

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

**WASHBURN COUNTY, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2012**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	14
STATEMENT OF ACTIVITIES	15
BALANCE SHEET – GOVERNMENTAL FUNDS	16
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES	17
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	18
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES	19
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	20
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	21
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	22
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	23
NOTES TO BASIC FINANCIAL STATEMENTS	24
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULES	
1 - BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	51
2 - BUDGETARY COMPARISON SCHEDULE – HUMAN SERVICES FUND	52
3 - BUDGETARY COMPARISON SCHEDULE – FORESTRY FUND	53
4 - SCHEDULE OF FUNDING PROGRESS	54
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	55
SUPPLEMENTARY INFORMATION	
SCHEDULES	
COMBINING AND INDIVIDUAL FUND STATEMENTS	
NONMAJOR GOVERNMENTAL FUNDS	
A-1 – COMBINING BALANCE SHEET	56
A-2 – COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	58

**WASHBURN COUNTY, WISCONSIN
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2012**

SUPPLEMENTARY INFORMATION (CONTINUED)

SCHEDULES (CONTINUED)

COMBINING AND INDIVIDUAL FUND STATEMENTS (CONTINUED)

GENERAL FUND

B-1 – DETAILED BALANCE SHEET 60

B-2 – DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL 61

INTERNAL SERVICE FUNDS

C-1 – COMBINING STATEMENT OF NET POSITION 69

C-2 – COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION 70

C-3 – COMBINING STATEMENT OF CASH FLOWS 71

C-4 – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET
POSITION – HIGHWAY DEPARTMENT 72

AGENCY FUND

D-1 – COMBINING STATEMENT OF NET POSITION 73



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INDEPENDENT AUDITORS' REPORT

Honorable Members of the Board of Supervisors
Washburn County, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Washburn County Industrial Development Agency, LTD., which represents 100% of assets, net position and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report thereon, has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Washburn County Industrial Development Agency, LTD., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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



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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Washburn County, Wisconsin as of December 31, 2012, and the respective changes in the financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The individual and combining fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The individual and combining fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the County's basic financial statements for the year ended December 31, 2011 which are not presented with the accompanying financial statements. In our report dated July 2, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The 2011 individual and combining fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and

The County Board
Washburn County

reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 individual and combining fund statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2013 on our consideration of County's internal control over financial reporting and on our tests on its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



CliftonLarsonAllen LLP

Rice Lake, Wisconsin

July 29, 2013

**WASHBURN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

As management of Washburn County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Washburn County for the year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the County's financial statements, which begin on page 14 following this narrative.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2012 include the following:

- The assets of Washburn County exceeded its liabilities at the close of the most recent fiscal year by \$71,597,188 (net position). Of this amount, \$48,719,378 represented the County's net investment in capital assets, \$3,437,665 was held for restricted purposes, and \$19,440,145 was unrestricted. The unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.
- During the fiscal year, the County's total net position increased by \$99,526. The increase in net position is primarily attributable to the excess of funding included in the budget for capital assets and debt retirement over the amount of depreciation expense recognized during the year.
- At the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$19,641,149, an increase of \$1,274,632 over the previous year. The increase was primarily attributable to increases in the General Fund, Human Services Fund and Capital Improvement Program Fund.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$4,337,120 or 39.5% of total general fund expenditures.
- The County had general obligation debt outstanding at December 31, 2012 totaling \$2,775,000 a decrease of \$1,285,000 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

**WASHBURN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements are designed to distinguish functions of Washburn County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, public works, health and human services, culture, recreation and education, and conservation and development. The County had no programs that were accounted for as business-type activities.

The government-wide financial statements can be found beginning on page 14 of this report.

Fund Financial Statements

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

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

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

**WASHBURN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

Washburn County maintains twenty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the human services special revenue fund, the debt service fund, the capital improvements program capital projects fund and the forestry special revenue fund, all of which are considered to be major funds. Data from the other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Proprietary Funds. There are two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County had no activities accounted for in enterprise funds during the year. Washburn County uses internal service funds to account for its highway department operations and to allocate its copy machine costs. Because these services benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found beginning on page 20 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Data from fiduciary funds are combined into a single aggregate presentation. Individual fund data for each fiduciary fund is provided in the form of combining statements elsewhere in this report.

The basic fiduciary fund financial statements can be found beginning on page 23 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 24 of this report.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information on the general fund and major special revenue fund budgets as well as a schedule of funding progress for the other postemployment benefits. Required supplementary information can be found beginning on page 51 of this report. The combining statements referred to earlier in connection with nonmajor governmental and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on page 56 of this report.

**WASHBURN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Washburn County, assets exceeded liabilities by \$71,597,188 at the close of the most recent fiscal year. The largest portion of Washburn County's net position (68.0%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following is a summary of the County's statement of net position as of December 31, 2012 and 2011:

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

	Governmental Activities	
	2012	2011
Current Assets	\$ 37,178,999	\$ 36,106,215
Capital Assets	51,498,695	53,434,900
Other Noncurrent Assets	928,695	929,630
Total Assets	89,606,389	90,470,745
Long-Term Debt Outstanding	2,775,000	4,060,000
Other Long-Term Obligations	2,133,868	1,903,981
Other Liabilities	13,100,333	13,009,102
Total Liabilities	18,009,201	18,973,083
Net Position:		
Net Investment in Capital Assets	48,719,378	49,374,900
Restricted	3,437,665	3,434,868
Unrestricted	19,440,145	18,687,894
Total Net Position	\$ 71,597,188	\$ 71,497,662

An additional portion of Washburn County's net position (4.8%) represents resources that are subject to other restrictions on how they may be used. The remaining \$19,440,145 of total net position (27.2%) may be used to meet the County's ongoing obligations to citizens and creditors.

The County's net position increased \$99,526 during the current fiscal year.

**WASHBURN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

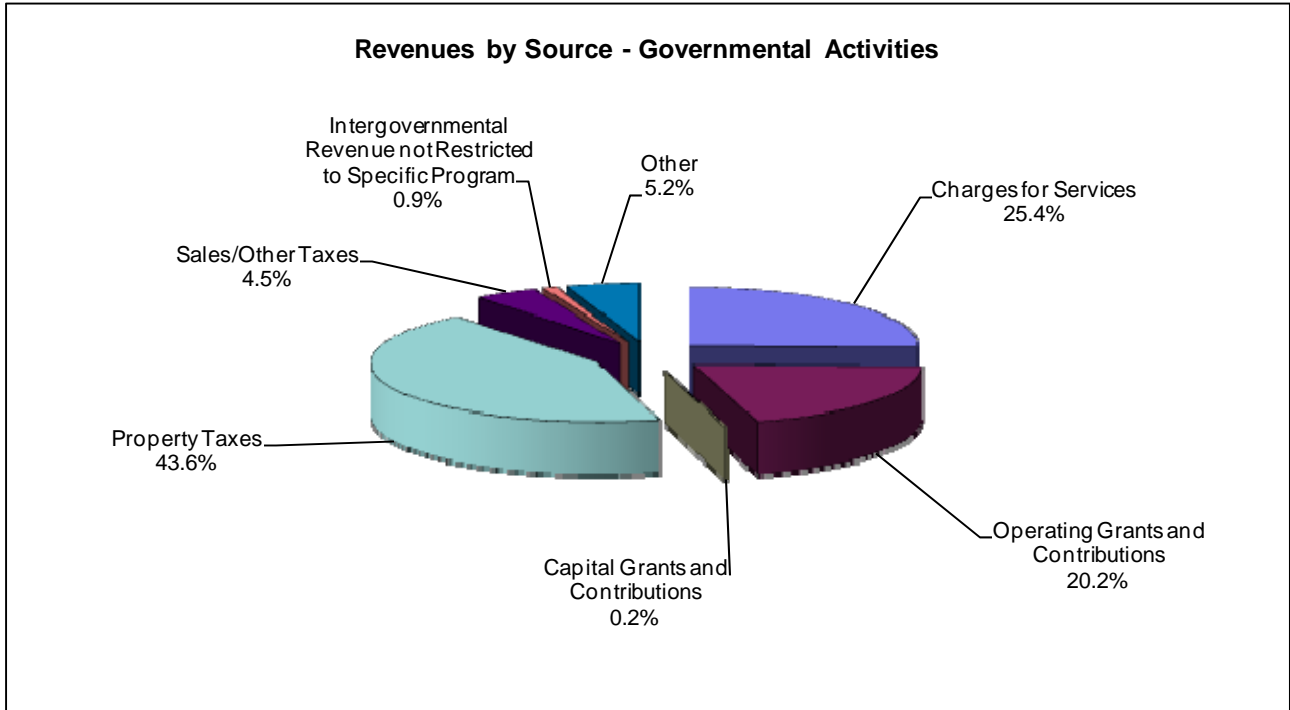
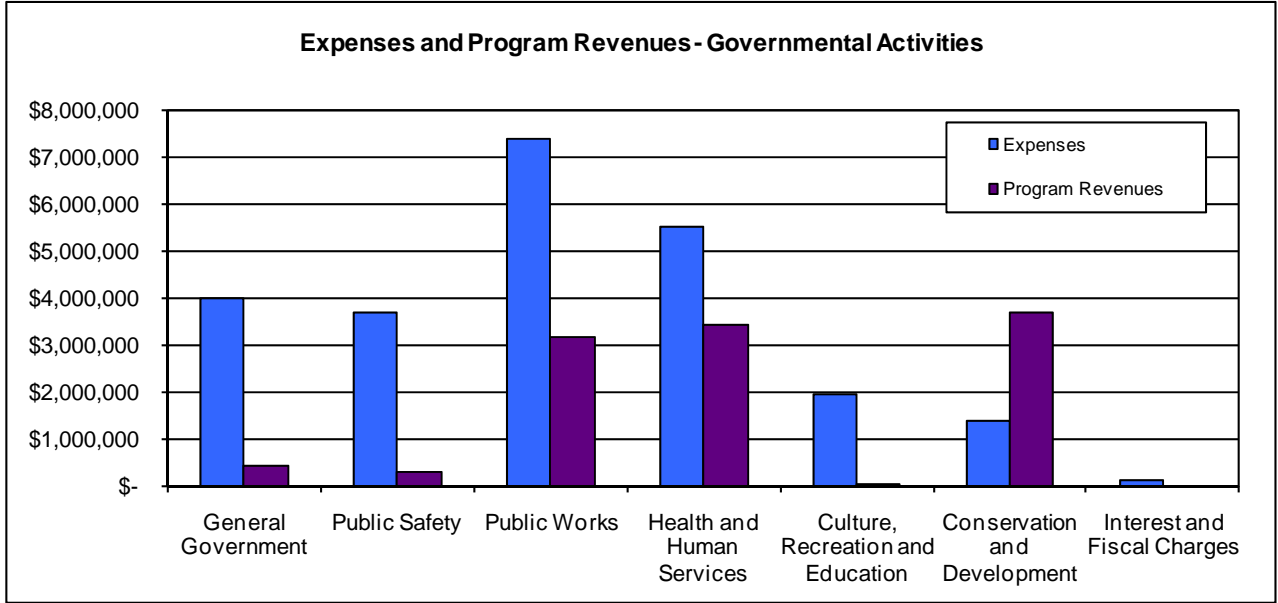
The following is a summary of the changes in the County's net position for the years ended December 31, 2012 and 2011:

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

	Governmental Activities	
	2012	2011
REVENUES		
Program Revenues:		
Charges for Services	\$ 6,099,226	\$ 6,531,193
Operating Grants and Contributions	4,851,784	4,978,135
Capital Grants and Contributions	45,393	178,492
General Revenues:		
Property Taxes	10,482,740	10,499,564
Sales/Other Taxes	1,081,677	1,019,630
State and Federal Aids not Restricted to Specific Programs	225,527	250,061
Other	1,259,230	1,269,201
Total Revenues	24,045,577	24,726,276
EXPENSES		
General Government	3,974,409	4,117,554
Public Safety	3,684,561	3,599,502
Public Works	7,397,169	7,597,113
Health and Human Services	5,487,388	5,784,540
Culture, Recreation and Education	1,928,845	1,616,584
Conservation and Development	1,354,830	972,054
Interest and Fiscal Charges	118,849	199,997
Total Expenses	23,946,051	23,887,344
CHANGE IN NET POSITION	\$ 99,526	\$ 838,932

A review of the statement of activities can provide a concise picture of how the various functions/programs of Washburn County are funded. The following charts draw data from the statement of activities. For governmental activities the County's main sources for funding governmental services are property taxes (43.6%), operating grants/contributions (20.2%), and charges for services (25.4%).

