

AUDITED FINANCIAL STATEMENTS

IOWA COUNTY, WISCONSIN

DECEMBER 31, 2011

IOWA COUNTY, WISCONSIN  
DECEMBER 31, 2011  
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INDEPENDENT AUDITOR'S REPORT

County Board of Supervisors  
Iowa County  
Dodgeville, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Iowa County, Wisconsin, as of and for the year ending December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Iowa County, Wisconsin, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the County adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions, for the year ending December 31, 2011.

In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2012, on our consideration of Iowa County, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of the 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 read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 16, and 57 and 58 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 financial statements. We do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Iowa County Wisconsin's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Guidelines and are also not a required part of the financial statements. The combining and individual nonmajor financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*JOHNSON BLOCK AND COMPANY, INC.*

*Johnson Block and Company, Inc.*

November 8, 2012

**IOWA COUNTY, WISCONSIN**  
**Management Discussion and Analysis**  
**December 31, 2011**

As management of Iowa County, we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2011. Iowa County adopted the provisions of the Governmental Accounting Standards Board Statement No. 34 and 37 *Basic Financial Statements – Management Discussion and Analysis for State and Local Governments* and No. 38 *Certain Financial Statement Disclosures* as of December 31, 2003. Comparison to prior year data has been provided for all key financial information.

**Financial Highlights**

- The assets of the County exceeded its liabilities as of December 31, 2011 by \$69,848,480 (net assets). Of this amount, \$8,439,672 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$1,100,732. The following factors contributed to the overall increase:
  - Increase in Current Assets by \$593,266.
  - Increase in capital assets by \$2,291,709 and an increase in accumulated depreciation of \$3,267,502 for an overall decrease in noncurrent assets of \$ 975,793.
  - Decrease in current liabilities for payables, deferred revenue and current portion of long term debt by \$637,563 and a decrease in noncurrent liabilities of \$854,198.
  - The County return on investments during 2011 was slightly higher than 2010 with an average interest rate of one half of a percent for the year.
  - Cash was used to purchase additional capital assets. The County replaced five vehicles in the sheriff's department, made the first installment payment on the purchased a replacement software for the Sheriff's Department, remodel the kitchen at the jail, began the project of erecting a new tower between the Sheriff's and Highway Departments and upgrading the radio equipment to be compliant with the FCC January 1, 2013 narrow banding requirements, complete the installation of the natural gas generator at the Courthouse, install directional signage and complete installation of the security system at the Health and Human Services building, and complete site work at the Iowa County Airport for a future hangar project.
- The property tax rate increased 9.10% for the year ended December 31, 2011 compared to the property tax rate for the year ended December 31, 2010. The 2011 property tax rate was \$5.442657 per \$1,000 of equalized valuation compared to the 2010 property tax rate of \$4.988629 per \$1,000 of equalized valuation. The actual levy increased \$712,399 (7.7%) over the prior year's levy. The majority of the actual levy increase was due to an increase in debt payments of \$527,582. The County's equalized value decreased \$23,615,300 or (1.28%) from 2010. The combinations of these factors resulted in an increase to the property tax rate.
- The County began a two year project of installing a new radio tower between the Sheriff's and Highway Departments and upgrading of radio equipment.
- As of December 31, 2011, the County's governmental funds reported combined ending fund balances of \$10,261,799, an increase of \$1,867,506 from the prior year.
- As of December 31, 2011, unassigned fund balance for the general fund was \$1,380,293, or approximately 16.0% of total general fund expenditures.

**IOWA COUNTY, WISCONSIN**  
**Management Discussion and Analysis**  
**December 31, 2011**

**Overview of the Basic Financial Statements**

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

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

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

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

Both of the government-wide financial statements distinguish functions of Iowa 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; transportation facilities; public works, health and human services; education and leisure; and conservation and development. The business-type activities of the County include the Highway operations and Bloomfield Healthcare and Rehabilitation Center.

The government-wide financial statements include not only Iowa County itself (known as the *primary government*), but also Cobb-Highland Recreation Commission a component unit of the County which the County is financially accountable. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 18-20 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. Iowa County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

**IOWA COUNTY, WISCONSIN**  
**Management Discussion and Analysis**  
**December 31, 2011**

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

Iowa County maintains 12 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, social services fund, and capital projects fund, all of which are considered to be major funds. The special revenue fund including aging and disability resource center, child support, real estate reduction fund, CDBG revolving loan, Iowa County airport, Tri-County airport, Unified Community Services, dog license, and Wisconsin River Rail Transit are considered non-major governmental funds and are reported together in other governmental funds column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances.

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

The basic governmental fund financial statements can be found on pages 21-24 of this report.

**Proprietary funds.** Iowa County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for Bloomfield Healthcare and Rehabilitation Center, and highway operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Iowa County has one internal service fund to account for the County's self-funded dental insurance fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Bloomfield Healthcare and Rehabilitation Center, and highway operations; all of which are considered to be major funds of the County.

The basic proprietary fund financial statements can be found on pages 25-29 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31-56 of this report.

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**Management Discussion and Analysis**  
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**Government-wide Financial Analysis**

**Net assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$69,822,979 at the close of 2011.

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current assets	19,179,923	17,971,595	4,713,267	5,328,329	23,893,190	23,299,924
Restricted Assets			708,148	707,020	708,148	707,020
Unamortized Bond Issues Costs	73,026	81,307			73,026	81,307
Loan due from other governmental units	9,442	10,791			9,442	10,791
Capital assets net of Accumulated Depreciation	58,432,969	59,052,844	5,693,904	6,049,822	64,126,873	65,102,666
Total assets	77,695,360	77,116,537	11,115,319	12,085,171	88,810,679	89,201,708
Current Liabilities	9,345,032	9,724,540	3,222,504	3,480,559	12,567,536	13,205,099
Long-term Liabilities outstanding	5,771,481	6,260,325	623,182	988,536	6,394,663	7,248,861
Total Liabilities	15,116,513	15,984,865	3,845,686	4,469,095	18,962,199	20,453,960
Net Assets:						
Invested in capital assets, net of related debt	52,570,961	52,930,103	5,659,647	5,516,422	58,230,608	58,446,525
Restricted	2,470,052	542,825	708,148	707,020	3,178,200	1,249,845
Unrestricted	7,537,834	7,658,744	901,838	1,392,634	8,439,672	9,051,378
Total net assets	62,578,847	61,131,672	7,269,633	7,616,076	69,848,480	68,747,748

By far the largest portion of the County's net assets (83%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$8,439,672) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Iowa County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

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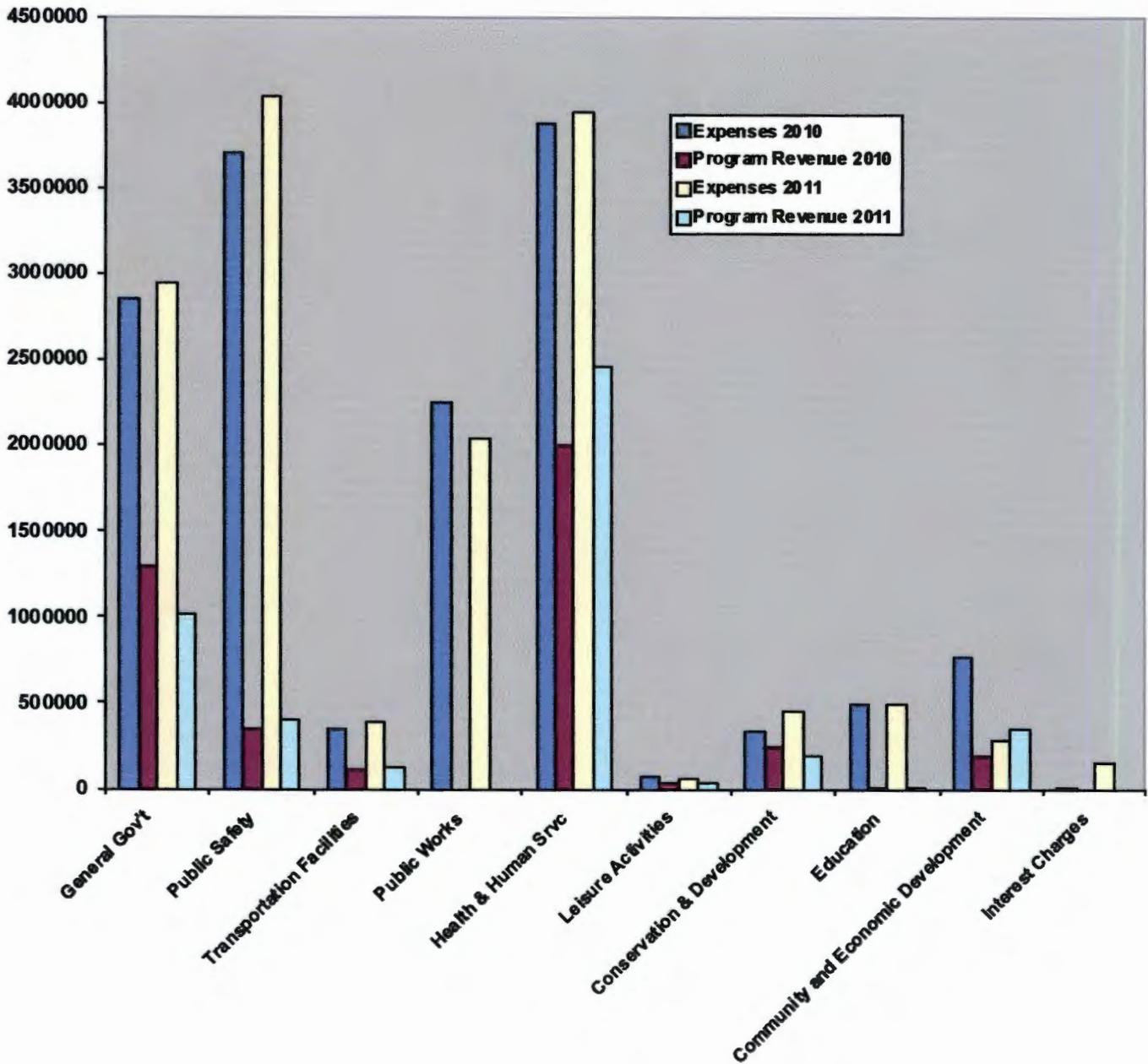
Iowa County's Change in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services and fees, fines and costs	1,112,280	1,107,222	8,471,228	8,277,362	9,583,508	9,384,584
Operating grants and contributions	2,955,035	3,133,167	1,820,261	1,667,683	4,775,296	4,800,850
Capital Grants and contributions	534,446	7,031			534,446	7,031
<b>General revenues:</b>						
Property taxes	7,716,682	7,015,438	2,263,296	2,308,037	9,979,978	9,323,475
Other Taxes	2,284,823	2,057,939			2,284,823	2,057,939
Grants and contributions not restricted to specific programs	265,336	259,758			265,336	259,758
Unrestricted Interest & Investment	43,846	66,437			43,846	66,437
Other	1,323,931	1,282,837	26,931	16,163	1,350,862	1,299,000
<b>Total revenues</b>	<b>16,236,379</b>	<b>14,929,829</b>	<b>12,581,716</b>	<b>12,269,245</b>	<b>28,818,095</b>	<b>27,199,074</b>
<b>Expenses:</b>						
General Government	2,949,252	2,851,632			2,949,252	2,851,632
Public Safety	4,032,018	3,712,914			4,032,018	3,712,914
Transportation facilities	385,663	345,589			385,663	345,589
Public Works	2,058,383	2,253,201			2,058,383	2,253,201
Health & human services	3,948,942	3,872,226	5,771,421	5,601,810	9,720,363	9,474,036
Leisure activities	61,952	70,577			61,952	70,577
Conservation and development	449,956	341,295			449,956	341,295
Education	496,481	494,318			496,481	494,318
Community and economic dev.	281,784	768,324			281,784	768,324
Interest on long-term debt	145,928	8,281			145,928	8,281
Highway			7,135,583	7,250,080	7,135,583	7,250,080
<b>Total Expenses</b>	<b>14,810,359</b>	<b>14,718,357</b>	<b>12,907,004</b>	<b>12,851,890</b>	<b>27,717,363</b>	<b>27,570,247</b>
Increase (Decrease) in net assets before transfers	1,426,020	211,472	(325,288)	(582,645)	1,100,732	(371,173)
Transfers	21,155	(207,046)	(21,155)	207,046		
Increase (Decrease) in net assets	1,447,175	4,426	(346,443)	(375,599)	1,100,732	(371,173)
Net assets – January 1	61,131,672	61,127,246	7,616,076	7,991,675	68,747,748	69,118,921
Net assets – December 31	62,578,847	61,131,672	7,269,633	7,616,076	69,848,480	68,747,748

**Governmental Activities:** Governmental activities increased the County's net assets by \$1,447,175 and the business type activities decreased the County's net assets by (\$346,443). Key elements of this increase/decrease are as follows:

- Increase in Program Revenues.
- Increase in cost in business type activities.
- Increase in Sales Tax Revenue.
- Increase in Property Tax Revenue.

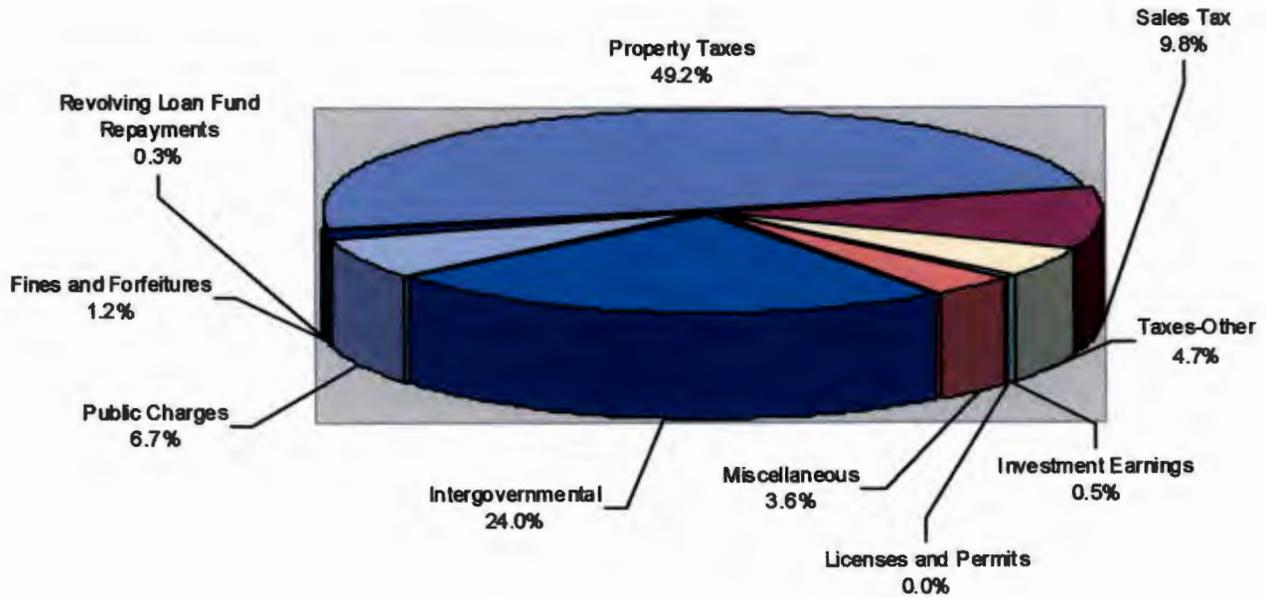
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**Expenses and Program Revenues – Governmental Funds**



