

EAU CLAIRE COUNTY

Eau Claire, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2012

EAU CLAIRE COUNTY

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INDEPENDENT AUDITORS' REPORT

To the County Board
Eau Claire County
Eau Claire, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the County Board
Eau Claire County

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Discretely Presented	
Component Units	Adverse
Each Major Fund	Unmodified
Aggregate Remaining	
Fund Information	Unmodified

Basis for Adverse Opinion on the Discretely Presented Component Units

The financial statements do not include financial data for one of the County's legally separate component units, (Friends of Beaver Creek Reserve). Accounting principles generally accepted in the United States of America require the financial data for all of the component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the discretely presented component units are understated as follows: assets \$1,294,052, liabilities \$20,466, net position \$1,273,586, revenues \$956,106, and expenses \$784,579 (unaudited).

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Discretely Presented Component Units" section, the financial statements referred to above do not present fairly the financial position of the discretely presented component units Eau Claire County, Wisconsin, as of December 31, 2012, or the changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified 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 Eau Claire County, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

To the County Board
Eau Claire County

Other Matters

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eau Claire County's basic financial statements. The detailed budgetary comparison schedules and combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Because of the significance of the matters described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Other Reporting Required by Government Auditing Standards

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

Baker Tilly Vuchow Krume, LLP

July 23, 2013

EAU CLAIRE COUNTY

STATEMENT OF NET POSITION As of December 31, 2012

	Primary Government			Component Unit (Housing Authority)
	Governmental Activities	Business- type Activities	Totals	
ASSETS				
Cash and investments	\$ 10,803,252	\$ 2,021,216	\$ 12,824,468	\$ 425,661
Taxes receivable	26,197,639	2,215,189	28,412,828	-
Due from other governments	4,784,820	674,766	5,459,586	-
Notes receivable	1,045,096	-	1,045,096	1,916,923
Other receivables (net)	1,415,821	599,334	2,015,155	36,827
Restricted cash and investments	263,090	-	263,090	87,785
Deposit in insurance pool	999,731	-	999,731	-
Internal balances	721,491	(721,491)	-	-
Due from component unit	58,398	-	58,398	-
Prepaid items and inventories	62,608	710,254	772,862	10,461
Other assets	241,579	-	241,579	-
Capital Assets				
Land	4,950,023	2,045,674	6,995,697	178,400
Construction in progress	22,056,411	618,714	22,675,125	-
Other capital assets, net of depreciation	<u>112,153,472</u>	<u>31,131,495</u>	<u>143,284,967</u>	<u>1,630,689</u>
Total Assets	<u>185,753,431</u>	<u>39,295,151</u>	<u>225,048,582</u>	<u>4,286,746</u>
LIABILITIES				
Accounts payable	5,118,767	312,360	5,431,127	9,506
Accrued liabilities	2,408,733	292,855	2,701,588	86,670
Due to other governments	1,272,213	-	1,272,213	-
Due to primary government	-	-	-	58,398
Unearned revenues	23,239,992	2,215,189	25,455,181	2,857
Noncurrent liabilities				
Due within one year	4,442,861	319,127	4,761,988	29,332
Due in more than one year	<u>54,494,827</u>	<u>1,043,098</u>	<u>55,537,925</u>	<u>401,913</u>
Total Liabilities	<u>90,977,393</u>	<u>4,182,629</u>	<u>95,160,022</u>	<u>588,676</u>
NET POSITION				
Net investment in capital assets	87,239,906	33,228,169	120,468,075	1,434,812
Restricted for				
Insurance escrow	1,262,821	-	1,262,821	-
Debt service	3,358,010	-	3,358,010	-
Recycling	84,693	-	84,693	-
Specialized transportation services	77,259	-	77,259	-
Revolving loan fund	-	-	-	1,916,923
Grant requirements	-	-	-	68,200
Unrestricted	<u>2,753,349</u>	<u>1,884,353</u>	<u>4,637,702</u>	<u>278,135</u>
TOTAL NET POSITION	<u>\$ 94,776,038</u>	<u>\$ 35,112,522</u>	<u>\$ 129,888,560</u>	<u>\$ 3,698,070</u>

See accompanying notes to financial statements.

EAU CLAIRE COUNTY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Unit (Housing Authority)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals Primary Government	
Governmental Activities								
General government	\$ 12,234,896	\$ 2,288,199	\$ 580,609	\$ 36,560	\$ (9,329,528)	\$ -	\$ (9,329,528)	\$ -
Public safety	14,474,619	2,080,460	611,335	-	(11,782,824)	-	(11,782,824)	-
Public works	4,397,806	777,355	486,791	-	(3,133,660)	-	(3,133,660)	-
Health and human services	34,633,533	1,385,841	22,042,268	-	(11,205,424)	-	(11,205,424)	-
Culture, recreation, and education	1,772,823	990,034	174,710	-	(608,079)	-	(608,079)	-
Conservation and development	3,087,518	1,292,151	306,876	-	(1,488,491)	-	(1,488,491)	-
Interest and fiscal charges	1,966,300	-	-	-	(1,966,300)	-	(1,966,300)	-
Total Governmental Activities	<u>72,567,495</u>	<u>8,814,040</u>	<u>24,202,589</u>	<u>36,560</u>	<u>(39,514,306)</u>	<u>-</u>	<u>(39,514,306)</u>	<u>-</u>
Business-type Activities								
Highway Department	11,906,436	7,916,628	2,270,590	-	-	(1,719,218)	(1,719,218)	-
Airport	2,029,943	998,198	123,961	3,439,273	-	2,531,489	2,531,489	-
Total Business-type Activities	<u>13,936,379</u>	<u>8,914,826</u>	<u>2,394,551</u>	<u>3,439,273</u>	<u>-</u>	<u>812,271</u>	<u>812,271</u>	<u>-</u>
Total Primary Government	<u>\$ 86,503,874</u>	<u>\$ 17,728,866</u>	<u>\$ 26,597,140</u>	<u>\$ 3,475,833</u>	<u>(39,514,306)</u>	<u>812,271</u>	<u>(38,702,035)</u>	<u>-</u>
Component Unit								
Housing Authority	<u>\$ 1,321,958</u>	<u>\$ 120,832</u>	<u>\$ 1,176,027</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,099)</u>
General Revenues								
Taxes								
Property taxes, levied for general purposes					17,780,265	-	17,780,265	-
Property taxes, levied for debt service					4,321,764	-	4,321,764	-
Property taxes, levied for highway purposes					-	1,888,200	1,888,200	-
Property taxes, levied for airport purposes					-	379,700	379,700	-
Other taxes					9,617,293	-	9,617,293	-
Intergovernmental revenues not restricted to specific programs					2,774,314	-	2,774,314	-
Investment income					318,428	-	318,428	2,337
Miscellaneous					335,925	-	335,925	-
Total General Revenues					<u>35,147,989</u>	<u>2,267,900</u>	<u>37,415,889</u>	<u>2,337</u>
Transfers					<u>(306,435)</u>	<u>306,435</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers					<u>34,841,554</u>	<u>2,574,335</u>	<u>37,415,889</u>	<u>2,337</u>
Special item (see Note III. G.)					<u>(1,997,624)</u>	<u>-</u>	<u>(1,997,624)</u>	<u>-</u>
Change in Net Position					<u>(6,670,376)</u>	<u>3,386,606</u>	<u>(3,283,770)</u>	<u>(22,762)</u>
NET POSITION - Beginning of Year					<u>101,446,414</u>	<u>31,725,916</u>	<u>133,172,330</u>	<u>3,720,832</u>
NET POSITION - END OF YEAR					<u>\$ 94,776,038</u>	<u>\$ 35,112,522</u>	<u>\$ 129,888,560</u>	<u>\$ 3,698,070</u>

See accompanying notes to financial statements.

EAU CLAIRE COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2012

	General Fund	Human Services	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 5,236,765	\$ 1,174,494	\$ 3,978,756	\$ -	\$ 302,102	\$ 10,692,117
Receivables						
Taxes	10,679,510	7,860,590	4,321,764	42,500	280,865	23,185,229
Delinquent taxes	3,012,410	-	-	-	-	3,012,410
Accounts	718,519	379,221	-	36,731	225,798	1,360,269
Notes	1,045,096	-	-	-	-	1,045,096
Due from other governments	2,371,731	1,945,273	-	51,973	415,843	4,784,820
Due from other funds	3,777,769	-	-	-	-	3,777,769
Advances to other funds	594,054	-	-	-	-	594,054
Due from component unit	58,398	-	-	-	-	58,398
Inventory and prepaid items	54,600	8,007	-	-	-	62,607
TOTAL ASSETS	\$ 27,548,852	\$ 11,367,585	\$ 8,300,520	\$ 131,204	\$ 1,224,608	\$ 48,572,769
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 860,121	\$ 1,812,554	\$ 10,653	\$ 1,987,730	\$ 214,546	\$ 4,885,604
Accrued liabilities	1,224,679	467,492	-	-	103,240	1,795,411
Deposits	224,069	-	-	-	-	224,069
Due to other funds	-	34,950	-	3,561,176	173,252	3,769,378
Due to other governments	469,925	734,717	-	-	67,570	1,272,212
Deferred revenues	12,080,580	7,860,590	4,321,764	82,100	429,975	24,775,009
Total Liabilities	<u>14,859,374</u>	<u>10,910,303</u>	<u>4,332,417</u>	<u>5,631,006</u>	<u>988,583</u>	<u>36,721,683</u>
Fund Balances						
Nonspendable	2,939,897	8,007	-	-	-	2,947,904
Restricted	-	-	3,968,103	-	161,952	4,130,055
Assigned	912,700	449,275	-	-	204,023	1,565,998
Unassigned (deficit)	8,836,881	-	-	(5,499,802)	(129,950)	3,207,129
Total Fund Balances	<u>12,689,478</u>	<u>457,282</u>	<u>3,968,103</u>	<u>(5,499,802)</u>	<u>236,025</u>	<u>11,851,086</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 27,548,852	\$ 11,367,585	\$ 8,300,520	\$ 131,204	\$ 1,224,608	\$ 48,572,769

See accompanying notes to financial statements.

