	2,439,853	2,296,442	2,187,377	2,152,632
Interest on long-term debt	1,448,636	1,648,922	1,750,429	1,914,265	1,412,336	1,569,796	1,342,711	1,416,805	1,147,971
Subtotal governmental activities expenses	<u>76,350,613</u>	<u>79,902,481</u>	<u>81,177,103</u>	<u>88,440,684</u>	<u>91,053,634</u>	<u>89,789,810</u>	<u>88,445,406</u>	<u>82,146,897</u>	<u>80,354,009</u>
Business-type activities:									
Nursing home	16,177,451	13,587,405	12,210,404	14,022,169	11,914,949	12,145,036	11,992,288	12,138,005	12,123,385
Highway/facilities administration	5,989,487	5,079,508	7,369,426	6,950,699	8,809,086	9,693,282	8,613,900	8,824,242	8,802,977
Subtotal business-type activities expenses	<u>22,166,938</u>	<u>18,666,913</u>	<u>19,579,830</u>	<u>20,972,868</u>	<u>20,724,035</u>	<u>21,838,318</u>	<u>20,606,188</u>	<u>20,962,247</u>	<u>20,926,362</u>
Total primary government expenses	<u>\$ 98,517,551</u>	<u>\$ 98,569,394</u>	<u>\$100,756,933</u>	<u>\$ 109,413,552</u>	<u>\$ 111,777,669</u>	<u>\$ 111,628,128</u>	<u>\$ 109,051,594</u>	<u>\$ 103,109,144</u>	<u>\$ 101,280,371</u>
Program Revenues									
Governmental activities:									
Charges for services									
General government	\$ 2,508,176	\$ 2,928,960	\$ 2,654,039	\$ 3,509,042	\$ 2,788,985	\$ 3,455,029	\$ 3,107,475	\$ 2,882,433	\$ 2,837,631
Public safety	1,399,600	1,377,735	1,389,687	1,537,802	1,630,593	1,708,157	1,467,768	1,695,367	1,285,248
Health and human services	3,510,181	3,614,429	3,602,941	3,702,426	4,224,649	4,075,661	4,642,061	3,083,892	2,577,202
Culture, recreation and education	381,141	314,965	173,618	154,992	160,090	174,430	203,711	337,201	451,602
Public works	-	-	26,180	137,782	-	-	-	4,259	698
Conservation and development	1,097,225	1,055,950	1,029,192	988,825	856,256	724,190	653,502	629,506	630,145
Operating grants and contributions									
General government	512,487	603,549	542,107	557,570	652,215	574,195	831,676	683,474	871,920
Public safety	743,317	815,674	803,228	953,121	851,120	852,400	793,455	1,022,525	957,714
Health and human services	15,773,806	16,077,659	16,640,899	16,590,140	17,498,245	18,129,418	18,016,188	11,795,721	11,546,247
Culture, recreation and education	6,117,502	6,031,338	6,201,662	6,693,544	7,071,866	8,346,676	8,618,768	8,159,198	8,168,834
Public works	-	-	-	-	-	-	-	151,548	-
Conservation and development	338,588	426,495	363,915	290,133	293,649	323,639	345,300	313,749	340,873
Capital grants and contributions									
General government	-	-	-	640,305	6,979	-	-	423,388	-
Public safety	152,553	317,136	542,469	86,275	93,555	70,674	207,118	142,399	286,687
Health and human services	-	-	-	-	-	3,732	-	3,563	2,667
Culture, recreation and education	-	14,395	-	14,702	421,773	282,352	72,298	22,500	13,866
Public works	390,427	5,084	922,761	756,813	150,712	-	220,491	2,222,380	25,000
Conservation and development	93,050	52,218	226,109	-	-	-	-	-	-
Subtotal governmental activities program revenues	<u>33,018,053</u>	<u>33,635,587</u>	<u>35,118,807</u>	<u>36,613,472</u>	<u>36,700,687</u>	<u>38,720,553</u>	<u>39,179,811</u>	<u>33,573,103</u>	<u>29,996,334</u>

(continued)

TABLE 2
WALWORTH COUNTY, WISCONSIN
 Changes in Net Assets (continued)
 Last Nine Fiscal Years

	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Program Revenues (continued)									
Business-type activities									
Charges for services									
Nursing home	\$ 11,233,355	\$ 9,447,784	\$ 10,452,940	\$ 6,159,046	\$ 7,362,680	\$ 7,690,184	\$ 8,601,097	\$ 8,735,483	\$ 8,739,899
Highway/facilities administration	3,113,119	2,877,118	3,407,112	2,718,861	4,236,620	5,009,372	3,787,233	4,051,876	3,899,705
Operating grants and contributions									
Nursing home	4,145,900	1,933,348	1,777,526	1,017,463	919,389	1,520,883	1,315,580	1,347,952	555,797
Highway/facilities administration	2,106,245	2,081,204	2,057,481	2,024,358	2,000,835	2,110,893	2,107,417	1,991,976	2,173,460
Capital grants and contributions									
Highway/facilities administration	-	-	2,740	-	37,738	123,040	107,750	8,069	-
Subtotal business-type activities program revenues	<u>20,598,619</u>	<u>16,339,454</u>	<u>17,697,799</u>	<u>11,919,728</u>	<u>14,557,262</u>	<u>16,454,372</u>	<u>15,919,077</u>	<u>16,135,356</u>	<u>15,368,861</u>
Total primary government program revenues	<u>\$ 53,616,672</u>	<u>\$ 49,975,041</u>	<u>\$ 52,816,606</u>	<u>\$ 48,533,200</u>	<u>\$ 51,257,949</u>	<u>\$ 55,174,925</u>	<u>\$ 55,098,888</u>	<u>\$ 49,708,459</u>	<u>\$ 45,365,195</u>
Net (Expense) Revenue by Function:									
Governmental activities:									
General government	\$ (8,659,941)	\$ (9,851,938)	\$ (9,838,769)	\$ (10,453,067)	\$ (11,860,265)	\$ (9,784,240)	\$ (10,076,948)	\$ (10,401,043)	\$ (10,314,028)
Public safety	(16,411,219)	(17,236,694)	(17,959,600)	(19,264,064)	(20,487,519)	(21,172,480)	(21,619,602)	(21,990,959)	(21,352,804)
Health and human services	(10,293,107)	(10,248,215)	(8,984,326)	(9,023,934)	(9,147,869)	(7,766,730)	(7,279,654)	(8,394,004)	(9,335,834)
Culture, recreation and education	(4,683,159)	(5,241,975)	(6,135,753)	(7,318,920)	(6,539,731)	(7,208,380)	(5,599,955)	(6,064,768)	(4,642,799)
Public works	(931,600)	(1,281,500)	(663,078)	(2,722,032)	(3,575,446)	(2,175,607)	(2,049,085)	937,907	(2,382,625)
Conservation and development	(904,898)	(757,650)	(726,341)	(1,130,930)	(1,329,781)	(1,392,024)	(1,297,640)	(1,244,122)	(1,181,614)
Interest on long-term debt	(1,448,636)	(1,648,922)	(1,750,429)	(1,914,265)	(1,412,336)	(1,569,796)	(1,342,711)	(1,416,805)	(1,147,971)
Subtotal governmental activities expenses	<u>(43,332,560)</u>	<u>(46,266,894)</u>	<u>(46,058,296)</u>	<u>(51,827,212)</u>	<u>(54,352,947)</u>	<u>(51,069,257)</u>	<u>(49,265,595)</u>	<u>(48,573,794)</u>	<u>(50,357,675)</u>
Business-type activities:									
Nursing home	(798,196)	(2,206,273)	20,062	(6,845,660)	(3,632,880)	(2,933,969)	(2,075,611)	(2,054,570)	(2,827,689)
Highway/facilities administration	(770,123)	(121,186)	(1,902,093)	(2,207,480)	(2,533,893)	(2,449,977)	(2,611,500)	(2,772,321)	(2,729,812)
Subtotal business-type activities expenses	<u>(1,568,319)</u>	<u>(2,327,459)</u>	<u>(1,882,031)</u>	<u>(9,053,140)</u>	<u>(6,166,773)</u>	<u>(5,383,946)</u>	<u>(4,687,111)</u>	<u>(4,826,891)</u>	<u>(5,557,501)</u>
Total primary government net (expense)/revenue	<u>\$ (44,900,879)</u>	<u>\$ (48,594,353)</u>	<u>\$ (47,940,327)</u>	<u>\$ (60,880,352)</u>	<u>\$ (60,519,720)</u>	<u>\$ (56,453,203)</u>	<u>\$ (53,952,706)</u>	<u>\$ (53,400,685)</u>	<u>\$ (55,915,176)</u>