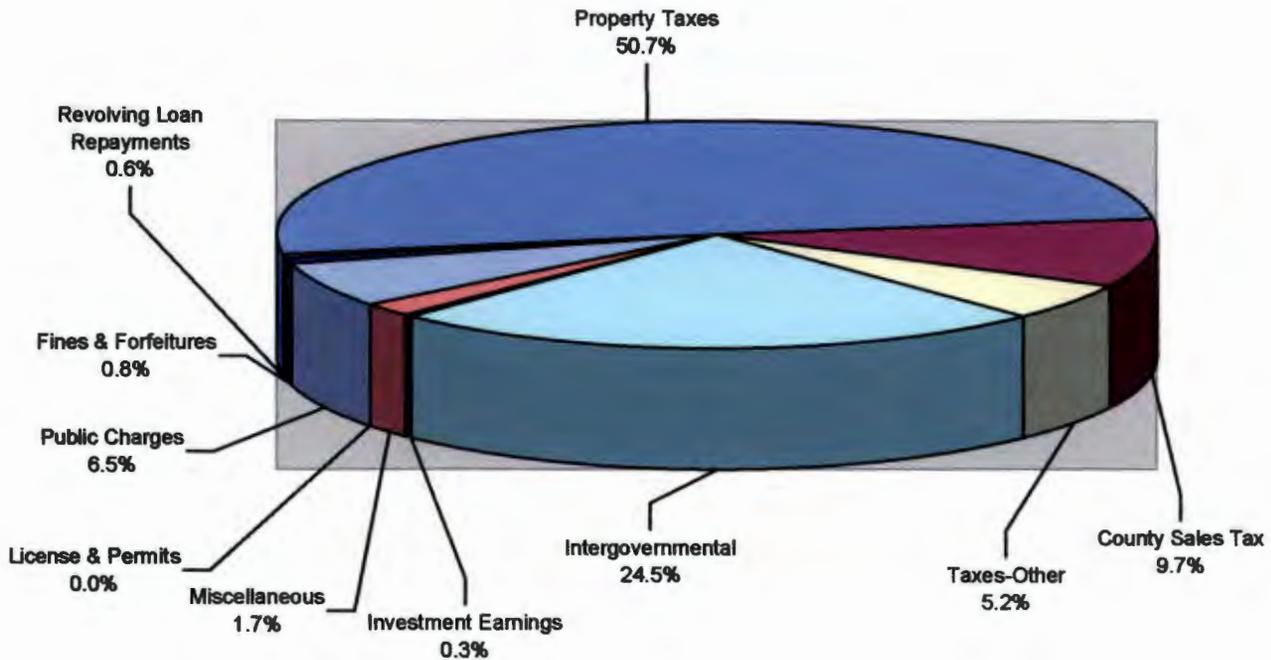
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2010 Revenues by Source-Governmental Funds



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**2011 Revenues by Source-Governmental Funds**



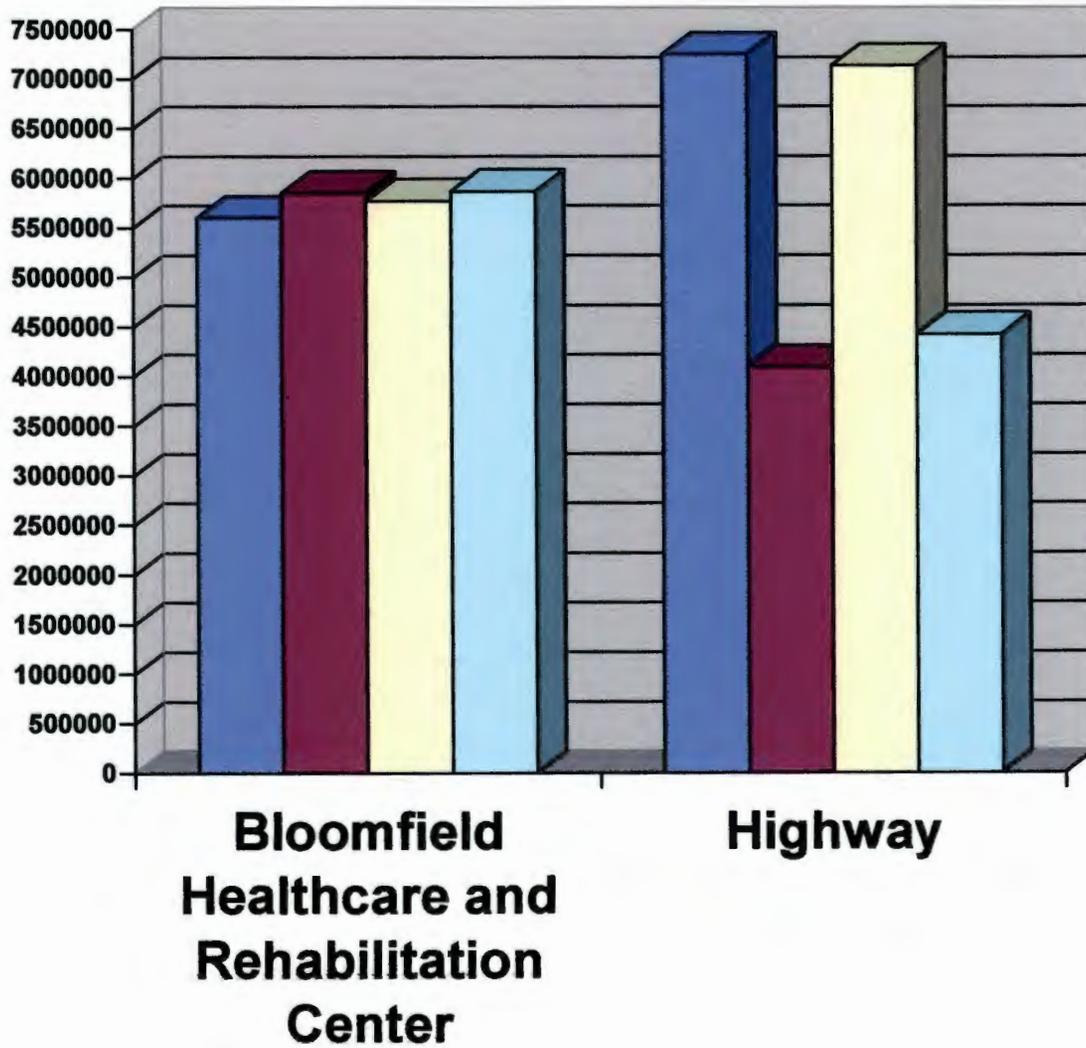
**Business-type activities:** Business-type activities decreased Iowa County's net assets by \$346,443. Key elements of this increase are as follows:

- Operating expenditures for the Highway Department decreased \$110,981.
- Operating expenditures for Bloomfield Healthcare and Rehabilitation Center increased \$183,666.
- Operating revenues for the Highway Department increased \$189,066.
- Operating revenues for Bloomfield Healthcare and Rehabilitation Center increased \$4,860.
- Property tax revenue for the business type activities decreased \$44,741.

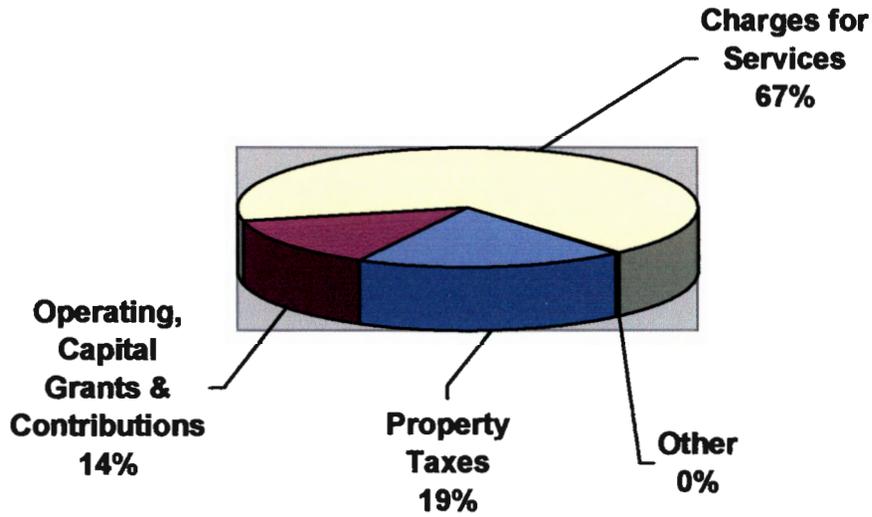
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Expenses and Program Revenues – Business-type Activities

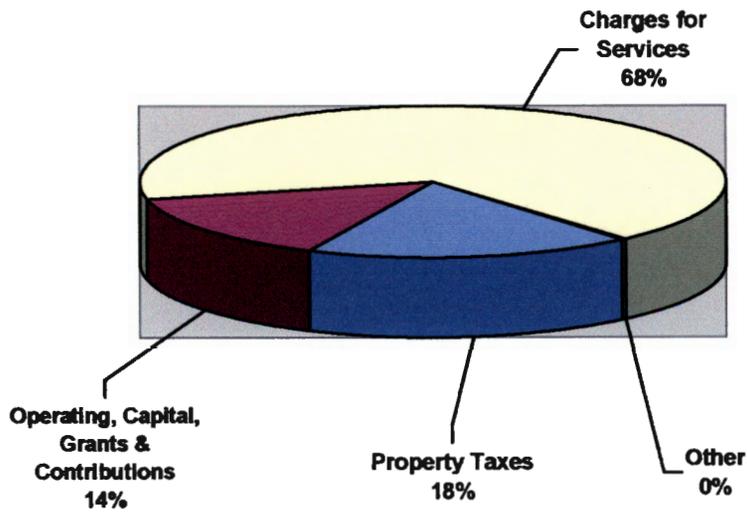
■ Expenses 2010 ■ Program Revenues 2010 □ Expense 2011 □ Program Revenues 2011



### 2010 Revenues by Source- Business type Activites



### 2011 Revenues by Source- Business type Activites



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**Management Discussion and Analysis**  
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**Financial Analysis of the Iowa County's Funds**

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

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

As of December 31, 2011, the County's governmental funds reported combined ending fund balances of \$10,261,799, an increase of \$1,867,506 from the prior year. Of the combined ending fund balance, \$1,380,293 or 13% constitutes *unassigned fund balance* that is available for spending at the County's discretion and \$1,955,910 or 19% constitutes *assigned fund balance* that reflects the government's intended use of resources. Of the combined ending fund balance, \$1,629,135 or 16% constitutes total *nonspendable* fund balance that is not available for new spending as it is set aside for delinquent taxes, prepaid items, and Iowa County Airport inventories. The remainder of fund balance \$5,296,461 or 52% is *restricted* to indicate that it is not available for new spending because it has already been committed for the following purposes: 1) County Clerk election grant (\$2,875), 2) Register of Deeds – redaction project (\$29,154), 3) Land Records retained fees (\$39,183), 4) Land Records public access fees (\$74,785), 5) Land Records grants (\$24,957), 6) Donations – Dare program (\$502), 7) Bio-Terrorism grant (\$21,771), 8) UW Extension pesticide program (\$7,882), 9) UW Extension clean sweep grant (\$881), 10) UW Extension corporate grant (\$10,351), 11) Social Services Fund (\$2,174,489), 12) Social Services donor restricted (\$8,555), 13) Capital Projects Fund for Jail Assessment (\$101,652), 14) Aging Disability Resource Center (\$159,952), 15) Child Support Fund (\$14,667), 16) CDBG revolving loan funds (\$293,465), 17) for real estate reduction funds (\$1,861,619), 18) Drug Task Force (\$363,238), 19) Unified Community Services (\$105,483), and 20) dog license fees collected for the purpose of future related expenses in this area (\$1,000). The Social Services fund will transfer the 2011 unused tax levy to the general fund in 2012.

The general fund is the chief operating fund of the County. At the end of the current year, unassigned fund balance of the general fund was \$1,380,293 while total fund balance reached \$3,880,005. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16% of total general fund expenditures (a decrease of 14% from 2010), while total fund balance represents 45% of that same amount (same as 2010).

During the current year, the County's general fund balance decreased by \$97,758.

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

Unrestricted net assets (deficit) for Bloomfield Healthcare and Rehabilitation Center and Highway operations were \$1,835,773 and (\$933,935) respectively. Total increase in net assets for Bloomfield Healthcare and Rehabilitation Center was \$75,568 and total decrease in net assets for Highway operations was \$422,011.

*Bloomfield Healthcare and Rehabilitation Center's* operating revenues increased \$4,860 from 2010, or .09%. There was a decrease of 53 resident days for the year, and the daily average census stayed the same at 71.

Operating expenses increased by \$183,666 or 3.3%.

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Intergovernmental Transfer Program increased \$41,596 to \$491,550 in 2011 from \$449,954 in 2010.

*Highway* net assets decreased (\$422,011) to \$3,064,870.

**General Fund Budgetary Highlights**

Differences between the original General Fund budget and the final amended General Fund budget amounted to a \$733,154 increase in appropriations or an 8% increase over the original budget. Differences can be briefly summarized as follows:

- Carryovers from 2010 to use for 2011 expenditures listed as restricted in the amount of \$212,341. This amount consists of revenues generated for a specific purpose and have not yet been spent and were carried forward to 2011.
- Some of the significant restricted carryovers are Land Records grants and fees \$138,925, Register of Deeds redaction project \$29,154, bio-terrorism grant \$21,771 and UW Extension grants \$19,114.
- There was \$1,955,910 in assigned funds that were carryovers from 2010 to 2011. Some of the significant assigned fund carryovers were Contingency \$447,717, Sheriff's Department – out of county prisoner fund \$75,000, Information System funds \$18,814, OWI Intensive Supervision Program \$31,164, Emergency Management \$25,324, Public Property maintenance \$59,215, and Capital Projects Fund \$1,270,013.
- Transfer from the general fund departments to other funds in the amount of \$772,811.

Please note that many of the carryovers continue for many years and are not fully expended the next year.

During the year, actual revenues exceeded revised budgeted revenues by \$517,505. The primary reasons for these variances are as follows:

- Intergovernmental exceeded budget by \$215,701
- Investment Earnings did not meet budget by \$17,075
- Property Taxes did not meet budget by \$13,231
- Other Taxes exceeded budget by \$256,340
- Charges for services exceeded budget by \$84,062
- Fines and forfeitures did not meet budget by \$33,025
- Miscellaneous revenue exceeded budget by \$24,733

Actual expenditures were less than the revised budgeted expenditures by \$827,177. As mentioned earlier, carryovers from 2010 to 2011 were not completely expended in 2011.

**Capital Asset and Debt Administration**

**Capital assets.** Iowa County's investment in capital assets for its governmental and business-type activities as of December 31, 2011 amounts to \$64,126,873 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, public domain infrastructure (highway and bridges), and construction in progress. The net decrease in the County's investment in capital assets for the current year was \$ 975,793 or 1.5% over last year.

**IOWA COUNTY, WISCONSIN**  
**Management Discussion and Analysis**  
**December 31, 2011**

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

Governmental activities:

- Remodeled the kitchen at the Sheriff's Department for a total 2011 cost of (\$16,409).
- Purchased portable radios, duplex frequency radio and E911 equipment for a total of (\$56,649)
- Installed the generator at the Courthouse for a total of (\$33,633)
- Began the work on erecting a new Tower at the Sheriff's Department for a total of (\$523,053)
- Purchased five vehicles for the Sheriff's Department (\$117,084)

Business-type activities:

- The Highway Department and Bloomfield Healthcare and Rehabilitation Center made improvements the existing buildings in the amount of \$183,578 and purchased equipment and machinery in the amount of \$139,624.