**WASHBURN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**



**WASHBURN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

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

Governmental Funds

The focus of the County's governmental funds is to provide information regarding near-term inflows, outflows and balances of spendable resources. Such information can be useful in assessing Washburn County's financing requirements. In particular, the level of unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of December 31, 2012, the County's governmental funds reported combined ending fund balances of \$19,641,149, an increase of \$1,274,632 over the previous year. The governmental funds comprising this balance are shown below:

	Fund Balance at December 31, 2012					Total	Change During Year
	Nonspendable	Restricted	Committed	Assigned	Unassigned		
Major Funds							
General Fund	\$ 1,900,181	\$ 77,885	\$ -	\$ 1,646,495	\$ 4,337,120	\$ 7,961,681	\$ 492,885
Human Services Fund	-	-	737,768	-	-	737,768	235,603
Debt Service Fund	-	2,298	-	-	-	2,298	-
Capital Improvement Program Fund	-	-	6,380,751	-	-	6,380,751	723,187
Forestry Fund	-	-	263,805	-	-	263,805	(116,194)
Nonmajor Funds:							
Special Revenue Funds	3,393	2,435,402	1,856,051	-	-	4,294,846	(60,849)
Total Fund Balances	<u>\$ 1,903,574</u>	<u>\$ 2,515,585</u>	<u>\$ 9,238,375</u>	<u>\$ 1,646,495</u>	<u>\$ 4,337,120</u>	<u>\$ 19,641,149</u>	<u>\$ 1,274,632</u>

Restrictions of fund balances represent amounts that are not subject to appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments and assignments of fund balance generally represent tentative management plans that are subject to change. The balance of the unassigned fund balance is not for specific purposes.

The general fund is the primary operating fund used to account for the governmental operations of Washburn County. As a measure of the general fund's liquidity, it may be useful to compare both total fund balance and unassigned fund balance to measures of operating volume such as fund expenditures or fund revenues. The total year-end general fund balance represented 72.5% of total general fund expenditures reported on the statement of revenues, expenditures and changes in fund balances while the unassigned balance represented 39.5% of the same amount. The County Board has adopted a resolution to transfer certain fund balances from the special revenue funds to the general fund on an annual basis.

The general fund's total fund balance increased \$492,885 during the year; while the unassigned portion of the fund increased \$457,117. The primary factor in the general fund increase was actual expenditures less than budgeted and revenues were more than budgeted.

The County's human services fund increased \$235,603 in 2012. The primary factor in this increase was actual expenditures were less than budgeted.

The County's debt service fund balance at December 31, 2012 totaled \$2,298 restricted for retirement of long-term debt.

**WASHBURN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

The County had one major capital projects fund during the year. The capital improvements program fund, used by the County for funding the County's capital improvements projects, increased \$723,187 during the year to a balance of \$6,380,751 at year end. The increase can be attributed to transfers in from other funds.

The forestry fund ended the year with a fund balance \$263,805.

The aggregated other governmental funds column includes various special revenue funds. The accumulated fund balances of these funds decreased \$60,849 during 2012 and had an accumulated fund balance of \$4,294,846 at year end. The main component of the current year decrease was the purchase of land in the development fund. These funds are individually detailed in the supplementary information section of this report.

Proprietary Funds

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

The County had no activities accounted for in enterprise funds during the year.

The County had two internal service funds during 2012. The County accounts for operations of its highway department and copy machine costs in its internal service funds. Net position of the internal service funds totaled \$13,527,042 at December 31, 2012, a decrease of \$606,388 from the previous year. Of that amount, \$9,527,708 was invested in capital assets. The remaining net position totaling \$3,999,334 were unrestricted.

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the *Budgetary Comparison Schedule* for the general fund (in required supplementary information), the final 2012 general fund budget was different than the original budget adopted by the County Board. The final budget reflects a projected decrease in the general fund balance during 2012 of \$130,300 while the actual amounts resulted in an increase in the fund balance totaling \$492,885. The most significant positive budget expenditure variances were realized as \$42,035 district attorney, \$107,498 information technology, \$62,206 treasurer, \$45,019 register of deeds and \$40,383 property and liability insurance.

**WASHBURN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Washburn County's investment in capital assets for its governmental activities as of December 31, 2012 amounted to \$51,498,695 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, vehicles and infrastructure. The net decrease in the governmental activities capital assets during 2012 was \$1,936,205.

**Capital Assets (Net of Accumulated Depreciation)
December 31, 2012 and 2011**

	Governmental Activities	
	2012	2011
Land and Land Rights	\$ 10,617,956	\$ 10,597,621
Gravel Pits and Quarries	377,485	402,501
Land Improvements	1,964,093	2,095,091
Buildings and Improvements	9,052,431	9,413,625
Machinery and Equipment	4,242,130	4,248,596
Highway Infrastructure	24,347,084	26,374,686
Construction Work in Progress	897,516	302,780
Total	<u>\$ 51,498,695</u>	<u>\$ 53,434,900</u>

Additional information related to the County's capital assets is reported in Note 3.C following the financial statements.

Long-Term Obligations

At December 31, 2012, Washburn County had outstanding \$4,913,185 of long-term debt and other long-term obligations. A summary detail of this amount, together with the net change from the previous year, is shown below:

**Outstanding Long-Term Obligations
December 31, 2012 and 2011**

	Governmental Activities		% Change
	2012	2011	
Long-Term Debt:			
General Obligation Bonds	\$ 2,775,000	\$ 4,060,000	-31.7%
Other Long-Term Obligations:			
Premium on Debt Issuance Cost	4,317	24,327	-82.3
Other Postemployment Benefits Payable	976,021	786,372	24.1
Compensated Absences	1,157,847	1,117,609	3.6
Total	<u>\$ 4,913,185</u>	<u>\$ 5,988,308</u>	-18.0

**WASHBURN COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

Under Wisconsin State Statutes, the outstanding general obligation long-term debt of a county may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. The applicable debt of Washburn County outstanding at December 31, 2012 totaled \$2,775,000 approximately 2.3% of the maximum legal limit of \$120,515,270. Additional information on Washburn County's long-term debt is reported in Note 3.E following the financial statements.

CURRENTLY KNOWN FACTS

Limits have been imposed on the property tax levy rates for Wisconsin counties. There are separate limits for the operating levy and the debt service levy. The baseline for the limits is the actual 1992 tax rate adopted for the 1993 budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the County qualifies for one of the exceptions allowed under the statute. The statute establishes specific penalties for failure to meet the levy rate freeze requirements. Among the penalties for exceeding the limits is the reduction of state shared revenues and transportation aids. For the 2012 budget year, Washburn County utilized an operating levy rate of \$3.695, a debt levy rate of \$.461 and a special purpose levy rate of \$.071 for a total mill rate of \$4.227/\$1,000 of valuation. For the 2013 budget year, Washburn County utilized an operating levy rate of \$3.874, a debt levy rate of \$.456 and a special purpose levy rate of \$.087 for a total mill rate of \$4.417 /\$1,000 of valuation.

The State of Wisconsin has imposed further limits on the County's property taxes beginning with the 2006 budget year levy. Essentially, the new legislation restricts the growth in the County's property taxes (except for debt service) to the greater of the percentage increase in the County's equalization value due to new construction or 2%.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Washburn County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Washburn County Clerk Office, P.O. Box 264, Shell Lake, Wisconsin 54871.

**WASHBURN COUNTY, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2012**

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Industrial Development Agency</u>
ASSETS		
Treasurer's Cash and Investments	\$ 21,683,737	\$ 776,007
Taxes Receivable	12,034,811	-
Accounts Receivable	451,710	-
Due from Other Governments	1,636,439	-
Inventories	1,032,559	-
Prepaid Expenses	339,743	-
Long-Term Receivables	924,378	1,327,728
Forgivable Loan	-	20,000
Unamortized Bond Issue Costs	4,317	-
Capital Assets:		
Capital Assets Not Being Depreciated	11,515,472	-
Capital Assets Being Depreciated	100,015,547	-
Accumulated Depreciation	(60,032,324)	-
Total Assets	<u>89,606,389</u>	<u>2,123,735</u>
LIABILITIES		
Vouchers and Accounts Payable	849,260	-
Accrued Liabilities	532,514	5,915
Payroll Deductions	312,728	-
Accrued Interest Payable	34,231	-
Due to Other Governments	121,866	-
Unearned Revenues	10,811,885	-
Special Deposits	433,532	-
Long-Term Liabilities:		
Amounts Due Within One Year	1,009,547	25,923
Amounts Due in More than One Year	3,903,638	639,738
Total Liabilities	<u>18,009,201</u>	<u>671,576</u>
NET POSITION		
Net Investment in Capital Assets	48,719,378	-
Restricted for:		
Housing Loan Program	935,158	-
Other Purposes	2,502,507	1,452,159
Unrestricted	<u>19,440,145</u>	<u>-</u>
Total Net Position	<u>\$ 71,597,188</u>	<u>\$ 1,452,159</u>

See accompanying Notes to Basic Financial Statements.

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Unit- Industrial Development Agency</u>
Primary Government:						
Governmental Activities:						
General Government	\$ 3,974,409	\$ 305,084	\$ 119,288	\$ -	\$ (3,550,037)	\$ -
Public Safety	3,684,561	208,771	23,667	41,457	(3,410,666)	-
Public Works	7,397,169	2,273,633	899,497	3,936	(4,220,103)	-
Health and Human Services	5,487,388	664,658	2,763,663	-	(2,059,067)	-
Culture, Recreation and Education	1,928,845	2,643	-	-	(1,926,202)	-
Conservation and Development	1,354,830	2,644,437	1,045,669	-	2,335,276	-
Interest and Fiscal Charges	118,849	-	-	-	(118,849)	-
Total Primary Government	\$ 23,946,051	\$ 6,099,226	\$ 4,851,784	\$ 45,393	(12,949,648)	-
Component Unit:						
Industrial Development Agency	\$ 140,841	\$ 64,568	\$ -	\$ -	-	(76,273)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes					10,482,740	-
County Sales Taxes					1,020,061	-
Other Taxes					61,616	-
State and Federal Aids not Restricted to Specific Functions					225,527	-
Interest and Investment Earnings					617,707	921
Miscellaneous					641,523	-
Total General Revenues					13,049,174	921
CHANGE IN NET POSITION					99,526	(75,352)
Net Position - Beginning of Year					71,497,662	1,527,511
NET POSITION - END OF YEAR					\$ 71,597,188	\$ 1,452,159

See accompanying Notes to Basic Financial Statements.

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

	General Fund	Human Services Fund	Debt Service Fund	Capital Improvements Program Fund	Forestry Fund	Other Governmental Funds	Totals
ASSETS							
Treasurer's Cash and Investments	\$ 6,237,044	\$ 751,430	\$ 2,298	\$ 6,482,759	\$ 731,230	\$ 4,246,703	\$ 18,451,464
Taxes Receivable	9,110,888	1,183,047	1,082,372	-	-	658,504	12,034,811
Accounts Receivable	193,588	41,140	-	-	78,136	133,929	446,793
Due from Other Governmental Units	235,117	198,994	-	-	351,593	36,531	822,235
Due from Other Funds	295,361	-	-	-	-	-	295,361
Prepaid Items	335,638	-	-	-	-	3,393	339,031
Inventory	12,472	-	-	-	-	-	12,472
Long-Term Receivables	-	-	-	-	-	924,378	924,378
Advances to Other Funds	-	-	-	563,638	-	-	563,638
Total Assets	<u>\$ 16,420,108</u>	<u>\$ 2,174,611</u>	<u>\$ 1,084,670</u>	<u>\$ 7,046,397</u>	<u>\$ 1,160,959</u>	<u>\$ 6,003,438</u>	<u>\$ 33,890,183</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Vouchers and Accounts Payable	\$ 236,670	\$ 91,857	\$ -	\$ -	\$ 237,538	\$ 38,739	\$ 604,804
Payroll Deductions	312,728	-	-	-	-	-	312,728
Accrued Liabilities	281,549	73,711	-	-	20,543	51,667	427,470
Due to Other Governmental Units	52,097	64,283	-	-	-	5,486	121,866
Due to Other Funds	-	-	-	665,646	-	24,332	689,978
Deferred Revenues	7,575,383	1,206,992	1,082,372	-	205,541	1,588,368	11,658,656
Special Deposits	-	-	-	-	433,532	-	433,532
Total Liabilities	<u>8,458,427</u>	<u>1,436,843</u>	<u>1,082,372</u>	<u>665,646</u>	<u>897,154</u>	<u>1,708,592</u>	<u>14,249,034</u>
Fund Balances:							
Nonspendable	1,900,181	-	-	-	-	3,393	1,903,574
Restricted	77,885	-	2,298	-	-	2,435,402	2,515,585
Committed	-	737,768	-	6,380,751	263,805	1,856,051	9,238,375
Assigned	1,646,495	-	-	-	-	-	1,646,495
Unassigned	4,337,120	-	-	-	-	-	4,337,120
Total Fund Balances	<u>7,961,681</u>	<u>737,768</u>	<u>2,298</u>	<u>6,380,751</u>	<u>263,805</u>	<u>4,294,846</u>	<u>19,641,149</u>
Total Liabilities and Fund Balances	<u>\$ 16,420,108</u>	<u>\$ 2,174,611</u>	<u>\$ 1,084,670</u>	<u>\$ 7,046,397</u>	<u>\$ 1,160,959</u>	<u>\$ 6,003,438</u>	<u>\$ 33,890,183</u>

See accompanying Notes to Basic Financial Statements.