(continued)

TABLE 2
WALWORTH COUNTY, WISCONSIN
 Changes in Net Assets (concluded)
 Last Nine Fiscal Years

	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
General property taxes	\$ 35,453,371	\$ 37,150,309	\$ 38,031,659	\$ 36,352,921	\$ 39,470,341	\$ 42,011,107	\$ 44,880,244	\$ 49,395,052	\$ 51,744,402
Property taxes for debt service	4,690,152	5,242,764	6,051,593	7,716,392	7,875,781	6,714,271	6,642,168	5,190,603	4,177,192
County share of sales taxes	6,556,865	7,336,138	7,303,638	7,535,343	7,597,303	7,807,117	6,951,954	7,067,728	7,300,040
Real estate transfer fees	455,045	573,046	648,518	-	-	-	-	-	-
Other taxes	-	81,920	90,475	77,710	82,751	76,789	64,719	87,930	71,607
Grants and contributions not restricted to specific programs	89,923	367,357	325,169	341,622	341,038	331,464	347,144	381,381	375,478
Unrestricted investment earnings	776,327	839,240	2,873,982	4,480,264	4,642,076	2,992,572	2,056,156	849,201	724,442
Gain on sale of assets	853,927	-	-	-	-	-	-	4,804	-
Miscellaneous	190,113	30,360	7,225	13,925	124,731	46,561	108,223	74,594	69,213
Transfers	23,528	(1,554)	(1,688,014)	(14,643,794)	(1,290,254)	49,714	31,400	30,000	441,485
Subtotal governmental activities general revenues	<u>49,089,251</u>	<u>51,619,580</u>	<u>53,644,245</u>	<u>41,874,383</u>	<u>58,843,767</u>	<u>60,029,595</u>	<u>61,082,008</u>	<u>63,081,293</u>	<u>64,903,859</u>
Business-type activities:									
Property taxes	3,890,008	3,989,468	3,349,396	5,517,249	5,424,014	6,719,641	6,970,537	6,944,963	7,499,486
Unrestricted investment earnings	4,768	31,223	75,608	134,101	129,806	63,731	11,997	5,486	6,542
Gain/(Loss) on sale of capital assets	6,109	-	-	-	-	98,145	-	6,128	165,790
Miscellaneous	47,135	13,968	25,590	-	36,247	46,055	36,704	256,053	638,888
Transfers	380,895	1,554	1,688,014	14,643,794	1,290,254	(49,714)	(31,400)	(30,000)	(441,485)
Subtotal business-type activities general revenues	<u>4,328,915</u>	<u>4,036,213</u>	<u>5,138,608</u>	<u>20,295,144</u>	<u>6,880,321</u>	<u>6,877,858</u>	<u>6,987,838</u>	<u>7,182,630</u>	<u>7,869,221</u>
Total primary government general revenues	<u>\$ 53,418,166</u>	<u>\$ 55,655,793</u>	<u>\$ 58,782,853</u>	<u>\$ 62,169,527</u>	<u>\$ 65,724,088</u>	<u>\$ 66,907,453</u>	<u>\$ 68,069,846</u>	<u>\$ 70,263,923</u>	<u>\$ 72,773,080</u>
Change in Net Assets									
Governmental activities	\$ 5,756,691	\$ 5,352,686	\$ 7,585,949	\$ (9,952,829)	\$ 4,490,820	\$ 8,960,338	\$ 11,816,413	\$ 14,507,499	\$ 14,546,184
Business-type activities	2,760,596	1,708,754	3,256,577	11,242,004	713,548	1,493,912	2,300,727	2,355,739	2,311,720
Total primary government change in net assets	<u>\$ 8,517,287</u>	<u>\$ 7,061,440</u>	<u>\$ 10,842,526</u>	<u>\$ 1,289,175</u>	<u>\$ 5,204,368</u>	<u>\$ 10,454,250</u>	<u>\$ 14,117,140</u>	<u>\$ 16,863,238</u>	<u>\$ 16,857,904</u>

TABLE 3
WALWORTH COUNTY, WISCONSIN
Fund Balances - Governmental Funds
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund										
Reserved	\$ 5,048,481	\$ 3,180,879	\$ 2,506,336	\$ 2,995,254	\$ 3,649,929	\$ 8,898,910	\$ -	\$ -	\$ -	\$ -
Unreserved	21,570,984	25,410,679	21,241,187	23,849,264	22,798,437	19,260,283	-	-	-	-
Nonspendable							3,755,334	4,995,581	4,407,797	5,058,891
Restricted	-	-	-	-	-	-	194,371	301,795	220,625	311,935
Committed	-	-	-	-	-	-	269,797	642,254	1,055,834	2,302,078
Assigned	-	-	-	-	-	-	5,182,772	3,346,237	3,713,293	7,818,552
Unassigned	-	-	-	-	-	-	18,471,322	18,883,279	23,113,817	21,493,566
Total general fund	<u>\$ 26,619,465</u>	<u>\$ 28,591,558</u>	<u>\$ 23,747,523</u>	<u>\$ 26,844,518</u>	<u>\$ 26,448,366</u>	<u>\$ 28,159,193</u>	<u>\$ 27,873,596</u>	<u>\$ 28,169,146</u>	<u>\$ 32,511,366</u>	<u>\$ 36,985,022</u>
All other governmental funds										
Reserved	\$ 3,686,966	\$ 5,627,188	\$ 7,526,442	\$ 7,418,986	\$ 3,389,038	\$ 4,896,463	\$ -	\$ -	\$ -	\$ -
Unreserved										
Special revenue funds	3,430,833	1,558,663	524,073	199,376	1,901,176	2,562,710	-	-	-	-
Capital projects fund	-	1,599,101	2,107,355	2,659,242	1,923,875	(3,838,378)	-	-	-	-
Restricted	-	-	-	-	-	-	1,480,527	3,700,877	3,076,630	3,693,933
Committed	-	-	-	-	-	-	421,560	582,755	4,581,036	5,279,657
Assigned, specifically*	-	-	-	-	-	-	1,493,221	1,281,030	514,276	909,994
Assigned, non-specific**	-	-	-	-	-	-	6,056,580	5,680,452	2,827,290	3,551,139
Total all other governmental funds	<u>\$ 7,117,799</u>	<u>\$ 8,784,952</u>	<u>\$ 10,157,870</u>	<u>\$ 10,277,604</u>	<u>\$ 7,214,089</u>	<u>\$ 3,620,795</u>	<u>\$ 9,451,888</u>	<u>\$ 11,245,114</u>	<u>\$ 10,999,232</u>	<u>\$ 13,434,723</u>
Total governmental funds, fund balances	<u>\$ 33,737,264</u>	<u>\$ 37,376,510</u>	<u>\$ 33,905,393</u>	<u>\$ 37,122,122</u>	<u>\$ 33,662,455</u>	<u>\$ 31,779,988</u>	<u>\$ 37,325,484</u>	<u>\$ 39,414,260</u>	<u>\$ 43,510,598</u>	<u>\$ 50,419,745</u>

Note: With the conversion of GASB 34 the following changes occurred:
- the 2002 fund balance is restated in 2003 financial statements,
- special revenue funds for the years beginning 2002 include Sheriff Trusts special revenue funds,
- beginning in 2003, capital projects fund balance is separated between reserved for unspent debt proceeds and unreserved but designated for subsequent year projects.
-2002 to 2007 have not been converted to the new GASB 54 fund balance terminology

* Specifically assigned fund balance refers to those assets assigned to specific purposes

** Non-specific assigned fund balance refers to remaining amounts that are limited to the general category of the the fund's purpose