<b>Iowa County's Capital Assets</b> (net of accumulated depreciation)						
	Governmental activities		Business-type activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	1,329,233	1,329,233	46,557	46,557	1,375,790	1,375,790
Buildings & Improvements	10,662,680	11,023,046	2,137,856	2,141,823	12,800,536	13,164,869
Land Improvements			291,687	308,654	291,687	308,654
Machinery and Equipment	1,293,828	1,082,289	3,217,804	3,552,788	4,511,632	4,635,077
Infrastructure	44,624,175	45,618,276			44,624,175	45,618,276
Construction in progress	523,053				523,053	
<b>Total</b>	<b>58,432,969</b>	<b>59,052,844</b>	<b>5,693,904</b>	<b>6,049,822</b>	<b>64,126,873</b>	<b>65,102,666</b>

Additional information on Iowa County's capital assets can be found in Note (5) on pages 46-47 of this report.

**Long-term debt:** At the end of the current fiscal year, Iowa County had total general obligation debt outstanding of \$5,654,685 all of which was backed by the full faith of the County.

<b>Iowa County's Outstanding Debt</b> General Obligation Debt						
	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation debt:						
Clean Water Fund			34,257	67,261	34,257	67,261
Bloomfield Addition				405,196		405,196
Refinancing Note						
State Trust Fund Loan	710,428	789,000			710,428	789,000
General Obligation Bond Issue	4,910,000	5,310,000			4,910,000	5,310,000
<b>Total</b>	<b>\$5,620,428</b>	<b>6,099,000</b>	<b>\$34,257</b>	<b>\$472,457</b>	<b>\$5,654,685</b>	<b>6,571,457</b>

**IOWA COUNTY, WISCONSIN**  
**Management Discussion and Analysis**  
**December 31, 2011**

During the fiscal year, Iowa County's general obligation debt decreased by \$916,772. The decrease was due to scheduled loan payments and the payoff of the Bloomfield Addition note that were made during 2011.

The County did receive a rating of A3 by Moody's Investors Service in January 2010.

Additional information on Iowa County's long-term debt can be found in Note 4 on pages 44-45 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- Iowa County's unemployment rate is 4.9% for September 2012 and 5.6% as of the end of 2011. This compares to the State of Wisconsin's average unemployment rate not seasonally adjusted of 7.3% for September 2012 and 7.00% as of the end of 2011. The State of Wisconsin's seasonally adjusted rate was 7.3% for September as compared to the national average of 7.9%. Iowa County's rate variations are due mainly to the seasonal nature of agriculture and Lands End, subsidiary of Sears Inc. Lands End, subsidiary of Sears Inc., continues to be the largest employer in Iowa County. Lands End, subsidiary of Sears, Inc., employs people from Iowa County and the surrounding counties.
- Iowa County has seen a decline in the growth of equalized valuation of property beginning in 2008.

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

Limits have been imposed on 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 revenue and transportation aids. This limit was lifted by the State of Wisconsin for all municipalities for 2012 and 2013. The State of Wisconsin also imposed a levy limit on all Counties and the increase to the levy is based on the net new construction percentage or 0.00% growth whichever is higher.

With the adoption of the budget for 2012, the County's operating rate of \$5.13 is approximately \$.43 below the allowable operating rate of \$5.56. The debt service levy of \$.39 is below the allowable rate of \$.60. The County's operating and debt rate for 2012 were below the allowable rate and the amounts levied were below the imposed levy limits dictated by the State of Wisconsin.

**Contacting the County's Financial Management**

This financial report is designed to provide a general overview of the Iowa County's finances. Questions, concerning any of the information provided in this report or requests for additional information should be addressed to the Iowa County Finance Director, 222 North Iowa Street, Dodgeville, WI 53533.

Separate audit reports for the Cobb-Highland Recreation Commission (Blackhawk Lake Recreational Area) (component unit) and Bloomfield Health Care and Rehabilitation Center (Separate fund) are available through the Iowa County Finance Director, 222 North Iowa Street, Dodgeville, WI 53533.

## Financial Statements

Exhibit A-1  
Iowa County, Wisconsin  
Statement of Net Assets  
December 31, 2011

Assets	Governmental Activities	Business-Type Activities	Total	Component Unit
Current assets:				
Cash and cash equivalents	\$ 5,569,542	\$ 1,257,444	\$ 6,826,986	\$ 99,383
Receivables:				
Taxes receivable	9,336,748	2,534,071	11,870,819	
Accounts receivable	91,644	933,733	1,025,377	
Due from other governmental units	1,427,944	1,323,254	2,751,198	
Economic development loans	421,798		421,798	
Less: allowance for uncollectibles	(176,722)		(176,722)	
Interfunds	2,098,617	(2,098,617)		
Materials and supplies	54,067	756,594	810,661	
Prepaid expenses	356,285	6,788	363,073	
Total current assets	<u>19,179,923</u>	<u>4,713,267</u>	<u>23,893,190</u>	<u>99,383</u>
Restricted assets:				
Cash and Investments		708,148	708,148	
Noncurrent assets:				
Capital assets	124,273,234	16,679,816	140,953,050	936,567
Less: Accumulated Depreciation	(65,840,265)	(10,985,912)	(76,826,177)	(422,352)
Total noncurrent assets	<u>58,432,969</u>	<u>5,693,904</u>	<u>64,126,873</u>	<u>514,215</u>
Other assets:				
Unamortized bond issue costs	73,026		73,026	
Loan due from other governmental units	9,442		9,442	
Total other assets	<u>82,468</u>		<u>82,468</u>	
 Total Assets	 <u>\$ 77,695,360</u>	 <u>\$ 11,115,319</u>	 <u>\$ 88,810,679</u>	 <u>\$ 613,598</u>

Exhibit A-1 (Continued)  
Iowa County, Wisconsin  
Statement of Net Assets  
December 31, 2011

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 207,809	\$ 218,712	\$ 426,521	\$ 780
Accrued payroll	203,464	255,815	459,279	5,388
Accrued interest payable	73,797	217	74,014	
Due to other governments	197,900	79,136	277,036	1,979
Deferred revenue	7,785,572	2,539,367	10,324,939	
Deposits	257		257	
Current portion of long-term debt	876,233	129,257	1,005,490	
Total current liabilities	9,345,032	3,222,504	12,567,536	8,147
<b>Noncurrent liabilities:</b>				
Compensated absences	785,706	718,182	1,503,888	
General obligation debt	5,620,428	34,257	5,654,685	
Capital lease	241,580		241,580	
Less: Current portion	(876,233)	(129,257)	(1,005,490)	
Total noncurrent liabilities	5,771,481	623,182	6,394,663	
Total Liabilities	15,116,513	3,845,686	18,962,199	8,147
<b>Net Assets</b>				
Invested in capital assets, net of related debt	52,570,961	5,659,647	58,230,608	514,215
Restricted	2,470,052	708,148	3,178,200	
Unrestricted	7,537,834	901,838	8,439,672	91,236
Total Net Assets	62,578,847	7,269,633	69,848,480	605,451
Total Liabilities and Net Assets	\$ 77,695,360	\$ 11,115,319	\$ 88,810,679	\$ 613,598

**Exhibit A-2**  
**Iowa County, Wisconsin**  
**Statement of Activities**  
**For the Year Ended December 31, 2011**

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
<b>Governmental activities:</b>								
General government	\$ 2,949,252	\$ 494,202	\$ 523,445	\$ 7,158	\$ (1,931,605)	\$ (1,931,605)	\$ (1,931,605)	
Public safety	4,032,018	202,131	198,275		(3,624,454)	(3,624,454)	(3,624,454)	
Transportation facilities	385,663	129,637			(256,026)	(256,026)	(256,026)	
Public works	2,058,383				(2,058,383)	(2,058,383)	(2,058,383)	
Health and human services	3,948,942	69,849	1,868,394	527,288	(1,483,411)	(1,483,411)	(1,483,411)	
Leisure activities	61,952		29,443		(32,509)	(32,509)	(32,509)	
Conservation of natural resources	449,956	366	196,711		(252,879)	(252,879)	(252,879)	
Education	496,481	10,198	698		(485,585)	(485,585)	(485,585)	
Community and economic development	281,784	205,897	138,069		62,182	62,182	62,182	
Interest and fiscal charges	145,928				(145,928)	(145,928)	(145,928)	
<b>Total governmental activities</b>	<b>\$ 14,810,359</b>	<b>\$ 1,112,280</b>	<b>\$ 2,955,035</b>	<b>\$ 534,446</b>	<b>\$ (10,208,598)</b>	<b>\$ (10,208,598)</b>	<b>\$ (10,208,598)</b>	
<b>Business-type activities:</b>								
Bloomfield Health Care and Rehabilitation Center	5,771,421	5,335,657	531,556		95,792	95,792	95,792	
Highway	7,135,583	3,135,571	1,288,705		(2,711,307)	(2,711,307)	(2,711,307)	
<b>Total business-type activities</b>	<b>12,907,004</b>	<b>8,471,228</b>	<b>1,820,261</b>		<b>(2,615,515)</b>	<b>(2,615,515)</b>	<b>(2,615,515)</b>	
<b>Total primary government</b>	<b>\$ 27,717,363</b>	<b>\$ 9,583,508</b>	<b>\$ 4,775,296</b>	<b>\$ 534,446</b>	<b>\$ (10,208,598)</b>	<b>(2,615,515)</b>	<b>(12,824,113)</b>	
<b>Component Unit:</b>								
Cobb-Highland Recreation Commission	362,364	325,802	4,007					(32,555)
<b>Total component unit</b>	<b>362,364</b>	<b>325,802</b>	<b>4,007</b>	<b>4,007</b>				<b>(32,555)</b>
<b>General Revenues:</b>								
Property taxes			7,716,682		2,263,296	9,979,978		
Sales taxes			1,490,009		794,814	2,284,823		
Other taxes			265,336		43,846	309,182		
State aid not restricted for specific purposes			(4,324)		1,111	(3,213)		716
Interest and investment earnings			263,973		25,820	289,793		3,059
Gain (loss) on sale of capital assets			1,064,282		21,155	1,085,437		10,014
Other revenue								
Capitalized infrastructure costs								
Transfers								
<b>Total General Revenues</b>			<b>11,655,773</b>		<b>2,269,072</b>	<b>13,924,845</b>		<b>13,789</b>
<b>Changes in net assets</b>			<b>1,447,175</b>		<b>(346,443)</b>	<b>1,100,732</b>		<b>(18,766)</b>
<b>Net assets-beginning of year</b>			<b>61,131,672</b>		<b>7,616,076</b>	<b>68,747,748</b>		<b>624,217</b>
<b>Net assets-end of year</b>			<b>\$ 62,578,847</b>		<b>\$ 7,269,633</b>	<b>\$ 69,848,480</b>		<b>\$ 605,451</b>

See accompanying notes to the basic financial statements.

Exhibit A-3  
Iowa County, Wisconsin  
Balance Sheet  
Governmental Funds  
December 31, 2011

	General	Social Services	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,146,558	\$ 115,412	\$ 873,864	\$ 2,420,304	\$ 5,556,138
Receivables (net of allowances)					
Current property taxes	4,487,455	1,729,105	1,051,967	494,414	7,762,941
Accounts	84,128	2,860		4,656	91,644
Due from other governmental units	386,709	76,193	527,288	437,754	1,427,944
Delinquent property taxes	1,573,807				1,573,807
Economic development loans				421,798	421,798
Less: allowance for uncollectibles				(176,722)	(176,722)
Prepaid items	356,285				356,285
Inventories				54,067	54,067
Due from other funds	28,179	2,098,617			2,126,796
Loan due from other governmental units	9,442				9,442
<b>Total Assets</b>	<b>\$ 9,072,563</b>	<b>\$ 4,022,187</b>	<b>\$ 2,453,119</b>	<b>\$ 3,656,271</b>	<b>\$ 19,204,140</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 106,869	\$ 44,997	\$ 29,487	\$ 18,796	\$ 200,149
Accrued payroll	156,246	37,542		9,676	203,464
Due to other governments	159,987	22,713		15,200	197,900
Due to other funds				28,179	28,179
Deferred taxes-current	4,487,455	1,733,891	1,051,967	494,414	7,767,727
Deferred taxes-delinquent	281,744				281,744
Deferred revenue-other				262,921	262,921
Deposits	257				257
<b>Total Liabilities</b>	<b>5,192,558</b>	<b>1,839,143</b>	<b>1,081,454</b>	<b>829,186</b>	<b>8,942,341</b>
<b>Fund Balances:</b>					
Nonspendable	1,601,474			27,661	1,629,135
Restricted	212,341	2,183,044	101,652	2,799,424	5,296,461
Assigned	685,897		1,270,013		1,955,910
Unassigned (Deficit)	1,380,293				1,380,293
<b>Total Fund Balances</b>	<b>3,880,005</b>	<b>2,183,044</b>	<b>1,371,665</b>	<b>2,827,085</b>	<b>10,261,799</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,072,563</b>	<b>\$ 4,022,187</b>	<b>\$ 2,453,119</b>	<b>\$ 3,656,271</b>	<b>\$ 19,204,140</b>

Exhibit A-4  
Iowa County, Wisconsin  
Reconciliation of the Governmental Funds Balance Sheet  
with the Statement of Net Assets  
December 31, 2011

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

Total fund balances - governmental funds:		\$	10,261,799
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:			
Infrastructure			104,290,107
Accumulated depreciation			(59,665,932)
Other governmental capital assets			19,983,127
Accumulated depreciation			(6,174,333)
			13,808,794
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:			
Delinquent property taxes			281,744
Long term development loans			245,077
			526,821
Internal service funds are used by the county to charge the costs of dental insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.			
			5,743
Debt issuance costs are not financial resources and therefore are not reported as assets in governmental funds.			
			73,026
Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements:			
General obligation bonds and notes			5,620,428
Accrued interest			73,797
Capital lease payable			241,580
Compensated absences			785,706
			(6,721,511)
Total net assets - governmental activities		\$	62,578,847

Exhibit A-5  
Iowa County, Wisconsin  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2011

	Governmental Funds				Total Governmental Funds
	General	Social Services	Capital Projects	Other Governmental Funds	
<b>Revenues</b>					
Taxes					
Property	4,547,996	1,839,398	906,872	\$ 463,417	\$ 7,757,683
Sales				1,490,009	1,490,009
Other	793,234				793,234
Intergovernmental	1,438,247	1,191,902	527,288	597,381	3,754,818
Charges for services	759,851	53,697		183,836	997,384
Fines and forfeitures	116,475				116,475
Investment earnings	34,925	396	103	8,371	43,795
Revolving loan repayments				91,688	91,688
Miscellaneous	235,433	5,071		23,469	263,973
<b>Total Revenues</b>	<b>7,926,161</b>	<b>3,090,464</b>	<b>1,434,263</b>	<b>2,858,171</b>	<b>15,309,059</b>
<b>Expenditures</b>					
Current:					
General government	2,852,425				2,852,425
Public safety	3,693,701			97,004	3,790,705
Transportation facilities				214,459	214,459
Health and human services	861,401	2,080,791	-	856,922	3,799,114
Leisure activities	61,952				61,952
Conservation of natural resources	448,486				448,486
Education	497,591				497,591
Community and Economic development	265,307		1,043,848	26,550	2,91,857
Capital Outlay	20,260				1,064,108
Debt Service:					
Principal	13,786		478,572		492,358
Interest	1,692		179,587		181,279
<b>Total Expenditures</b>	<b>8,716,601</b>	<b>2,080,791</b>	<b>1,702,007</b>	<b>1,194,935</b>	<b>13,694,334</b>
Excess (deficiency) of revenues over expenditures	(790,440)	1,009,673	(267,744)	1,663,236	1,614,725
<b>Other Financing Sources (Uses):</b>					
Lease proceeds	61,260		170,366		231,626
Transfers in	1,404,233		746,811		2,151,044
Transfers (out)	(772,811)			(1,357,078)	(2,129,889)
<b>Net Change in Fund Balances</b>	<b>(97,758)</b>	<b>1,009,673</b>	<b>649,433</b>	<b>306,158</b>	<b>1,867,506</b>
<b>Fund Balance-Beginning of Year</b>	<b>3,977,763</b>	<b>1,173,371</b>	<b>722,232</b>	<b>2,520,927</b>	<b>8,394,293</b>
<b>Fund Balance-End of Year</b>	<b>\$ 3,880,005</b>	<b>\$ 2,183,044</b>	<b>\$ 1,371,665</b>	<b>\$ 2,827,085</b>	<b>\$ 10,261,799</b>

See accompanying notes to the basic financial statements.