**WASHBURN COUNTY, WISCONSIN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2012**

Total Fund Balances - Governmental Funds \$ 19,641,149

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 10,128,174	
Land Improvements	2,355,574	
Buildings and Improvements	7,968,223	
Machinery and Equipment	2,941,713	
Vehicles	1,063,972	
Infrastructure	67,330,416	
Construction Work in Progress	897,516	
Accumulated Depreciation	<u>(50,714,601)</u>	41,970,987

Some receivables are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.

924,378

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

General Obligation Bonds Payable	2,775,000	
Accrued Interest on Above Debt	34,231	
Premium on Debt Issuance Costs	4,317	
Compensated Absences	866,448	
Other Postemployment Benefits Payable	<u>790,689</u>	(4,470,685)

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

4,317

The highway department internal service fund is used by County management to account for highway-related services provided by the department to the County and other governmental units. The assets and liabilities of the highway department internal service fund is reported in governmental activities.

13,480,346

The copy machine internal service fund is used by County's management to charge the costs of the copy machines to departments/functions. The assets and liabilities of the copy machine fund is also reported in governmental activities.

46,696

Net Position of Governmental Activities

\$ 71,597,188

See accompanying Notes to Basic Financial Statements.

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

	General Fund	Human Services Fund	Debt Service Fund	Capital Improvements Program Fund	Forestry Fund	Other Governmental Funds	Totals
REVENUES:							
Taxes	\$ 8,820,635	\$ 1,160,820	\$ 1,144,321	\$ -	\$ -	\$ 722,786	\$ 11,848,562
Intergovernmental	1,530,292	1,942,942	-	-	742,013	907,457	5,122,704
Licenses and Permits	146,793	-	-	-	-	57,554	204,347
Fines, Forfeits and Penalties	103,632	-	-	-	-	17,758	121,390
Public Charges for Services	406,308	375,476	-	-	2,298,469	268,736	3,348,989
Intergovernmental Charges for Services	19,063	-	-	-	-	-	19,063
Miscellaneous	433,907	343,924	-	1,882	24,534	677,395	1,481,642
Total Revenues	<u>11,460,630</u>	<u>3,823,162</u>	<u>1,144,321</u>	<u>1,882</u>	<u>3,065,016</u>	<u>2,651,686</u>	<u>22,146,697</u>
EXPENDITURES:							
General Government	3,690,460	-	-	80,856	-	-	3,771,316
Public Safety	3,527,007	-	-	-	-	45,327	3,572,334
Public Works	2,400,399	-	-	491,115	-	-	2,891,514
Health and Human Services	192,255	3,655,409	-	-	-	1,907,709	5,755,373
Culture, Recreation and Education	468,211	-	-	-	1,468,923	-	1,937,134
Conservation and Development	707,991	-	-	-	-	631,168	1,339,159
Debt Service:							
Principal	-	-	1,285,000	-	74,151	-	1,359,151
Interest and Fiscal Charges	-	-	131,531	-	-	-	131,531
Total Expenditures	<u>10,986,323</u>	<u>3,655,409</u>	<u>1,416,531</u>	<u>571,971</u>	<u>1,543,074</u>	<u>2,584,204</u>	<u>20,757,512</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	474,307	167,753	(272,210)	(570,089)	1,521,942	67,482	1,389,185
OTHER FINANCING SOURCES (USES):							
Issuance of Debt	-	-	-	-	74,151	-	74,151
Transfers In	70,981	67,850	272,210	1,712,287	-	10,500	2,133,828
Transfers Out	(52,403)	-	-	(419,011)	(1,712,287)	(138,831)	(2,322,532)
Total Other Financing Sources (Uses)	<u>18,578</u>	<u>67,850</u>	<u>272,210</u>	<u>1,293,276</u>	<u>(1,638,136)</u>	<u>(128,331)</u>	<u>(114,553)</u>
NET CHANGE IN FUND BALANCES	492,885	235,603	-	723,187	(116,194)	(60,849)	1,274,632
Fund Balances, January 1	<u>7,468,796</u>	<u>502,165</u>	<u>2,298</u>	<u>5,657,564</u>	<u>379,999</u>	<u>4,355,695</u>	<u>18,366,517</u>
FUND BALANCES, DECEMBER 31	<u>\$ 7,961,681</u>	<u>\$ 737,768</u>	<u>\$ 2,298</u>	<u>\$ 6,380,751</u>	<u>\$ 263,805</u>	<u>\$ 4,294,846</u>	<u>\$ 19,641,149</u>

See accompanying Notes to Basic Financial Statements.

**WASHBURN COUNTY, WISCONSIN
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

Net Change in Fund Balances - Total Governmental Funds \$ 1,274,632

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlays reported in governmental fund statements	\$ 954,052	
Depreciation expense reported in the statement of activities	<u>(2,628,409)</u>	(1,674,357)

In the statement of activities, only the gain or loss on the disposal of capital assets is reported whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the book value of capital assets disposed of during the year (1,733)

Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. 22,997

Long-term debt and related obligations incurred in governmental funds are reported as an increase in fund balance, but are reported as an increase in outstanding long-term debt in the statement of net position and does not affect the statement of activities. Such items incurred in the current year are:

Forest Crop Loans		(74,151)
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Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

General Obligation Debt Principal Retirement	1,285,000	
Forest Crop Loans Repaid	<u>74,151</u>	1,359,151

Internal service funds are used by the County's management to account for highway operations and to charge out copy machine costs. The change in net position of these internal service funds are allocated to governmental activities.

Total Change in Net Position		(606,388)
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Other postemployment benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

Changes in Other Postemployment Benefits Payable		(157,635)
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Change in Accrued Interest Payable	16,604	
Change in Compensated Absences at Year End	(55,672)	
Change in Premium on Debt Issuance Costs	20,010	
Change in Debt Issuance Related Costs	<u>(23,932)</u>	<u>(42,990)</u>

Change in Net Position of Governmental Activities \$ 99,526

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

	<u>Governmental Activities- Internal Service Funds</u>
ASSETS	
Current Assets:	
Treasurer's Cash and Investments	\$ 3,232,273
Accounts Receivable	4,917
Due from Other Governmental Units	814,204
Due from Other Funds	394,617
Inventories and Prepaid Expenses	1,020,799
Total Current Assets	<u>5,466,810</u>
Noncurrent Assets:	
Capital Assets:	
Not Being Depreciated/Depleted	489,782
Being Depreciated/Depleted	18,355,649
Accumulated Depreciation	<u>(9,317,723)</u>
Total Capital Assets	<u>9,527,708</u>
Total Assets	<u><u>\$ 14,994,518</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 244,456
Accrued Liabilities	105,044
Deferred Revenues	77,607
Accrued Vacation and Sick Leave - Current	100,262
Total Current Liabilities	<u>527,369</u>
Long-Term Liabilities (Net of Current Portion):	
Advance from Capital Projects Fund	563,638
Other Postemployment Benefits Payable	185,332
Accrued Vacation and Sick Leave	191,137
Total Long-Term Liabilities	<u>940,107</u>
Total Liabilities	<u>1,467,476</u>
NET POSITION	
Net Investment in Capital Assets	9,527,708
Unrestricted	<u>3,999,334</u>
Total Net Position	<u>13,527,042</u>
Total Liabilities and Net Position	<u><u>\$ 14,994,518</u></u>

See accompanying Notes to Basic Financial Statements.

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

	<u>Governmental Activities- Internal Service Funds</u>
OPERATING REVENUES	\$ 5,469,794
OPERATING EXPENSES	<u>6,264,886</u>
OPERATING LOSS BEFORE TRANSFERS	(795,092)
TRANSFERS	
Transfers from Debt Service Fund	41,903
Transfers from Capital Projects Fund	<u>146,801</u>
Total Transfers	<u>188,704</u>
CHANGE IN NET POSITION	(606,388)
Net Position, January 1	<u>14,133,430</u>
NET POSITION, DECEMBER 31	<u><u>\$ 13,527,042</u></u>

See accompanying Notes to Basic Financial Statements.

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

	<u>Governmental Activities - Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received for Services Provided	\$ 5,962,327
Cash Paid to Suppliers for Goods and Services	(2,075,036)
Cash Paid for Employee Services	(3,027,565)
Net Cash Provided by Operating Activities	<u>859,726</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from Debt Service Fund	41,903
Transfers from Capital Projects Fund	146,801
Total Cash Flows Provided by Noncapital Financing Activities	<u>188,704</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Cash Paid for Acquisition of Capital Assets	(500,866)
Cash Paid County on Advance for Gravel Pits	(10,647)
Net Cash Used for Capital and Related Financing Activities	<u>(511,513)</u>
NET CHANGE IN CASH AND IN CASH EQUIVALENTS	536,917
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>2,695,356</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 3,232,273</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (795,092)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	737,667
Depletion of Gravel Pits	25,016
(Increase) Decrease in Assets:	
Accounts Receivable	44,533
Due from Governmental Units	(153,233)
Prepaid Expenses	97
Inventories	111,272
Due from Other Funds	601,233
Increase (Decrease) in Liabilities:	
Vouchers Payable	180,625
Deferred Revenue	77,607
Accrued Liabilities	13,421
Other Postemployment Benefits Payable	32,014
Unused Vested Employee Benefits	(15,434)
Net Cash Provided by Operating Activities	<u><u>\$ 859,726</u></u>

See accompanying Notes to Basic Financial Statements.

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

	Agency Funds
ASSETS	
Treasurer's Cash and Investments	\$ 96,920
Taxes Receivable	409,044
	\$ 505,964
LIABILITIES	
Vouchers Payable	\$ 3,196
Due to Other Governmental Units	409,044
Special Deposits	93,724
	\$ 505,964
	\$ 505,964

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Washburn County is governed by a board of supervisors consisting of twenty-one elected members.

The financial reporting of the County is defined by the GASB to consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The basic financial statements of the County consist solely of the primary government and a discretely presented component as described below. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see below for description) to emphasize that it is legally separate from the government.

Washburn County Industrial Development Agency, Ltd. Washburn County Industrial Development Agency, Ltd. (Agency) was organized in 1989 by the County when the County received intergovernmental funds to finance a loan to a private business. Proceeds received from the repayment of this loan are being used by the Agency to finance other loans to local businesses to promote industrial development. The Agency is governed by a seven-member board statutorily comprised of the county board chairman, finance committee chairman, county treasurer, corporation counsel and three public members appointed by the county board. The Agency receives no funding from, nor provides any funding to, the County. The Agency maintains its financial statements on a fiscal year ending June 30. Financial statements of the Agency for the year ending June 30, 2012 are presented in this report as a discretely presented component unit. The Agency's financial statements are separately audited and can be obtained from Washburn County.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds) as described below:

Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

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

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

The County did not report any enterprise funds for the year ended December 31, 2012.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

The County reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the County. It is used to account for all financial resources of the County, except those required to be accounted for in another fund.

Human Services Fund – The Human Services Fund, a special revenue fund, is used to account for various County human services programs funded by restricted funding sources. Through the human services programs, the County provides mental health, developmental disabilities and alcoholism and drug abuse rehabilitation services to residents of the County and administers the various social services and income maintenance programs provided by and through the County.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related charges.

Capital Improvements Program Fund – The Capital Improvement Program Fund, a capital projects fund, accounts for financial resources to be used for funding the County's capital improvement program projects.

Forestry Fund – The Forestry Fund, a special revenue fund, is used to account for the maintenance of the County's parks and forests. In addition to using restricted grant funding for these purposes, the County also commits public charges for services raised through the Forestry Fund's programming.

All remaining governmental funds are aggregated and reported as nonmajor funds.

The County's proprietary funds consist solely of internal service funds to account for the operations of the County's highway department and its copy machine transactions.

The County's fiduciary funds consist of agency funds to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units.

WASHBURN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Fiduciary funds do not have a measurement focus.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are deemed to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County generally considers revenues reported in the governmental funds to be available if they are collected within 60 days after the end of the current fiscal period. Client billings for the human services programs are recognized when received. State and federal aids under cost reimbursement programs are generally recognized when earned if expected to be collected in the subsequent year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, miscellaneous taxes, cost reimbursement grant programs, public charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are generally considered to be measurable and available only when cash is received by the government.

The County reports deferred revenues on its statement of net position and balance sheets. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the County before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the statement of net position and balance sheet and revenue is recognized.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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. 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.

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

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

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

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

Investment of most trust funds is regulated by Chapter 881 of the Wisconsin Statutes. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

Investments of the County are stated at fair value.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables

Property Taxes. Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach an enforceable lien as of January 1. In addition to property taxes for the County, taxes are also collected for and remitted to the State. Taxes billed for the State are recorded as receivables and due other governmental units in the agency fund balance sheet. Since County property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred revenues in the funds budgeted.

The County is also responsible for the collection of all delinquent and postponed property taxes levied by the local taxing districts within its boundaries, except delinquent personal property taxes which are retained by the local municipal district. Real property taxes are payable in full to the local districts on or before January 31 or, alternatively, if over \$100, can be paid in two equal installments with the first installment payable on or before January 31 and the second installment payable on or before July 31. Personal property taxes and special assessments, special charges (including delinquent utility billings) and special taxes placed on the tax roll are payable in full on or before January 31. All uncollected items on the current tax roll, except delinquent personal property taxes, are turned over to the County Treasurer for collection in February. The County subsequently settles in full with the local districts in August of the same year. All uncollected taxes returned to the County for collection are financed through the general fund. A portion of the general fund's equity balance is nonspendable for the County's investment in delinquent taxes.