TABLE 4
WALWORTH COUNTY, WISCONSIN
 Changes in Funds Balances - Governmental Funds
 Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues										
Taxes	\$ 45,010,223	\$ 47,333,317	\$ 50,615,811	\$ 53,048,694	\$ 53,109,631	\$ 56,064,682	\$ 57,300,471	\$ 59,277,331	\$ 61,916,489	\$ 63,332,863
Intergovernmental	24,352,928	24,290,647	24,092,046	24,962,700	25,579,590	26,146,651	27,748,565	27,552,748	22,799,880	21,247,096
Licenses and permits	324,951	387,352	399,561	359,380	351,552	376,192	309,766	258,150	257,319	262,145
Fines, forfeitures and penalties	1,111,757	1,437,647	1,357,723	1,233,647	1,379,320	1,315,006	1,425,845	1,337,605	1,318,351	1,290,652
Charges for services	7,503,810	6,410,038	6,712,146	6,738,175	7,509,204	8,191,723	8,034,880	9,931,953	7,693,031	7,321,853
Miscellaneous	1,790,189	2,159,660	2,290,721	2,971,299	4,085,271	4,690,726	2,827,721	1,778,428	2,063,316	1,669,091
Total revenues	80,093,858	82,018,661	85,468,008	89,313,895	92,014,568	96,784,980	97,647,248	100,136,215	96,048,386	95,123,700
Expenditures										
General government	10,066,733	9,710,912	12,410,128	11,594,328	11,780,358	12,590,192	12,914,743	13,452,827	13,346,811	13,153,880
Public safety	17,333,121	18,384,651	19,030,720	19,740,148	20,137,931	22,015,542	22,495,773	23,791,636	25,603,310	25,985,205
Health and human services	27,646,305	29,434,868	29,992,775	28,981,077	28,903,629	30,961,410	30,096,850	30,492,456	23,510,532	23,812,483
Culture, recreation and education	10,886,520	11,264,203	11,726,546	12,261,159	13,333,312	15,345,841	19,063,558	15,420,296	16,091,316	14,980,511
Conservation and development	4,131,680	2,365,568	2,254,858	2,148,494	2,059,547	2,178,892	2,216,851	2,173,794	2,070,729	2,007,488
Capital outlay	10,989,667	11,051,109	9,659,829	13,155,446	18,525,611	16,537,505	6,535,211	7,906,951	3,321,750	9,857,517
Debt service										
Interest and fiscal charges	1,373,926	1,522,521	1,589,718	1,715,428	1,851,914	1,378,174	1,815,130	1,470,670	6,804,864	5,666,598
Principal	2,572,415	3,619,483	3,695,000	4,625,000	6,145,000	6,126,156	9,403,810	8,769,898	1,349,891	1,147,767
Total expenditures	85,000,367	87,353,315	90,359,574	94,221,080	102,737,302	107,133,712	104,541,926	103,478,528	92,099,203	96,611,449
Excess (deficiency) of revenues over expenditures	(4,906,509)	(5,334,654)	(4,891,566)	(4,907,185)	(10,722,734)	(10,348,732)	(6,894,678)	(3,342,313)	3,949,183	(1,487,749)
Other financing sources (uses)										
Proceeds from borrowing, net	7,538,749	9,318,413	6,122,999	9,787,053	7,340,642	9,857,652	8,596,300	5,319,895	-	7,877,854
Proceeds from refunding, net	3,875,000	-	-	-	-	-	3,319,441	-	-	-
Payments to escrow agent	(3,850,000)	-	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	10,200	10,200
Sale of assets	-	-	-	-	-	-	474,719	111,194	106,955	67,357
Transfers in	3,478,027	3,443,750	3,734,982	5,131,859	5,102,390	5,335,664	7,032,104	7,983,740	6,508,068	6,434,216
Transfers out	(2,086,472)	(3,788,263)	(8,437,532)	(6,794,998)	(5,179,965)	(6,727,051)	(6,982,390)	(7,983,740)	(6,478,068)	(5,992,731)
Total other financing sources (uses)	8,955,304	8,973,900	1,420,449	8,123,914	7,263,067	8,466,265	12,440,174	5,431,089	147,155	8,396,896
Net change in fund balances^(a)	\$ 4,048,795	\$ 3,639,246	\$ (3,471,117)	\$ 3,216,729	\$ (3,459,667)	\$ (1,882,467)	\$ 5,545,496	\$ 2,088,776	\$ 4,096,338	\$ 6,909,147
Debt service as a percentage of non-capital expenditures	5.33%	6.74%	6.55%	7.82%	9.50%	8.28%	11.45%	10.72%	9.19%	7.85%

Note:

(a) In 2004, the risk management fund was transferred from the general fund to an internal service fund, resulting in a \$5 million reduction of fund balance in the governmental funds.

TABLE 5
WALWORTH COUNTY, WISCONSIN
 Governmental Expenditures by Function
 Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Health & Human Services	Culture, Recreation & Education	Conservation and Development	Capital Outlay	Debt Service		Total
							Principal	Interest & Fiscal Charges	
2002	\$ 10,066,733	\$ 17,333,121	\$ 27,646,305	\$ 10,886,520	\$ 4,131,680	\$ 10,989,667	\$ 2,572,415	\$ 1,373,926	\$ 85,000,367
% of Total	11.8%	20.4%	32.5%	12.8%	4.9%	12.9%	3.0%	1.7%	100.0%
2003	\$ 9,710,912	\$ 18,384,651	\$ 29,434,868	\$ 11,264,203	\$ 2,365,568	\$ 11,051,109	\$ 3,619,483	\$ 1,522,521	\$ 87,353,315
% of Total	11.1%	21.0%	33.7%	12.9%	2.7%	12.7%	4.1%	1.8%	100.0%
2004	\$ 12,410,128	\$ 19,030,720	\$ 29,992,775	\$ 11,726,546	\$ 2,254,858	\$ 9,659,829	\$ 3,695,000	\$ 1,589,718	\$ 90,359,574
% of Total	13.7%	21.1%	33.2%	13.0%	2.5%	10.7%	4.1%	1.7%	100.0%
2005	\$ 11,594,328	\$ 19,740,148	\$ 28,981,077	\$ 12,261,159	\$ 2,148,494	\$ 13,155,446	\$ 4,625,000	\$ 1,715,428	\$ 94,221,080
% of Total	12.3%	21.0%	30.8%	13.0%	2.3%	14.0%	4.9%	1.7%	100.0%
2006	\$ 11,780,358	\$ 20,137,931	\$ 28,903,629	\$ 13,333,312	\$ 2,059,547	\$ 18,525,611	\$ 6,145,000	\$ 1,851,914	\$ 102,737,302
% of Total	11.5%	19.6%	28.1%	13.0%	2.0%	18.0%	6.0%	1.8%	100.0%
2007	\$ 12,590,192	\$ 22,015,542	\$ 30,961,410	\$ 15,345,841	\$ 2,178,892	\$ 16,537,505	\$ 6,126,156	\$ 1,378,174	\$ 107,133,712
% of Total	11.8%	20.5%	29.0%	14.3%	2.0%	15.4%	5.7%	1.3%	100.0%
2008	\$ 12,914,743	\$ 22,495,773	\$ 30,096,850	\$ 19,063,558	\$ 2,216,851	\$ 6,535,211	\$ 9,403,810	\$ 1,815,130	\$ 104,541,926
% of Total	12.4%	21.5%	28.8%	18.2%	2.1%	6.3%	9.0%	1.7%	100.0%
2009	\$ 13,452,827	\$ 23,791,636	\$ 30,492,456	\$ 15,420,296	\$ 2,173,794	\$ 7,906,951	\$ 8,769,898	\$ 1,470,670	\$ 103,478,528
% of Total	13.0%	23.0%	29.5%	14.9%	2.1%	7.6%	8.5%	1.4%	100.0%
2010	\$ 13,346,811	\$ 25,603,310	\$ 23,510,532	\$ 16,091,316	\$ 2,070,729	\$ 3,321,750	\$ 6,804,864	\$ 1,349,891	\$ 92,099,203
% of Total	14.5%	27.8%	25.5%	17.5%	2.1%	3.6%	7.4%	1.5%	100.0%
2011	\$ 13,153,880	\$ 25,985,205	\$ 23,812,483	\$ 14,980,511	\$ 2,007,488	\$ 9,857,517	\$ 5,666,598	\$ 1,147,767	\$ 96,611,449
% of Total	13.6%	27.0%	24.6%	15.5%	2.0%	10.2%	5.9%	1.2%	100.0%