EAU CLAIRE COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION As of December 31, 2012

Total fund balances - governmental funds \$ 11,851,086

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

Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund statements. Capital assets (including internal service fund capital assets) at year end consist of:

Capital assets	\$ 203,928,519	
Accumulated depreciation	<u>(64,768,613)</u>	139,159,906

Certain receivables are reported as deferred revenue in the fund financial statements because they are not available but are recognized as revenue when earned in the government-wide financial statements.

These types of deferred revenues at year end consist of:

Tax certificates		357,470
Loans receivable		1,045,096
Miscellaneous receivables		132,451

Internal service funds are used by management to charge the costs of risk management and central equipment to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Capital assets of the internal service fund are included above.

631,576

Debt issuance costs are expenditures in the fund financial statements, but are capitalized in the government-wide financial statements

241,579

Long-term liabilities, including bond and notes payable, are not due in the current period and, therefore, are not reported in the fund statements.

Long-term liabilities at year end consist of:

General obligation debt	51,920,000	
Debt premiums (discounts)	391,290	
Accrued interest on general obligation debt	610,095	
Post retirement benefits	2,834,792	
Vested employee benefits	2,765,797	
Liability - WRS-PSC	<u>121,152</u>	<u>(58,643,126)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES

\$ 94,776,038

EAU CLAIRE COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2012

	General	Human Services	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 19,057,958	\$ 7,956,623	\$ 4,321,764	\$ 42,500	\$ 353,497	\$ 31,732,342
Intergovernmental	4,757,223	17,833,344	-	198,108	2,584,992	25,373,667
Licenses and permits	263,875	-	-	-	-	263,875
Fines, forfeitures and penalties	785,328	-	-	-	-	785,328
Public charges for services	2,948,007	1,331,624	-	-	1,059,222	5,338,853
Intergovernmental charges for services	1,268,841	1,076,820	-	-	42,701	2,388,362
Investment income	256,436	-	-	36,952	-	293,388
Miscellaneous	837,633	73,154	-	39,731	256,164	1,206,682
Total Revenues	<u>30,175,301</u>	<u>28,271,565</u>	<u>4,321,764</u>	<u>317,291</u>	<u>4,296,576</u>	<u>67,382,497</u>
EXPENDITURES						
Current						
General government	10,841,775	-	-	79,477	-	10,921,252
Public safety	12,812,378	-	-	-	472,329	13,284,707
Public works	-	-	-	-	1,054,729	1,054,729
Health and human services	2,124,822	29,241,459	-	-	2,575,112	33,941,393
Culture, recreation, and education	1,529,750	-	-	-	-	1,529,750
Conservation and development	2,002,975	-	-	-	109,206	2,112,181
Capital Outlay	-	-	-	20,434,504	-	20,434,504
Debt Service						
Principal retirement	-	-	2,518,786	-	-	2,518,786
Interest and fiscal charges	-	-	1,853,615	-	-	1,853,615
Total Expenditures	<u>29,311,700</u>	<u>29,241,459</u>	<u>4,372,401</u>	<u>20,513,981</u>	<u>4,211,376</u>	<u>87,650,917</u>
Excess (deficiency) of revenues over expenditures	<u>863,601</u>	<u>(969,894)</u>	<u>(50,637)</u>	<u>(20,196,690)</u>	<u>85,200</u>	<u>(20,268,420)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	131,352	-	-	-	-	131,352
Transfers out	(149,051)	-	-	(3,150,000)	-	(3,299,051)
Total Other Financing Sources (Uses)	<u>(17,699)</u>	<u>-</u>	<u>-</u>	<u>(3,150,000)</u>	<u>-</u>	<u>(3,167,699)</u>
Net change in fund balances	845,902	(969,894)	(50,637)	(23,346,690)	85,200	(23,436,119)
FUND BALANCES - Beginning of Year	<u>11,843,576</u>	<u>1,427,176</u>	<u>4,018,740</u>	<u>17,846,888</u>	<u>150,825</u>	<u>35,287,205</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 12,689,478</u>	<u>\$ 457,282</u>	<u>\$ 3,968,103</u>	<u>\$ (5,499,802)</u>	<u>\$ 236,025</u>	<u>\$ 11,851,086</u>

See accompanying notes to financial statements.

EAU CLAIRE COUNTY

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, 2012

Net change in fund balances - total governmental funds	\$(23,436,119)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The following differ in their presentation in the two statements:

Capital outlay is capitalized in the government-wide statements	20,434,504
Some capital outlay is not capitalized in the government-wide statements	(1,139,271)
Functional expenditures that were capitalized on the government-wide statements	761,436
Depreciation is reported in the government-wide statements	(4,408,470)
Loss on disposal of assets is reported in the government-wide statements	(3,310,224)
Transfer in from business type activity - infrastructure financed by the highway fund	2,861,264

Tax certificates and certain receivables are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. This is the amount of revenue recognized on the fund statements that was recognized in the government-wide statement in the prior years.

Tax certificates	(13,020)
Loans receivable	(39,904)
Miscellaneous receivables	46,996

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal payments paid.

2,515,000

Governmental funds report the effect of issuance costs, discount, and premium when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of those differences.

19,781

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The following did not require the use of current financial resources:

Increase in compensated absences	(364,099)
Change in accrued interest expense	(132,470)
Increase in post retirement benefits	(595,666)
Decrease in liability - WRS-PSC	3,786

Internal service funds are used by management to charge the costs of risk management and car fleet to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

126,100

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (6,670,376)

EAU CLAIRE COUNTY

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

ASSETS	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Highway Department</u>	<u>Airport</u>	<u>Totals</u>	Activities - Internal Service Funds
CURRENT ASSETS				
Cash and investments	\$ 1,072,895	\$ 948,321	\$ 2,021,216	\$ 111,135
Taxes receivable	1,827,895	387,294	2,215,189	-
Customer accounts receivable	469,809	129,525	599,334	55,552
Due from other governments	674,766	-	674,766	-
Inventories	710,254	-	710,254	-
Total Current Assets	<u>4,755,619</u>	<u>1,465,140</u>	<u>6,220,759</u>	<u>166,687</u>
NONCURRENT ASSETS				
Restricted assets:				
Escrow accounts	-	-	-	263,090
Deposit in insurance pool	-	-	-	999,731
Capital assets:				
Construction work in progress	-	618,714	618,714	-
Other capital assets	12,059,716	43,342,826	55,402,542	201,711
Accumulated depreciation	<u>(8,215,563)</u>	<u>(14,009,810)</u>	<u>(22,225,373)</u>	<u>(178,206)</u>
Total Noncurrent Assets	<u>3,844,153</u>	<u>29,951,730</u>	<u>33,795,883</u>	<u>1,286,326</u>
Total Assets	<u>8,599,772</u>	<u>31,416,870</u>	<u>40,016,642</u>	<u>1,453,013</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	248,572	63,788	312,360	9,093
Accrued payroll and expenses	239,154	17,139	256,293	3,228
Accrued interest	-	36,562	36,562	-
Due to other funds	-	-	-	8,391
Unearned revenue	1,827,895	387,294	2,215,189	-
Current portion of long-term debt	-	45,144	45,144	-
Current portion of advances from other funds	-	12,617	12,617	-
Current portion of claims payable	-	-	-	135,700
Current portion of compensated absences	<u>261,147</u>	<u>12,836</u>	<u>273,983</u>	<u>-</u>
Total Current Liabilities	<u>2,576,768</u>	<u>575,380</u>	<u>3,152,148</u>	<u>156,412</u>
NONCURRENT LIABILITIES				
Long-term debt	-	522,570	522,570	-
Advances from other funds	-	581,437	581,437	-
Claims payable	-	-	-	768,957
Post retirement benefits	449,227	-	449,227	-
Compensated absences	<u>70,625</u>	<u>676</u>	<u>71,301</u>	<u>-</u>
Total Noncurrent Liabilities	<u>519,852</u>	<u>1,104,683</u>	<u>1,624,535</u>	<u>768,957</u>
Total Liabilities	<u>3,096,620</u>	<u>1,680,063</u>	<u>4,776,683</u>	<u>925,369</u>
NET POSITION				
Net investment in capital assets	3,844,153	29,384,016	33,228,169	23,505
Restricted - insurance escrow	-	-	-	1,262,821
Unrestricted (deficit)	<u>1,658,999</u>	<u>352,791</u>	<u>2,011,790</u>	<u>(758,682)</u>
TOTAL NET POSITION	<u>\$ 5,503,152</u>	<u>\$ 29,736,807</u>	<u>35,239,959</u>	<u>\$ 527,644</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(127,437)</u>	
Net Position of Business-type Activities			<u>\$ 35,112,522</u>	

See accompanying notes to financial statements.