Accounts Receivable. Accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since such allowance would not be material.

Loans Receivable. The County has received federal grant funds for financing housing rehabilitation loans to various individuals. The County records a loan receivable when the loan has been made and funds have been disbursed. The amounts recorded as loans receivable have not been reduced by an allowance for uncollectible accounts since the County does expect such amounts to be material to the financial statements. It is the County's policy to record deferred revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

WASHBURN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

Interfund Balances Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Inventories and Prepaid Items

All inventories are valued at cost using the average cost method for the highway department. Inventories of governmental funds, if material, are recorded as expenditures when consumed rather than when purchased.

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 may be required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

5. Capital Assets

Government-Wide Statements. Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with initial, individual costs as shown below and an estimated useful life of two years or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

Government-Wide Statements (Continued). Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$5,000	N/A	N/A
Highway Right-of-Ways	5,000	N/A	N/A
Land Improvements	5,000	Straight-line	15-40 Years
Buildings and Improvements	5,000	Straight-line	10-50 Years
Machinery and Equipment	5,000	Straight-line	4-20 Years
Vehicles	5,000	Straight-line	3-5 Years
Infrastructure	5,000	Straight-line	20-60 Years

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

6. Other Assets

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

7. Compensated Absences

It is the County's policy to permit employees to accumulate paid leave benefits. Liabilities for accumulated employee leave benefits are not accrued in the County's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide and proprietary fund financial statements when earned. The County's policies and estimated liabilities at year end are further discussed in Note 4.A.

8. Other Postemployment Benefits Payable

Under the various employee and union contracts the County allows retired employees to enroll in the County's health insurance plan. The retired employees pay 100% of the premiums. The payable was actuarially determined, in accordance with GASB 45, at December 31, 2012. GASB 45 was implemented prospectively, meaning that the net OPEB obligation was zero at transition.

WASHBURN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Equity Classifications

Fund equity, representing the difference between assets and liabilities, is classified as follows in the County's financial statements:

Government-Wide Statements. Fund equity is classified as net position in the government-wide financial statements and is displayed in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

Fund Financial Statements. In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that will never be converted to cash or will not be converted to cash soon enough to affect the current period. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the Board. Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. It is the County's policy that at the end of each fiscal year, the County will maintain a minimum unassigned fund balance level between 20% and 33% of general fund expenditures.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Equity Classifications (Continued)

Fund Financial Statements (Continued)

Committed fund balance is required to be established, modified, or rescinded by resolution of the County Board prior to each year end. Based on resolution of the County Board, the County Finance Committee has the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for expenditure, it is the County's practice to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for expenditure, it is the County's practice to use committed, assigned and finally unassigned fund balance.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund financial statements and the government-wide financial statements, certain financial transactions are treated differently. Reconciliations of governmental fund balances and changes thereto to the net position and revenues/expenses shown in the government-wide financial statements are presented in page 17 and page 19, respectively.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The County's cash and investments balances at December 31, 2012 are reflected in the financial statements as follows:

Governmental Funds	\$ 18,451,464
Proprietary Funds	3,232,273
Fiduciary Funds	96,920
	<u>\$ 21,780,657</u>

The above cash and investments consisted of the following:

Deposits at Financial Institutions	\$ 4,058,125
Repurchase Agreement Money Market	5,996,017
Investment in State Local Government Pooled-Investment Fund	11,723,370
Petty Cash	3,145
Total Cash and Investments at December 31, 2012	<u>\$ 21,780,657</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits at Financial Institutions

The County's balances at individual financial institutions were subject to coverage under federal depository insurance and amounts appropriated by Sections 20.144(1)(a) and 34.08 of the Wisconsin Statutes (State Guarantee Fund). Federal depository insurance provides for coverage of up to \$250,000 for interest bearing transaction accounts and unlimited coverage for all non-interest bearing transaction accounts. In addition, funds held for others (such as trust funds) are subject to coverage under the name of the party for whom the funds are held. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the County to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund. The County's deposits at financial institutions at December 31, 2012 were fully covered by federal depository insurance, the State Guarantee Fund and bank collateralization.

Custodial credit risk for deposits is the risk that in the event of bank failure, the County's deposits may not be returned. At December 31, 2012, the County's deposits were not exposed to custodial credit risk.

Investments

The County's investments at December 31, 2012 consisted of deposits in the following external investment pool:

Investment in State Local Government Pooled-Investment Fund. The State of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in the State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for 2012 was 77 days.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The County's policy is to invest its funds in accordance with provisions of the Wisconsin Statutes previously discussed in Note 1.D.1.

The repurchase agreement money market investment, in the amount of \$5,996,017 is neither insured nor registered and held by the investment counterparty. However, the repurchase agreement money market investment is collateralized with securities pledged by the financial institution.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with maturity dates farther into the future are more sensitive to changes in market interest rates. The short weighted average maturities of the investments in the above external investment pool mitigates this risk to the County.

B. Receivables/Deferred Revenues

CDBG Housing Rehabilitation Loans. The County has also received federal grants through the State of Wisconsin for the purpose of financing housing rehabilitation loans. Repayments received by the County on these loans are recorded in a separate special revenue fund and are to be used to finance similar housing rehabilitation loans. The County had eighty-five (85) deferred mortgage loans outstanding at December 31, 2012 totaling \$924,378. These notes become due and payable in full only "in the event that the maker:

- A. No longer continues to occupy the premises securing this note as a full-time residence, or
- B. Transfers any legal or equitable interest in the mortgage premises to anyone for any reason."

Receivables have been recorded in the special revenue fund in the amount of the outstanding balances on these loans and were equally offset by deferred revenues recorded therein. Revenue is recognized in the special revenue fund as collections are received on these loans.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
General County Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,625,959	\$ -	\$ -	\$ 1,625,959
Highway Right-of-Ways	8,481,880	20,335	-	8,502,215
Construction Work in Progress	302,780	594,775	39	897,516
Total Capital Assets Not Being Depreciated	10,410,619	615,110	39	11,025,690
Capital Assets Being Depreciated:				
Land Improvements	2,329,491	26,083	-	2,355,574
Buildings and Improvements	7,910,732	57,491	-	7,968,223
Machinery and Equipment	2,851,177	118,786	28,250	2,941,713
Vehicles	999,536	136,621	72,185	1,063,972
Highway Infrastructure:				
Roadways	64,214,592	-	-	64,214,592
Bridges	1,408,186	-	-	1,408,186
Structures	1,707,638	-	-	1,707,638
Total Capital Assets Being Depreciated	81,421,352	338,981	100,435	81,659,898
Total Capital Assets	91,831,971	954,091	100,474	92,685,588
Accumulated Depreciation:				
Land Improvements	1,010,431	111,760	-	1,122,191
Buildings and Improvements	3,217,217	181,709	-	3,398,926
Equipment and Vehicles	3,001,516	307,338	98,702	3,210,152
Highway Infrastructure	40,955,730	2,027,602	-	42,983,332
Total Accumulated Depreciation	48,184,894	2,628,409	98,702	50,714,601
Net Capital Assets - Governmental Activities	<u>\$ 43,647,077</u>	<u>\$ (1,674,318)</u>	<u>\$ 1,772</u>	<u>\$ 41,970,987</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Governmental Activities (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Highway Department:				
Capital Assets Not Being Depreciated:				
Land	\$ 489,782	\$ -	\$ -	\$ 489,782
Capital Assets Being Depreciated:				
Land Improvements	1,132,983	-	-	1,132,983
Gravel Pits and Quarries*	402,501	-	25,016	377,485
Buildings and Improvements	6,863,479	39,590	-	6,903,069
Machinery and Equipment	9,947,095	549,383	581,285	9,915,193
Total Capital Assets Being Depreciated	<u>18,346,058</u>	<u>588,973</u>	<u>606,301</u>	<u>18,328,730</u>
Total Capital Assets	18,835,840	588,973	606,301	18,818,512
Accumulated Depreciation:				
Land Improvements	356,952	45,321	-	402,273
Buildings and Improvements	2,143,369	276,566	-	2,419,935
Machinery and Equipment	6,555,018	413,544	494,880	6,473,682
Total Accumulated Depreciation	<u>9,055,339</u>	<u>735,431</u>	<u>494,880</u>	<u>9,295,890</u>
Net Capital Assets - Highway Department	<u>\$ 9,780,501</u>	<u>\$ (146,458)</u>	<u>\$ 111,421</u>	<u>\$ 9,522,622</u>
Copy Machine Fund:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 26,919	\$ -	\$ -	\$ 26,919
Accumulated Depreciation:				
Machinery and Equipment	19,597	2,236	-	21,833
Net Capital Assets - Copy Machine Fund	<u>\$ 7,322</u>	<u>\$ (2,236)</u>	<u>\$ -</u>	<u>\$ 5,086</u>
Total County:				
Capital Assets Not Being Depreciated	\$ 10,900,401	\$ 615,110	\$ 39	\$ 11,515,472
Capital Assets Being Depreciated	<u>99,794,329</u>	<u>927,954</u>	<u>706,736</u>	<u>100,015,547</u>
Total Capital Assets	110,694,730	1,543,064	706,775	111,531,019
Accumulated Depreciation	<u>57,259,830</u>	<u>3,366,076</u>	<u>593,582</u>	<u>60,032,324</u>
Net Capital Assets - Governmental Activities	<u>\$ 53,434,900</u>	<u>\$ (1,823,012)</u>	<u>\$ 113,193</u>	<u>\$ 51,498,695</u>

*Highway department gravel pits and quarries are subject to depletion.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Governmental Activities (Continued)

Depreciation was charged to governmental functions as follows:

	General County Assets	Internal Service Funds	Total
General Government	\$ 243,459	\$ -	\$ 243,459
Public Safety	167,465	-	167,465
Transportation	2,026,018	737,667	2,763,685
Health and Human Services	29,111	-	29,111
Culture, Recreation and Education	21,469	-	21,469
Conservation and Development	140,887	-	140,887
	<u>\$ 2,628,409</u>	<u>\$ 737,667</u>	<u>\$ 3,366,076</u>

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2012 was as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Child Support Fund	\$ 5,307	2012 Expenses
General Fund	Aging and Disability Resource Center	19,025	Cash Flow
General Fund	Capital Improvement Program Fund	271,029	Gravel Pits
Highway Internal Service Fund	Capital Improvement Program Fund	394,617	2012 Expenses
		<u>\$ 689,978</u>	

Advances from/to Other Funds

As of December 31, 2012 the County's capital improvements capital projects fund had advanced the highway department internal service fund \$563,638 for the acquisition of gravel pit sites. The highway department will repay the advance at a rate of approximately \$0.50 per yard of gravel extracted until paid in full.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables and Transfers (Continued)

Interfund Transfers

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Solid Waste Fund	\$ 60,981	See Below
General Fund	Sheriff Special Activity Fund	10,000	See Below
Public Health Fund	General Fund	10,500	Sick Leave Payout
Child Support Fund	Human Services Fund	67,850	See Below
Debt Service Fund	Capital Improvement Fund	272,210	Debt Service
Highway Department (ISF)	Capital Improvement Fund	146,801	Capital Projects
Capital Improvement Fund	Forestry Fund	1,712,287	See Below
Highway Department (ISF)	General Fund	41,903	Sick Leave Payout
		<u>\$ 2,322,532</u>	

The County Board approved a resolution in 2001 that allows annual transfers from the public health, human services, council on aging, and certain functions in the forestry fund to the general fund at the end of each year based on management discretion. A transfer of \$1,712,287 was made from the forestry fund to the capital improvement fund to finance highway construction projects.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

Changes in Long-Term Obligations

Changes in long-term obligations of the County for the year ended December 31, 2012 were as follows:

	Balances 1/1/12	Additions	Reductions	Balances 12/31/12	Amounts Due Within One Year
Long-Term Debt:					
Governmental Activities:					
General Obligation Bonds	\$ 4,060,000	\$ -	\$ 1,285,000	\$ 2,775,000	\$ 845,000
Other Long-Term Obligations: (Governmental Activities):					
Governmental Funds:					
Forest Crop Loans Payable	-	74,151	74,151	-	-
Compensated Absences	810,776	97,821	42,149	866,448	64,285
Other Postemployment Benefits Payable	633,054	234,596	76,961	790,689	-
Highway Internal Service Fund:					
Compensated Absences	306,833	20,657	36,091	291,399	100,262
Other Postemployment Benefits Payable	153,318	50,053	18,039	185,332	-
	<u>1,903,981</u>	<u>477,278</u>	<u>247,391</u>	<u>2,133,868</u>	<u>164,547</u>
Total Other Long-Term Obligations	<u>\$ 5,963,981</u>	<u>\$ 477,278</u>	<u>\$ 1,532,391</u>	<u>\$ 4,908,868</u>	<u>\$ 1,009,547</u>

The County's estimated liability for employee leave is discussed in Note 4.A.