Exhibit A-6  
Iowa County, Wisconsin  
Reconciliation of Statement of Revenues, Expenditures and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2011

Net change in fund balances-total governmental funds	\$	1,867,506
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlay reported in governmental fund statements		1,147,888
Capitalized infrastructure costs		1,064,282
Depreciation expenses reported in the statement of activities		<u>(2,827,721)</u>
Amount by which capital outlays are greater (less) than depreciation in the current period.		(615,551)
The county sold property resulting in a reduction of capital assets and recapture of prior year depreciation expense and has no affect on the governmental funds balance sheet.		
The value of capital assets disposed of during the year was:		(96,281)
The amount of depreciation recapture for the year was:		<u>91,957</u>
The difference in the value of assets net of recaptured depreciation		(4,324)
Internal service fund gain (loss)		(5,086)
The issuance of long-term debt (e.g.) bonds, notes, capital leases) provides current financial resources to governmental funds but does not affect the statement of activities		(231,625)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities		492,358
Compensated absences are reported in the governmental funds when amounts are paid. The statement of activities reports the amount earned during the year. The difference between the amount paid and earned was:		41,236
Repayment of CDBG economic development loans is reflected as revenues in governmental funds, but is reported as a reduction of CDBG economic development loans receivable in the statement of net assets and does not affect the statement of activities		(91,688)
In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
The amount of interest paid during the current period		195,389
The amount of interest accrued during the current period		<u>(151,759)</u>
Interest paid is greater (less) than interest accrued by		43,630
Debt issue costs are reported as an expenditure in the governmental funds, but are amortized over the life of the debt issue in the statement of net assets.		
Amortization in statement of activities		<u>(8,281)</u>
		(8,279)
Revenues that provided current financial resources in the statement of activities in prior years, but are reported as revenues in the governmental funds when available.		(41,002)
Change in net assets-governmental activities	<u>\$</u>	<u>1,447,175</u>

See accompanying notes to the basic financial statements.

Exhibit A-7  
Iowa County, Wisconsin  
Statement of Net Assets  
Proprietary Funds  
December 31, 2011

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Bloomfield Health Care and Rehabilitation Center	Highway	Total	
<u>Assets</u>				
Current Assets:				
Cash	\$ 1,257,419	\$ 25	\$ 1,257,444	\$ 13,403
Receivables (net of allowance)				
Taxes-Current		2,534,071	2,534,071	
Accounts	903,446	30,287	933,733	
Due from other governments	256,500	1,066,754	1,323,254	
Materials and supplies	43,656	712,938	756,594	
Prepaid expense		6,788	6,788	
Total Current Assets	2,461,021	4,350,863	6,811,884	13,403
 Restricted Cash:				
Cash and investments	708,148		708,148	
Total Restricted Cash	708,148		708,148	
 Noncurrent Assets:				
Capital assets:				
Property and plant	5,191,716	11,488,100	16,679,816	
Less: accumulated depreciation	(3,496,617)	(7,489,295)	(10,985,912)	
Net capital assets	1,695,099	3,998,805	5,693,904	
Total Assets	\$ 4,864,268	\$ 8,349,668	\$ 13,213,936	\$ 13,403

Exhibit A-7 (Continued)  
Iowa County, Wisconsin  
Statement of Net Assets  
Proprietary Funds  
December 31, 2011

	<u>Enterprise Funds</u>			Governmental Activities- Internal Service Fund
	Bloomfield Health Care and Rehabilitation Center	Highway	Total	
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 117,257	\$ 101,455	\$ 218,712	\$ 7,660
Due to other governments	39,438	39,698	79,136	
Accrued payroll	146,911	108,904	255,815	
Due to other funds		2,098,617	2,098,617	
Accrued interest payable	217		217	
Deferred taxes-current		2,534,071	2,534,071	
Unearned revenue		5,296	5,296	
Current maturities of long-term debt	34,257	95,000	129,257	
<b>Total Current Liabilities</b>	<b>\$338,080</b>	<b>4,983,041</b>	<b>5,321,121</b>	<b>7,660</b>
<b>Noncurrent Liabilities:</b>				
Compensated absences	321,425	396,757	718,182	
General obligation debt	34,257		34,257	
Less: current maturities of long-term debt	(34,257)	(95,000)	(129,257)	
<b>Total noncurrent liabilities</b>	<b>321,425</b>	<b>301,757</b>	<b>623,182</b>	
<b>Total Liabilities</b>	<b>659,505</b>	<b>5,284,798</b>	<b>5,944,303</b>	<b>7,660</b>
<b>Net Assets:</b>				
Investment in capital assets, net of related debt	1,660,842	3,998,805	5,659,647	
Restricted	708,148		708,148	
Unrestricted	1,835,773	(933,935)	901,838	5,743
<b>Total Net Assets</b>	<b>4,204,763</b>	<b>3,064,870</b>	<b>7,269,633</b>	<b>5,743</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,864,268</b>	<b>\$ 8,349,668</b>	<b>\$ 13,213,936</b>	<b>\$ 13,403</b>

Exhibit A-8  
Iowa County, Wisconsin  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2011

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Bloomfield Health Care and Rehabilitation Center	Highway	Total	
Operating revenues:				
Charges for services	\$ 5,103,186	\$ 3,111,253	\$ 8,214,439	\$ 92,706
Other	232,471	24,318	256,789	
Total operating revenues	<u>5,335,657</u>	<u>3,135,571</u>	<u>8,471,228</u>	<u>92,706</u>
Operating expenses:				
Health care	5,564,896		5,564,896	
Insurance payments and claims				97,843
Highway		6,657,558	6,657,558	
Depreciation	201,895	476,504	678,399	
Total operating expenses	<u>5,766,791</u>	<u>7,134,062</u>	<u>12,900,853</u>	<u>97,843</u>
Operating Income (loss)	<u>(431,134)</u>	<u>(3,998,491)</u>	<u>(4,429,625)</u>	<u>(5,137)</u>
Nonoperating revenues (expenses):				
Property tax revenue		2,263,296	2,263,296	
Interest and fiscal charges	(4,630)	(1,521)	(6,151)	
Intergovernmental grants	531,556	1,288,705	1,820,261	
Investment earnings				51
Gain (loss) on sale of fixed assets	1,111		1,111	
Other	25,820		25,820	
Total nonoperating revenues (expenses)	<u>553,857</u>	<u>3,550,480</u>	<u>4,104,337</u>	<u>51</u>
Income (loss) before contributions and transfers	122,723	(448,011)	(325,288)	(5,086)
Transfers in		26,000	26,000	
Transfer out	(47,155)		(47,155)	
Changes in net assets	75,568	(422,011)	(346,443)	(5,086)
Total net assets-beginning of year	4,129,195	3,486,881	7,616,076	10,829
Total net assets-end of year	<u>\$ 4,204,763</u>	<u>\$ 3,064,870</u>	<u>\$ 7,269,633</u>	<u>\$ 5,743</u>

Exhibit A-9  
Iowa County, Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2011

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Bloomfield Health Care and Rehabilitation Center	Highway	Totals	
<b>Cash Flows From (Used by) Operating Activities:</b>				
Receipts from customers	\$ 5,387,222	\$ 2,842,523	\$ 8,229,745	
Receipts from municipality				92,706
Payments to employees	(2,792,684)	(2,005,596)	(4,798,280)	
Payment for employee benefits	(1,285,895)	(984,250)	(2,270,145)	
Payments to suppliers and contractors	(1,495,915)	(3,818,893)	(5,314,808)	
Payments to internal service fund		(18,981)	(18,981)	
Receipts from other funds		734,322	734,322	
Cash payments for other operating expenses				(98,571)
Net cash (used by) operating activities	(187,272)	(3,250,875)	(3,438,147)	(5,865)
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Property tax levy		2,263,296	2,263,296	
Transfer from other funds	(47,155)	26,000	(21,155)	
Grants	23,900	1,288,705	1,312,605	
Net cash from (used by) non-capital financing activities	(23,255)	3,578,001	3,554,746	
<b>Cash Flows From (Used by) Capital and Related Financing Activities:</b>				
Purchases of capital assets	(61,696)	(261,507)	(323,203)	
Grant proceeds	40,006		40,006	
Receipts from sale of fixed assets	1,111	4,436	5,547	
Payment for major repairs		(5,518)	(5,518)	
Principal payments on capital lease		(60,943)	(60,943)	
Principal payments on long-term debt	(438,200)		(438,200)	
Payment of interest	(17,158)	(3,594)	(20,752)	
Net cash (used by) capital and related financing	(475,937)	(327,126)	(803,063)	
<b>Cash Flows From (Used by) Investing Activities:</b>				
Receipt of interest	25,820		25,820	51
Purchase of investments	(675,000)		(675,000)	
Receipt of investments maturing	675,000		675,000	
Net cash from investing activities	25,820		25,820	51
Net (decrease) in cash and cash equivalents	(660,644)		(660,644)	(5,814)
Cash and cash equivalents-Beginning of year	1,951,211	25	1,951,236	19,217
Cash and cash equivalents-End of year	\$ 1,290,567	\$ 25	\$ 1,290,592	\$ 13,403

Exhibit A-9 (Continued)  
Iowa County, Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2011

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Bloomfield Health Care and Rehabilitation Center	Highway	Total	
Reconciliation of operating (loss) to net cash provided (used) by operating activities:				
Operating (loss)	\$ (431,134)	\$ (3,998,491)	\$ (4,429,625)	\$ (5,137)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	201,895	476,504	678,399	
Changes in assets and liabilities:				
Receivables	51,565	(16,744)	34,821	
Due from other governments		(286,631)	(286,631)	
Unbilled revenue		5,031	5,031	
Inventories	(2,869)	26,115	23,246	
Prepayments		(2,348)	(2,348)	
Accounts payable	14,872	(176,336)	(161,464)	(728)
Accrued liabilities	9,850	(5,405)	4,445	
Due to other governments	(10,333)	(26,153)	(36,486)	
Due to other funds		734,322	734,322	
Unearned revenue		5,296	5,296	
Vested fringe benefits	(21,118)	13,965	(7,153)	
Net cash (used by) operating activities	\$ (187,272)	\$ (3,250,875)	\$ (3,438,147)	\$ (5,865)
Reconciliation of Cash and Cash Equivalents to Balance Sheet:				
Cash	\$ 1,257,419	\$ 25	\$ 1,257,444	\$ 13,403
Cash and investments (restricted)	708,148		708,148	
Total	1,965,567	25	1,965,592	13,403
Less: long-term investments(restricted)	(675,000)		(675,000)	
Total	\$ 1,290,567	\$ 25	\$ 1,290,592	\$ 13,403

Exhibit A-10  
Iowa County, Wisconsin  
Statement of Net Assets  
Fiduciary Funds  
December 31, 2011

	Agency Fund
<b>Assets</b>	
Cash:	
Manor resident cash	\$8,575
Burial trust	1,400
Sheriff	75,826
Clerk of courts	118,651
District attorney	704
Treasurer	57,783
Total Cash	262,939
Receivables:	
Current property taxes	317,531
Total Assets	\$580,470
 <b>Liabilities</b>	
Due to other governments	\$375,314
Funds held for others	205,156
Total Liabilities	\$580,470

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Iowa County is governed by a twenty-one member county board of supervisors. Management of the County is directed by its chairperson who is also the administrative coordinator. Under direction of the County Administrator, department heads carry out administration and management functions subject to direction and oversight provided by their respective committees and the county board as a whole. The County provides many functions and services to citizens including law enforcement, administration of the courts, circuit court, health and human services, recreation and cultural activities, planning and zoning, education and general administrative services. Other activities include the operations of a highway department, a nursing home, and a senior citizens program.

Financial statements presented in this report conform to requirements of U.S. generally accepted accounting principles.

Significant accounting policies of Iowa County are summarized below:

A. Reporting Entity

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

Included in the Reporting Entity

The County has determined that the Blackhawk Lake Recreation Facility is a component unit of the County. The State of Wisconsin acquired approximately 380 acres of park land from the Cobb-Highland Recreation Commission in 1977 in exchange for payment of FHA revenue bond indebtedness of \$450,000. Under this agreement, Iowa County agreed to assume full operational responsibility and control of the Blackhawk Lake Recreation Area. Should the County ever fail to continue to operate the facility, the County would have to repay all State and Federal monies expended for land acquisition and development of the facility. The County also assumed responsibility for maintenance of the dam.

Through an operations agreement, the day-to-day operation and management of the facility is being performed by the Cobb-Highland Recreation Commission who is required to file an annual report with the County indicating the status of operations at the facility. The Commission charges user fees to the general public and expends these as necessary and appropriate for maintaining the facility. The Commission requires County approval for any expenditure in excess of \$5,000.

Financial statements for the Blackhawk Lake Recreation Facility can be obtained at the office of the Cobb-Highland Recreation Commission.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excluded From the Reporting Entity

Iowa County is a participating member of the Grant/Iowa Unified Board (Unified Community Services). The board provides services to citizens of the two counties in the areas of mental health, developmental disabilities, alcoholism and drug abuse under the provisions of Statute 51.42/.437. The board operates outpatient clinics in various locations in the two county area and contracts with various agencies for other client services.

The board is composed of eleven members who are appointed by the County board chairmen of Grant and Iowa Counties. Six members are appointed by the Grant County board chairman and five members by the Iowa County board chairman. The Board is funded through state grant-in-aid, federal grants, fees for services rendered and County appropriations. County appropriations are based on population. The amount and percentage share of each County's appropriations for 2011 follows:

Grant County	70%
Iowa County	30%

Grant County acts as host county for the recording of financial transactions and for the deposit of receipts and payment of disbursements. For this reason, and because Grant County appoints a majority of the Board, this entity is not considered a component unit of Iowa County.

B. Government-Wide and Fund Financial Statements

**Government-Wide Financial Statements**

The government-wide financial statements (Exhibits A-1 and A-2) report information on all of the nonfiduciary activities of the County. The effect of most interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers for services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the requirements of a particular function. Taxes and other items not included in program revenues are reported 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 assets/fund equity, revenues, and expenditure/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.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The County reports the following major governmental funds:

*General Fund* - The general fund is used to account for all revenues and expenditures which are not required to be accounted for in other funds.