EAU CLAIRE COUNTY

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

	Business-type Activities - Enterprise Funds			Governmental
	Highway Department	Airport	Totals	Activities - Internal Service Funds
OPERATING REVENUES	<u>\$ 7,916,628</u>	<u>\$ 998,198</u>	<u>\$ 8,914,826</u>	<u>\$ 885,789</u>
OPERATING EXPENSES				
Operation and maintenance	14,322,344	796,721	15,119,065	785,734
Depreciation	<u>475,879</u>	<u>1,184,016</u>	<u>1,659,895</u>	<u>18,254</u>
Total Operating Expenses	<u>14,798,223</u>	<u>1,980,737</u>	<u>16,778,960</u>	<u>803,988</u>
Operating Income (Loss)	<u>(6,881,595)</u>	<u>(982,539)</u>	<u>(7,864,134)</u>	<u>81,801</u>
NON-OPERATING REVENUES (EXPENSES)				
General property taxes	1,888,200	379,700	2,267,900	-
Intergovernmental grants	2,270,590	123,961	2,394,551	27,950
Investment income	-	-	-	25,232
Miscellaneous non-operating revenues	-	-	-	25,235
Interest expense	<u>-</u>	<u>(52,801)</u>	<u>(52,801)</u>	<u>-</u>
Total Non-Operating Revenue (Expenses)	<u>4,158,790</u>	<u>450,860</u>	<u>4,609,650</u>	<u>78,417</u>
Income (Loss) Before Contributions and Transfers	(2,722,805)	(531,679)	(3,254,484)	160,218
CAPITAL CONTRIBUTIONS	-	3,439,273	3,439,273	-
TRANSFERS				
Transfers in	3,299,051	-	3,299,051	-
Transfers out	<u>(131,352)</u>	<u>-</u>	<u>(131,352)</u>	<u>-</u>
CHANGE IN NET POSITION	444,894	2,907,594	3,352,488	160,218
NET POSITION – Beginning of Year	<u>5,058,258</u>	<u>26,829,213</u>	<u>31,887,471</u>	<u>367,426</u>
NET POSITION – END OF YEAR	<u>\$ 5,503,152</u>	<u>\$ 29,736,807</u>	35,239,959	<u>\$ 527,644</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>34,118</u>	
Change in Net Position of Business-type Activities			<u>\$ 3,386,606</u>	

EAU CLAIRE COUNTY

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

	Business-type Activities - Enterprise Funds			Governmental
	Highway Department	Airport	Totals	Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 7,248,524	\$ 1,017,863	\$ 8,266,387	\$ 860,684
Cash paid to suppliers for goods and services	(11,774,459)	(490,400)	(12,264,859)	(347,947)
Claims paid	-	-	-	(322,523)
Cash paid to employees for services	(2,276,406)	(397,859)	(2,674,265)	(146,005)
Net Cash Flows From Operating Activities	(6,802,341)	129,604	(6,672,737)	44,209
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
General property taxes	1,888,200	379,700	2,267,900	-
Transfers to other funds	(131,352)	-	(131,352)	-
Transfers from other funds	3,299,051	-	3,299,051	-
Operating grants received	2,270,590	123,961	2,394,551	53,185
Net Cash Flows From Noncapital Financing Activities	7,326,489	503,661	7,830,150	53,185
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	-	-	-	25,232
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	-	(42,915)	(42,915)	-
Principal paid on advances from other funds	-	(12,132)	(12,132)	-
Interest paid	-	(54,863)	(54,863)	-
Acquisition and construction of capital assets	(406,963)	(351,888)	(758,851)	-
Net Cash Flows From Capital and Related Financing Activities	(406,963)	(461,798)	(868,761)	-
Net Change in Cash and Cash Equivalents	117,185	171,467	288,652	122,626
CASH AND CASH EQUIVALENTS - Beginning of Year	955,710	776,854	1,732,564	251,599
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,072,895	\$ 948,321	\$ 2,021,216	\$ 374,225
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Per Statement of Net Position:				
Current assets - cash and investments	\$ 1,072,895	\$ 948,321	\$ 2,021,216	\$ 111,135
Noncurrent assets - restricted assets - escrow accounts	-	-	-	263,090
PER STATEMENT OF CASH FLOWS	\$ 1,072,895	\$ 948,321	\$ 2,021,216	\$ 374,225

See accompanying notes to financial statements.

	<u>Business-type Activities - Enterprise Funds</u>			Governmental
	<u>Highway Department</u>	<u>Airport</u>	<u>Totals</u>	<u>Activities - Internal Service Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (6,881,595)	\$ (982,539)	\$ (7,864,134)	\$ 81,801
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Noncash items included in income				
Post retirement benefits	92,409	-	92,409	-
Depreciation	475,879	1,184,016	1,659,895	18,254
Change in assets and liabilities				
Receivables	(668,104)	19,665	(648,439)	2,845
Inventories	49,213	-	49,213	-
Prepaid items	300	-	300	-
Accounts payable	41,597	(104,512)	(62,915)	(34,207)
Due to other funds	-	-	-	8,391
Unearned revenue	-	-	-	(27,950)
Other current liabilities	87,960	12,974	100,934	(4,925)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (6,802,341)</u>	<u>\$ 129,604</u>	<u>\$ (6,672,737)</u>	<u>\$ 44,209</u>

NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES

The airport received capital assets totaling \$3,439,273 from the State of Wisconsin in 2012.

EAU CLAIRE COUNTY

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
As of December 31, 2012

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 12,190,449
Taxes receivable	<u>1,953,203</u>
TOTAL ASSETS	<u>\$ 14,143,652</u>
LIABILITIES	
Accounts payable	\$ 50
Due to other taxing units	12,554,989
Deposits	<u>1,588,613</u>
TOTAL LIABILITIES	<u>\$ 14,143,652</u>

EAU CLAIRE COUNTY

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EAU CLAIRE COUNTY

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Eau Claire County, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

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

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the government.

Discretely Presented Component Unit

Eau Claire County Housing Authority

The government-wide financial statements include the Eau Claire County Housing Authority ("Housing Authority") as a component unit. The Housing Authority is a legally separate organization. The Board of the Housing Authority is appointed by the County Board chairperson. Wisconsin Statutes provide for circumstances whereby the county can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the county. As a component unit, the Housing Authority's financial statements have been presented in the component unit column in the financial statements. The information presented is for the fiscal year ended December 31, 2012.

Separately issued financial statements of the Eau Claire County Housing Authority may be obtained from the Housing Authority's office at 721 Oxford Avenue, Eau Claire, Wisconsin. See Note III.H. for additional housing authority disclosures.

EAU CLAIRE COUNTY

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

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

A. REPORTING ENTITY (cont.)

Excluded Component Unit

Friends of Beaver Creek Reserve

The government-wide financial statements do not include the Friends of Beaver Creek Reserve ("Organization") as a component unit. The Organization is a legally separate organization. As a component unit, the Organization's financial statements should be presented in the component unit column in the financial statements. Separately issued financial statements of the Friends of Beaver Creek Reserve may be obtained from the Beaver Creek Reserve's office at S1 County Road K, Fall Creek, Wisconsin.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The county made the decision to implement this standard effective January 1, 2012.

Government-Wide Financial Statements

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

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

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net position/fund equity, revenues, and expenditure/expenses.

EAU CLAIRE COUNTY

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

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

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

Fund Financial Statements (cont.)

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

Funds are organized as major funds or 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:

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

The county reports the following major governmental funds:

- General Fund – accounts for the county’s primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.
- Human Services Special Revenue Fund – accounts for and reports resources legally restricted to supporting expenditures for human service programs.
- Debt Service Fund – used to account for and report the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.
- Capital Projects Fund – used to account for and report financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

The county reports the following major enterprise funds:

- Highway Department – accounts for operations of the county road network
- Airport – accounts for operations of the airport

The county reports the following non-major governmental funds:

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

- Watershed
- Recycling
- Anti-drug
- Aging and Disability Resource Center

EAU CLAIRE COUNTY

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

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

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

Fund Financial Statements (cont.)

In addition, the county reports the following fund types:

Internal service funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the county, or to other governmental units, on a cost-reimbursement basis.

- Risk Management
- Car Fleet

Agency funds are used to account for and report assets held by the county in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

- Sunshine Account
- Sheriff Huber Account
- District Attorney
- Human Services Representative Payee
- Clerk of Courts
- West Central Drug Account
- Lower Chippewa River Basin
- Tax Agency

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

Government-Wide Financial Statements

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

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

EAU CLAIRE COUNTY

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

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

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

Fund Financial Statements

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

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

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

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

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

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

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

EAU CLAIRE COUNTY

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

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

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

Fund Financial Statements (cont.)

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

All Financial Statements

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

EAU CLAIRE COUNTY

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

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

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

1. Deposits and Investments (cont.)

The county has adopted an investment policy. That policy states that authorized investments include time deposits which mature within three years, bonds or securities issued or guaranteed by the federal government or agency, repurchase agreements and local government investment pools.