Note: This summary includes the general fund, special revenue funds, debt service fund, and capital projects fund

TABLE 6
WALWORTH COUNTY, WISCONSIN
 Governmental Revenues by Source
 Last Ten Fiscal Years

Fiscal Year	Taxes	Inter-governmental	Licenses and Permits	Fines Forfeits & Penalties	Charges for Services	Miscellaneous	Total
2002	\$ 45,010,223	\$ 24,352,928	\$ 324,951	\$ 1,111,757	\$ 7,503,810	\$ 1,790,189	\$ 80,093,858
% of Total	56.2%	30.4%	0.4%	1.4%	9.4%	2.2%	100.0%
2003	\$ 47,333,317	\$ 24,290,647	\$ 387,352	\$ 1,437,647	\$ 6,410,038	\$ 2,159,660	\$ 82,018,661
% of Total	57.7%	29.6%	0.5%	1.8%	7.8%	2.6%	100.0%
2004	\$ 50,615,811	\$ 24,092,046	\$ 399,561	\$ 1,357,723	\$ 6,712,146	\$ 2,290,721	\$ 85,468,008
% of Total	59.2%	28.2%	0.5%	1.6%	7.9%	2.6%	100.0%
2005	\$ 53,048,694	\$ 24,962,700	\$ 359,380	\$ 1,233,647	\$ 6,738,175	\$ 2,971,299	\$ 89,313,895
% of Total	59.4%	27.9%	0.4%	1.4%	7.5%	3.4%	100.0%
2006	\$ 53,109,631	\$ 25,579,590	\$ 351,552	\$ 1,379,320	\$ 7,509,204	\$ 4,085,271	\$ 92,014,568
% of Total	57.7%	27.8%	0.4%	1.5%	8.2%	4.4%	100.0%
2007	\$ 56,064,682	\$ 26,146,651	\$ 376,192	\$ 1,315,006	\$ 8,191,723	\$ 4,690,726	\$ 96,784,980
% of Total	57.9%	27.0%	0.4%	1.4%	8.5%	4.8%	100.0%
2008	\$ 57,300,471	\$ 27,748,565	\$ 309,766	\$ 1,425,845	\$ 8,034,880	\$ 2,827,721	\$ 97,647,248
% of Total	58.7%	28.4%	0.3%	1.5%	8.2%	2.9%	100.0%
2009	\$ 59,277,331	\$ 27,552,748	\$ 258,150	\$ 1,337,605	\$ 9,931,953	\$ 1,778,428	\$ 100,136,215
% of Total	59.2%	27.5%	0.3%	1.3%	9.9%	1.8%	100.0%
2010	\$ 61,916,489	\$ 22,799,880	\$ 257,319	\$ 1,318,351	\$ 7,693,031	\$ 2,063,316	\$ 96,048,386
% of Total	64.5%	23.7%	0.3%	1.4%	8.0%	2.1%	100.0%
2011	\$ 63,332,863	\$ 21,247,096	\$ 262,145	\$ 1,290,652	\$ 7,321,853	\$ 1,669,091	\$ 95,123,700
% of Total	66.5%	22.3%	0.3%	1.4%	7.7%	1.8%	100.0%

Note: This summary includes general fund, special revenue funds, debt service fund, and capital projects fund

TABLE 7
WALWORTH COUNTY, WISCONSIN
 Equalized Value of Taxable Property (a)
 Last Ten Fiscal Years

Fiscal Year	Real Estate							Personal Property	Less: Tax Incremental Districts (TIDS)	Total (b)	General County Tax Rate (c)
	Residential	Commercial	Manufacturing	Agricultural	Undeveloped	Forest	Other				
2002	6,846,525,500	1,075,947,900	198,207,800	68,350,300	15,572,300	30,066,600	219,682,300	135,392,100	285,286,400	8,304,458,400	5.13
2003	7,599,633,300	1,187,818,000	208,183,200	49,116,700	24,570,700	34,224,700	233,630,300	141,438,500	361,453,600	9,117,161,800	4.94
2004	8,305,937,100	1,248,126,600	212,165,300	46,189,900	15,549,300	39,419,600	232,883,100	142,097,000	320,461,800	9,921,906,100	4.75
2005	9,480,500,500	1,367,627,300	214,360,100	46,558,900	24,472,300	32,698,800	250,878,100	148,136,700	380,372,500	11,184,860,200	4.40
2006	10,924,604,900	1,499,826,200	220,408,600	49,448,200	40,240,300	45,803,900	267,720,300	159,372,700	481,058,500	12,726,366,600	4.10
2007	12,300,327,100	1,531,444,300	237,648,000	52,961,200	23,023,300	29,669,900	268,943,600	155,854,800	583,552,100	14,016,320,100	3.91
2008	13,008,079,500	1,662,831,300	239,045,700	55,092,900	23,182,800	32,439,800	288,645,400	156,881,900	658,530,300	14,807,669,000	3.88
2009	13,034,746,700	1,740,859,600	238,351,500	55,485,100	24,063,600	57,812,200	299,124,100	160,140,300	621,911,300	14,988,671,800	3.94
2010	12,481,890,100	1,704,050,300	230,095,600	55,498,500	21,878,100	56,876,200	298,300,500	156,281,000	554,781,900	14,450,088,400	4.21
2011	12,182,071,700	1,674,527,600	223,390,600	51,110,800	27,161,000	55,568,400	295,400,800	153,478,300	374,843,400	14,287,865,800	4.26

Source: Wisconsin Department of Revenue, Bureau of Property Tax

Notes:

- (a) Due to varying assessment ratios to full market value used in municipalities, all underlying tax districts such as counties are required to use equalized value for levying property taxes. Equalized value, defined by State Statute, is the legal market value determined by the Wisconsin Department of Revenue, Bureau of Property Tax.
- (b) Equalized values are reduced by Tax Increment District value increments for apportioning the County levy.
- (c) Average mill rate per \$1,000 of total county equalized value.

TABLE 8
WALWORTH COUNTY, WISCONSIN
 Property Tax Rates
 Last Ten Fiscal Years
 (Amounts shown are per \$1,000 of Equalized Valuation)