*Social Services Special Revenue Fund* – Accounts for programs of the County’s Department of Social Services. Substantial financing for this fund is provided by federal and state grants.

*Capital Improvements Capital Projects Fund* – accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

The County reports the following major proprietary funds:

*Enterprise Funds* – Bloomfield Healthcare and Rehabilitation Center Fund accounts for the operation of a long-term health care facility. The Highway fund accounts for activities of the County’s Highway Department which include maintenance of county, state and local roads.

The County reports the following non-major governmental funds:

**Non-Major Governmental Funds**

*Special Revenue Funds* – accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- Aging Disability Resource Center
- Child Support
- Iowa County Airport
- Drug Task Force
- CDBG Revolving Loan
- Tri-County Airport
- Unified Community Services
- Dog License
- Wisconsin River Rail Transit
- Real Estate Reduction

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Internal Service Fund* – Accounts for the financing of goods or services provided by one department to other departments of the County on a cost reimbursement basis. Activity of the County's self-insurance plan are accounted for in the internal service fund.

The County also reports the following fiduciary funds:

*Agency Funds* – The County accounts for assets held as an agent for burial funds, manor residents trust, clerk of courts, sheriff, district attorney, unclaimed funds and other governmental units.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions and claims and judgments, are recorded when payment is due.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges by the highway department and health department to other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected to follow only the Financial Accounting Standards Board pronouncements issued before November 30, 1989. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are patient charges for the nursing home and charges to the state and local governments for roadwork by the highway department. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation. 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 policy to use restricted resources first, then unrestricted resources, as they are needed.

Revenues and expenditures arising from non-exchange transactions, such as property and sales taxes, fines, and grants are recorded according to the standards in Governmental Accounting Standards Board Statement 33 (GASB-33).

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

D. Budgets

The County budget is adopted in accordance with state law. Budget amounts include appropriations authorized in the original budget resolution, subsequent revisions authorized by the County board of supervisors, and appropriations of prior year designated funds to expenditure accounts.

Such revisions are required by a statutory provision which states that no expenditure can be made from an expired appropriation. This requirement applies at the department level for the County. The statutes also require publication of these budget revisions. Revisions require a two-thirds majority of the County Board. Material amendments in 2011 included the following additional appropriations in the general fund:

Public Safety	\$	324,843
Health and Human Services		415,125
Transfer to Capital Projects		480,000

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County does not utilize encumbrances in its budget process but does take into consideration certain appropriations, which do not lapse on an annual basis.

E. Taxes Receivable

Property taxes are recorded in the year levied as a receivable and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are provided. The tax calendar is as follows:

Lien date and levy date	December, 2011
Tax bills mailed	December, 2011
Payment in full, or first installment due	January 31, 2012
Second installment due	July 31, 2012
Personal property taxes in full	January 31, 2012
Tax sale – 2011 delinquent real estate taxes	August, 2012

Under Wisconsin Statutes the County treasurer is responsible for the collection of all delinquent property taxes except delinquent personal property taxes which may be retained for collection by the local municipal district as is the case in Iowa County. On December 31, 2011 delinquent property taxes totaling \$1,573,807 were due Iowa County. The above amounts include not only the delinquent taxes for levies by Iowa County, but also the delinquent taxes for levies by state and other local governmental units (cities, villages, towns, school districts, special districts) within the County. As provided in the Statutes, Iowa County has paid the state and local governmental units for their equities in delinquent property taxes. Delinquent property taxes are aged as follow at December 31, 2011:

Tax Certificates:	
2011 Sale	\$ 898,075
2010 Sale	481,372
2009 Sale	84,408
2008 Sale	44,229
2007 Sale	11,416
2006 Sale	3,981
2004 Sale	4,639
2003 Sale	5,720
Total Tax Certificates	1,533,840
Tax Deeds	39,967
Total Delinquent Taxes	1,573,807
County Purchased- Reserved Fund Balance	(1,245,189)
County Levied	\$ 328,618

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred revenue at December 31, 2011 includes tax certificates and tax deeds not "available" at that date as follows:

County Portion of Tax certificates and deeds 12/31/11	\$ 328,618
Less: Tax certificates/deeds collected January and February 2012	<u>(46,874)</u>
Deferred Revenue 12/31/11 –Tax Certificates and Deeds	<u>\$ 281,744</u>

F. Compensated Absences

Vacation and sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. The liability for sick leave is the estimated amount that will be paid as a result of employee illness or retirement. The County does not accrue accumulated vacation or sick leave in governmental fund financial statements unless they have matured due to employee resignations or retirements.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are generally defined by the County as assets with an initial, individual cost of \$5,000 or higher and a useful life of 2 years or more. Infrastructure assets have a cost of \$25,000 or higher for culverts and \$100,000 or higher for roads and bridges. 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. Net interest costs during construction are capitalized.

Depreciation on all capital assets is charged to operations over the estimated service life of assets using the straight-line method as shown below:

<u>Governmental Activities:</u>	<u>Years</u>
Buildings	10-40
Equipment and improvements	3-10
Infrastructure	25-50
 <u>Business-Type Activities:</u>	
<u>Bloomfield Manor</u>	
Land improvements	5-30
Buildings	15-40
Equipment	5-25
Vehicles	4
 <u>Highway</u>	
Land improvements	25
Buildings	25
Machinery and equipment	5-30
Other fixed assets	10

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest is charged to expense as incurred except for interest expense from borrowings used for construction projects, which is capitalized to the extent that proceeds are used for construction purposes.

Assets acquired or constructed for general governmental services are reported as expenditures in the government fund financial statements.

H. Fund Equity

*Government-wide financial statements*

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

- a. Invested in capital assets, net of related debt - amount of capital assets less accumulated depreciation and outstanding debt related to purchase, construction or improvement of assets.
- b. Restricted net assets - amount of net assets subject to restrictions that are imposed by external groups or law.
- c. Unrestricted net assets - net assets that are neither classified as restricted or invested in capital assets, net of related debt.

*Fund financial statements*

Beginning with the year ending December 31, 2011, the County implemented GASB Statement 54 "Fund Balance Reporting and Government Fund Type Definitions". The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-Spendable – includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed – includes amounts constrained to specific purposes by the County Board, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the County Board takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts the County Board intends to use for a specific purpose; intent can be expressed by the County Board or by an official or body to which the County Board delegates the authority.
- Unassigned – includes amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of the Board. Commitments of fund balance, once made, can only be modified by the Board.

The County has established a minimum fund balance policy of between 20.0 and 25.0 percent of total budgeted expenditures. In the event that the balance drops below the established minimum level, the Board will develop a plan in the next fiscal year to replenish the fund balance to the established minimum level.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the County to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the County that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

I. Client Revenues

The major portion of the Bloomfield Healthcare and Rehabilitation Center's revenues for patient care are funded pursuant to federal and state medical assistance programs. The continuation of these revenues is dependent upon governmental policies. Revenues received under these programs are based upon cost reimbursement principles which are subject to audits. It is not known what effect, if any, audit adjustments may have on the recorded revenue and receivables arising from services rendered under the Medicare and Medicaid programs.

Medicare is billed at actual rates established by the Federal Government. Any adjustments or write off's are recorded using the direct write-off method.

J. Inventories

Inventories of proprietary fund types are valued at the lower of cost or market using the first-in, first-out method and are charged as expenses or are capitalized when used.

K. Cash and Cash Equivalents/Investments

For purposes of the statement of cash flows, the County considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

The County has implemented Government Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. This new standard establishes and modifies disclosure requirements related to deposit risks (custodial credit and foreign currency risks) and investment risks (credit, interest rate and foreign currency risks).

The County has pooled the cash resources of some funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the County's individual major funds, and in the aggregate for non-major and agency funds.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

L. Restricted Assets

Restricted assets of Bloomfield Healthcare and Rehabilitation Center are as follows:

Cash and Investments

Represents money donated to Bloomfield Healthcare and Rehabilitation Center to be used for client entertainment.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**M. 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 issuance.

NOTE 2                      EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS  
AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and government-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

**Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

NOTE 3                      CASH AND INVESTMENTS

At December 31, 2011, cash and investments included the following:

Deposits with financial institutions	\$ 6,962,740
Wisconsin Local Government Investment Pool	834,060
Petty Cash	1,273
Total	\$ 7,798,073

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of December 31, 2011 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 6,826,986
Restricted cash and investments	708,148
Exhibit A-10:	
Cash and investments	<u>262,939</u>
 Total Cash and Investments	 <u>\$ 7,798,073</u>

Investments Authorized by Wisconsin State Statutes

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The County's investment policy is to match investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the County will not directly invest in securities maturing more than three years from the date of purchase.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

Investment Type	Remaining Maturity (in Months)	
	Amount	12 Months or Less
Local Government Investment Pool	\$ 834,060	\$ 834,060
Certificates of Deposit	940,392	940,392
Totals	\$ 1,774,452	\$ 1,774,452

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. As of December 31, 2011, the County's investments were rated as follows:

	Amount	Rating
Wisconsin Local Government Investment Pool	\$ 834,060	Not Rated

Custodial Credit Risk

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

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for noninterest bearing accounts. In addition, the banks used by the County participate in the Dodd-Frank Act. Under this program, the FDIC provides unlimited protection to all non-interest bearing accounts through December 31, 2012. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2011, the fair value of the County's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the County.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investment allocation in the local government investment pool as of December 31, 2011 was: 84% in U.S. Government Securities, 15% in cash, and 1% in Bankers' Acceptances. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

The County's investment policy is to maintain all cash and investments, which includes authorized investment vehicles that are insured or registered or which are collateralized by or evidenced by securities held by the County, in the County's name. Mortgage backed securities, derivatives and mutual funds are not permitted. Collateralization shall cover those deposits in excess of \$500,000. Deposits and investments shall be secured by pledging as collateral, U.S. Treasury bills, notes, bonds, U.S. Government agencies or State of Wisconsin general obligation bonds. A bank deposit guaranty bond would also be considered.

As of December 31, 2011, \$4,186 of the County's deposits with financial instructions in excess of federal depository insurance limits were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 4,186</u>
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All of this amount would be insured by the State of Wisconsin Guaranty Fund, providing funds are available at the time of any potential loss.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding uninsured amounts at the balance sheet date.

Concentration of Credit Risk

The County places no limit on the amount the County may invest in any one issuer.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

NOTE 4

LONG-TERM OBLIGATIONS

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

	Beginning 1/1/11	Increases	Decreases	Balance 12/31/11	Amounts Due within One Year
<b><u>Governmental Activities</u></b>					
Bonds and Notes Payable:					
General obligation debt	\$ 6,099,000	\$	\$ (478,572)	\$ 5,620,428	\$ 571,354
Other Liabilities:					
Capital lease	23,741	231,625	(13,786)	241,580	122,879
Compensated absences	826,942	155,764	(197,000)	785,706	182,000
Total Governmental Activities					
Long-Term Liabilities	\$ 6,949,683	\$ 387,389	\$ (689,358)	\$ 6,647,714	\$ 876,233
<b><u>Business-Type Activities</u></b>					
Bonds and Notes Payable:					
General obligation debt	\$ 472,457	\$	\$ (438,200)	\$ 34,257	\$ 34,257
Other Liabilities:					
Capital Lease	60,943		(60,943)		
Compensated absences	725,335	89,547	(96,700)	718,182	95,000
Total Other Liabilities	786,278	89,547	(157,643)	718,182	95,000
Total Business-Type Activities					
Long-Term Liabilities	\$ 1,258,735	\$ 89,547	\$ (595,843)	\$ 752,439	\$ 129,257

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed five percent of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2011 was \$93,553,185. Total general obligation debt outstanding at year-end was \$5,654,685.

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2011
<b><u>Governmental Activities</u></b>					
General Obligation Debt:					
State Trust Note	3/19/10	3/15/19	4.5%	\$ 789,000	\$ 710,428
Bonds	4/1/10	8/1/20	2.66%	5,310,000	4,910,000
Total Governmental Activities-General Obligation Debt					\$ 5,620,428
<b><u>Business-Type Activities</u></b>					
General Obligation Debt:					
Note	6/10/1992	5/1/2012	3.795%	\$ 485,993	\$ 34,257
Total Business-Type Activities- General Obligation Debt					\$ 34,257

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

NOTE 4

LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements to maturity are as follows:

Years	General Obligation Debt					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 571,354	\$ 133,836	\$ 705,190	\$ 34,257	\$ 650	\$ 34,907
2013	583,416	125,895	709,311			
2014	595,481	116,830	712,311			
2015	612,596	106,554	719,150			
2016	629,739	93,912	723,651			
2017-2020	2,627,842	202,035	2,829,877			
Totals	\$ 5,620,428	\$ 779,062	\$ 6,399,490	\$ 34,257	\$ 650	\$ 34,907

Capital Lease

The following is an analysis of the original cost of leased property under capital leases by major classes as of December 31, 2011.

Equipment            \$ 417,470

The following is a schedule by years of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2011.