The investment policy states that deposits in excess of \$500,000 must be collateralized with pledged bank securities or secured by insurance or a deposit guarantee bond up to the total deposit in excess of \$500,000.

The investment policy addresses credit risk by limiting bonds or securities to those issued by the federal government or its agencies.

The investment policy does not address concentration of credit risk.

The policy addresses interest rate risk by not allowing time deposits which mature beyond three years.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

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

See Note III.A. for further information.

EAU CLAIRE COUNTY

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

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

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

2. Receivables

Property tax calendar – 2012 tax roll:

Lien date and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	July 31, 2013
Personal property taxes in full	January 31, 2013
Tax sale – 2012 delinquent real estate taxes	October 2015

Property taxes are due, in the year subsequent to levy, on the last day of January, and collected by local treasurers through that date except for the City of Eau Claire, the City of Altoona and the Town of Ludington which are collected by the county, at which time unpaid taxes are assigned to the county and appropriate receivables and payables are recorded. Tax collections become the responsibility of 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. The interest and penalties on taxes not paid within 60 days of the end of the current fiscal period is shown as deferred revenue until it is received in cash.

The county purchases uncollected property taxes from other taxing authorities at the unpaid amount to facilitate the collection of taxes. The purchases are a financing arrangement and are not included in property tax revenues.

On August 31, the tax lien date, all unpaid taxes are reflected as tax certificates. No allowance for losses on delinquent taxes has been provided because the county has demonstrated its ability to recover any losses through the sale of property.

Accounts receivable have been shown net of an allowance for uncollectible accounts.

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

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

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

EAU CLAIRE COUNTY

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

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

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

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the consumption method of accounting.

Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction, operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Funds on deposit with Wisconsin County Mutual Insurance Corporation for payment of insurance claims are combined with other participating governments. The county's deposit at year end was \$263,090. This amount is recorded as restricted assets in the government-wide financial statements and the internal service fund.

5. Capital Assets

Government-Wide Statements

Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

EAU CLAIRE COUNTY

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

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

Buildings	50 Years
Land Improvements	15 Years
Machinery and Equipment	3-20 Years
Infrastructure	25-50 Years

Fund Financial Statements

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

6. Compensated Absences

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

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

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

7. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

EAU CLAIRE COUNTY

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

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

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

7. Long-Term Obligations/Conduit Debt (cont.)

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

The county does not engage in conduit debt transactions.

8. Claims and Judgments

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

9. Equity Classifications

Government–Wide Statements

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

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

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

EAU CLAIRE COUNTY

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

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

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

9. Equity Classifications (cont.)

Fund Statements

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

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the county board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the county board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The county board may take official action to assign amounts. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

EAU CLAIRE COUNTY

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

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

A budget has been adopted for all governmental and enterprise funds.

The budgeted amounts presented include any amendments made during the year. The finance committee may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$1,725,593. Budgets are adopted at the department level of expenditure.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following individual funds had an excess of expenditures over appropriations:

Fund	Expenditures		
	Budgeted	Actual	Excess
Human Services	\$ 23,981,974	\$ 29,241,459	\$ 5,259,485
Debt Service	4,321,764	4,372,401	50,637
Airport	1,249,769	2,033,538	783,769
Watershed	101,000	109,206	8,206
Anti-Drug	403,212	472,329	69,117

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

C. DEFICIT BALANCES

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

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

Fund	Amount	Reason
Anti-Drug	\$ 129,950	Excess expenditures over revenues
Capital Projects	5,499,802	Excess expenditures over revenues

The Anti-Drug fund deficit is anticipated to be funded with future contributions or general tax revenues. The Capital Projects fund deficit is expected to be funded with a future contribution from the City of Eau Claire for their share of the new jail construction project.

EAU CLAIRE COUNTY

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

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

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

As part of Wisconsin's State Budget Bill (1993 Act 16), new legislation was passed that limits the county's future tax levy rates. Generally, the county is limited to its 1992 tax levy rate, based upon current legislation (State Statutes 59.605(2)). However, this limitation does not affect debt authorized prior to August 12, 1993 or refunding bonds.

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

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

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

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

The county is in compliance with the limitation.

E. LIMITATIONS ON THE COUNTY'S TAX LEVY

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

EAU CLAIRE COUNTY

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

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank Balance	Associated Risks
Demand and time deposits	\$ 15,448,249	\$ 15,729,634	Custodial credit
U.S. agencies	2,851,686	2,851,686	Custodial credit, credit, concentration of credit, interest rate
Commercial paper	553,239	553,239	Custodial credit, credit, concentration of credit, interest rate
Municipal bonds	579,157	579,157	Custodial credit, credit, concentration of credit, interest rate
Corporate notes	2,784,329	2,784,329	Custodial credit, credit, concentration of credit, interest rate
Negotiable CD	249,000	249,000	Custodial credit, credit, concentration of credit, interest rate
U.S. treasuries	511,784	511,784	Custodial credit, interest rate
Mutual funds	290,930	290,930	None
WWMIC escrow pool	263,089	263,089	Credit
LGIP	1,742,904	1,742,904	Credit
Petty cash	3,640	3,640	N/A
Total Cash and Investments	\$ 25,278,007	\$ 25,559,392	
Reconciliation to financial statements			
Per statement of net position			
Cash and investments	\$ 12,824,468		
Restricted cash and investments	263,090		
Per statement of net position –			
fiduciary funds – agency	12,190,449		
Total Cash and Investments	\$ 25,278,007		

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

EAU CLAIRE COUNTY

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

As of December 31, 2012, the county did not have any collateral agreements.

Custodial Credit Risk

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

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

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

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

Credit Risk

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

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

Investment Type	Fitch Ratings	Moody's Investor Service	Standard & Poor's
US Agencies – explicitly guaranteed	AAA	Aaa	AA+
US Agencies – implicitly guaranteed	AAA	AAA	AA+
Commercial paper	Unknown	Unknown	Unknown
Municipal Bonds	AAA/AA2/AA	AAA/AA2/AA1	AA/AA-/A+
Corporate Notes	AAA/AA/AA-/A+/A/A1	AAA/AA3/AA2/AA1/A2/A1	AAA/AA+/AA/AA/A+/A/BBB-AA+
Negotiable CD	Not Rated	Aaa	AA+

The county also had the following investments which are not rated:

- LGIP
- WMMIC escrow pool

EAU CLAIRE COUNTY

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

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

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

Interest Rate Risk

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

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

Investment Type	Fair Value	Maturity (in years)		
		Less than 1 year	2 - 5	5 - 39
U.S. agencies	\$ 2,851,686	\$ -	\$ 802,145	\$ 2,049,541
Commercial paper	553,239	553,239	-	-
Municipal bonds	579,157	60,111	519,046	-
Corporate notes	2,784,329	187,224	2,004,964	592,141
Negotiable CD	249,000	249,000	-	-
U.S. treasuries	511,784	60,291	420,426	31,067
Totals	<u>\$ 7,529,195</u>	<u>\$ 1,109,865</u>	<u>\$ 3,746,581</u>	<u>\$ 2,672,749</u>

B. RECEIVABLES

All of the receivables are expected to be collected within one year except for \$3,873,886 in the general fund. There is an allowance for uncollectible amounts of \$8,210 in the general fund.

EAU CLAIRE COUNTY

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

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

B. RECEIVABLES (cont.)

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

	Unavailable	Unearned	Totals
Property taxes receivable	\$ 357,470	\$ 23,182,748	\$ 23,540,218
Grant receivable	-	16,659	16,659
Loans receivable	1,045,096	-	1,045,096
Miscellaneous receivables	132,451	40,585	173,036
 Total Deferred/Unearned Revenue for Governmental Funds	 \$ 1,535,017	 \$ 23,239,992	 \$ 24,775,009

Delinquent property taxes purchased from other taxing authorities are reflected as nonspendable fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available for current expenditures and are therefore excluded from the nonspendable fund balance. For the year ended December 31, 2012, such collections aggregated \$393,275, of which \$61,194 was levied by the county. Delinquent property taxes levied by the county are reflected as deferred revenue and are excluded from the fund balance until collected. At December 31, 2012, delinquent property taxes by year levied consists of the following:

	Total	County Levied	County Purchased
Tax Certificates			
2011	\$ 1,658,002	\$ 160,681	\$ 1,497,321
2010	668,228	103,375	564,853
2009	253,263	38,623	214,640
2008	46,341	7,109	39,232
2007	21,114	3,224	17,890
2006	11,650	1,703	9,947
2005	11,379	1,764	9,615
2004	2,846	437	2,409
2003	1,049	155	894
2002 and prior	25,350	4,291	21,059
Subtotals			
Tax deeds	41,961	6,530	35,431
Special assessment tax certificates	271,227	-	271,227
 Total Delinquent Property Taxes Receivable	 \$ 3,012,410	 \$ 327,892	 \$ 2,684,518