District	2011 TOTAL EQUALIZED VALUE	NET TAX RATE - YEAR LEVIED									
		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
County Direct Rates											
(per \$1,000 of equalized value)											
Children with Disabilities Education Board	\$ 13,923,562,411	0.60	0.60	0.59	0.61	0.64	0.63	n/a	n/a	n/a	n/a
County (All Other)	14,287,865,800	3.56	3.52	3.37	3.28	3.27	3.47	4.40	4.75	4.94	5.13
Total County Direct Rates		4.17	4.12	3.96	3.89	3.91	4.10	4.40	4.75	4.94	5.13
CITY											
Burlington	\$ 594,100	\$22.93	\$22.72	\$20.63	\$19.95	\$16.51	\$19.43	\$20.28	\$21.36	\$22.36	\$22.99
Delavan	652,317,400	21.37	21.22	20.20	19.28	19.90	19.43	20.28	21.36	22.36	22.99
Elkhorn	667,523,900	20.99	20.49	18.75	17.83	16.72	16.96	18.15	20.43	21.38	21.70
Lake Geneva	1,313,358,600	18.55	18.57	17.20	17.17	17.35	18.00	19.60	21.62	21.43	22.79
Whitewater	555,482,100	19.90	19.98	18.29	17.49	17.39	17.24	19.16	20.06	20.57	20.81
CITY TOTAL	\$ 3,189,276,100										
TOWN											
Bloomfield	\$ 503,298,900	\$16.63	\$16.67	\$15.76	\$15.48	\$15.21	\$15.28	\$17.26	\$19.30	\$18.84	\$19.91
Darien	170,328,800	13.73	13.46	12.66	11.91	11.64	11.55	12.46	12.92	13.23	13.50
Delavan	1,031,847,000	14.55	14.21	13.53	12.89	13.04	13.66	15.14	16.47	16.79	18.17
East Troy	784,257,300	15.08	15.00	13.99	13.14	13.16	12.69	13.84	15.23	15.77	16.45
Geneva	936,644,900	14.69	14.66	13.59	13.35	13.39	13.88	15.32	16.93	17.06	19.06
La Fayette	254,199,300	15.91	15.92	14.77	13.66	13.76	13.43	14.46	16.11	16.04	18.10
La Grange	805,024,000	14.74	14.62	13.63	12.65	12.44	13.17	13.81	15.12	15.70	16.26
Linn	1,836,947,100	13.58	13.62	12.76	12.54	12.88	13.37	14.99	16.38	17.10	19.12
Lyons	466,851,300	15.06	14.76	13.49	13.05	13.08	13.01	13.70	15.16	16.51	16.87
Richmond	242,463,200	15.33	15.17	14.08	13.20	13.03	12.84	13.98	14.93	15.25	16.77
Sharon	77,944,600	17.75	17.24	16.27	15.72	16.30	16.80	18.12	19.31	19.80	22.09
Spring Prairie	241,034,700	16.69	16.51	15.30	14.68	14.74	14.89	15.87	17.66	17.87	20.64
Sugar Creek	374,160,000	15.30	15.06	13.85	13.13	12.73	12.64	13.79	15.15	15.45	16.70
Troy	260,851,600	16.25	16.05	14.99	14.17	13.76	13.86	15.09	16.73	16.51	17.23
Walworth	235,839,800	13.54	13.14	12.50	12.07	12.28	13.22	14.68	15.32	15.77	18.15
Whitewater	316,091,600	15.74	15.83	14.44	13.44	13.14	12.93	14.45	15.61	15.80	16.13
TOWN TOTAL	\$ 8,537,784,100										
VILLAGE											
Darien	\$ 104,852,600	\$26.92	\$26.25	\$24.33	\$22.95	\$22.89	\$22.37	\$23.87	\$24.87	\$25.71	\$25.50
East Troy	348,598,600	19.87	20.07	19.05	17.46	17.30	16.84	18.21	19.82	20.13	20.53
Fontana	1,271,088,200	13.64	13.38	12.94	12.52	12.57	13.71	15.35	16.58	17.54	19.52
Genoa City	188,095,700	24.00	24.89	24.11	22.75	20.31	21.69	22.44	27.57	23.62	25.51
Mukwonago	9,726,000	17.29	12.25	19.37	17.83	17.54	18.41	18.73	20.16	21.59	18.59
Sharon	78,305,400	25.39	24.40	21.44	20.87	21.98	22.43	25.36	26.47	27.24	27.90
Walworth	207,196,600	19.00	18.89	18.13	16.68	16.55	17.67	18.79	20.32	21.24	21.79
Williams Bay	727,785,900	14.02	13.51	12.61	12.70	12.97	14.07	15.43	16.77	18.02	18.23
VILLAGE TOTAL	\$ 2,935,649,000										
COUNTY TOTAL	\$ 14,662,709,200										

Source: Walworth County Treasurer's Office

Note: The above tax rates are shown by year of levy. Collection generally occurs the year following the year of levy. If there is more than one school tax district, the rates are averaged for the total municipality.

n/a - The Children with Disabilities Education Board began to levy separately in 2006.

TABLE 9
WALWORTH COUNTY, WISCONSIN
Principal Property Tax Payers
For December 31, 2011 and Nine Years Prior

Taxpayer	2011			2002		
	Equalized Value	Rank*	Percentage of Total County Equalized Value	Equalized Value	Rank	Percentage of Total County Equalized Value
DLK Enterprises, Inc.	\$ 28,424,157	1	0.19%	\$ 10,108,612	6	0.12%
Grand Geneva, LLC	28,823,718	2	0.20%	28,020,664	1	0.33%
Lake Geneva Investors, LLC	17,301,163	3	0.12%			
Delavan Lake Lawn, LLC (Lake Lawn Lodge, Inc. - 2002)	9,848,520	4	0.07%	15,318,596	2	0.18%
Kikkoman Foods, Inc.	22,289,819	5	0.15%	14,872,950	3	0.17%
Wal-Mart Real Estate Business	14,335,002	6	0.10%			
Lake Geneva Shopping Center	13,864,449	7	0.09%			
Lowe's Home Centers	11,719,223	8	0.08%			
Honey Creek of East Troy, LLP	11,850,495	9	0.08%			
Fettig Industries, Inc.	7,808,904	10	0.05%			
Daniel Haislmaier				7,319,495	9	0.09%
Edwin Kowalski				8,005,164	10	0.09%
Geneva Lakes Cold Storage				13,861,948	7	0.16%
Home Depot USA, Inc.				11,220,561	4	0.13%
Midwest Track Associates, Inc.				7,979,100	8	0.09%
Paloma Geneva National, LLC				12,767,050	5	0.15%
Total	\$ 166,265,450		1.13%	\$ 129,474,140		1.51%

*Note: Rank is based on actual property taxes determined.

Source: Walworth County Treasurer's Office

TABLE 10
WALWORTH COUNTY, WISCONSIN
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Levy Year	Collection Year	Total Tax Levy	Collections in Fiscal Year		Collections in Subsequent Years	Total Collections to Date		Delinquent Taxes to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2001	2002	\$ 39,588,237	\$38,987,517	98.5%	\$ 600,720	\$ 39,577,768	99.97%	\$ -	0.00%
2002	2003	\$ 42,594,222	\$40,035,888	94.0%	\$ 2,558,334	\$ 42,578,181	99.96%	\$ -	0.00%
2003	2004	\$ 45,014,093	\$43,342,996	96.3%	\$ 1,671,097	\$ 45,009,661	99.99%	\$ -	0.00%
2004	2005	\$ 47,082,255	\$45,216,101	96.0%	\$ 1,866,154	\$ 47,077,892	99.99%	\$ -	0.00%
2005	2006	\$ 49,199,366	\$47,210,455	96.0%	\$ 1,988,282	\$ 49,194,441	99.99%	\$ 629	0.00%
2006	2007	\$ 52,238,866	\$49,481,298	94.7%	\$ 2,746,569	\$ 52,224,520	99.97%	\$ 10,999	0.02%
2007	2008	\$ 54,753,860	\$50,648,952	92.5%	\$ 4,080,434	\$ 54,725,006	99.95%	\$ 24,474	0.04%
2008	2009	\$ 57,426,336	\$51,840,251	90.3%	\$ 4,898,573	\$ 56,733,989	98.79%	\$ 687,512	1.20%
2009	2010	\$ 59,087,867	\$54,048,583	91.5%	\$ 2,835,789	\$ 56,884,372	96.27%	\$ 2,203,495	3.73%
2010	2011	\$ 60,793,425	\$56,132,950	92.3%	\$ -	\$ 56,132,950	92.33%	\$ 4,660,475	7.67%

Source: Walworth County Treasurer's Office

TABLE 11
WALWORTH COUNTY, WISCONSIN
 Computation of Legal Debt Margin
 Last Ten Fiscal Years

Total equalized value for year ending December 31, 2011		<u>\$ 14,662,709,200</u>
Legal debt margin:		
Debt limitation, 5% of total equalized value (Wisconsin Statutory Limitation)		733,135,460
Debt applicable to limitation:		
General obligation bonds	15,500,000	
General obligation notes	<u>25,075,000</u>	
Total debt applicable to limitation at December 31, 2011	40,575,000	
Less amount available in debt service fund	<u>(566,218)</u>	<u>(40,008,782)</u>
Legal debt margin for year ending December 31, 2011		<u>\$ 693,126,678</u>