Year Ended December 31,	Governmental Activities
2012	\$ 135,093
2013	124,774
Total Payments	259,867
Less: Interest	(18,287)
Minimum lease payments	\$ 241,580

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

NOTE 5

CAPITAL ASSETS

Total cost and accumulated depreciation of fixed assets at December 31, 2011 are as follows:

	<u>Balance</u> 1/1/11	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12/31/11
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 520,848	\$	\$	\$ 520,848
Right of way	808,385			808,385
Construction work in progress:				
Equipment		523,053		523,053
Infrastructure		38,611		38,611
Total capital assets not being depreciated:	<u>1,329,233</u>	<u>561,664</u>		<u>1,890,897</u>
Capital assets, being depreciated				
Infrastructure	103,300,537	1,025,671	(74,712)	104,251,496
Buildings and improvements	14,137,448	34,575		14,172,023
Machinery and equipment	3,464,839	590,260	(96,281)	3,958,818
Total	<u>120,902,824</u>	<u>1,650,506</u>	<u>(170,993)</u>	<u>122,382,337</u>
Less Accumulated Depreciation for:				
Infrastructure	57,682,261	2,058,383	(74,712)	59,665,932
Buildings and improvements	3,114,402	394,941		3,509,343
Machinery and equipment	2,382,550	374,397	(91,957)	2,664,990
Total Accumulated Depreciation	<u>63,179,213</u>	<u>2,827,721</u>	<u>(166,669)</u>	<u>65,840,265</u>
Net Other Capital Assets	<u>57,723,611</u>	<u>(1,177,215)</u>	<u>(4,324)</u>	<u>56,542,072</u>
Total Net Capital Assets	<u>\$ 59,052,844</u>	<u>\$ (615,551)</u>	<u>\$ (4,324)</u>	<u>\$ 58,432,969</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General Government	\$ 121,836
Public Safety	290,613
Public Works, which includes the depreciation of infrastructure	2,058,383
Transportation Facilities	171,376
Health and human services	183,205
Conservation of Natural Resources	979
Education	1,329
Total Governmental Activities Depreciation Expense	<u>\$ 2,827,721</u>

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

NOTE 5

CAPITAL ASSETS (CONTINUED)

	<u>Balance</u> <u>1/1/11</u>	<u>Additions</u>	<u>Removals</u>	<u>Balance</u> <u>12/31/11</u>
<b><u>Business-Type Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 46,557	\$ _____	\$ _____	\$ 46,557
Total capital assets not being depreciated	<u>46,557</u>	<u>_____</u>	<u>_____</u>	<u>46,557</u>
Capital assets being depreciated:				
Land improvements	668,229			668,229
Buildings	5,213,855	183,578		5,397,433
Machinery and Equipment	<u>10,500,643</u>	<u>139,624</u>	<u>(72,670)</u>	<u>10,567,597</u>
Total Capital Assets Being Depreciated	<u>16,382,727</u>	<u>323,202</u>	<u>(72,670)</u>	<u>16,633,259</u>
Less: Accumulated Depreciation for:				
Land improvements	359,575	16,967		376,542
Buildings	3,072,032	187,545		3,259,577
Machinery and Equipment	<u>6,947,855</u>	<u>473,887</u>	<u>(71,949)</u>	<u>7,349,793</u>
Total Accumulated Depreciation	<u>10,379,462</u>	<u>678,399</u>	<u>(71,949)</u>	<u>10,985,912</u>
Net Capital Assets Being Depreciated	<u>6,003,265</u>	<u>(355,197)</u>	<u>(721)</u>	<u>5,647,347</u>
 Total Net Capital Assets	 <u>\$ 6,049,822</u>	 <u>\$ (355,197)</u>	 <u>\$ (721)</u>	 <u>\$ 5,693,904</u>

Depreciation expense was charged to the following function:

<b><u>Business-Type Activities:</u></b>	
Bloomfield Healthcare and Rehabilitation Center	\$ 201,895
Highway	<u>476,504</u>
Total Business-Type Activities (Exhibit A-8)	<u>\$ 678,399</u>

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 6

GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES

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

**GOVERNMENTAL ACTIVITIES**

Invested in capital assets, net of related debt	
Land and right-of-ways	\$ 1,329,233
Construction work-in-progress	561,664
Other capital assets, net of accumulated depreciation	56,542,072
Less: related long-term debt outstanding	<u>(5,862,008)</u>
Total Invested Capital Assets	<u>52,570,961</u>
Restricted:	
Real Estate Reduction	1,861,619
Donor restricted	19,408
CDBG Revolving Loan	538,541
Grant Restricted	<u>50,484</u>
Total Restricted	<u>2,470,052</u>
Unrestricted	<u>7,537,834</u>
Total Governmental Activities Net Assets	<u>\$ 62,578,847</u>

**GOVERNMENTAL FUND BALANCES**

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

Nonspendable fund balance as of December 31, 2011 includes the following items:

Major Funds	
General Fund:	
Delinquent Taxes	\$ 1,245,189
Prepaid Items	356,285
Non-Major Funds:	
Iowa County Airport:	
Inventories	<u>27,661</u>
Total Nonspendable	<u>\$ 1,629,135</u>

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 6      GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES (CONTINUED)

Restricted fund balances as of December 31, 2011 includes the following items:

<b>Restricted</b>	
Major Funds:	
General Fund:	
County Clerk election grant	\$     2,875
Register of Deeds-Redaction Project	29,154
Land Records-Retained Fees	39,183
Land Records-Public Access Fees	74,785
Land Records-Grants	24,957
Donations – D.A.R.E Program	502
Bio-Terrorism Grant	21,771
UW Extension Pesticide Program	7,882
UW Extension Clean Sweep Grant	881
UW Extension Corporate Grant	10,351
Special Revenue:	
Social services	2,174,489
Donor restricted	8,555
Capital Projects:	
Jail Assessment	101,652
Non-Major Funds:	
Aging Disability Resource Center	159,952
Child Support	14,667
CDGB Revolving Loan	293,465
Real Estate Reduction	1,861,619
Drug Task Force	363,238
Unified Community Services	105,483
Dog license	1,000
Total Restricted	<u>\$ 5,296,461</u>

Assigned fund balance as of December 31, 2011 includes the following items:

Major Funds	Amount
General Fund:	
Assigned for:	
Contingency	\$ 447,717
Veterans Relief	4,591
Land Conservation - Forestry	10,902
Sheriff – Out of County Prisoners	75,000
Iowa County Farm Safety Day	525
Personnel Department	5,509
Supervision Program	31,164
Information Systems	18,814
Emergency Management Department	25,324
Register of Deeds-Record Storage	7,136
Public Property Maintenance	59,215
Capital Projects Fund	<u>1,270,013</u>
Total Assigned	<u>\$ 1,955,910</u>

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 7

BUSINESS-TYPE ACTIVITIES NET ASSETS

Net assets of the Bloomfield Healthcare and Rehabilitation Center (enterprise fund) have been restricted for the following uses:

Bequest for client entertainment	\$ 708,148
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The following calculation supports the proprietary net assets invested in capital assets, net of related debt:

Plant in Service	\$ 16,679,816
Accumulated Depreciation	(10,985,912)
Sub-Total	5,693,904
Less: Capital Related Debt	(34,257)
Total Net Assets Invested in Capital Assets, Net of Related Debt	\$ 5,659,647

NOTE 8

DEFINED BENEFIT PENSION PLAN

All eligible Iowa County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. 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.

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

	2011		2012	
	Employee	Employer	Employee	Employer
General (including Teachers)	5.8%	5.8%	5.9%	5.9%
Executive & Elected Officials	6.65%	6.65%	7.05%	7.05%
Protective with Social Security	5.8%	8.9%	5.9%	9.0%
Protective without Social Security	5.8%	11.2%	5.9%	11.3%

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 8

DEFINED BENEFIT PENSION PLAN (CONTINUED)

The payroll for Iowa County employees covered by the WRS for the year ended December 31, 2011 was \$8,515,051; the employer's total payroll was \$9,714,099. The total required contribution for the year ended December 31, 2011 was \$1,178,977, which consisted of \$1,065,487 or 12.5 percent of the covered payroll from the employer and \$113,490 or 1.3 percent of the covered payroll (earned after July 1, 2011) from employees. Total contributions for the years ending December 31, 2010 and 2009 were \$1,128,423 and \$1,038,496, respectively, equal to the required contributions for each year.

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

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

NOTE 9

JOINT VENTURE

Iowa County has entered into an agreement with the Village of Muscoda, Richland County and Iowa County to establish and utilize an incinerator for the recovery of resources from solid waste. The Muscoda Waste to Energy Facility ("the Facility") is a facility constructed for the purpose of disposal of solid waste by incineration and capture of the energy there from in the form of steam. A separate recycling center was also constructed.

The Facility was operated by the Muscoda Solid Waste Commission. The commission was established pursuant to the Agreement on Solid Waste Disposal and Section 66.30 of the Wisconsin Statutes, and includes members from Grant, Richland, and Iowa Counties and the Village of Muscoda. The purpose of the commission was to direct, supervise, control, operate, maintain and otherwise manage the Facility.

A study of the Facility by independent consultants raised doubts as to the safety and ability of the Facility to operate as an incinerator. The study indicated improvements in excess of \$8 million would be needed to allow the Facility to operate as intended. On November 1, 1995, the Facility ceased operations.

In prior years, Iowa County expended funds to finance its portion of the additional working capital needed by the Facility. The funds were put into an escrow account to be disbursed to the Facility as needed, with approval of the Counties involved. At December 31, 2011, the balance in the escrow account was \$3,657.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 10

DEFERRED REVENUES

Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The County also defers revenue recognition in connection with taxes levied for future periods. The various components of deferred revenue reported at December 31, 2011 were as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Taxes levied for 2011	\$ 7,767,727	\$ 2,534,071
Delinquent property taxes	281,744	
Economic development loans	245,076	
Unearned	17,845	5,296
Total	\$ 8,312,392	\$ 2,539,367

The economic development loans receivable of \$245,076 consist of loans made to business entities from the proceeds of Community Development Block grants. These are to be repaid, together with interest, to the County out of the revenue of the entities. These repayments are then being reloaned to entities based on pre-established criteria. Repayment of principal and interest on the loans is recorded as revenue when received in the funds statements.

NOTE 11

RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; employee health and accident insurance coverage; and natural disasters. These risks (except for collision coverage on vehicles) are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

The County maintains a self-funded dental plan for its employees with a maximum payment of \$300 per employee. The plan administrators, Medical Benefits Administration are responsible for the approval, processing and payment of claims, after which they bill the County for reimbursement. The County is also responsible for a monthly administrative fee.

As of December 31, 2011, estimated reported and unreported claims incurred on or before December 31, 2011 were \$5,398.

NOTE 12

VACATION AND SICK LEAVE LIABILITY

Employees earn one day of sick leave per month with a maximum accumulation of ninety (90) or one hundred twenty (120) days depending on union contract. All employees are entitled to payment of accumulated sick leave at retirement for paid-up health insurance. For Bloomfield Healthcare and Rehabilitation Center employees who maintain at least twenty-four (24) sick days for a twelve-month period, the employee, at the end of twelve months, may be paid for half of the sick leave not used, but accrued during that twelve-month period. The twelve-month period is from anniversary date to anniversary date.

The estimated value of the sick leave liability as of December 31, 2011 was \$1,226,853 as shown below:

General County Employees	\$ 603,679
Bloomfield Healthcare and Rehabilitation Center Employees	321,425
Highway Department Employees	301,749
Total	\$ 1,226,853

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 12

VACATION AND SICK LEAVE LIABILITY (CONTINUED)

County employees are granted vacation in varying amounts based on length of service. Vacation pay accruals generally do not exceed the amount earned for one year; however, an employee may accumulate vacation time earned. The vested amount of vacation leave for general county and highway employees was \$182,027 and \$95,008 respectively at December 31, 2011. The value of vacation leave for other County employees at December 31, 2011 was not considered material.

NOTE 13

CONTINGENCIES

In connection with the Muscoda Waste to Energy Facility joint venture (See Note 10), the Wisconsin Department of Industry, Labor, and Human Relations issued a decision on May 3, 1996 finding the Muscoda Solid Waste Commission liable for unemployment compensation. On May 12, 1997, a judgment of approximately \$53,000 was entered against the Muscoda Solid Waste Commission for reimbursement of unemployment compensation. Since the Commission cannot impose a levy on the member counties, Iowa County's portion of any liability cannot be determined.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants.

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

NOTE 14

INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount
Social Services	Highway	\$ 2,098,617
General	Child Support	9,546
General	Iowa County Airport	18,633
	Total	\$ 2,126,796

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

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 14                    INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

The following is a schedule of interfund transfers:

Fund Transfer to	Fund Transfer From	Amount
Government Funds:		
Capital Projects	General	\$ 746,811
General	Child Support	7,078
General	Real estate tax reduction	1,350,000
Highway	General	26,000
	Total	\$ 2,129,889
Fund Transfer to	Fund Transfer From	Amount
Enterprise Funds:		
General	Bloomfield Health Care and Rehabilitation	\$ 47,155

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move fund balances whose designated purpose has been removed.

NOTE 15                    ECONOMIC DEPENDENCY

Bloomfield Healthcare and Rehabilitation Center receives reimbursement of its costs for the care of certain patients from different agencies of the federal government. During 2011, these reimbursements amounted to \$3,758,039 or 70% of total operating revenue.

NOTE 16                    WISCONSIN COUNTY MUTUAL INSURANCE CORPORATION

Iowa County participates with other counties in the Wisconsin County Mutual Insurance Corporation. This joint venture began operation January 1, 1988 and provides liability insurance coverage to the counties. The creation of the mutual insurance corporation required the establishment of capital reserves. Each participating county deposited a portion of the required reserves. Iowa County's share of the capital reserves have been reported in the financial statements as an expenditure in the year of payment.

The governing body of the mutual insurance corporation is made up of twelve directors elected by the participating counties. The governing body has authority to adopt its own budget and control the financial affairs of the corporation.

Summary financial information as of, and for the year ended December 31, 2011 are available at the Corporation's offices in Madison, Wisconsin.

NOTE 17                    TRI-COUNTY AIRPORT

Iowa County, Wisconsin is a participating member of the Tri-County Airport. Other members are Richland and Sauk Counties. The airport is operated under the supervision of a three member commission composed of one member from each county. Funding for the airport is provided by rentals and county appropriations which are shared equally by the three counties.

Financial transactions of the Tri-County Airport fund are handled as a separate fund by Sauk County.

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

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NOTE 18

CONTINGENCY

An action was filed against the City of Dodgeville by a taxpayer requesting a refund of 2007, 2008, 2009, 2010 and 2011 property taxes based on an incorrect assessment value. The taxpayer is seeking refunds of \$676,740, \$715,903, \$743,033, \$951,083 and \$13,845 respectively. The City is contesting the claims. The County's portion of any potential refund is not determinable.

NOTE 19 EFFECT OF NEW ACCOUNTING STANDARD ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, Statement No. 61, The Financial Reporting Entity: Omnibus, Statement No.62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, Statement No.63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement No. 64 Derivative Instruments: Applications of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53. The County has not determined the impact of these standards on the financial statements. Application of these standards may restate portions of these financial statements.

NOTE 20

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

The following expenditures exceeded budget appropriations in the general fund:

<u>Expenditure</u>	<u>Excess Expenditure</u>
Conservation of natural resources	\$ 83,087

NOTE 21

COMMITMENTS

At December 31, 2011, the County had construction commitments of approximately \$950,000 related to the Sherriff's Department tower project.

NOTE 22

SUBSEQUENT EVENTS

Subsequent to December 31, 2011, the County replaced the existing copier lease with an operating lease requiring five annual payments of \$42,348.

NOTE 23

COMPONENT UNIT

This report contains the Cobb-Highland Recreation Commission, which is included as a component unit. Financial information is presented as a discrete column in the statement of net assets and statement of activities. Audited financial statements of the Commission are available at the Commission's office.

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

A. Summary of Significant Accounting Policies

1. Fixed Assets

Fixed assets are capitalized at cost (or fair market value at date of contribution). Depreciation is recorded using the straight-line method over the estimated lives (3-25 years).

Iowa County, Wisconsin  
Notes to the Financial Statements  
December 31, 2011

NOTE 23

COMPONENT UNIT (CONTINUED)

Total cost and accumulated depreciation of fixed assets on December 31 is as follows:

	Balance 1/1/11	Additions	Removals	Balance 12/31/11	Accumulated Depreciation	Book Value 12/31/11
Buildings	\$ 633,665	\$ 24,728	\$	\$ 658,393	\$ (282,352)	\$ 376,041
Construction work in progress	150		(150)			
Equipment & Furnishings	192,264	18,720	(16,710)	194,274	(122,494)	71,780
Land Improvements	83,900			83,900	(17,506)	66,394
Totals	<u>\$ 909,979</u>	<u>\$ 43,448</u>	<u>\$ (16,860)</u>	<u>\$ 936,567</u>	<u>\$ (422,352)</u>	<u>\$ 514,215</u>

2. Income Tax

The Commission is exempt from income taxes and therefore no income tax liability is recorded.

3. Cash

The cash accounts of the Cobb-Highland Recreation Commission (Blackhawk Lake Recreation Area) are deposited in banks and are fully insured by FDIC insurance.

4. Compensated Absences

Payments for vacation will be made at rates in effect when benefits are used. Vacation does not vest and employees do not earn any sick leave.

B. Net Assets

The following calculation supports the Commission's net assets invested in capital assets, net of related debt at December 31, 2011:

Plant in Service	\$ 936,567
Accumulated Depreciation	(422,352)
Total Net Assets Invested in Capital Assets	<u>\$ 514,215</u>

C. Employee Retirement Plan

The Commission currently contributes to individual retirement accounts for two full-time employees. Contributions are 10% of the employee's current year salary. Contributions made for the year ended December 31, 2011 were \$8,136.