EAU CLAIRE COUNTY

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

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

C. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 3,420,059	\$ 1,000	\$ 1,000	\$ 3,420,059
Right of way	1,529,964	-	-	1,529,964
Construction in progress	30,959,515	18,786,807	27,689,911	22,056,411
Total Capital Assets Not Being Depreciated	\$ 35,909,538	\$ 18,787,807	\$ 27,690,911	\$ 27,006,434
Capital assets being depreciated				
Land improvements	\$ 2,109,309	\$ 144,690	\$ -	\$ 2,253,999
Buildings	28,783,378	27,723,928	3,713,098	52,794,208
Machinery and equipment	4,428,909	295,872	-	4,724,781
Roads	111,137,836	3,622,700	3,045,600	111,714,936
Culverts	987,711	-	-	987,711
Traffic signals	85,300	-	-	85,300
Bridges	4,361,150	-	-	4,361,150
Total Capital Assets Being Depreciated	151,893,593	31,787,190	6,758,698	176,922,085
Less: Accumulated depreciation for				
Land improvements	(520,838)	(34,271)	-	(555,109)
Buildings	(12,362,429)	(1,138,281)	1,715,474	(11,785,236)
Machinery and equipment	(3,369,496)	(464,172)	-	(3,833,668)
Roads	(44,966,700)	(2,698,000)	1,733,000	(45,931,700)
Culverts	(375,000)	(17,000)	-	(392,000)
Traffic signals	(54,400)	(3,400)	-	(57,800)
Bridges	(2,141,500)	(71,600)	-	(2,213,100)
Total Accumulated Depreciation	(63,790,363)	(4,426,724)	3,448,474	(64,768,613)
Capital Assets, Net of Depreciation	\$ 88,103,230	\$ 27,360,466	\$ 3,310,224	\$ 112,153,472

EAU CLAIRE COUNTY

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

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$	340,451
Public safety		978,646
Public works, which includes the depreciation of roads, bridges, culverts and signal systems		2,790,000
Health and human services		103,861
Culture, recreation and education		189,976
Conservation and development		<u>23,790</u>
 Total Governmental Activities Depreciation Expense	 \$	 <u>4,426,724</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 2,045,674	\$ -	\$ -	\$ 2,045,674
Construction in progress	<u>551,437</u>	<u>67,277</u>	<u>-</u>	<u>618,714</u>
 Total Capital Assets Not Being Depreciated	 <u>\$ 2,597,111</u>	 <u>\$ 67,277</u>	 <u>\$ -</u>	 <u>\$ 2,664,388</u>
 Capital assets being depreciated				
Land improvements	\$ 16,236,166	\$ 1,339,303	\$ -	\$ 17,575,469
Buildings	21,607,339	2,384,581	-	23,991,920
Machinery and equipment	<u>11,596,072</u>	<u>428,097</u>	<u>234,690</u>	<u>11,789,479</u>
Total Capital Assets Being Depreciated	<u>49,439,577</u>	<u>4,151,981</u>	<u>234,690</u>	<u>53,356,868</u>
 Less: Accumulated depreciation for				
Land improvements	(6,953,416)	(507,175)	-	(7,460,591)
Buildings	(6,664,364)	(660,196)	-	(7,324,560)
Machinery and equipment	<u>(7,148,336)</u>	<u>(492,524)</u>	<u>200,638</u>	<u>(7,440,222)</u>
Total Accumulated Depreciation	<u>(20,766,116)</u>	<u>(1,659,895)</u>	<u>200,638</u>	<u>(22,225,373)</u>
 Capital Assets, Net of Depreciation	 <u>\$ 28,673,461</u>	 <u>\$ 2,492,086</u>	 <u>\$ 34,052</u>	 <u>\$ 31,131,495</u>

EAU CLAIRE COUNTY

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

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Highway	\$ 475,879
Airport	<u>1,184,016</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 1,659,895</u>

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Human Services	\$ 34,950
General Fund	Capital Projects	3,561,176
General Fund	Watershed	47,226
General Fund	Anti-Drug	126,026
General Fund	Car Fleet	<u>8,391</u>
 Subtotal – Fund Financial Statements		 3,777,769
 Less: Fund eliminations		 <u>3,777,769</u>
 Total – Government-Wide Statement of Net Position		 <u>\$ -</u>

The principal purpose of these interfunds is to cover cash overdrafts in the payable funds. All amounts are due within one year.

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

EAU CLAIRE COUNTY

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

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

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

Advances

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	Airport	\$ 594,054	\$ 581,437
Add: Adjustment to reflect internal service fund activities related to the enterprise funds		<u>127,437</u>	<u>127,437</u>
Total – Government-Wide Statement of Net Position		<u>\$ 721,491</u>	<u>\$ 708,874</u>

The purpose of the advance to the airport was to finance a land purchase. Repayment of advance and interest of 4% is due through 2039. For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Highway Department	\$ 131,352	Winter maintenance reserve
Highway Department	General Fund	(149,051)	Landfill surcharge
Highway Department	Capital Projects	<u>(3,150,000)</u>	Highway projects
Subtotal – Fund Financial Statements		(3,167,699)	
Add: Contribution of infrastructure from business type activities		<u>2,861,264</u>	
Total – Government-Wide Statement of Activities		<u>\$ (306,435)</u>	

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

EAU CLAIRE COUNTY

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

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

E. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 54,435,000	\$ -	\$ 2,515,000	\$ 51,920,000	\$ 2,220,000
Add/(Subtract) Deferred Amounts For:					
(Discounts)/Premiums	431,897	-	40,607	391,290	N/A
Subtotals	54,866,897	-	2,555,607	52,311,290	2,220,000
Other Liabilities					
Vested compensated absences	2,401,698	2,172,244	1,808,145	2,765,797	2,081,482
Post retirement benefits	2,239,126	595,666	-	2,834,792	N/A
Unpaid self-insurance claims	906,057	134,600	136,000	904,657	135,700
Long-term payable to City of Eau Claire	124,938	-	3,786	121,152	5,679
Total Other Liabilities	5,671,819	2,902,510	1,947,931	6,626,398	2,222,861
Total Governmental Activities Long-Term Liabilities	\$ 60,538,716	\$ 2,902,510	\$ 4,503,538	\$ 58,937,688	\$ 4,442,861
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 610,629	\$ -	\$ 42,915	\$ 567,714	\$ 45,144
Other Liabilities					
Vested compensated absences	312,970	276,894	244,580	345,284	273,983
Post retirement benefits	356,818	92,409	-	449,227	N/A
Total Other Liabilities	669,788	369,303	244,580	794,511	273,983
Total Business-type Activities Long-Term Liabilities	\$ 1,280,417	\$ 369,303	\$ 287,495	\$ 1,362,225	\$ 319,127

EAU CLAIRE COUNTY

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

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the county may not exceed 5% of the equalized value of taxable property within the county's jurisdiction. The debt limit as of December 31, 2012, was \$336,102,510. Total general obligation debt outstanding at year end was \$52,847,714.

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-12</u>
<u>General Obligation Debt</u>					
General obligation bond	4/08	12/2027	3.25-5.00%	\$25,000,000	\$ 17,455,000
General obligation bond	4/08	12/2016	3.00-3.75%	2,700,000	1,450,000
General obligation bond	10/10	9/2020	2.00-3.00%	5,080,000	3,070,000
General obligation bond	10/10	9/2030	3.70-5.10%	9,190,000	9,190,000
General obligation bond	12/11	9/2015	1.00-2.00%	4,000,000	2,755,000
General obligation bond	12/11	9/2031	3.00-4.00%	18,000,000	18,000,000
Total Governmental Activities – General Obligation Debt					<u>\$ 51,920,000</u>

<u>Business-type Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-12</u>
<u>General Obligation Debt</u>					
State trust fund loan	9/02	3/2022	5.00%	\$ 867,408	<u>\$ 567,714</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 2,220,000	\$ 2,004,878	\$ 45,144	\$ 28,385
2014	2,270,000	1,953,153	47,402	26,128
2015	2,325,000	1,893,791	49,772	23,758
2016	2,085,000	1,831,916	52,202	21,328
2017	2,145,000	1,765,091	54,870	18,660
2018 – 2022	11,865,000	7,639,376	318,324	49,326
2023 – 2027	14,805,000	5,067,432	-	-
2028 – 2031	14,205,000	1,566,980	-	-
Totals	<u>\$ 51,920,000</u>	<u>\$ 23,722,617</u>	<u>\$ 567,714</u>	<u>\$ 167,585</u>

EAU CLAIRE COUNTY

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

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

E. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of compensated absences, post retirement benefits, and unpaid self-insurance claims are not included in the debt service requirement schedules. The compensated absences, post retirement benefits, unpaid self-insurance claims attributable to governmental activities will be liquidated primarily by the general fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The county believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

F. NET POSITION/FUND BALANCES

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

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 4,950,023
Construction in progress	22,056,411
Other capital assets, net of accumulated depreciation	112,153,472
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(51,920,000)</u>
Total Net Investment in Capital Assets	87,239,906
Restricted for insurance escrow	1,262,821
Restricted for debt service	3,358,010
Restricted for recycling	84,693
Restricted for specialized transportation services	77,259
Unrestricted	<u>2,753,349</u>
Total Governmental Activities Net Position	<u>\$ 94,776,038</u>