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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total equalized value - 12/31	\$8,589,744,800	\$9,478,615,400	\$10,242,367,900	\$11,417,096,000	\$13,207,425,100	\$14,599,872,200	\$15,466,199,300	\$15,610,583,100	\$15,004,870,300	\$14,662,709,200
Legal debt margin (5% of equalized value)	429,487,240	473,930,770	512,118,395	570,854,800	660,371,255	729,993,610	773,309,965	780,529,155	750,243,515	733,135,460
Debt applicable to limitation										
State Trust Funds	879,601	-	-	-	-	-	-	-	-	-
General Obligation Bonds	11,660,000	8,940,000	6,070,000	3,720,000	2,970,000	10,725,000	21,885,000	19,230,000	16,160,000	15,500,000
General Obligation Notes	22,045,000	31,045,000	36,290,000	43,815,000	45,770,000	40,940,000	30,995,000	28,890,000	23,775,000	25,075,000
Authorized debt, not yet issued	-	-	-	-	-	-	5,300,000	-	7,740,000	-
Total debt applicable to limitation - 12/31	<u>34,584,601</u>	<u>39,985,000</u>	<u>42,360,000</u>	<u>47,535,000</u>	<u>48,740,000</u>	<u>51,665,000</u>	<u>58,180,000</u>	<u>48,120,000</u>	<u>47,675,000</u>	<u>40,575,000</u>
Less amount available in debt service fund	(474,729)	(468,389)	(503,487)	(453,929)	(413,600)	(420,897)	(594,982)	(638,844)	(600,009)	(566,218)
Total debt applicable to limitation - 12/31	<u>34,109,872</u>	<u>39,516,611</u>	<u>41,856,513</u>	<u>47,081,071</u>	<u>48,326,400</u>	<u>51,244,103</u>	<u>57,585,018</u>	<u>47,481,156</u>	<u>47,074,991</u>	<u>40,008,782</u>
Legal debt margin - 12/31	<u>\$ 395,377,368</u>	<u>\$ 434,414,159</u>	<u>\$ 470,261,882</u>	<u>\$ 523,773,729</u>	<u>\$ 612,044,855</u>	<u>\$ 678,749,507</u>	<u>\$ 715,724,947</u>	<u>\$ 733,047,999</u>	<u>\$ 703,168,524</u>	<u>\$ 693,126,678</u>
Total net debt applicable to the limit as a percentage of debt limit	8%	8%	8%	8%	7%	7%	7%	6%	6%	5%

TABLE 12
WALWORTH COUNTY, WISCONSIN
 Ratio of General Obligation Bonded Debt
 To Equalized Value and Net General Obligation Bonded Debt per Capita
 Last Ten Fiscal Years

Fiscal Year	Population ^(a)	Equalized Value ^(b)	Governmental Gross Bonded Debt	Business-Type Gross Bonded Debt	Total Gross Bonded Debt	Less Debt Service Fund ^(c)	Net Bonded Debt	Ratio of Net Bonded Debt to Equalized Value	Percentage of Personal Income ^(a)	Net Bonded Debt per Capita
2002	94,532	\$ 8,589,744,800	\$ 34,584,602	\$ -	\$ 34,584,602	\$ 474,729	\$34,109,873	0.40%	1.32%	\$ 361
2003	95,630	\$ 9,478,615,400	\$ 39,985,000	\$ -	\$ 39,985,000	\$ 468,389	\$39,516,612	0.42%	1.48%	\$ 413
2004	97,052	\$ 10,242,367,900	\$ 42,360,000	\$ -	\$ 42,360,000	\$ 503,487	\$41,856,513	0.41%	1.48%	\$ 431
2005	98,496	\$ 11,565,232,700	\$ 39,935,000	\$ 7,600,000	\$ 47,535,000	\$ 453,929	\$47,081,071	0.41%	1.60%	\$ 478
2006	99,761	\$ 13,207,425,100	\$ 34,740,000	\$ 14,000,000	\$ 48,740,000	\$ 413,600	\$48,326,400	0.37%	1.57%	\$ 484
2007	100,672	\$ 14,599,872,200	\$ 38,373,776	\$ 13,391,224	\$ 51,765,000	\$ 420,897	\$51,344,103	0.35%	1.59%	\$ 510
2008	101,315	\$ 15,466,199,300	\$ 40,337,620	\$ 12,542,380	\$ 52,880,000	\$ 594,892	\$52,285,108	0.34%	1.53%	\$ 516
2009	101,808	\$ 15,610,583,100	\$ 38,198,912	\$ 9,921,088	\$ 48,120,000	\$ 638,844	\$47,481,156	0.30%	1.42%	\$ 466
2010	102,228	\$ 15,004,870,300	\$ 31,394,048	\$ 8,540,952	\$ 39,935,000	\$ 600,009	\$39,334,991	0.26%	n/a	\$ 385
2011	102,485	\$ 14,662,709,200	\$ 33,467,449	\$ 7,107,551	\$ 40,575,000	\$ 566,218	\$40,008,782	0.27%	n/a	\$ 390

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(a) From Table 15

(b) From Table 7

(c) Amount available for repayment of general obligation debt

n/a - information not yet available

TABLE 13
WALWORTH COUNTY, WISCONSIN
Ratio of Annual Debt Service Expenditures
For General Obligation Debt
To Total General Governmental Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Interest and Fiscal Charges ^(a)	Total Debt Service ^(a)	Total Governmental Expenditures ^(b)	Ratio of Debt Service to Governmental Expenditures
2002	\$ 2,572,415	\$ 1,320,731	\$ 3,893,146	\$ 85,000,367	4.6%
2003	\$ 3,619,483	\$ 1,522,521	\$ 5,142,004	\$ 87,353,315	5.9%
2004	\$ 3,695,000	\$ 1,559,157	\$ 5,254,157	\$ 90,359,574	5.8%
2005	\$ 4,625,000	\$ 1,674,092	\$ 6,299,092	\$ 94,221,080	6.7%
2006	\$ 5,536,224	\$ 1,561,380	\$ 7,097,604	\$ 102,737,302	6.9%
2007	\$ 6,126,156	\$ 1,378,174	\$ 7,504,330	\$ 107,133,712	7.0%
2008	\$ 9,403,810	\$ 1,757,296	\$ 11,161,106	\$ 104,541,926	10.7%
2009	\$ 8,769,898	\$ 1,426,520	\$ 10,196,418	\$ 103,478,528	9.9%
2010	\$ 6,804,864	\$ 1,349,891	\$ 8,154,755	\$ 92,099,203	8.9%
2011	\$ 5,666,598	\$ 1,147,767	\$ 6,814,365	\$ 96,611,449	7.1%

Note: This schedule excludes general obligation debt of proprietary funds.

(a) Excludes bond issuance and other costs

(b) Includes general fund, special revenue funds, debt service fund, and capital projects fund.

TABLE 14
WALWORTH COUNTY, WISCONSIN
 Computation of Direct and Overlapping General Obligation Bonded Debt
 December 31, 2011

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Walworth County	Amount Applicable to Government
Direct:			
Walworth County	\$ 40,575,000	100.00%	\$ 40,575,000
Overlapping:			
City:			
Burlington	23,273,983	0.10%	23,274
Delavan	23,997,895	100.00%	23,997,895
Elkhorn	20,565,000	100.00%	20,565,000
Lake Geneva	7,284,804	100.00%	7,284,804
Whitewater	18,850,000	87.90%	16,569,150
CITY TOTAL	<u>93,971,682</u>		<u>68,440,123</u>
Town:			
Delavan	4,906,311	100.00%	4,906,311
East Troy	561,386	100.00%	561,386
La Grange	186,713	100.00%	186,713
Spring Prairie	665,000	100.00%	665,000
Troy	590,000	100.00%	590,000
TOWN TOTAL	<u>6,909,410</u>		<u>6,909,410</u>
Village:			
Darien	4,494,337	100.00%	4,494,337
East Troy	7,040,000	100.00%	7,040,000
Fontana-on-Geneva Lake	23,186,181	100.00%	23,186,181
Genoa City	5,685,000	100.00%	5,685,000
Mukwonago	32,542,139	1.30%	423,048
Sharon	1,811,137	100.00%	1,811,137
Walworth	852,362	100.00%	852,362
Williams Bay	2,926,513	100.00%	2,926,513
VILLAGE TOTAL	<u>78,537,669</u>		<u>46,418,578</u>
School Districts:			
Big Foot	4,302,031	100.00%	4,302,031
Clinton	11,965,000	0.39%	46,581
Delavan-Darien	7,375,000	99.69%	7,352,493
East Troy	7,190,000	99.51%	7,154,535
Elkhorn	23,780,000	100.00%	23,780,000
Fontana	1,285,000	100.00%	1,285,000
Lake Geneva Jt 4	1,420,000	100.00%	1,420,000
Genoa City Jt 2	9,115,000	100.00%	9,115,000
Lake Geneva Jt 1	15,335,000	100.00%	15,335,000
Lake Geneva-Genoa City Unified High School	19,010,000	100.00%	19,010,000
Linn Jt 4	1,905,000	100.00%	1,905,000
Linn Jt 6	164,779	100.00%	164,779
Mukwonago	17,320,673	0.03%	5,226
Palmyra-Eagle	13,035,000	3.86%	503,232
Sharon Jt 11	5,676,047	100.00%	5,676,047
Walworth	271,600	100.00%	271,600
Whitewater	11,525,962	83.60%	9,635,412
Williams Bay	3,180,000	100.00%	3,180,000
SCHOOL DISTRICT TOTAL	<u>153,856,092</u>		<u>110,141,936</u>
Technical College:			
Gateway	43,135,000	34.20%	14,752,170
Special Districts:			
Country Estates	243,279	100.00%	243,279
Delavan Lake Sanitary	185,000	100.00%	185,000
Geneva National	25,585	100.00%	25,585
Lake Beulah	170,000	100.00%	170,000
Lake Benedict/Lake Tombeau	49,700	42.75%	21,246
Lake Como Sanitary	9,624,081	100.00%	9,624,081
Lauderdale Lakes Lake Management	370,435	100.00%	370,435
Lyons Sanitary	2,487,517	100.00%	2,487,517
WALCOMET	28,167,072	100.00%	28,167,072
SPECIAL DISTRICT TOTAL	<u>41,322,669</u>		<u>41,294,215</u>
TOTAL DEBT APPLICABLE TO WALWORTH COUNTY	<u>\$ 458,307,522</u>		<u>\$ 328,531,432</u>