The County's general obligation bonds and forest crop loans are liquidated by the debt service fund and forestry fund, respectively. Compensated absences and other postemployment benefits payable are generally liquidated by the general fund and highway department internal service fund.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt

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

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Obligation Refunding Bonds, \$1,760,000, issued 8/1/2011, due 9/1/13, interest at 3.00%	2013	\$ 655,000	\$ 9,825	\$ 664,825
General Obligation Refunding Bonds, \$3,000,000, issued 1/15/06 due 3/1/22, interest at 4.00%-4.375%	2013	190,000	83,044	273,044
	2014	195,000	74,863	269,863
	2015	205,000	66,363	271,363
	2016	215,000	57,303	272,303
	2017	225,000	48,100	273,100
	2018-2022	<u>1,090,000</u>	<u>98,800</u>	<u>1,188,800</u>
		<u>2,120,000</u>	<u>428,473</u>	<u>2,548,473</u>
		<u>\$ 2,775,000</u>	<u>\$ 438,298</u>	<u>\$ 3,213,298</u>
Total General Obligation Debt				

Cumulative annual requirements of principal and interest on the above general obligation debt outstanding at December 31, 2012 can be summarized as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 845,000	\$ 92,869	\$ 937,869
2014	195,000	74,863	269,863
2015	205,000	66,363	271,363
2016	215,000	57,303	272,303
2017	225,000	48,100	273,100
2018-2022	<u>1,090,000</u>	<u>98,800</u>	<u>1,188,800</u>
	<u>\$ 2,775,000</u>	<u>\$ 438,298</u>	<u>\$ 3,213,298</u>

General Obligation Debt Limitation. Section 67.03 of the Wisconsin Statutes restricts county general obligation debt to 5% of the equalized value of all property in the County. At December 31, 2012, the County's debt limit amounted to \$120,515,270 and indebtedness subject to the limitation totaled \$2,775,000.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

County Forest Loans

Under Section 28.11(8) of the Wisconsin Statutes, counties which have established and maintained a county forest are eligible to receive annual payments from the state as a noninterest bearing loan to be used for the purchase, development, preservation and maintenance of the county forest lands. On timber cut from lands entered as "county forest lands", the county shall pay a severance share of not less than 20% of the actual stumpage sales value of timber. A higher rate of payment may be applied if agreed upon by the state and county. These severance share payments shall be credited against the cumulative payments made by the state to the county. Severance share payments shall not exceed the balance due the state. The county shall also reimburse the state the amount previously paid to the county on any county forest land withdrawn from the program; except that the state may waive all or part of such reimbursement if it finds that the lands are withdrawn for a higher public use or that the amount of such reimbursement is unreasonable when compared to the value of the land.

The County had completely repaid its liability under this program at December 31, 2012.

F. Governmental Fund Balances

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

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
Major Funds:						
General Fund						
Delinquent Taxes	\$ 1,552,071	\$ 1,552,071	\$ -	\$ -	\$ -	\$ -
Inventories/Prepayments	348,110	348,110	-	-	-	-
Register of Deeds - Public Access Funds	28,072	-	28,072	-	-	-
Register of Deeds - PEASSN	49,813	-	49,813	-	-	-
Sick Leave Liability	835,974	-	-	-	835,974	-
HSD Youth	250,000	-	-	-	250,000	-
Memorials-Donations	7,530	-	-	-	7,530	-
Unclaimed Funds	299	-	-	-	299	-
Health Insurance Excess	237,274	-	-	-	237,274	-
Special Projects-Old Hwy Cleanup	15,089	-	-	-	15,089	-
Special Projects-Superior Days	2,000	-	-	-	2,000	-
IT Capital Equipment Fund	119,407	-	-	-	119,407	-
Property & Insurance-Deductibles	50,000	-	-	-	50,000	-
Maps & Plats	39,582	-	-	-	39,582	-
County Cars	83,433	-	-	-	83,433	-
Veterans	700	-	-	-	700	-
Wellness	5,207	-	-	-	5,207	-
Unassigned	4,337,120	-	-	-	-	4,337,120
Sub-Total General Fund:	7,961,681	1,900,181	77,885	-	1,646,495	4,337,120
Committed for Human Services Programs	737,768	-	-	737,768	-	-
Committed for Forestry Department Programs	263,805	-	-	263,805	-	-
Restricted for Debt Service	2,298	-	2,298	-	-	-
Capital Improvements Program Fund:						
Committed for Capital Projects	6,380,751	-	-	6,380,751	-	-
Sub-Total Major Funds:	15,346,303	1,900,181	80,183	7,382,324	1,646,495	4,337,120

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Governmental Fund Balances (Continued)

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
Nonmajor Funds:						
Special Revenue Funds:						
Public Health Fund:						
Inventories/Prepayments	148	148	-	-	-	-
Committed for Health Services Programs	59,231	-	-	59,231	-	-
Child Support Fund	47,914	-	-	47,914	-	-
Committed for ADRC Programs	20,130	-	-	20,130	-	-
Council on Aging Fund:						
Inventories/Prepayments	3,245	3,245	-	-	-	-
Restricted for the DOT Medical Escort Program	42,590	-	42,590	-	-	-
Committed for Aging Services	60,174	-	-	60,174	-	-
Restricted for CDBG Revolving Loan Program	10,780	-	10,780	-	-	-
Forestry Restricted Fund	-	-	-	-	-	-
Development Fund:						
Impact Fees Restricted for Environmental and Capital Improvements	664,919	-	664,919	-	-	-
Committed for Building Project	623,181	-	-	623,181	-	-
Committed for Animal Control Program	2,040	-	-	2,040	-	-
County Land Sales Fund						
Committed for Dam Maintenance	989,581	-	-	989,581	-	-
Committed for Jail Assessments Fee Funded Projects	30,168	-	-	30,168	-	-
Sheriff Special Activity Fund:						
Donor Restrictions for Sheriff Operations	9,159	-	9,159	-	-	-
Committed for Projects in the Sheriff's Department	14,905	-	-	14,905	-	-
Restricted for Environmental and Socioeconomic Impact Fund Projects						
Impact Fund Projects	1,002,004	-	1,002,004	-	-	-
Restricted for County Trunk D Project	518,549	-	518,549	-	-	-
Solid Waste Projects						
Restricted by Contract Agreements for Solid Waste Improvements	187,401	-	187,401	-	-	-
Committed for Solid Waste Operations	8,727	-	-	8,727	-	-
Sub-Total Nonmajor Funds:	4,294,846	3,393	2,435,402	1,856,051	-	-
Total Governmental Fund Balances at December 31, 2012	<u>\$ 19,641,149</u>	<u>\$ 1,903,574</u>	<u>\$ 2,515,585</u>	<u>\$ 9,238,375</u>	<u>\$ 1,646,495</u>	<u>\$ 4,337,120</u>

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

NOTE 4 OTHER INFORMATION

A. Employee Vacation, Sick Leave and Compensatory Time

Non-Highway Department Employees. Employees earn vacation in varying amounts depending upon length of service. Vacation earned one year is available to the employees the following year. The liability at December 31, 2012 for employees accrued vacation benefits was estimated at \$64,285.

Employees earn one day (7.5 hours) of sick leave per month with a maximum accumulation of 95 days (712.5 hours). Retiring employees with five to ten years of service are paid one-half of accumulated sick leave while employees with ten or more years of service receive actual accumulation up to the 95 day maximum. The estimated liability for accumulated sick leave at December 31, 2012 was \$802,163.

Highway Department Employees. Vacation and sick leave accrued to highway department employees totaled \$291,399 on December 31, 2012 and are reflected as liabilities in the internal service fund.

B. Employee Retirement Plan

All eligible Washburn 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 at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Prior to June 29, 2011, covered employees in the General/Teacher/Educational Support Personnel 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.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Employee Retirement Plan (Continued)

Effective the first day of the pay period on or after June 29, 2011 the employee required contribution was change to one-half of the actuarially determined contribution rate for General category employees, including Teachers, 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 provide for an existing collective bargaining agreement. Contribution rates for 2012 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.90%	5.90%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.90%	10.90%
Protective without Social Security	5.90%	13.20%

The payroll for County employees covered by the WRS for the year ended December 31, 2012 was \$7,172,441 and the employer's total payroll was \$7,458,318. The total required contribution for the year ended December 31, 2012 was \$928,000, which consisted of \$502,357, or 7.0% of payroll from the employer and \$425,642, or 5.9% of payroll from employees. Total contributions for the years ending December 31, 2011 and 2010 were \$932,420 and \$880,614, respectively, equal to the required contributions for each year.

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

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

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

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan

The County adopted Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. The County engaged an actuary to determine the County's liability for postemployment healthcare benefits other than pensions.

Single-Employer Plan Description

All employees who retire through the Wisconsin Retirement System are eligible to participate in the retiree medical plan if they pay 100% of the retiree premium. Coverage may continue after 65 if the retiree pays 100% of the post-65 premium. The post-65 retiree premium is assumed to be entirely self-sustaining (i.e. not subsidized). As of June 30, 2010, there were approximately 161 active participants and 15 retired participants receiving benefits from the County's health plans.

Funding Policy

The County funds its OPEB obligation on a pay-as-you-go basis. For fiscal year 2012, the County contributed \$95,000 to the plan. This contribution was in the form of an implicit rate subsidy.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the County's net OPEB obligation.

Annual Required Contribution	\$ 296,921
Interest on Net OPEB Obligation	31,455
Adjustment to Annual Required Contribution	(43,727)
Annual OPEB Cost (Expense)	<u>284,649</u>
Contributions Made	<u>(95,000)</u>
Increase in Net OPEB Obligation	189,649
Net OPEB Obligation- Beginning of Year	786,372
Net OPEB Obligation- End of Year	<u><u>\$ 976,021</u></u>

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

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The County's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/12	\$ 284,649	33.4%	\$ 976,021
12/31/11	288,068	24.0	786,372
12/31/10	274,689	18.9	567,302

Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$2,244,230. The annual payroll for active employees covered by the plan in the actuarial valuation for fiscal year 2010 was \$7,287,729 for a ratio of the UAAL to covered payroll of 30.8%.

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

Actuarial Methods and Assumptions

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

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

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Actuarial Methods and Assumptions (Continued)

In the June 30, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% interest discount rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 9.3%, reduced by decrements to an ultimate rate of 4.7% by the year 2083. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2012 was 28 years.

D. Other Organizations

County officials appoint some or all of the governing board members of the following organizations which are not considered to be component units.

Joint Venture

Waste Management Group. Washburn County and Burnett County have jointly established the Waste Management Group to construct, operate and maintain solid waste management facilities under Wisconsin Statutes 66.30. Each member county appoints five members of the board of directors. The operating and capital budgets are funded by user charges with shortfalls funded by the participating members. The County's transactions relating to the Waste Management Group are reported in the recycling special revenue fund. Financial statements of the Waste Management Group can be obtained from its offices at 1400 South River Street, Spooner, Wisconsin.

Jointly Governed Organization

Northwest Regional Planning Commission. The County, in conjunction with Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer and Taylor counties, and major cities within these counties, has created the Northwest Regional Planning Commission (NWRPC). NWRPC's governing body is comprised of two members from each of the ten counties and a representative from each major city. The County's representatives are appointed by the county board chairperson and approved by the county board.

Other

Washburn County Housing Authority. The County is responsible for the appointment of the board members of Washburn County Housing Authority (Housing Authority). The County, however, cannot, without cause, remove appointed members prior to completion of their five-year term. The County receives no funding from, nor provides any funding to, the Housing Authority. The County is not considered to be financially accountable for the Housing Authority and, accordingly, the Housing Authority is not considered to be a component unit of the County.

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

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Risk Management

The County is exposed to various risks of loss related to torts; thefts of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains commercial insurance coverage to cover each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. Settled claims have not exceeded this commercial coverage in any of the last three years.