EAU CLAIRE COUNTY

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

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

F. NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

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

	General Fund	Human Services	Debt Service	Capital Projects	Non-major funds	Totals
FUND BALANCES						
Nonspendable:						
Inventory and prepaid items	\$ 54,600	\$ 8,007	\$ -	\$ -	\$ -	62,607
Delinquent taxes	2,291,243	-	-	-	-	2,291,243
Long term advances	594,054	-	-	-	-	594,054
Restricted for:						
Recycling	-	-	-	-	84,693	84,693
Specialized transportation	-	-	-	-	77,259	77,259
Future debt service payments	-	-	3,968,103	-	-	3,968,103
Assigned to:						
Balance subsequent year budget	912,700	-	-	-	-	912,700
Future human services expenditures	-	449,275	-	-	-	449,275
Future ADRC expenditures	-	-	-	-	172,122	172,122
Future watershed expenditures	-	-	-	-	31,901	31,901
Unassigned (deficit):	<u>8,836,881</u>	<u>-</u>	<u>-</u>	<u>(5,499,802)</u>	<u>(129,950)</u>	<u>3,207,129</u>
Total Fund Balances	<u>\$ 12,689,478</u>	<u>\$ 457,282</u>	<u>\$ 3,968,103</u>	<u>\$ (5,499,802)</u>	<u>\$ 236,025</u>	<u>\$ 11,851,086</u>

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 2,045,674
Construction in progress	618,714
Other capital assets, net of accumulated depreciation	31,131,495
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	(567,714)
Total Net Investment in Capital Assets	33,228,169
Unrestricted	1,884,353
Total Business-type Activities Net Position	<u>\$ 35,112,522</u>

EAU CLAIRE COUNTY

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

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

G. SPECIAL ITEM

During 2012, the county converted its jail facility to general courthouse use, resulting in a loss on disposal of the jail building capital asset of \$1,997,624. This is shown as a special item on the statement of activities since it is a significant transaction that is unusual in nature, infrequent, and within the control of management.

H. COMPONENT UNIT - HOUSING AUTHORITY

This report contains the County Housing Authority (Authority), which is included as a component unit. Financial information is presented in the component unit column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

The Housing Authority's investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand and time deposits	\$ 513,446	\$ 516,113	Custodial credit risk

Custodial Credit Risk

For a deposit, custodial credit risk is the risk that in the event of a financial institution failure, the housing authority's deposits may not be returned to the housing authority. As of December 31, 2012, all of the housing authority's \$516,113 in bank balances was insured against depository failure.

The Authority's investment policy does not address custodial credit risk, credit risk, concentration of credit risk or interest rate risk.

EAU CLAIRE COUNTY

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

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

H. COMPONENT UNIT - HOUSING AUTHORITY (cont.)

c. Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Useful Lives (Years)</u>
Capital assets not being depreciated					
Land	\$ 178,400	\$ -	\$ -	\$ 178,400	-
 Total Capital Assets Not Being Depreciated	 <u>\$ 178,400</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 178,400</u>	
Capital assets being depreciated					
Buildings	\$ 2,268,862	\$ -	\$ -	\$ 2,268,862	20-40
Equipment	5,000	-	-	5,000	5-15
Total Capital Assets Being Depreciated	2,273,862	-	-	2,273,862	
Less: Accumulated depreciation	<u>(585,244)</u>	<u>(57,929)</u>	<u>-</u>	<u>(643,173)</u>	
 Net Capital Assets Being Depreciated	 <u>\$ 1,688,618</u>	 <u>\$ (57,929)</u>	 <u>\$ -</u>	 <u>\$ 1,630,689</u>	

d. Compensated Absences/Retirement benefits

The Housing Authority is staffed by Eau Claire County employees. Employees receive benefits according to their respective policies.

EAU CLAIRE COUNTY

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

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

H. COMPONENT UNIT - HOUSING AUTHORITY (cont.)

e. Long-Term Obligations

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Notes Payable	\$ 389,971	\$ -	\$ 15,694	\$ 374,277	\$ 16,165
Other Liabilities					
Other postemployment benefits	14,110	3,746	-	17,856	-
Other liabilities – FSS escrow	299	-	299	-	-
Vested compensated absences	<u>35,053</u>	<u>21,245</u>	<u>17,186</u>	<u>39,112</u>	<u>13,167</u>
Total Long-Term Obligations	<u>\$ 439,433</u>	<u>\$ 24,991</u>	<u>\$ 33,179</u>	<u>\$ 431,245</u>	<u>\$ 29,332</u>

<u>Notes Payable</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-2012</u>
Western Dairyland note payable	04/2006	04/2030	3.0%	\$ 440,784	<u>\$ 374,277</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 16,165	\$ 11,228
2014	16,650	10,743
2015	17,150	10,244
2016	17,664	9,729
2017	18,194	9,199
2018 – 2022	99,493	37,475
2023 – 2027	115,340	21,628
2028 – 2030	<u>73,621</u>	<u>4,336</u>
Totals	<u>\$ 374,277</u>	<u>\$ 114,582</u>

Estimated payments of compensated absences are not included in the debt service requirement schedules.

EAU CLAIRE COUNTY

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

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

H. COMPONENT UNIT - HOUSING AUTHORITY (cont.)

f. Net Position

Net position reported on the statement of net position at December 31, 2012 includes the following:

Net investment in capital assets	
Land	\$ 178,400
Other capital assets, net of accumulated depreciation	1,630,689
Less: related debt outstanding	<u>(374,277)</u>
Total Net Investment in Capital Assets	<u>1,434,812</u>
Restricted	
Revolving loan fund	1,916,923
Grant requirements	<u>68,200</u>
Total Restricted	<u>1,985,123</u>
Unrestricted	<u>278,135</u>
Total Net Position	<u>\$ 3,698,070</u>

g. Risk Management

The Housing Authority is insured through Eau Claire County. The county is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. Refer to Note IV.B. for further information.

h. Commitments

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

During 2003 the Housing Authority acquired the Fairchild Nursing Home from the U.S. Department of Housing and Urban Development (HUD). The Housing Authority renovated the facility into an elderly independent living housing facility in 2005. The intention of this project is to transfer the property and related notes payable to a not-for-profit organization which will be staffed with Eau Claire County employees. Agreements for staffing and transfer of property were made in 2004, but the transfer of property has not yet occurred.

EAU CLAIRE COUNTY

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

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

H. COMPONENT UNIT - HOUSING AUTHORITY (cont.)

i. Related Parties

Eau Claire County provides various administrative services and facilities to the Housing Authority. No estimate of cost for these services is included in the financial statements. The county also pays for the Housing Authority's retirement plan and other employee benefits for which the Housing Authority reimburses the county on a quarterly basis. No liability has been provided in these financial statements for any unfunded actuarial liability that may exist.

j. Economic Dependency

The Housing Authority is economically dependent on annual contributions and grants from HUD. The Housing Authority operates at a loss prior to receiving contributions and grants from HUD.

k. Other Postemployment Benefits

The Housing Authority has implemented GASB Statement No. 45 – *Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions*, which establishes standards for the measurement, regulation, and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Eau Claire County provides staffing for the Housing Authority operations. Upon retirement, these county employees receive benefits according to Eau Claire County's policies. See the other postemployment benefits note and required supplementary information in the reporting entity's financial statements for further details.

EAU CLAIRE COUNTY

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

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

The payroll for county employees covered by WRS for the year ended December 31, 2012 was \$23,812,833; the employer's total payroll was \$24,708,716. The total required contribution for the year ended December 31, 2012 was \$3,059,418 or 12.8 percent of covered payroll. Of this amount, 58.65 percent was contributed for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$2,916,677 and \$2,622,565, respectively, equal to the required contributions for each year.

EAU CLAIRE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

The county did not have any pension related debt at year end.

B. RISK MANAGEMENT

The county is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees.

For theft and property damage claims, the uninsured risk of loss is \$5,000 per incident and unlimited in the aggregate for a policy year. The county purchases commercial insurance to provide coverage for losses for theft and property damage and health coverage. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Public Entity Risk Pool

Wisconsin Municipal Mutual Insurance Company (WMMIC) is a mutual company operating solely within the property and liability insurance industry. WMMIC was organized to provide liability insurance and risk management services to participant municipalities. The aggregate annual maximum coverage per member is \$5,000,000. At December 31, 2012, WMMIC was owned by seventeen members. Responsibility for the operation and management of WMMIC is vested in its board of directors which is comprised of various municipal officials.

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

EAU CLAIRE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

WMMIC is self-insured for all insurance risks up to a maximum of \$5,000,000 of losses involving two or more of its members. WMMIC retains the first \$1,000,000 of the loss and the remaining \$4,000,000 is through reinsurance. Losses paid by WMMIC plus administrative costs will be recovered through premiums of the participating pool of municipalities. The county's share of such losses is 3.72%. A list of other members and their share of participation is in the WMMIC report. Financial statements of WMMIC are available from: Wisconsin Municipal Mutual Insurance Company, 4785 Hayes Road, Madison, WI 53704-7364.

In accordance with generally accepted accounting principles, its investment in the company of \$999,731 (original capitalization of \$937,000, plus an additional capital deposit of \$62,731) is reflect in the county's risk management internal service fund balance sheet. Payments to WMMIC for current year insurance coverage are also reflected in the internal service fund.

All funds of the county participate in the risk management program and make payments to the Risk Management internal service fund. Workers' compensation charges are based primarily on payroll, worker classification, and claims experience. Charges for general liability are based primarily on exposure and claims experience.