The percentage of applicable net general obligation bonded debt outstanding is based on the portion of equalized values of the jurisdiction located within Walworth County.

Source: Robert W. Baird & Company

TABLE 15
WALWORTH COUNTY, WISCONSIN
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	Population ^(a)	Personal Income ^(b) <i>thousands of dollars</i>	Per Capita Personal Income ^(b)	School Enrollment ^(c)	Annual Unemployment Rate ^(d)	Total Residential Housing Units ^(a)
2002	94,532	2,589,936	27,202	17,290	4.8%	45,565
2003	95,630	2,676,919	27,626	17,483	4.8%	46,535
2004	97,052	2,821,971	28,787	17,010	4.4%	47,479
2005	98,496	2,941,270	29,485	17,699	4.2%	48,575
2006	99,761	3,081,015	30,688	17,710	4.3%	49,560
2007	100,672	3,233,555	32,239	17,868	4.5%	50,174
2008	101,315	3,414,027	33,958	17,819	4.7%	50,666
2009	101,808	3,333,254	33,136	17,736	9.2%	50,958
2010	102,228	n/a	n/a	17,651	8.8%	51,118
2011	102,485	n/a	n/a	17,758	7.9%	n/a

Source:

- (a) Wisconsin Department of Administration, Demographic Services Center
- (b) Wisconsin Department of Workforce Development
- (c) Wisconsin Department of Public Instruction - public and private enrollment
- (d) US Department of Labor, Bureau of Labor Statistics

n/a - information not yet available

TABLE 16
WALWORTH COUNTY, WISCONSIN
 Principal Employers
 For December 31, 2011 and Nine Years Prior

Employer	Type of Business	2011			2002		
		Employees	Rank	Percentage of Total County Labor Force	Employees	Rank	Percentage of Total County Labor Force
University of Wisconsin - Whitewater	College	1000+	1	1.83%	1000+	1	1.80%
Grand Geneva LLC	Resort	500-999	2	1.83%	500-999	3	1.80%
County of Walworth	Governmental Agency	500-999	3	1.83%	1000+	2	1.80%
Wal-Mart Associates	Discount Department Store	500-999	4	1.83%	500-999	7	1.80%
Sta-Rite Industries LLC	Manufacturer - Pumps	500-999	5	1.83%	500-999	4	1.80%
Miniature Precision Components Inc.	Manufacturer - Plastics	500-999	6	1.83%	500-999	6	1.80%
Aurora Health Care of Southern Lakes	Medical/Surgical Hospital	500-999	7	1.83%	500-999	5	1.80%
Live Nation Worldwide Inc.	Event Promoter	250-499	8	0.91%			
Birds Eye Foods LLC	Manufacturer - Fruits & Vegetables	250-499	9	0.91%			
Elkhorn Area School District	Elementary/Secondary School	250-499	10	0.91%	250-499	9	0.90%
Trostel Ltd.	Manufacturer - Packing Devices				250-499	8	0.90%
Compass Group Services LLC	Caterer				250-499	10	0.90%
Total				15.56%			15.29%

Source:

Wisconsin Department of Workforce Development, Office of Economic Advisors - March, 2012
 US Department of Labor, Bureau of Labor Statistics - February, 2012

Note: Exact employee count was not available, the percentage of total employment was calculated using the top of each range.

TABLE 17
WALWORTH COUNTY, WISCONSIN
 Full-time Equivalent County Government Employees by Function/Department
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
County Board	-	-	-	0.50	0.50	0.50	0.75	0.75	0.50	0.50
County Clerk	4.16	4.16	4.00	4.00	4.20	4.20	4.20	4.00	4.00	4.00
Administration	8.50	7.50	18.50	15.00	15.00	10.50	10.50	12.50	11.50	11.50
Human Resources	11.00	10.00	-	-	-	-	-	-	-	-
Finance	13.00	12.00	12.00	16.00	16.00	14.00	14.00	14.50	14.50	14.50
Treasurer	5.30	4.98	4.99	4.99	4.99	5.99	5.88	4.88	4.93	5.33
Coroner	1.34	1.34	1.32	1.32	1.44	1.44	1.44	0.77	0.77	0.77
Clerk of Courts	30.05	30.05	29.49	30.30	30.30	29.86	29.61	29.61	29.61	29.61
District Attorney	11.05	11.05	11.55	11.55	11.55	11.55	11.50	11.50	11.50	11.50
Register of Deeds	6.08	6.50	6.50	6.50	8.00	8.00	8.00	8.00	7.00	7.00
Information Technology	13.00	11.00	17.00	17.00	14.00	13.00	13.00	13.00	13.00	13.00
Land Information	5.00	4.00	-	-	-	-	-	-	-	-
	<u>108.48</u>	<u>102.58</u>	<u>105.35</u>	<u>107.16</u>	<u>105.98</u>	<u>99.04</u>	<u>98.88</u>	<u>99.51</u>	<u>97.31</u>	<u>97.71</u>
Public Safety										
Sheriff	222.69	222.69	225.93	224.92	221.40	220.40	213.90	214.90	214.90	214.90
	<u>222.69</u>	<u>222.69</u>	<u>225.93</u>	<u>224.92</u>	<u>221.40</u>	<u>220.40</u>	<u>213.90</u>	<u>214.90</u>	<u>214.90</u>	<u>214.90</u>
Health and Human Services										
Health and Human Services	156.09	156.59	158.21	158.34	156.32	162.12	162.62	166.12	164.63	163.74
Veterans	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	<u>158.09</u>	<u>158.59</u>	<u>160.21</u>	<u>160.34</u>	<u>158.32</u>	<u>164.12</u>	<u>164.62</u>	<u>168.12</u>	<u>166.63</u>	<u>165.74</u>
Culture, Recreation, and Education										
UW Extension	5.00	3.00	3.00	3.00	3.00	3.00	2.75	2.75	4.00	3.00
Lakeland School	182.85	182.81	183.16	188.89	196.90	180.72	167.51	149.05	134.64	118.22
	<u>187.85</u>	<u>185.81</u>	<u>186.16</u>	<u>191.89</u>	<u>199.90</u>	<u>183.72</u>	<u>170.26</u>	<u>151.80</u>	<u>138.64</u>	<u>121.22</u>

(Continued)