F. Contingencies

State and Federal Grant Programs

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

REQUIRED SUPPLEMENTARY INFORMATION

**WASHBURN COUNTY, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 8,644,333	\$ 8,644,333	\$ 8,820,635	\$ 176,302
Intergovernmental	1,542,593	1,555,843	1,530,292	(25,551)
Licenses and Permits	161,500	161,500	146,793	(14,707)
Fines, Forfeits and Penalties	85,200	85,200	103,632	18,432
Public Charges for Services	401,040	390,040	406,308	16,268
Intergovernmental Charges for Services	36,515	9,000	19,063	10,063
Miscellaneous	312,144	370,928	433,907	62,979
Total Revenues	<u>11,183,325</u>	<u>11,216,844</u>	<u>11,460,630</u>	<u>243,786</u>
EXPENDITURES:				
General Government	4,055,460	4,059,006	3,690,460	368,546
Public Safety	3,488,450	3,496,450	3,527,007	(30,557)
Public Works	2,425,883	2,425,883	2,400,399	25,484
Health and Human Services	206,895	196,395	192,255	4,140
Culture, Recreation and Education	506,382	506,382	468,211	38,171
Conservation and Development	731,510	681,606	707,991	(26,385)
Total Expenditures	<u>11,414,580</u>	<u>11,365,722</u>	<u>10,986,323</u>	<u>379,399</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(231,255)	(148,878)	474,307	623,185
OTHER FINANCING SOURCES (USES):				
Transfers In	137,696	70,981	70,981	-
Transfers Out	(137,696)	(52,403)	(52,403)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>18,578</u>	<u>18,578</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(231,255)	(130,300)	492,885	623,185
Fund Balance, January 1	<u>7,468,796</u>	<u>7,468,796</u>	<u>7,468,796</u>	<u>-</u>
FUND BALANCE, DECEMBER 31	<u>\$ 7,237,541</u>	<u>\$ 7,338,496</u>	<u>\$ 7,961,681</u>	<u>\$ 623,185</u>

WASHBURN COUNTY, WISCONSIN
 BUDGETARY COMPARISON SCHEDULE
 HUMAN SERVICES FUND
 YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,160,820	\$ 1,160,820	\$ 1,160,820	\$ -
Intergovernmental	1,967,332	1,967,332	1,942,942	(24,390)
Public Charges for Services	253,900	253,900	375,476	121,576
Miscellaneous	400,754	400,754	343,924	(56,830)
Total Revenues	<u>3,782,806</u>	<u>3,782,806</u>	<u>3,823,162</u>	<u>40,356</u>
EXPENDITURES:				
Health and Human Services	<u>3,891,375</u>	<u>3,891,375</u>	<u>3,655,409</u>	<u>235,966</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(108,569)	(108,569)	167,753	276,322
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>-</u>	<u>66,780</u>	<u>67,850</u>	<u>1,070</u>
NET CHANGE IN FUND BALANCE	(108,569)	(41,789)	235,603	277,392
Fund Balance, January 1	<u>502,165</u>	<u>502,165</u>	<u>502,165</u>	<u>-</u>
FUND BALANCE, DECEMBER 31	<u>\$ 393,596</u>	<u>\$ 460,376</u>	<u>\$ 737,768</u>	<u>\$ 277,392</u>

**WASHBURN COUNTY, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
FORESTRY FUND
YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 840,055	\$ 840,055	\$ 742,013	\$ (98,042)
Public Charges for Services	1,495,700	1,495,700	2,298,469	802,769
Miscellaneous	-	-	24,534	24,534
Total Revenues	<u>2,335,755</u>	<u>2,335,755</u>	<u>3,065,016</u>	<u>729,261</u>
EXPENDITURES:				
Culture, Recreation and Education	1,639,343	1,639,343	1,468,923	170,420
Debt Service - Principal	-	-	74,151	(74,151)
Total Expenditures	<u>1,639,343</u>	<u>1,639,343</u>	<u>1,543,074</u>	<u>96,269</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	696,412	696,412	1,521,942	825,530
OTHER FINANCING SOURCES (USES):				
Long-Term Debt Issued	74,151	74,151	74,151	-
Transfers Out	<u>(936,206)</u>	<u>(936,206)</u>	<u>(1,712,287)</u>	<u>(776,081)</u>
Total Other Financing Sources (Uses)	<u>(862,055)</u>	<u>(862,055)</u>	<u>(1,638,136)</u>	<u>(776,081)</u>
NET CHANGE IN FUND BALANCE	(165,643)	(165,643)	(116,194)	49,449
Fund Balance, January 1	<u>379,999</u>	<u>379,999</u>	<u>379,999</u>	<u>-</u>
FUND BALANCE, DECEMBER 31	<u>\$ 214,356</u>	<u>\$ 214,356</u>	<u>\$ 263,805</u>	<u>\$ 49,449</u>

WASHBURN COUNTY, WISCONSIN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2010	\$ -	\$ 2,244,230	\$ 2,244,230	- %	\$7,287,729	30.8 %
6/30/2009	-	2,140,822	2,140,822	-	7,294,327	29.3
6/30/2008	-	2,072,737	2,072,737	-	7,294,327	28.4

See Notes to Required Supplementary Information.

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

BUDGETARY INFORMATION

GASB 34 requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue fund. Budgetary information for the general fund, human services fund, and the forestry fund is derived from the County's annual operating budget.

The County's annual operating budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes and on a basis consistent with generally accepted accounting principles. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. The County's legal budget is adopted at the major function level in the general fund (i.e., general government) and at the fund level in all other funds. The County exercises budgetary expenditure control at the department level.

Budget amounts in the financial statements include both the original adopted budget and the final budget. Changes to the budget during the year, if any, generally include amendments authorized by the governing body, additions of approved carryover amounts and appropriations of revenues and other sources for specified expenditures/uses. Appropriated budget amounts in the general fund lapse at the end of the year unless specifically carried over for financing subsequent year expenditures.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

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

	Special Revenue Funds							
	Public Health	Child Support	Aging & Disability Resource Center	Council on Aging	CDBG Grant Fund	Wildlife Damage	Development Fund	Animal Control
ASSETS								
Treasurer's Cash and Investments	\$ 81,779	\$ -	\$ -	\$ 119,305	\$ 17,081	\$ 4,809	\$ 1,288,100	\$ 2,315
Taxes Receivable	355,359	-	-	285,345	-	-	-	17,800
Accounts Receivable	8,241	60,691	21,998	10,868	-	-	-	520
Due from Other Governmental Units	4	-	25,842	6,337	-	4,348	-	-
Deferred Loans Receivable	-	-	-	-	924,378	-	-	-
Prepaid Items	148	-	-	3,245	-	-	-	-
Total Assets	\$ 445,531	\$ 60,691	\$ 47,840	\$ 425,100	\$ 941,459	\$ 9,157	\$ 1,288,100	\$ 20,635
LIABILITIES AND FUND BALANCES								
Liabilities:								
Vouchers Payable	\$ 467	\$ 381	\$ 1,777	\$ 20,916	\$ 6,301	\$ 4,348	\$ -	\$ 118
Accrued Liabilities	24,840	7,089	6,908	12,830	-	-	-	-
Due to Other Governmental Units	-	-	-	-	-	4,809	-	677
Due to Other Funds	-	5,307	19,025	-	-	-	-	-
Deferred Revenues:								
Property Tax Levy	355,359	-	-	285,345	-	-	-	17,800
State Aid Advance	5,486	-	-	-	-	-	-	-
Loans Receivable	-	-	-	-	924,378	-	-	-
Total Liabilities	386,152	12,777	27,710	319,091	930,679	9,157	-	18,595
Fund Balances:								
Nonspendable:	148	-	-	3,245	-	-	-	-
Restricted	-	-	-	42,590	10,780	-	664,919	-
Committed	59,231	47,914	20,130	60,174	-	-	623,181	2,040
	59,379	47,914	20,130	106,009	10,780	-	1,288,100	2,040
Total Liabilities and Fund Balances	\$ 445,531	\$ 60,691	\$ 47,840	\$ 425,100	\$ 941,459	\$ 9,157	\$ 1,288,100	\$ 20,635

**WASHBURN COUNTY, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2012**

	Special Revenue Funds (Continued)							Totals
	County Land Sales	Jail Assessment Fees	Sheriff Special Activity	Environmental & Socioeconomic Impact	County Trunk D	Recycling Fund	Solid Waste General	
ASSETS								
Treasurer's Cash and Investments	\$ 992,335	\$ 29,329	\$ 23,290	\$ 993,807	\$ 518,549	\$ -	\$ 176,004	\$ 4,246,703
Taxes Receivable	-	-	-	-	-	-	-	658,504
Accounts Receivable	-	1,304	774	8,283	-	-	21,250	133,929
Due from Other Governmental Units	-	-	-	-	-	-	-	36,531
Deferred Loans Receivable	-	-	-	-	-	-	-	924,378
Prepaid Items	-	-	-	-	-	-	-	3,393
Total Assets	<u>\$ 992,335</u>	<u>\$ 30,633</u>	<u>\$ 24,064</u>	<u>\$ 1,002,090</u>	<u>\$ 518,549</u>	<u>\$ -</u>	<u>\$ 197,254</u>	<u>\$ 6,003,438</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Vouchers Payable	\$ 2,754	\$ 465	\$ -	\$ 86	\$ -	\$ -	\$ 1,126	\$ 38,739
Accrued Liabilities	-	-	-	-	-	-	-	51,667
Due to Other Governmental Units	-	-	-	-	-	-	-	5,486
Due to Other Funds	-	-	-	-	-	-	-	24,332
Deferred Revenues:								
Property Tax Levy	-	-	-	-	-	-	-	658,504
State Aid Advance	-	-	-	-	-	-	-	5,486
Loans Receivable	-	-	-	-	-	-	-	924,378
Total Liabilities	<u>2,754</u>	<u>465</u>	<u>-</u>	<u>86</u>	<u>-</u>	<u>-</u>	<u>1,126</u>	<u>1,708,592</u>
Fund Balances:								
Nonspendable	-	-	-	-	-	-	-	3,393
Restricted	-	-	9,159	1,002,004	518,549	-	187,401	2,435,402
Committed	989,581	30,168	14,905	-	-	-	8,727	1,856,051
	<u>989,581</u>	<u>30,168</u>	<u>24,064</u>	<u>1,002,004</u>	<u>518,549</u>	<u>-</u>	<u>196,128</u>	<u>4,294,846</u>
Total Liabilities and Fund Balances	<u>\$ 992,335</u>	<u>\$ 30,633</u>	<u>\$ 24,064</u>	<u>\$ 1,002,090</u>	<u>\$ 518,549</u>	<u>\$ -</u>	<u>\$ 197,254</u>	<u>\$ 6,003,438</u>

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

	Special Revenue Funds							
	Public Health	Child Support	Aging & Disability Resource Center	Council on Aging	CDBG Grant Fund	Wildlife Damage	Development Fund	
REVENUES:								
Taxes	\$ 387,658	\$ 34,682	\$ -	\$ 284,696	\$ -	\$ -	\$ -	\$ 15,750
Intergovernmental	188,113	256,158	131,783	230,428	-	17,568	-	-
Licenses and Permits	-	-	-	-	-	-	38,420	19,134
Fines, Forfeits and Penalties	-	-	-	-	-	-	-	-
Public Charges for Services	76,488	1,523	73,500	96,800	-	-	-	-
Miscellaneous:								
Interest	-	-	-	1	582	-	-	-
Loan Repayments	-	-	-	-	13,963	-	-	-
Sale of County Property	-	-	-	-	-	-	-	-
Donations	-	64,822	-	45,530	-	-	-	-
Other	177,344	-	-	71,436	-	-	-	2,322
Total Revenues	829,603	357,185	205,283	728,891	14,545	17,568	38,420	37,206
EXPENDITURES:								
Public Safety	-	-	-	-	-	-	-	-
Health and Human Services	784,076	241,421	190,153	654,255	-	-	-	37,804
Conservation and Development	-	-	-	-	62,886	17,568	300,000	-
Total Expenditures	784,076	241,421	190,153	654,255	62,886	17,568	300,000	37,804
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	45,527	115,764	15,130	74,636	(48,341)	-	(261,580)	(598)
OTHER FINANCING SOURCES (USES):								
Transfers In	10,500	-	-	-	-	-	-	-
Transfers Out	-	(67,850)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	10,500	(67,850)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	56,027	47,914	15,130	74,636	(48,341)	-	(261,580)	(598)
Fund Balances, January 1	3,352	-	5,000	31,373	59,121	-	1,549,680	2,638
FUND BALANCES, DECEMBER 31	\$ 59,379	\$ 47,914	\$ 20,130	\$ 106,009	\$ 10,780	\$ -	\$ 1,288,100	\$ 2,040

**WASHBURN COUNTY, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDING DECEMBER 31, 2012**

Special Revenue Funds (Continued)

	County Land Sales	Jail Assessment Fees	Sheriff Special Activity	Environmental & Socioeconomic Impact	County Trunk D	Recycling Fund	Solid Waste General	Totals
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 722,786
Intergovernmental	-	-	-	-	-	83,407	-	907,457
Licenses and Permits	-	-	-	-	-	-	-	57,554
Fines, Forfeits and Penalties	-	17,758	-	-	-	-	-	17,758
Public Charges for Services	20,425	-	-	-	-	-	-	268,736
Miscellaneous:								
Interest	-	-	-	948	422	-	-	1,953
Loan Repayments	-	-	-	-	-	-	-	13,963
Sale of County Property	151,935	-	-	-	-	-	-	151,935
Donations	-	-	13,425	-	-	-	-	123,777
Other	-	-	-	33,823	-	15,842	85,000	385,767
Total Revenues	172,360	17,758	13,425	34,771	422	99,249	85,000	2,651,686
EXPENDITURES:								
Public Safety	-	35,127	10,200	-	-	-	-	45,327
Health and Human Services	-	-	-	-	-	-	-	1,907,709
Conservation and Development	62,033	-	-	34,086	-	99,249	55,346	631,168
Total Expenditures	62,033	35,127	10,200	34,086	-	99,249	55,346	2,584,204
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	110,327	(17,369)	3,225	685	422	-	29,654	67,482
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	-	-	-	-	-	10,500
Transfers Out	-	-	(10,000)	-	-	-	(60,981)	(138,831)
Total Other Financing Sources (Uses)	-	-	(10,000)	-	-	-	(60,981)	(128,331)
NET CHANGE IN FUND BALANCES	110,327	(17,369)	(6,775)	685	422	-	(31,327)	(60,849)
Fund Balances, January 1	879,254	47,537	30,839	1,001,319	518,127	-	227,455	4,355,695
FUND BALANCES, DECEMBER 31	\$ 989,581	\$ 30,168	\$ 24,064	\$ 1,002,004	\$ 518,549	\$ -	\$ 196,128	\$ 4,294,846