The claims liabilities for general liability and workers' compensation are actuarially determined using a discount rate of 6%. At December 31, 2012, the county has recognized \$904,657 of incurred but not reported claims liabilities for workers' compensation and has net position of \$263,090 for self insurance losses related to workers' compensation.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The county does not allocate overhead costs or other non-incremental costs to the claims liability. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the claims liability balances during the past two fiscal years are as follows:

	Workers' Compensation	
	December 31, 2012	December 31, 2011
Unpaid claims, beginning of fiscal year	\$ 906,057	\$ 822,910
Incurred claims (including IBNRs) and changes in estimates	48,939	117,823
Claim payments	(50,339)	(34,676)
Unpaid Claims, End of Fiscal Year	\$ 904,657	\$ 906,057

EAU CLAIRE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

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

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

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

As of December 31, 2012, the county has open contracts totaling approximately \$3,200,000 with various contractors for work on the courthouse remodeling project. Work that has been completed on this project but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

D. OTHER POST EMPLOYMENT BENEFITS

The county's group health insurance plan (medical and dental) provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This provision results in another postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. Retired plan members are required to pay 100% of the premium. For fiscal year 2012, total retired member contributions were \$917,261. Administrative costs of the plan are financed by the county.

EAU CLAIRE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POST EMPLOYMENT BENEFITS (cont.)

The county's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the county's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the county's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	994,758
Interest on net OPEB obligation		76,729
Adjustment to annual required contribution		<u>(106,665)</u>
Annual OPEB cost		964,822
Contributions made		<u>(273,000)</u>
Increase in Net OPEB Obligation		691,822
Net OPEB Obligation – Beginning of Year		<u>2,610,054</u>
Net OPEB Obligation – End of Year	\$	<u><u>3,301,876</u></u>

The county's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010, 2011, and 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/10	\$ 926,463	24.5%	\$ 1,918,232
12/31/11	964,822	28.3%	2,610,054
12/31/12	964,822	28.3%	3,571,876

The funded status of the plans as of December 31, 2010, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	9,466,241
Actuarial value of plan assets		<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u><u>9,466,241</u></u>
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	23,812,833
UAAL as a percentage of covered payroll		39.75%

EAU CLAIRE COUNTY

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

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POST EMPLOYMENT BENEFITS (cont.)

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to 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 benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 8.9% initially, reduced by decrements to an ultimate rate of 4.7% in 2082. The plan's unfunded actuarial accrued liability is being amortized over 30 years from the valuation date in level dollar payments.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

EAU CLAIRE COUNTY

**BUDGETARY BASIS COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 17,857,936	\$ 17,857,936	\$ 18,815,872	\$ 957,936
Intergovernmental	4,621,734	4,621,734	4,738,523	116,789
Licenses and permits	223,765	223,765	263,875	40,110
Fines, forfeitures and penalties	1,015,435	1,015,435	785,328	(230,107)
Public charges for services	2,895,919	2,895,919	2,948,007	52,088
Intergovernmental charges for services	890,661	890,661	856,942	(33,719)
Interest income	784,247	784,247	256,436	(527,811)
Miscellaneous	771,510	771,510	837,633	66,123
Total Revenues	<u>29,061,207</u>	<u>29,061,207</u>	<u>29,502,616</u>	<u>441,409</u>
EXPENDITURES				
Current				
General government	11,324,866	11,324,866	10,841,775	483,091
Public safety	12,694,566	12,694,566	12,096,991	597,575
Health and human services	2,283,687	2,283,687	2,124,822	158,865
Culture, recreation, and education	1,578,279	1,578,279	1,529,750	48,529
Conservation and development	2,055,943	2,055,943	2,002,975	52,968
Total Expenditures	<u>29,937,341</u>	<u>29,937,341</u>	<u>28,596,313</u>	<u>1,341,028</u>
Excess (deficiency) of revenues over expenditures	<u>(876,134)</u>	<u>(876,134)</u>	<u>906,303</u>	<u>1,782,437</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	131,352	131,352
Transfers out	<u>(175,000)</u>	<u>(175,000)</u>	<u>(149,051)</u>	<u>25,949</u>
Total Other Financing Sources (Uses)	<u>(175,000)</u>	<u>(175,000)</u>	<u>(17,699)</u>	<u>157,301</u>
Change in fund balance - budgetary basis	<u>\$ (1,051,134)</u>	<u>\$ (1,051,134)</u>	888,604	<u>\$ 1,939,738</u>
Perspective differences - Juvenile Jail change in fund balance			<u>(42,702)</u>	
Net change in fund balance - GAAP basis			<u>\$ 845,902</u>	

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

EAU CLAIRE COUNTY

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 7,989,723	\$ 7,989,723	\$ 7,956,623	\$ (33,100)
Intergovernmental	13,704,789	13,704,789	17,833,344	4,128,555
Public charges for services	1,240,288	1,240,288	1,331,624	91,336
Intergovernmental charges for services	994,174	994,174	1,076,820	82,646
Miscellaneous	53,000	53,000	73,154	20,154
Total Revenues	<u>23,981,974</u>	<u>23,981,974</u>	<u>28,271,565</u>	<u>4,289,591</u>
EXPENDITURES				
Current				
Health and human services	<u>23,981,974</u>	<u>23,981,974</u>	<u>29,241,459</u>	<u>(5,259,485)</u>
Net change in fund balance	-	-	(969,894)	(969,894)
FUND BALANCE - Beginning of Year	<u>1,427,176</u>	<u>1,427,176</u>	<u>1,427,176</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,427,176</u>	<u>\$ 1,427,176</u>	<u>\$ 457,282</u>	<u>\$ (969,894)</u>

EAU CLAIRE COUNTY

SCHEDULE OF FUNDING PROGRESS FOR RETIREE'S HEALTH PLAN For the Year Ended December 31, 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2010	\$ -	\$ 9,466,241	\$ 9,466,241	0%	\$ 23,108,111	41.0%
1/1/2008	-	7,641,007	7,641,007	0%	22,640,571	33.7%

The County is required to present the above information for the three most recent actuarial studies. The study completed as of January 1, 2008 was the first study performed for the County.

EAU CLAIRE COUNTY

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

BUDGETARY INFORMATION

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

FUNDING PROGRESS DATA

Data in the schedule of funding progress was taken from the reports issued by the actuary.

SUPPLEMENTARY INFORMATION

EAU CLAIRE COUNTY

BUDGETARY COMPARISON SCHEDULE OF REVENUES BY DEPARTMENT GENERAL FUND

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General	\$ 20,501,499	\$ 20,501,499	\$ 21,565,728	\$ 1,064,229
Courts	1,571,085	1,571,085	1,352,712	(218,373)
Register of probate	42,000	42,000	32,774	(9,226)
Juvenile office	21,231	21,231	54,439	33,208
County administration	924,650	924,650	478,653	(445,997)
County clerk	38,630	38,630	41,029	2,399
Data processing	101,250	101,250	93,822	(7,428)
Purchasing	187,664	187,664	210,822	23,158
Finance department	713,007	713,007	700,486	(12,521)
Treasurer	83,300	83,300	72,583	(10,717)
District attorney	381,876	381,876	321,273	(60,603)
Corporation counsel	32,660	32,660	38,577	5,917
Register of deeds	727,500	727,500	834,430	106,930
Planning and development	712,974	712,974	745,033	32,059
Sheriff	1,005,490	1,005,490	911,883	(93,607)
Child support	1,039,366	1,039,366	1,007,641	(31,725)
Veteran's service	13,320	13,320	43,000	29,680
Extension office	113,148	113,148	128,978	15,830
Parks and forests	850,557	850,557	1,000,105	149,548
TOTALS	\$ 29,061,207	\$ 29,061,207	\$ 29,633,968	\$ 572,761

EAU CLAIRE COUNTY

BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES BY DEPARTMENT GENERAL FUND

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
County board	\$ 140,430	\$ 140,430	\$ 126,388	\$ (14,042)
Courts	2,349,383	2,349,383	2,297,569	(51,814)
Register of probate	4,353	4,353	189,166	184,813
Juvenile office	594,358	594,358	530,273	(64,085)
County administrator	1,407,852	1,407,852	1,144,908	(262,944)
County clerk	279,480	279,480	255,488	(23,992)
Personnel	377,463	377,463	383,092	5,629
Data processing	1,229,456	1,229,456	1,205,359	(24,097)
Purchasing	379,231	379,231	389,856	10,625
Finance department	2,397,911	2,397,911	2,343,137	(54,774)
Treasurer	339,411	339,411	346,223	6,812
District attorney	801,267	801,267	782,839	(18,428)
Corporation counsel	722,635	722,635	716,566	(6,069)
Register of deeds	398,976	398,976	376,911	(22,065)
Planning and development	1,887,050	1,887,050	1,782,566	(104,484)
Maintenance	2,111,963	2,111,963	1,777,064	(334,899)
Sheriff	11,959,840	11,959,840	11,465,777	(494,063)
Child support	1,185,700	1,185,700	1,039,990	(145,710)
Veterans office	200,311	200,311	197,379	(2,932)
Extension office	441,619	441,619	554,661	113,042
Parks and forest	903,652	903,652	840,152	(63,500)
TOTALS	\$ 30,112,341	\$ 30,112,341	\$ 28,745,364	\$ (1,366,977)