D. Related Party Transactions

During 2011, electrical work at various cabins was performed by an immediate family member of an individual that serves on the Board of Commissioners. Labor and supply costs related to the electrical work totaled \$15,320.

E. Subsequent Events

Subsequent to December 31, 2011, the Commission purchased the concession stand and boat inventory for \$18,000 from the Park Manager.

In addition, the Commission approved costs of approximately \$7,000 for the purchase of new computer equipment, installation costs, and new website development.

## Required Supplementary Information

Schedule I  
 Required Supplementary Information  
 Iowa County, Wisconsin  
 Budgetary Comparison Schedule for the General Fund  
 For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance	Variance
	Original	Final		With Original Budget	With Final Budget
<b>Revenues:</b>					
<b>Taxes:</b>					
Property	\$ 4,561,227	\$ 4,561,227	\$ 4,547,996	\$ (13,231)	\$ (13,231)
Other	536,894	536,894	793,234	256,340	256,340
Intergovernmental	697,274	1,222,546	1,438,247	740,973	215,701
Charges for services	656,711	675,789	759,851	103,140	84,062
Fines and forfeitures	149,500	149,500	116,475	(33,025)	(33,025)
Investment earnings	52,000	52,000	34,925	(17,075)	(17,075)
Miscellaneous	210,700	210,700	235,433	24,733	24,733
<b>Total Revenues</b>	<b>6,864,306</b>	<b>7,408,656</b>	<b>7,926,161</b>	<b>1,061,855</b>	<b>517,505</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	3,590,814	3,588,248	2,852,425	738,389	735,823
Public safety	3,448,858	3,773,701	3,693,701	(244,843)	80,000
Health and human services	470,577	885,702	861,401	(390,824)	24,301
Leisure activities	62,775	67,627	61,952	823	5,675
Conservation of natural resources	365,399	365,399	448,486	(83,087)	(83,087)
Education	533,748	524,648	497,591	36,157	27,057
Community and economic development	302,715	302,715	265,307	37,408	37,408
Capital Outlay	20,260	20,260	20,260		
<b>Debt Service:</b>					
Principal	13,786	13,786	13,786		
Interest	1,692	1,692	1,692		
<b>Total Expenditures</b>	<b>8,810,624</b>	<b>9,543,778</b>	<b>8,716,601</b>	<b>94,023</b>	<b>827,177</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,946,318)</b>	<b>(2,135,122)</b>	<b>(790,440)</b>	<b>1,155,878</b>	<b>1,344,682</b>
<b>Other Financing Sources (Uses)</b>					
Lease Proceeds			61,260	61,260	61,260
Transfers in	1,350,000	1,350,000	1,404,233	54,233	54,233
Transfers out	(63,795)	(569,795)	(772,811)	(709,016)	(203,016)
<b>Total other financing sources (uses)</b>	<b>1,286,205</b>	<b>780,205</b>	<b>692,682</b>	<b>(593,523)</b>	<b>(87,523)</b>
<b>Net change in fund balances</b>	<b>(660,113)</b>	<b>(1,354,917)</b>	<b>(97,758)</b>	<b>562,355</b>	<b>1,257,159</b>
Fund balance-Beginning of year	3,977,763	3,977,763	3,977,763		
<b>Fund balance-End of year</b>	<b>\$ 3,317,650</b>	<b>\$ 2,622,846</b>	<b>\$ 3,880,005</b>	<b>\$ 562,355</b>	<b>\$ 1,257,159</b>

Schedule 2  
 Required Supplementary Information  
 Iowa County, Wisconsin  
 Budgetary Comparison Schedule for the Social Services Fund  
 For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance With Original Budget	Variance With Final Budget
	Original	Final			
<b>Revenues:</b>					
Property Taxes	\$ 1,839,398	\$ 1,839,398	\$ 1,839,398		
Intergovernmental	1,192,047	1,192,047	1,191,902	(145)	(145)
Charges for services	112,450	112,450	53,697	(58,753)	(58,753)
Investment income			396	396	396
Miscellaneous			5,071	5,071	5,071
<b>Total Revenues</b>	<b>3,143,895</b>	<b>3,143,895</b>	<b>3,090,464</b>	<b>(53,431)</b>	<b>(53,431)</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Health and human services	3,143,895	3,158,103	2,080,791	1,063,104	1,077,312
<b>Total Expenditures</b>	<b>3,143,895</b>	<b>3,158,103</b>	<b>2,080,791</b>	<b>1,063,104</b>	<b>1,077,312</b>
Excess (deficiency) of revenues over expenditures		(14,208)	1,009,673	1,009,673	1,023,881
<b>Other Financing Sources (Uses):</b>					
Transfers in					
Transfers (out)					
Net Change in Fund Balance		(14,208)	1,009,673	1,009,673	1,023,881
Fund balance-Beginning of year	1,173,371	1,173,371	1,173,371		
Fund balance-End of year	\$ 1,173,371	\$ 1,159,163	\$ 2,183,044	\$ 1,009,673	\$ 1,023,881

## Supplementary Information

Exhibit B-1  
Iowa County, Wisconsin  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2011

	Special Revenue Funds										Total Nonmajor Governmental Funds
	Aging Disability Resource Center	Child Support	C/D/B/G Revolving Loan	Drug Task Force	Iowa County Airport	Tri-County Airport	Unified Community Services	Dog License	Wisconsin River Rail Transit	Real Estate Tax Reduction	
<b>Assets:</b>											
Cash and investments	\$ 15,175		\$ 293,465	\$ 369,415			\$ 105,483	13,958		\$ 1,622,808	\$ 2,420,304
Receivables:											
Current property taxes	194,798				63,806	15,665	193,625		26,520		494,414
Other					4,656						4,656
Economic development loans			421,798								421,798
Less: allowance for uncollectibles			(176,722)								(176,722)
Due from other governments	161,983	28,831		8,129						238,811	437,754
Inventories					54,067						54,067
<b>Total Assets</b>	\$ 371,956	\$ 28,831	\$ 538,541	\$ 377,544	\$ 122,529	\$ 15,665	\$ 299,108	\$ 13,958	\$ 26,520	\$ 1,861,619	\$ 3,656,271
<b>Liabilities and Fund Balances</b>											
<b>Liabilities:</b>											
Accounts payable	\$ 4,208	\$ 600		265	\$ 1,476			12,247			\$ 18,796
Accrued payroll	5,322	2,819			1,535						9,676
Due to other funds		9,546			18,633						28,179
Due to other governments	7,676	1,199		4,703	911			711			15,200
Deferred revenue-taxes	194,798		245,076	9,338	63,806	15,665	193,625		26,520		494,414
Deferred revenue-other					8,507						262,921
<b>Total Liabilities</b>	212,004	14,164	245,076	14,306	94,868	15,665	193,625	12,958	26,520		829,186
<b>Fund Balances:</b>											
Nonspendable	159,952	14,667	293,465	363,238	27,661		105,483	1,000		\$ 1,861,619	2,799,424
Restricted	159,952	14,667	293,465	363,238	27,661		105,483	1,000		1,861,619	2,827,085
<b>Total Fund Balances</b>	159,952	14,667	293,465	363,238	27,661		105,483	1,000		1,861,619	2,827,085
<b>Total Liabilities and Fund Balances</b>	\$ 371,956	\$ 28,831	\$ 538,541	\$ 377,544	\$ 122,529	\$ 15,665	\$ 299,108	\$ 13,958	\$ 26,520	\$ 1,861,619	\$ 3,656,271

Exhibit B-2  
Iowa County, Wisconsin  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2011

	Special Revenue Funds										Total
	Aging Disability Resource Center	Child Support	C.D.B.G. Revolving Loan	Drug Task Force	Iowa County Airport	Tri-County Airport	Unified Community Services	Dog License	Wisconsin River Rail Transit	Real Estate Tax Reduction	
Revenues:											
Taxes:											
Property taxes	\$ 163,717			\$	63,711	\$ 15,844	\$ 193,625	\$ 26,520	\$	1,490,009	\$ 463,417
Sales	423,834	146,413		27,134	39,978	511	14,221			1,490,009	1,490,009
Intergovernmental										597,381	597,381
Public charges for services										183,836	183,836
Interest income				7,860						8,371	8,371
Revolving loan repayments				91,688						91,688	91,688
Miscellaneous income	13,550			6,757	3,162					23,469	23,469
Total Revenues	601,101	146,413	99,548	74,380	196,510	15,844	193,625	14,221	26,520	1,490,009	2,858,171
Expenditures:											
Current:											
Transportation facilities											214,459
Public safety	529,642	133,655		82,783	198,615	15,844	193,625	14,221		97,004	97,004
Health and human services			30							856,922	856,922
Community and Economic development										26,550	26,550
Total Expenditures	529,642	133,655	30	82,783	198,615	15,844	193,625	14,221	26,520	1,194,935	1,194,935
Excess (deficiency) of revenues over expenditures	71,459	12,758	99,518	(8,403)	(2,105)					1,490,009	1,663,236
Other financing sources (Uses):											
Transfers (out)		(7,078)								(1,350,000)	(1,357,078)
Net Change in Fund Balances	71,459	5,680	99,518	(8,403)	(2,105)					140,009	306,158
Fund Balances-Beginning of year	88,493	8,987	193,947	371,641	29,766		105,483	1,000		1,721,610	2,520,927
Fund Balances-End of year	\$ 159,952	\$ 14,667	\$ 293,465	\$ 363,238	\$ 27,661	\$	\$ 105,483	\$ 1,000	\$	\$ 1,861,619	\$ 2,827,085

Exhibit C-1  
Iowa County, Wisconsin  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2011

Federal Agency/ Pass-Through Agency/ Program Title	Federal CFDA Number	(Accrued) Deferred Beginning Balance	Cash Received	Accrued (Deferred) Ending Balance	Revenues	Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Social Services Block Grant	93.667					
Passed Through State of Wisconsin: Department of Health Services Department of Workforce Development		\$	15,583 13,961	\$	15,583 13,961	15,583 13,961
<b>Total Social Services Block Grant</b>	<b>93.667</b>		<b>29,544</b>		<b>29,544</b>	<b>29,544</b>
Temporary Assistance for Needy Families	93.558					
Passed Through State of Wisconsin: Department of Health Services Department of Children and Families Department of Workforce Development Through Grant County			7,960 33,678 11,568		7,960 33,678 11,568	7,960 33,678 11,568
<b>Total Temporary Assistance for Needy Families</b>	<b>93.558</b>		<b>53,206</b>		<b>53,206</b>	<b>53,206</b>
Foster Care - Title IV-E	93.658					
Passed Through State of Wisconsin: Department of Corrections Department of Workforce Development			2,420 125,216		2,420 125,216	2,420 125,216
<b>Total Foster Care - Title IV-E</b>	<b>93.658</b>		<b>127,636</b>		<b>127,636</b>	<b>127,636</b>
Child Welfare Services - State Grants	93.645					
Passed Through State of Wisconsin: Department of Corrections Department of Workforce Development			1,936 9,177		1,936 9,177	1,936 9,177
<b>Total Child Welfare Services - State Grants</b>	<b>93.645</b>		<b>11,113</b>		<b>11,113</b>	<b>11,113</b>
Passed Through State of Wisconsin - Department of Health Services:						
Medical Assistance Program	93.778		137,318		137,318	137,318
Public Health Emergency Preparedness	93.069	(136)	35,609	1,712	37,185	37,185
Immunization Grants	93.268	(4)	7,928		7,924	7,924
Maternal and Child Health Service Block Grant to the States	93.994		7,772		7,772	7,772
State Children's Insurance Program	93.767		10,505		10,505	10,505
ARRA Immunization for Child & Adult	93.712		2,901		2,901	2,901
HCR - Infrastructure & OI	93.507		5,854		5,854	5,854

Exhibit C-1 (Continued)  
 Iowa County, Wisconsin  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2011

Federal Agency/ Pass-Through Agency/ Program Title	Federal CFDA Number	(Accrued) Deferred Beginning Balance	Cash Received	Accrued (Deferred) Ending Balance	Revenues	Expenditures
<b>Passed Through State of Wisconsin - Department of Administration:</b>						
Low-Income Home Energy Assistance	93.568		31,842		31,842	31,842
<b>Passed Through State of Wisconsin - Age Advantage-Area Agency on Aging:</b>						
Special Programs for the Aging Title III-B	93.044	\$ (25,822)	\$ 30,970	\$ 25,696	\$ 30,844	\$ 30,844
Title III-E National Family Caregiver Support Program	93.052	(2,330)	4,280	3,600	5,550	5,550
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	(14,753)	18,818	10,566	14,631	14,631
Medicare Enrollment Assistance Program (MIPPA)	93.071		1,339		1,339	1,339
<b>Passed Through State of Wisconsin - Department of Children and Families:</b>						
Child Support Program	93.563	11,366	69,973	28,330	109,669	109,669
Promoting Safe and Stable Families	93.556		41,200		41,200	41,200
Child Care Administration	96.596		41,803		41,803	41,803
Youth Independent Living	93.674		3,728		3,728	3,728
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<b>(31,679)</b>	<b>673,339</b>	<b>69,904</b>	<b>711,564</b>	<b>711,564</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
State Administration Matching Grants for Food Stamp Program	10.561					
Passed Through State of Wisconsin: Department of Health Services Department of Workforce Development			73,548 7		73,548 7	73,548 7
Total State Administration Matching Grants for Food Stamp Program	10.561		73,555		73,555	73,555
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>73,555</b>		<b>73,555</b>	<b>73,555</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Community Development Block Grant	14.228					
Passed Through State of Wisconsin - Department of Commerce						
Community Development Block Grant - Emergency Assistance Program		(73,321)	230,685	257,761	415,125	415,125
Community Development Block Grant - Energy Efficiency & Conservation		(131,539)	222,300		90,761	90,761
Total Community Development Block Grant	14.228		452,985	257,761	505,886	505,886
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		<b>(204,860)</b>	<b>452,985</b>	<b>257,761</b>	<b>505,886</b>	<b>505,886</b>

Exhibit C-1 (Continued)  
Iowa County, Wisconsin  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2011