**WASHBURN COUNTY, WISCONSIN
GENERAL FUND
DETAILED BALANCE SHEET
DECEMBER 31, 2012
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2011)**

	2012	2011
ASSETS		
Treasurer's Cash and Investments	\$ 6,237,044	\$ 5,942,723
Current Taxes Receivable	7,558,817	7,454,813
Tax Certificates	1,552,071	1,598,376
Accounts Receivable	193,588	126,449
Due from Other Governments	235,117	335,186
Due from Other Funds	295,361	310,178
Inventory	12,472	12,757
Prepaid Items:		
Prepaid Expenses	40,894	12,517
Prepaid Insurance	294,744	249,923
Total Assets	\$ 16,420,108	\$ 16,042,922
LIABILITIES AND FUND BALANCE		
Liabilities:		
Vouchers and Accounts Payable	\$ 236,670	\$ 162,812
Payroll Deductions	312,728	546,491
Accrued Liabilities	281,549	294,298
Due to Other Governments	52,097	58,150
Deferred Revenues:		
Tax Apportionment	7,558,817	7,454,813
Long-Term Receivable	16,566	9,249
Services to Municipalities	-	48,313
Total Liabilities	8,458,427	8,574,126
Fund Balance:		
Nonspendable	1,900,181	1,873,573
Restricted	77,885	41,650
Assigned	1,646,495	1,673,570
Unassigned	4,337,120	3,880,003
Total Fund Balance	7,961,681	7,468,796
Total Liabilities and Fund Balance	\$ 16,420,108	\$ 16,042,922

**WASHBURN COUNTY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012		Variance With Final Budget Positive (Negative)	2011 Actual
	Final Budget	Actual		
REVENUES:				
Taxes:				
Property:				
General Property Taxes	\$ 7,454,813	\$ 7,454,813	\$ -	\$ 7,448,865
Forest Cropland Taxes From Districts	9,400	9,804	404	9,506
Sales and Use:				
County Sales Tax	940,000	1,020,061	80,061	974,687
Retained Sales Tax Applied	120	-	(120)	119
Real Estate Transfer Fees	40,000	51,812	11,812	35,318
Interest and Penalties on Taxes:				
Interest on Taxes	200,000	284,145	84,145	270,446
Total Taxes	8,644,333	8,820,635	176,302	8,738,941
Intergovernmental:				
Federal Grants:				
Homeland Security Equipment Grant	35,999	36,457	458	111,967
Aid in Lieu of Taxes	9,000	10,667	1,667	10,596
Emergency Government	6,626	6,577	(49)	54,598
Federal Aids Secondary	3,936	3,936	-	3,936
Wireless 911 Grant	-	5,000	5,000	-
Jail Literacy Grant	-	3,000	3,000	2,986
State Shared Taxes:				
Shared Revenue	141,854	141,461	(393)	175,469
Tax Exempt Computer Aids	-	3,962	3,962	4,587
State Grants:				
Aid for Courts	52,275	52,275	-	55,017
Victim/Witness Program	38,858	31,283	(7,575)	35,411
Septic Systems	35,000	9,588	(25,412)	3,368
Veterans Service Officer	14,240	14,239	(1)	15,380
Child Support	-	-	-	203,025
Probation and Parole	15,000	20,699	5,699	24,441
Guardian Ad Litem	15,638	15,031	(607)	15,638
Snowmobile and ATV Enforcement	8,000	3,967	(4,033)	11,807
County Trunk Highways	899,497	899,497	-	999,441

**WASHBURN COUNTY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012		Variance With Final Budget Positive (Negative)	2011 Actual
	Final Budget	Actual		
REVENUES: (CONTINUED)				
Intergovernmental: (Continued)				
State Grants: (Continued)				
Soil and Water Resource Management	\$ 153,206	\$ 127,267	\$ (25,939)	\$ 150,250
AIS and Buffer Restoration Grants	58,944	57,983	(961)	59,698
Cease Funds	-	-	-	4,429
Computer and Hazmat Equipment Grant	470	243	(227)	191
Law Enforcement Training	5,300	9,880	4,580	5,400
AODA Grant	-	-	-	1,775
Land Information Board Grants	-	7,843	7,843	22,842
Forest Crop/Managed Forest Aides	28,000	27,591	(409)	26,998
Severance and Withdrawal Taxes	20,000	13,874	(6,126)	17,392
Payment in Lieu of Taxes	14,000	27,972	13,972	15,019
Total Intergovernmental	1,555,843	1,530,292	(25,551)	2,031,661
Licenses and Permits:				
Licenses:				
Conservation License Fees	250	216	(34)	224
Marriage License Revenue	5,000	5,690	690	4,600
Permits:				
Zoning Fees	156,250	140,887	(15,363)	143,943
Total Licenses and Permits	161,500	146,793	(14,707)	148,767
Fines, Forfeits and Penalties:				
Law and Ordinance Violations:				
County Share of Fines and Forfeitures	85,200	103,632	18,432	99,177
Public Charges for Services:				
General Government:				
Treasurer's Fees	200	348	148	254
Register of Deeds Fees	128,000	158,194	30,194	139,279
Land Modernization Fees	34,000	33,234	(766)	29,442
Surveyor Fees	1,900	1,921	21	497
Court Fees and Costs	22,000	27,177	5,177	25,415
Register in Probate Fees	7,000	9,337	2,337	8,052
Assessment of Property Fees	1,000	798	(202)	895
Land Records	1,500	930	(570)	1,244

**WASHBURN COUNTY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012		Variance With Final Budget Positive (Negative)	2011 Actual
	Final Budget	Actual		
REVENUES: (CONTINUED)				
Public Charges for Services: (Continued)				
General Government: (Continued)				
Family Counseling Fees	\$ 1,500	\$ 1,580	\$ 80	\$ 1,515
Guardian Ad Litem Reimbursement	36,000	46,012	10,012	47,460
District Attorney Fees	1,200	1,616	416	1,367
SSA Incentive	-	-	-	400
Coroner	3,950	5,050	1,100	3,378
Public Safety:				
Sheriff Fees	55,000	47,405	(7,595)	51,225
Inmate Phone	6,000	6,932	932	5,444
Electric Monitor Revenue	23,500	16,579	(6,921)	25,462
Board of Prisoners - Huber Law	7,000	3,457	(3,543)	11,401
Drug Enforcement	3,000	-	(3,000)	-
County Numbering System	8,000	3,530	(4,470)	2,980
Patrolling County Fair	1,000	679	(321)	828
Prisoner Medical Reimbursements	20,000	8,799	(11,201)	21,880
Health and Human Services:				
Veteran Service Fees	15,000	14,409	(591)	13,494
Child Support Fees	-	7,328	7,328	1,902
Culture, Recreation and Education:				
UWEX Extension Fees	3,000	2,643	(357)	1,757
Conservation and Development:				
Soil and Water Revenue	10,290	8,350	(1,940)	9,641
Total Public Charges for Services	390,040	406,308	16,268	405,212
Intergovernmental Charges for Services:				
Smart Growth Planning	9,000	19,063	10,063	10,493

**WASHBURN COUNTY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012		Variance With Final Budget Positive (Negative)	2011 Actual
	Final Budget	Actual		
REVENUES: (CONTINUED)				
Miscellaneous				
Interest:				
Temporary Investments	\$ 260,000	\$ 331,609	\$ 71,609	\$ 327,975
Rent:				
Buildings	12,204	12,204	-	12,204
County Dam Site	11,990	5,000	(6,990)	38,099
Property Sales:				
Sale of General Capital Assets	-	7,000	7,000	907
Sale of Sheriff Department Cars	25,000	11,481	(13,519)	18,596
Sale of Maps and Plats	9,000	11,762	2,762	8,434
Sale of CSM's	3,000	2,725	(275)	2,962
Other:				
County Cars Revenue	12,515	30,801	18,286	30,629
Insurance Recoveries	-	1,204	1,204	-
Refund of Prior Year Expenditures	-	50	50	28
Donations	2,500	1,400	(1,100)	4,796
Disposal Fee Payment	-	12,981	12,981	-
Miscellaneous	34,719	5,690	(29,029)	17,396
Total Miscellaneous Revenues	<u>370,928</u>	<u>433,907</u>	<u>62,979</u>	<u>462,026</u>
Total Revenues	11,216,844	11,460,630	243,786	11,896,277
EXPENDITURES:				
General Government:				
Legislative:				
Board	92,944	68,898	24,046	72,940
Judicial:				
Judge	92,600	122,853	(30,253)	114,226
Juvenile Court				
Clerk of Courts	305,702	293,283	12,419	302,981
Register in Probate	69,787	68,041	1,746	69,452
Family Court Commissioner	27,894	27,458	436	27,474
Coroner	24,109	26,938	(2,829)	23,420
Legal:				
District Attorney	180,494	138,459	42,035	165,389
Family Counseling	3,500	1,858	1,642	3,045
Criminal Justice Coordinator	74,824	73,181	1,643	54,224
Corporation Counsel	151,517	146,393	5,124	155,430
Victim/Witness Coordinator	70,082	61,051	9,031	64,669

**WASHBURN COUNTY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012		Variance With Final Budget Positive (Negative)	2011 Actual
	Final Budget	Actual		
EXPENDITURES: (CONTINUED)				
General Government: (Continued)				
General Administration:				
Clerk	\$ 98,232	\$ 94,456	\$ 3,776	\$ 98,138
Administration	224,989	245,600	(20,611)	225,229
Contracted Services	12,751	1,750	11,001	5,965
Elections	25,290	40,541	(15,251)	15,017
Information Technology	630,522	523,024	107,498	596,512
Information Technology Capital Equipment	61,925	65,409	(3,484)	46,267
Central Postage	43,700	34,566	9,134	24,503
Financial Administration:				
Accounting and Auditing	200,849	191,189	9,660	213,117
Treasurer	211,695	149,489	62,206	242,480
Assessment of Property	7,540	2,966	4,574	4,650
Purchasing	112,025	122,867	(10,842)	109,745
General Building and Plant:				
Annex - Spooner	47,193	42,905	4,288	46,600
Annex - Shell Lake	90,156	92,616	(2,460)	99,185
Annex - City of Spooner	44,743	37,166	7,577	41,965
Courthouse	307,858	294,650	13,208	311,936
Building Repair	21,303	18,763	2,540	21,893
Wayside	60,135	44,913	15,222	30,305
Memorials	2,500	130	2,370	705
Property Records and Control:				
Register of Deeds	181,583	136,564	45,019	165,615
Surveyor	318,419	313,815	4,604	320,621
Land Record's Office	111,333	116,706	(5,373)	110,986
Maps and Plats	24,000	10,216	13,784	6,399
Other General Government:				
County Owned Cars Expense	30,515	25,832	4,683	27,199
Property and Liability Insurance	96,297	55,914	40,383	61,595
Total General Government	4,059,006	3,690,460	368,546	3,879,877

**WASHBURN COUNTY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012		Variance With Final Budget Positive (Negative)	2011 Actual
	Final Budget	Actual		
EXPENDITURES: (CONTINUED)				
Public Safety:				
Sheriff	\$ 1,794,339	\$ 1,827,547	\$ (33,208)	\$ 1,809,447
Fire Suppression	500	-	500	9
Jail Expenses	1,617,146	1,626,285	(9,139)	1,644,665
Highway Safety	1,000	150	850	805
County Numbering System	8,000	2,477	5,523	2,399
Emergency Government	70,569	65,648	4,921	148,291
Emergency Communications	4,896	4,900	(4)	4,865
Total Public Safety	3,496,450	3,527,007	(30,557)	3,610,481
Public Works:				
Transportation Facilities:				
Appropriations to Highway Department [1]	2,384,683	2,384,683	-	2,534,627
Other Transportation:				
Transit Commission	500	428	72	345
Airport	5,700	5,700	-	5,700
Total Transportation Facilities	2,390,883	2,390,811	72	2,540,672
Sanitation:				
Wisconsin Fund Grant	35,000	9,588	25,412	3,368
Total Public Works	2,425,883	2,400,399	25,484	2,544,040
Health and Human Services:				
Health:				
Wellness Program	4,000	1,846	2,154	4,456
Human Services:				
Child Support	-	-	-	181,785
AODA Program	7,560	7,566	(6)	7,500
Veterans:				
Veterans Service	138,077	135,216	2,861	145,472
Veterans Commission	36,008	38,001	(1,993)	33,955
Deceased Veterans Affairs	10,750	9,626	1,124	9,650
Total Health and Human Services	196,395	192,255	4,140	382,818