TABLE 17
WALWORTH COUNTY, WISCONSIN
 Full-time Equivalent County Government Employees by Function/Department (concluded)
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Conservation and Development										
Land Use and Resource Management	26.50	27.00	23.00	23.00	22.00	21.00	21.00	20.00	19.00	19.00
	<u>26.50</u>	<u>27.00</u>	<u>23.00</u>	<u>23.00</u>	<u>22.00</u>	<u>21.00</u>	<u>21.00</u>	<u>20.00</u>	<u>19.00</u>	<u>19.00</u>
Lakeland Health Care Center										
Lakeland Health Care Center	267.61	260.66	251.10	197.76	163.77	146.69	142.29	139.54	137.04	136.83
	<u>267.61</u>	<u>260.66</u>	<u>251.10</u>	<u>197.76</u>	<u>163.77</u>	<u>146.69</u>	<u>142.29</u>	<u>139.54</u>	<u>137.04</u>	<u>136.83</u>
Highway/Facilities Administration										
Public Works	83.68	75.48	68.49	66.49	65.49	73.25	77.25	74.25	73.25	69.50
	<u>83.68</u>	<u>75.48</u>	<u>68.49</u>	<u>66.49</u>	<u>65.49</u>	<u>73.25</u>	<u>77.25</u>	<u>74.25</u>	<u>73.25</u>	<u>69.50</u>
Total Full-time Equivalents	<u>1,054.90</u>	<u>1,032.81</u>	<u>1,020.24</u>	<u>971.56</u>	<u>936.86</u>	<u>908.22</u>	<u>888.20</u>	<u>868.12</u>	<u>846.77</u>	<u>824.90</u>

Notes:

- *Reorganization of Administration, Finance & Public Works in 2007
- *Administration and Human Resources were consolidated in 2003
- *Information Technology and Land Information were consolidated in 2003
- *Solid Waste was transferred to Public Works in 2003

TABLE 18
WALWORTH COUNTY, WISCONSIN
 Operating Indicators by Function/Department
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Register of deeds										
Real estate documents processed	43,061	51,110	38,136	36,987	32,937	29,225	25,513	28,078	26,146	23,170
Birth records processed	1,423	1,496	1,447	1,548	1,646	1,649	1,668	1,613	1,544	n/a **
Death records processed	901	838	911	925	897	851	860	892	883	958
Marriage records processed	794	798	793	825	841	811	809	745	826	856
Domestic partnership declarations recorded	n/a	11	0	6						
Vital Record copies issued	n/a	n/a	n/a	11,230	11,890	11,774	11,829	11,909	11,725	12,026
County clerk										
Marriage licenses issued	768	761	714	788	755	739	745	693	748	758
Domestic partnership declarations issued	n/a	12	0	6						
Single dog tags issued	4,798	4,711	4,917	4,962	5,085	5,065	5,038	4,803	4,759	4,724
Kennel tags (12 each) issued	13	12	10	8	6	6	12	7	9	9
Single kennel tags issued	27	25	33	17	19	13	13	11	15	4
Clerk of courts										
Case filings	24,008	21,814	24,758	22,492	22,458	17,971	19,058	21,742	25,313	51,634
District Attorney										
Felony cases	578	629	593	691	642	551	566	515	510	565
Misdemeanor cases	693	744	653	764	820	777	756	701	620	617
Juvenile delinquency cases	121	126	134	120	157	94	124	85	116	79
Criminal traffic cases	835	1,047	1,067	1,080	1,131	1,028	1,124	1,011	1,042	945
Victim/witness contacts	1,087	1,107	1,185	1,270	1,698	1,505	1,097	1,575	1,498	1,276
Coroner										
Death investigations	619	573	644	868	887	891	879	1,014	1,016	1,122
Autopsies performed	84	94	76	106	75	88	86	101	82	105
Cremation permit issues	282	256	303	333	345	318	337	386	391	421
Treasurer										
Tax parcels	59,331	59,745	60,545	61,250	62,312	63,764	64,945	68,760	69,037	69,038
Information Technology										
Help desk requests received	n/a	n/a	3,265	6,985	6,969	5,488	6,243	6,447	5,614	6,229
Public safety										
Traffic citations	7,613	6,964	4,545	3,649	5,035	3,605	3,370	3,697	3,456	4,083
Ordinance citations	1,959	1,846	1,862	1,029	1,322	1,093	1,025	1,461	917	648
Traffic accidents reported	725	811	811	833	704	783	801	506	537	733
Jail admissions	5,582	5,405	5,319	5,759	5,662	5,578	5,719	5,296	4,999	4,763
Average daily population - jail	152	162	146	163	163	170	176	188	175	145
Average daily population - huber	164	162	160	178	181	181	208	204	179	169
Average daily population - electronic monitoring	n/a	n/a	n/a	n/a	5	11	19	20	12	14

(Continued)

TABLE 18
WALWORTH COUNTY, WISCONSIN
 Operating Indicators by Function/Department (concluded)
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Health and human services										
Veterans office										
Phone calls received	6,909	7,134	8,175	8,369	9,205	9,311	10,293	11,354	7,181	6,998
Office visits	3,775	3,820	3,940	4,020	4,438	4,824	5,116	5,322	1,828	2,124
New clients	n/a	n/a	n/a	n/a	n/a	n/a	139	150	140	132
VA compensation/pension claims filed	n/a	n/a	n/a	237	262	243	246	240	262	287
VA health care applications filed	n/a	n/a	n/a	90	101	93	94	129	112	108
Culture, recreation, and education										
School										
Students (onsite)	241	239	240	258	270	251	231	219	209	208
Students (outlying districts)	1,616	1,651	1,714	1,785	1,786	943	779	679	581	511
Parks										
Trail: yearly passes sold	n/a	502	559	703	750	754	619	684	761	684
Trail: daily passes sold	n/a	33	545	1,187	1,614	1,344	1,732	1,581	1,738	1,950
Conservation and development										
Land use and resource management										
Zoning permits issued	1,340	1,359	1,471	1,352	1,141	1,016	804	706	595	670
Sanitation permits issued	469	501	536	458	348	292	203	195	173	151
Certified survey maps reviewed	97	104	103	107	83	45	48	28	22	35
Separation of farm structures from farmland	22	23	19	14	20	15	9	9	7	14
Lot line/parcel split reviews	82	89	59	75	78	70	65	52	41	42
Highway/facilities administration										
Hazardous waste collected-agricultural (lbs)	28,435	n/a	n/a	14,812	n/a	3,411	n/a	n/a	14,173	n/a
Hazardous waste collected-household (lbs)	23,253	27,512	35,151	26,513	28,531	25,927	28,153	34,877	31,312	36,403
Hazardous waste collected-computer equip (lbs)	n/a	23,474	29,178	38,346	55,727	62,304	80,286	57,711	8,063*	11,805*
State lane miles maintained	n/a	n/a	n/a	656	689	689	689	694	694	698
County lane miles maintained	200	200	199	200	199	192	199	193	193	192
Nursing Home										
Licensed beds	245	235	235	235	120	120	120	120	120	120
Payor mix:										
Medicaid	82.73%	83.38%	87.94%	89.69%	87.91%	83.37%	76.75%	71.85%	74.79%	70.17%
Private pay	12.17%	12.56%	10.10%	8.35%	7.92%	10.90%	16.15%	19.93%	17.40%	22.02%
Medicare	5.07%	3.96%	1.38%	1.57%	4.17%	5.73%	7.10%	8.22%	7.81%	7.81%
Hospice	0.03%	0.10%	0.58%	0.39%	0.02%	n/a	n/a	n/a	n/a	n/a

n/a = not readily available

* Represents county owned equipment only, as there wasn't a computer roundup held for County residents in 2011.

**State of Wisconsin Vital Records office eliminated filing birth records with Walworth County Register of Deeds starting in 2012.

TABLE 19
WALWORTH COUNTY, WISCONSIN
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Information Technology										
Desktop systems	n/a	n/a	n/a	n/a	720	755	769	801	867	829
Computer servers	n/a	n/a	n/a	n/a	23	27	36	40	49	52
Multi-user applications	n/a	n/a	n/a	n/a	n/a	n/a	95	99	112	121
Public safety										
Vehicles insured	69	64	74	61	57	51	54	54	57	55
Boats/trailers/ATV/snowmobiles	n/a	n/a	n/a	n/a	n/a	n/a	12	12	12	15
Culture, recreation, and education										
Acreage (park)	237	237	237	237	237	237	237	237	237	237
Highway/facilities administration										
County lane miles	200	200	199	200	199	192	199	193	193	192
County bridges	26	26	26	26	26	26	26	26	26	26
Vehicles insured	99	82	85	86	94	125	124	123	95	92
County facility buildings (sq ft)	686,658	686,658	686,658	1,033,450	861,450	861,450	867,780	881,882	881,882	887,682

n/a - information not available



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