EAU CLAIRE COUNTY

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

	Special Revenue				Total Nonmajor Funds
	Watershed	Recycling	Anti- Drug	Aging and Disability Resource Center	
ASSETS					
Cash	\$ -	\$ 151,783	\$ -	\$ 150,319	\$ 302,102
Taxes receivable	12,000	-	174,471	94,394	280,865
Accounts receivable	-	36,164	-	189,634	225,798
Due from other governments	98,802	-	50,787	266,254	415,843
TOTAL ASSETS	<u>\$ 110,802</u>	<u>\$ 187,947</u>	<u>\$ 225,258</u>	<u>\$ 700,601</u>	<u>\$ 1,224,608</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 19,675	\$ 103,254	\$ 36,892	\$ 54,725	\$ 214,546
Accrued liabilities	-	-	17,819	85,421	103,240
Due to other governments	-	-	-	67,570	67,570
Due to other funds	47,226	-	126,026	-	173,252
Deferred revenues	12,000	-	174,471	243,504	429,975
Total Liabilities	<u>78,901</u>	<u>103,254</u>	<u>355,208</u>	<u>451,220</u>	<u>988,583</u>
Fund Balances					
Restricted	-	84,693	-	77,259	161,952
Assigned	31,901	-	-	172,122	204,023
Unassigned (deficit)	-	-	(129,950)	-	(129,950)
Total Fund Balances	<u>31,901</u>	<u>84,693</u>	<u>(129,950)</u>	<u>249,381</u>	<u>236,025</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 110,802</u>	<u>\$ 187,947</u>	<u>\$ 225,258</u>	<u>\$ 700,601</u>	<u>\$ 1,224,608</u>

EAU CLAIRE COUNTY

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

	Special Revenue				Total Nonmajor Funds
	Watershed	Recycling	Anti- Drug	Aging and Disability Resource Center	
REVENUES					
Taxes	\$ 12,000	\$ -	\$ 247,103	\$ 94,394	\$ 353,497
Intergovernmental	100,656	486,791	54,341	1,943,204	2,584,992
Public charges for services	-	777,355	-	281,867	1,059,222
Intergovernmental charges for services	-	-	-	42,701	42,701
Miscellaneous	-	-	70,380	185,784	256,164
Total Revenues	<u>112,656</u>	<u>1,264,146</u>	<u>371,824</u>	<u>2,547,950</u>	<u>4,296,576</u>
EXPENDITURES					
Current					
Public safety	-	-	472,329	-	472,329
Public works	-	1,054,729	-	-	1,054,729
Health and human services	-	-	-	2,575,112	2,575,112
Conservation and development	109,206	-	-	-	109,206
Total Expenditures	<u>109,206</u>	<u>1,054,729</u>	<u>472,329</u>	<u>2,575,112</u>	<u>4,211,376</u>
Net change in fund balances	3,450	209,417	(100,505)	(27,162)	85,200
FUND BALANCES (DEFICIT) - Beginning of Year	<u>28,451</u>	<u>(124,724)</u>	<u>(29,445)</u>	<u>276,543</u>	<u>150,825</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 31,901</u>	<u>\$ 84,693</u>	<u>\$ (129,950)</u>	<u>\$ 249,381</u>	<u>\$ 236,025</u>

EAU CLAIRE COUNTY

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

	<u>Risk Management</u>	<u>Car Fleet</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and investments	\$ 111,135	\$ -	\$ 111,135
Accounts receivable	55,552	-	55,552
Total Current Assets	<u>166,687</u>	<u>-</u>	<u>166,687</u>
Noncurrent Assets			
Restricted assets:			
Escrow accounts	263,090	-	263,090
Deposit in insurance pool	999,731	-	999,731
Capital assets:			
Equipment	-	201,711	201,711
Less: Accumulated depreciation	-	(178,206)	(178,206)
Total Noncurrent Assets	<u>1,262,821</u>	<u>23,505</u>	<u>1,286,326</u>
Total Assets	<u>1,429,508</u>	<u>23,505</u>	<u>1,453,013</u>
LIABILITIES			
Current Liabilities			
Accounts payable	9,093	-	9,093
Accrued payroll and payroll taxes	2,910	318	3,228
Due to other funds	-	8,391	8,391
Current portion of claims payable	135,700	-	135,700
Total Current Liabilities	147,703	8,709	156,412
Noncurrent Liabilities			
Claims payable	768,957	-	768,957
Total Liabilities	<u>916,660</u>	<u>8,709</u>	<u>925,369</u>
NET POSITION			
Net investment in capital assets	-	23,505	23,505
Restricted for insurance escrow	1,262,821	-	1,262,821
Unrestricted (deficit)	(749,973)	(8,709)	(758,682)
TOTAL NET POSITION	<u>\$ 512,848</u>	<u>\$ 14,796</u>	<u>\$ 527,644</u>

EAU CLAIRE COUNTY

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

	<u>Risk Management</u>	<u>Car Fleet</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	<u>\$ 843,329</u>	<u>\$ 42,460</u>	<u>\$ 885,789</u>
OPERATING EXPENSES			
Personal services	131,759	10,730	142,489
Contractual services	21,010	17,140	38,150
Supplies and materials	277,610	6,362	283,972
Depreciation	-	18,254	18,254
Claims	<u>321,123</u>	<u>-</u>	<u>321,123</u>
Total Operating Expenses	<u>751,502</u>	<u>52,486</u>	<u>803,988</u>
Operating Income (Loss)	<u>91,827</u>	<u>(10,026)</u>	<u>81,801</u>
NONOPERATING REVENUES			
Investment income	25,232	-	25,232
Intergovernmental grants	27,950	-	27,950
Miscellaneous non-operating revenues	<u>25,235</u>	<u>-</u>	<u>25,235</u>
Total Nonoperating Revenues	<u>78,417</u>	<u>-</u>	<u>78,417</u>
Change in net position	170,244	(10,026)	160,218
NET POSITION - Beginning of Year	<u>342,604</u>	<u>24,822</u>	<u>367,426</u>
NET POSITION - END OF YEAR	<u>\$ 512,848</u>	<u>\$ 14,796</u>	<u>\$ 527,644</u>

EAU CLAIRE COUNTY

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

	Risk Management	Car Fleet	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 818,224	\$ 42,460	\$ 860,684
Cash payments to suppliers for goods and services	(315,418)	(32,529)	(347,947)
Claims paid	(322,523)	-	(322,523)
Cash payments to employees for services	(135,184)	(10,821)	(146,005)
Net Cash Provided by Operating Activities	45,099	(890)	44,209
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants received	53,185	-	53,185
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	25,232	-	25,232
Net Increase (Decrease) in Cash and Cash Equivalents	123,516	(890)	122,626
CASH AND CASH EQUIVALENTS - Beginning of Year	250,709	890	251,599
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 374,225	\$ -	\$ 374,225
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Per Statement of Net Position:			
Current assets - cash and investments	\$ 111,135	\$ -	\$ 111,135
Noncurrent assets - restricted assets - escrow accounts	263,090	-	263,090
PER STATEMENT OF CASH FLOWS	\$ 374,225	\$ -	\$ 374,225

	<u>Risk Management</u>	<u>Car Fleet</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH			
 FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 91,827	\$ (10,026)	\$ 81,801
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	18,254	18,254
Change in assets and liabilities			
Accounts receivable	2,845	-	2,845
Accounts payable	(16,798)	(17,409)	(34,207)
Due to other funds	-	8,391	8,391
Deferred credits	(27,950)	-	(27,950)
Accrued liabilities	(4,825)	(100)	(4,925)
	<u> </u>	<u> </u>	<u> </u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 45,099</u>	<u>\$ (890)</u>	<u>\$ 44,209</u>

NONCASH CAPITAL, INVESTING, AND FINANCING ACTIVITIES: None

EAU CLAIRE COUNTY

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 As of December 31, 2012

	Sunshine Account	Sheriff Huber Account	District Attorney	Human Services Rep. Payee	Clerk of Courts	West Central Drug Account	Lower Chippewa River Basin	Tax Agency	Totals
ASSETS									
Cash and investments	\$ 922	\$ 271,997	\$ 6,024	\$ 409,974	\$ 686,400	\$ 183,643	\$ 29,653	\$ 10,601,836	\$ 12,190,449
Taxes receivable	-	-	-	-	-	-	-	1,953,203	1,953,203
TOTAL ASSETS	<u>\$ 922</u>	<u>\$ 271,997</u>	<u>\$ 6,024</u>	<u>\$ 409,974</u>	<u>\$ 686,400</u>	<u>\$ 183,643</u>	<u>\$ 29,653</u>	<u>\$ 12,555,039</u>	<u>\$ 14,143,652</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ 50
Due to other taxing units	-	-	-	-	-	-	-	12,554,989	12,554,989
Deposits	922	271,997	6,024	409,974	686,400	183,643	29,653	-	1,588,613
TOTAL LIABILITIES	<u>\$ 922</u>	<u>\$ 271,997</u>	<u>\$ 6,024</u>	<u>\$ 409,974</u>	<u>\$ 686,400</u>	<u>\$ 183,643</u>	<u>\$ 29,653</u>	<u>\$ 12,555,039</u>	<u>\$ 14,143,652</u>