**WASHBURN COUNTY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012		Variance With Final Budget Positive (Negative)	2011 Actual
	Final Budget	Actual		
EXPENDITURES: (CONTINUED)				
Culture, Recreation and Education:				
Culture:				
Library	\$ 238,501	\$ 224,090	\$ 14,411	\$ 209,066
Historical Society	17,200	17,200	-	17,200
Recreation:				
Fairs	43,325	43,325	-	43,325
Education:				
University Extension	207,356	183,596	23,760	197,958
Total Culture, Recreation and Education	<u>506,382</u>	<u>468,211</u>	<u>38,171</u>	<u>467,549</u>
Conservation and Development:				
Resource Conservation:				
Dam Maintenance	27,990	59,434	(31,444)	62,000
Soil and Water Conservation	269,544	266,306	3,238	297,108
Planning:				
Regional Planning Commission	23,867	23,867	-	25,123
Zoning:				
Zoning	183,543	183,427	116	196,929
Economic Development:				
Tourism	111,389	111,389	-	111,389
Economic Development Corporation	59,798	59,798	-	59,798
ITBEC Contribution	3,000	3,000	-	3,000
Community Action Programs	2,475	770	1,705	728
Total Conservation and Development	<u>681,606</u>	<u>707,991</u>	<u>(26,385)</u>	<u>756,075</u>
Total Expenditures	<u>11,365,722</u>	<u>10,986,323</u>	<u>379,399</u>	<u>11,640,840</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(148,878)	474,307	623,185	255,437

**WASHBURN COUNTY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012		Variance With Final Budget Positive (Negative)	2011 Actual
	Final Budget	Actual		
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Forestry Fund	\$ 70,981	\$ 70,981	\$ -	\$ 415,772
Transfers Out:				
Human Services Fund	-	-	-	(7,211)
Forestry Fund	-	-	-	(9,762)
Council on Aging Fund	-	-	-	(1,774)
Aging Disability Resource Center	-	-	-	(197)
Recycling Fund	-	-	-	(356)
Highway Department Fund	(41,903)	(41,903)	-	-
Public Health Fund	(10,500)	(10,500)	-	-
Total Transfers Out	<u>(52,403)</u>	<u>(52,403)</u>	<u>-</u>	<u>(19,300)</u>
Total Other Financing Sources (Uses)	<u>18,578</u>	<u>18,578</u>	<u>-</u>	<u>396,472</u>
NET CHANGE IN FUND BALANCE	(130,300)	492,885	623,185	651,909
Fund Balance, January 1	<u>7,468,796</u>	<u>7,468,796</u>	<u>-</u>	<u>6,816,887</u>
FUND BALANCE, DECEMBER 31	<u>\$ 7,338,496</u>	<u>\$ 7,961,681</u>	<u>\$ 623,185</u>	<u>\$ 7,468,796</u>

**WASHBURN COUNTY, WISCONSIN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)**

	Highway Department	Copy Machine	Totals	
			2012	2011
ASSETS				
Current Assets:				
Treasurer's Cash and Investments	\$ 3,191,008	\$ 41,265	\$ 3,232,273	\$ 2,695,356
Accounts Receivable	4,572	345	4,917	49,450
Due from Other Governments	814,204	-	814,204	660,971
Due from Other Funds	394,617	-	394,617	995,850
Prepaid Expenses	712	-	712	629
Inventories	1,020,087	-	1,020,087	1,131,359
Total Current Assets	<u>5,425,200</u>	<u>41,610</u>	<u>5,466,810</u>	<u>5,533,615</u>
Noncurrent Assets:				
Capital Assets:				
Not Being Depreciated/Depleted	489,782	-	489,782	489,782
Being Depreciated/Depleted	18,328,730	26,919	18,355,649	18,372,977
Accumulated Depreciation	(9,295,890)	(21,833)	(9,317,723)	(9,074,936)
Total Capital Assets	<u>9,522,622</u>	<u>5,086</u>	<u>9,527,708</u>	<u>9,787,823</u>
Total Assets	<u>\$ 14,947,822</u>	<u>\$ 46,696</u>	<u>\$ 14,994,518</u>	<u>\$ 15,321,438</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 244,456	\$ -	\$ 244,456	\$ 63,831
Accrued Liabilities	105,044	-	105,044	91,623
Deferred Revenues	77,607	-	77,607	-
Accrued Vacation and Sick Leave - Current	100,262	-	100,262	97,859
Total Current Liabilities	<u>527,369</u>	<u>-</u>	<u>527,369</u>	<u>253,313</u>
Long-Term Liabilities:				
Advance from Capital Projects Fund	563,638	-	563,638	572,403
Other Postemployment Benefits Payable	185,332	-	185,332	153,318
Accrued Vacation and Sick Leave	191,137	-	191,137	208,974
Total Long-Term Liabilities	<u>940,107</u>	<u>-</u>	<u>940,107</u>	<u>934,695</u>
Total Liabilities	<u>1,467,476</u>	<u>-</u>	<u>1,467,476</u>	<u>1,188,008</u>
NET POSITION				
Net Investment in Capital Assets	9,522,622	5,086	9,527,708	9,787,823
Unrestricted	3,957,724	41,610	3,999,334	4,345,607
Total Net Position	<u>13,480,346</u>	<u>46,696</u>	<u>13,527,042</u>	<u>14,133,430</u>
Total Liabilities and Net Position	<u>\$ 14,947,822</u>	<u>\$ 46,696</u>	<u>\$ 14,994,518</u>	<u>\$ 15,321,438</u>

WASHBURN COUNTY, WISCONSIN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

	Highway Department	Copy Machine	Totals	
			2012	2011
OPERATING REVENUES	\$ 5,462,214	\$ 7,580	\$ 5,469,794	\$ 6,314,447
OPERATING EXPENSES	<u>6,256,473</u>	<u>8,413</u>	<u>6,264,886</u>	<u>6,656,672</u>
OPERATING INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(794,259)	(833)	(795,092)	(342,225)
CAPITAL CONTRIBUTIONS AND TRANSFERS:				
Transfers from Debt Service Fund	41,903	-	41,903	-
Transfers from Capital Projects Fund	146,801	-	146,801	-
Transfers to Capital Projects Fund	-	-	-	(50,000)
Contributions from County	-	-	-	65,095
Total Capital Contributions and Transfers	<u>188,704</u>	<u>-</u>	<u>188,704</u>	<u>15,095</u>
CHANGE IN NET POSITION	(605,555)	(833)	(606,388)	(327,130)
Net Position, January 1	<u>14,085,901</u>	<u>47,529</u>	<u>14,133,430</u>	<u>14,460,560</u>
NET POSITION, DECEMBER 31	<u>\$ 13,480,346</u>	<u>\$ 46,696</u>	<u>\$ 13,527,042</u>	<u>\$ 14,133,430</u>

**WASHBURN COUNTY, WISCONSIN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)**

	Highway	Copy	Totals	
	Department	Machine	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received for Services Provided	\$ 5,955,092	\$ 7,235	\$ 5,962,327	\$ 5,526,181
Cash Paid to Suppliers for Goods and Services	(2,068,945)	(6,091)	(2,075,036)	(3,232,290)
Cash Paid for Employee Services	(3,027,565)	-	(3,027,565)	(2,282,624)
Net Cash Provided by Operating Activities	858,582	1,144	859,726	11,267
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer from Debt Service Fund	41,903	-	41,903	-
Transfers from Capital Projects Fund	146,801	-	146,801	-
Net Cash Provided by Noncapital Financing Activities	188,704	-	188,704	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Cash Paid for Acquisition of Capital Assets	(500,866)	-	(500,866)	(397,046)
Cash Received for Capital Contributions	-	-	-	65,095
Cash Paid County on Advance for Gravel Pits	(10,647)	-	(10,647)	(13,138)
Salvage Received on the Sale/Disposal of Capital Assets	-	-	-	4,500
Net Cash Used for Capital and Related Financing Activities	(511,513)	-	(511,513)	(340,589)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	535,773	1,144	536,917	(329,322)
CASH AND CASH EQUIVALENTS, JANUARY 1	2,655,235	40,121	2,695,356	3,024,678
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 3,191,008</u>	<u>\$ 41,265</u>	<u>\$ 3,232,273</u>	<u>\$ 2,695,356</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ (794,259)	\$ (833)	\$ (795,092)	\$ (342,225)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	735,431	2,236	737,667	787,764
Depletion of Gravel Pits	25,016	-	25,016	18,519
(Increase) Decrease in Assets:				
Accounts Receivable	44,878	(345)	44,533	(17,355)
Due from Governmental Units	(153,233)	-	(153,233)	237,585
Prepaid Expenses	-	97	97	-
Inventories	111,272	-	111,272	389,610
Due from Other Funds	601,233	-	601,233	(976,508)
Increase (Decrease) in Liabilities:				
Vouchers Payable	180,636	(11)	180,625	(100,219)
Deferred Revenue	77,607	-	77,607	(1,877)
Accrued Liabilities	13,421	-	13,421	(13,060)
Other Postemployment Benefits Payable	32,014	-	32,014	44,086
Unused Vested Employee Benefits	(15,434)	-	(15,434)	(15,053)
Net Cash Provided by Operating Activities	<u>\$ 858,582</u>	<u>\$ 1,144</u>	<u>\$ 859,726</u>	<u>\$ 11,267</u>

**WASHBURN COUNTY, WISCONSIN
HIGHWAY DEPARTMENT INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2012
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012	2011
OPERATING REVENUES:		
Charges For Services:		
County Highway [1]	\$ 3,195,975	\$ 3,536,319
State Highway	969,184	1,105,455
Other Local Highways	902,639	1,134,043
County Departments	129,016	220,427
Non-Governmental Customers	7,503	27,699
Other Services	257,711	283,741
Miscellaneous Revenue	186	656
Total Operating Revenues	5,462,214	6,308,340
OPERATING EXPENSES:		
Administration and General:		
Administration	316,249	270,135
Patrol Superintendent	122,246	119,587
Radio Expense	2,373	15,224
Public Liability Insurance	18,592	16,310
Transportation Cost Pools:		
Machinery Operations	162,240	196,626
Services Provided:		
County:		
General Maintenance	2,268,952	2,607,784
Reconstruction and Betterments	483,413	142,425
Winter Maintenance	694,075	517,611
State:		
Highway Maintenance and Construction	990,859	1,171,346
Equipment and Salt Storage	111,147	111,412
County Aid Bridge Construction	6,551	17,435
Local Districts	900,056	1,160,067
Local Departments	129,016	220,427
Non-Governmental Customers	7,503	27,699
Other Postemployment Benefits	32,014	44,085
Amortization of State Contributions Included Above	11,187	11,130
Total Operating Expenses	6,256,473	6,649,303
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(794,259)	(340,963)
CAPITAL CONTRIBUTIONS AND TRANSFERS:		
Transfers from Debt Service Fund	41,903	-
Transfers from Capital Projects Fund	146,801	-
Transfer to Capital Projects Fund	-	(50,000)
Contributions from County	-	65,095
Total Capital Contributions and Transfers	188,704	15,095
CHANGE IN NET POSITION	(605,555)	(325,868)
Net Position, January 1	14,085,901	14,411,769
NET POSITION, DECEMBER 31	\$ 13,480,346	\$ 14,085,901
[1] Charges to County for Highway Maintenance and Construction Consisted of the Following Payments from the General Fund:		
County Appropriations	\$ 1,481,250	\$ 1,531,250
State Transportation Aids	899,497	999,441
Federal and State Project Revenues	3,936	3,936
Total General Fund	2,384,683	2,534,627
Charges to Capital Projects Fund	811,292	1,001,692
Total County Highway Charges for Services	\$ 3,195,975	\$ 3,536,319

WASHBURN COUNTY, WISCONSIN
 AGENCY FUND
 COMBINING STATEMENT OF NET POSITION
 DECEMBER 31, 2012

	<u>Tax Agency</u>	<u>Juvenile Restitution</u>	<u>Representative Payee</u>	<u>Clerk of Courts</u>	<u>Sheriff</u>	<u>District Attorney</u>	<u>Totals</u>
ASSETS							
Treasurer's Cash and Investments	\$ -	\$ 59	\$ 3,196	\$ 87,277	\$ 6,325	\$ 63	\$ 96,920
Taxes Receivable	<u>409,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>409,044</u>
Total Assets	<u>\$ 409,044</u>	<u>\$ 59</u>	<u>\$ 3,196</u>	<u>\$ 87,277</u>	<u>\$ 6,325</u>	<u>\$ 63</u>	<u>\$ 505,964</u>
LIABILITIES							
Vouchers Payable	\$ -	\$ -	\$ 3,196	\$ -	\$ -	\$ -	\$ 3,196
Due to Other Governmental Units	409,044	-	-	-	-	-	409,044
Special Deposits	<u>-</u>	<u>59</u>	<u>-</u>	<u>87,277</u>	<u>6,325</u>	<u>63</u>	<u>93,724</u>
Total Liabilities	<u>\$ 409,044</u>	<u>\$ 59</u>	<u>\$ 3,196</u>	<u>\$ 87,277</u>	<u>\$ 6,325</u>	<u>\$ 63</u>	<u>\$ 505,964</u>