Federal Agency/ Pass-Through Agency/ Program Title	Federal CFDA Number	(Accrued) Deferred Beginning Balance	Cash Received	Accrued (Deferred) Ending Balance	Revenues	Expenditures
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Federal Cease Grant	16.000		1,775 902	\$	1,775 902	1,775 902
Passed Through State of Wisconsin: Department of Justice and Homeland Security Department of Justice and Homeland Security Through Grant County						
Total-Federal Cease Grant	16.000		2,677		2,677	2,677
Passed Through State of Wisconsin - Office of Justice Assistance: ARRA-Portable Livescan Grant Byrne Memorial Justice Assistance						
	16.803	(17,000)	17,000			
	16.738	(8,198)	9,338	(9,338)	(8,198)	(8,198)
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>		<b>(25,198)</b>	<b>29,015</b>	<b>(9,338)</b>	<b>(5,521)</b>	<b>(5,521)</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Highway Safety Cluster:						
Passed Through State of Wisconsin - Department of Transportation: State and Community Safety Grant Occupant Protection Incentive Grants Safety Belt Performance Grants						
	20.600	(5,990)	25,964	24,111	44,085	44,085
	20.602	20,602	7,456	2,324	9,780	9,780
	20.609	(1,113)	14,199		13,086	13,086
Total-Highway Safety Cluster		(7,103)	47,619	26,435	66,951	66,951
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>		<b>(7,103)</b>	<b>47,619</b>	<b>26,435</b>	<b>66,951</b>	<b>66,951</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
Homeland Security Cluster:						
Passed Through State of Wisconsin - Office of Justice Assistance: State Domestic Preparedness Equipment Support Program Homeland Security Grant Program						
	97.004		11,447	527,288	527,288	527,288
	97.067		11,447	64,689	76,116	76,116
Total-Homeland Security Cluster			22,894	591,957	603,404	603,404
Passed Through State of Wisconsin - Department of Military Affairs: Disaster Grants - Public Assistance						
	97.036		44,831		44,831	44,831
Passed Through United Way - FEMA: Emergency Food & Shelter Program Emergency Management - Performance Grant						
	97.024	(24,116)	578	9,222	578	578
	97.042	(24,116)	48,422		33,528	33,528
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>		<b>(24,116)</b>	<b>105,278</b>	<b>601,179</b>	<b>682,341</b>	<b>682,341</b>
<b>TOTAL - ALL FEDERAL AWARDS</b>		<b>\$ (292,956)</b>	<b>\$ 1,381,791</b>	<b>\$ 946,941</b>	<b>\$ 2,034,776</b>	<b>\$ 2,034,776</b>

Exhibit C-2  
Iowa County, Wisconsin  
Schedule of Expenditures of State Awards  
For the Year Ended December 31, 2011

State Agency/ Pass-Through Agency/ Program Title	State Grant/ Pass Through Program Number	(Accrued) Deferred Beginning Balance	Cash Received	Accrued (Deferred) Ending Balance	Revenues	Expenditures
<b>WISCONSIN DEPARTMENT OF ADMINISTRATION</b>						
Land Information Board - Training Grant	505.118		300		300	300
Land Information Board - Grants-In-Aid	505.438	11,244	11,966	(23,210)		
Public Benefits Fund	505.371		16,632		16,632	16,632
<b>TOTAL WISCONSIN DEPARTMENT OF ADMINISTRATION</b>		<b>11,244</b>	<b>28,898</b>	<b>(23,210)</b>	<b>16,932</b>	<b>16,932</b>
<b>WISCONSIN DEPARTMENT OF AGRICULTURE</b>						
Soil and Water Conservation Project	115.150	(37,184)	110,621	33,877	107,314	107,314
Land and Water Resource Management Projects	115.400	(11,400)	48,918	20,528	58,046	58,046
<b>TOTAL WISCONSIN DEPARTMENT OF AGRICULTURE</b>		<b>(48,584)</b>	<b>159,539</b>	<b>54,405</b>	<b>165,360</b>	<b>165,360</b>
<b>WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES</b>						
State Funded Foster Care - Title IV-E	437.3324		164		164	164
Basic County Allocation	437.3561			101,603	101,603	101,603
State/County Match	437.3681			20,876	20,876	20,876
<b>TOTAL WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES</b>			<b>164</b>	<b>122,479</b>	<b>122,643</b>	<b>122,643</b>
<b>WISCONSIN DEPARTMENT OF CORRECTIONS</b>						
Youth Aids - Community Intervention	410.302		690		690	690
Community Youth and Family Aids	410.313		156,985		156,985	156,985
<b>TOTAL WISCONSIN DEPARTMENT OF CORRECTIONS</b>			<b>157,675</b>		<b>157,675</b>	<b>157,675</b>
<b>WISCONSIN DEPARTMENT OF HEALTH SERVICES</b>						
Basic County Allocation	435.561		111,377		111,377	111,377
Adult Protective Services	435.312		18,918		18,918	18,918
CLTS PD Non Federal	435.462		9,971		9,971	9,971
Maternal & Child Health Service Block Grant	435.159320		593		593	593
CC WWMP Service Coord GPR FED	435.157000	(1)	12,249		12,248	12,248
Limited Agent Program	435.124000		6,148		6,148	6,148
State/County Match	435.681		14,329		14,329	14,329
Funeral/Cemetery	435.105		10,000		10,000	10,000
MA Transportation	435.131		16,919		16,919	16,919
FSET Transportation GPR	435.233		79		79	79
IMAA State Share	435.283		94,648		94,648	94,648
Medicaid Subrogation Collection	435.291		(2,372)		(2,372)	(2,372)

Exhibit C-2 (Continued)  
Iowa County, Wisconsin  
Schedule of Expenditures of State Awards  
For the Year Ended December 31, 2011

State Agency/ Pass-Through Agency/ Program Title	State Grant/ Pass Through Program Number	(Accrued) Deferred Beginning Balance	Cash Received	Accrued (Deferred) Ending Balance	Revenues	Expenditures
<b>Passed Through Age/Advantage - Area Agency:</b>						
State Benefit Specialist	435.560320	\$ (23,513)	\$ 28,215	\$ 23,513	\$ 28,215	\$ 28,215
Senior Community Services	435.560330	(4,506)	4,506	5,551	5,551	5,551
State Pharmaceutical Assistance Program	435.560327	(2,265)	5,540	3,275	3,275	3,275
Elder Abuse Direct Services	435.564900	(1,761)	6,477	5,162	9,878	9,878
<b>TOTAL WISCONSIN DEPARTMENT OF HEALTH SERVICES</b>		<b>(32,046)</b>	<b>337,597</b>	<b>34,226</b>	<b>339,777</b>	<b>339,777</b>
<b>WISCONSIN DEPARTMENT OF JUSTICE</b>						
Drug Crimes Enforcement Grant	455.285	(8,129)	16,259	8,129	16,259	16,259
Crime Victim & Witness Assistance Surcharge	455.503	(17,420)	33,371	11,534	27,485	27,485
<b>TOTAL WISCONSIN DEPARTMENT OF JUSTICE</b>		<b>(25,549)</b>	<b>49,630</b>	<b>19,663</b>	<b>43,744</b>	<b>43,744</b>
<b>WISCONSIN DEPARTMENT OF MILITARY AFFAIRS</b>						
EPORA Emergency Planning Grant	465.337	(1,790)	7,158	1,555	6,923	6,923
Computer and Hazmat Response Equipment Grant	465.367	1,646	42,387	7,610	1,646	1,646
Public Safety-Emergency Government Disaster Assistance	465.305	(34,777)	42,387	7,610	7,610	7,610
<b>TOTAL WISCONSIN DEPARTMENT OF MILITARY AFFAIRS</b>		<b>(36,567)</b>	<b>51,191</b>	<b>1,555</b>	<b>16,179</b>	<b>16,179</b>
<b>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</b>						
Wildlife Damage Claims	370.553	(6,353)	14,100	3,204	10,951	10,951
Boat Landing-Lake Access Grant	370.573	(70)	1,849	1,779	1,779	1,779
Snowmobile Aids	370.574	(6,759)	36,202	2,184	31,627	31,627
<b>TOTAL WISCONSIN DEPARTMENT OF NATURAL RESOURCES</b>		<b>(13,182)</b>	<b>52,151</b>	<b>5,388</b>	<b>44,357</b>	<b>44,357</b>
<b>WISCONSIN DEPARTMENT OF TRANSPORTATION</b>						
Specialized Transportation Assistance Program - Elderly and Handicapped Aids for Counties	395.101	24,450	68,117	(24,450)	68,117	68,117
<b>TOTAL WISCONSIN DEPARTMENT OF TRANSPORTATION</b>		<b>24,450</b>	<b>68,117</b>	<b>(24,450)</b>	<b>68,117</b>	<b>68,117</b>
<b>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</b>						
Passed Through: Grant County, Wisconsin Department of Social Services: Wisconsin Works (W-2) Food Stamp Agency Incentive	445.315 445.267	11,568 7	11,568 7	11,568 7	11,568 7	11,568 7
<b>TOTAL WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</b>		<b>11,568</b>	<b>11,568</b>	<b>7</b>	<b>11,575</b>	<b>11,575</b>
<b>TOTAL - ALL STATE AWARDS</b>		<b>(120,234)</b>	<b>\$ 916,530</b>	<b>\$ 190,063</b>	<b>\$ 986,359</b>	<b>\$ 986,359</b>

Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance  
With Government Auditing Standards

The County Board of Supervisors  
Iowa County  
Dodgeville, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Iowa County, Wisconsin, as of and for the year ended December 31, 2011, which collectively comprise Iowa County, Wisconsin's basic financial statements and have issued our report thereon dated November 8, 2012. 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.

Internal Control Over Financial Reporting

Management of Iowa County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Iowa County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items #11-1 through #11-4 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

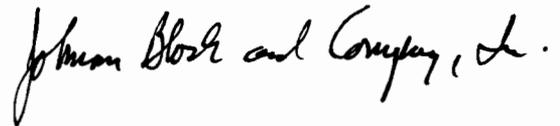
As part of obtaining reasonable assurance about whether Iowa County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Iowa County in a separate letter dated November 8, 2012.

Iowa County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Iowa County's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management, others within the organization, County Board, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*JOHNSON BLOCK AND COMPANY, INC.*

A handwritten signature in cursive script that reads "Johnson Block and Company, Inc." The signature is written in black ink and is positioned below the printed name of the company.

November 8, 2012

Independent Auditor's Report on Compliance with Requirements That Could  
Have a Direct and Material Effect on Each Major Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133 and the  
State Single Audit Guidelines

To the County Board of Supervisors  
Iowa County, Wisconsin  
Dodgeville, Wisconsin

Compliance

We have audited the compliance of the Iowa County, Wisconsin with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 Compliance Supplement and the State Single Audit Guidelines, issued by the Wisconsin Department of Administration that are applicable to each of its major federal and state programs for the year ended December 31, 2011. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Guidelines, issued by the Wisconsin Department of Administration. Those standards, OMB Circular A-133 and the State Single Audit Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Iowa County, Wisconsin complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2011.

## Internal Control Over Compliance

Management of the Iowa County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Iowa County's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Guidelines, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Iowa County's internal control over compliance.

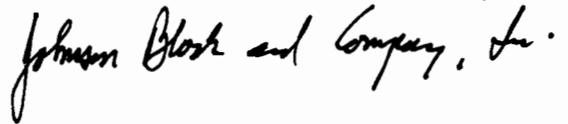
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item No. 11-4. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Iowa County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Iowa County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the County Board, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

JOHNSON BLOCK AND COMPANY, INC.



Mineral Point, Wisconsin  
November 8, 2012

Iowa County, Wisconsin  
Notes to the Schedules of Expenditures of  
Federal and State Awards  
For the Year Ended December 31, 2011

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1. The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Iowa County, Wisconsin and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.
  
2. Title XIX Medical Assistance payments to Iowa County for the year ended December 31, 2011 were \$2,238,723.
  
3. The Iowa County Fair Association is considered a separate entity. Therefore, state aid and related expenditures of the Fair Association are not reflected in this schedule.
  
4. Matching costs for State program #395.101 for the year ended December 31, 2011 was \$72,390.
  
5. Expenditures for child support are comprised of the following:

	Expenditures
Direct Costs	\$ 110,543
Fees	(2,781)
Cooperative Agreements	56,946
Totals per Schedule of Expenditures of Federal and State Awards	\$ 164,708

Iowa County, Wisconsin  
 Schedule of Findings and Questioned Cost  
 For the Year Ended December 31, 2011

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Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material Weakness(es) identified?   X   Yes      No
- Significant deficiency (ies) identified that are not considered to be material weaknesses?   X   Yes      None Reported
- Noncompliance material to financial statements noted?      Yes   X   No

Federal Awards

Internal Control over major programs:

- Material Weakness(es) identified?      Yes   X   No
- Significant deficiency (ies) identified that are not considered to be material weaknesses?      Yes   X   None Reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?      Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant
97.004/97.067	Homeland Security Cluster

Dollar Threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?      Yes   X   No

State Awards

Internal Control over major programs:

- Material Weakness(es) identified?      Yes   X   No
- Significant deficiency (ies) identified that are not considered to be material weaknesses?   X   Yes      None Reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State of Wisconsin Single Audit Guidelines   X   Yes      No

Management Letter Issued?   X   Yes      No

Iowa County, Wisconsin  
 Schedule of Findings and Questioned Cost (Continued)  
 For the Year Ended December 31, 2011

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Section I – Summary of Auditor’s Results (Continued)

Identification of major programs:

<u>State Number</u>	<u>Name of Program</u>
115.150	Soil and Water Conservation
410.313	Community and Youth Aids
435.561	Basic County Allocation
435.462	CLTS- PD
437.3561	Basic County Allocation
445.315	Wisconsin Works
395.101	Specialized Transportation Assistance Program- Elderly and Handicapped Aids for Counties

Dollar threshold to distinguish between type A and type B programs: \$100,000

Section II - Financial Statement Findings

Finding #11-1- Preparation of Financial Statements

**Condition:** The County’s staff does not prepare the financial statements and accompanying notes.

**Effect:** Because management relies on the auditor to assist with the preparation of the financial statements, the County’s system of internal control may not prevent, detect, or correct misstatements in the financial statements.

**Cause:** The County does not prepare the financial statements and related notes.

**Criteria:** Internal controls over preparation of the financial statements, including note disclosures, should be in place to provide reasonable assurance that a misstatement in the financial statements would be prevented or detected.

**Recommendation:** The County remain informed about its responsibility for the financial statements and assign a person with suitable skills to review and accept responsibility for the financial statements.

**Response:** The auditors prepare the financial statements but we review and accept the statements prior to them being issued. We prepare financial reports that are reviewed by management and the County Administrative Services Committee on a monthly basis. Any concerns or questions are addressed throughout the year. A request has been made for additional finance staff to address this issue.

Iowa County, Wisconsin  
Schedule of Findings and Questioned Cost (Continued)  
For the Year Ended December 31, 2011

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Finding #11-2- Bloomfield Health Care and Rehabilitation Center/Patient Billings

Condition: Patient billings were not prepared on a regular basis in 2010.

Criteria: Patient billings are prepared on a monthly basis.

Effect: Receivable balances increase and cash flow is reduced.

Cause: Lack of staff to complete the billings on time and problems in dealing with insurance companies.

Recommendation: Procedures be implemented to assure that billings are completed on a monthly basis.

Response: Medicare and insurance billing personnel will prioritize billings. We will monitor billings more closely with additional staff.

Finding #11-3- Clerk of Court Cash Reconciliation

Condition: A bank reconciliation of Clerk of Court cash was not being prepared on a monthly basis.

Criteria: Bank reconciliations be prepared monthly that reconcile the bank account balance to a trust list and the payments to be made to other governments for fines which have been processed through the Court system.

Cause: The Clerk of Court was sick during 2011. Procedures were not in place for a back-up to perform these functions.

Effect: Any potential errors in trust lists not being detected on a timely basis.

Recommendation: The cash account be reconciled monthly and approved by someone other than the person preparing the reconciliation. More than one person should understand the reconciliation process to provide backup in case of sickness, vacation, etc.

Response: The Clerk of Court cash reconciliation is now current and the County is in the process of implementing procedures to reconcile the Clerk of Court cash monthly and to cross-train staff on the reconciliation process.

Item #11-4 also applies to financial statement reporting.

Section III – Federal Award Findings and Questioned Costs

None

Iowa County, Wisconsin  
Schedule of Findings and Questioned Cost (Continued)  
For the Year Ended December 31, 2011

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Section IV – State Award Findings and Questioned Costs

Finding #11-4 – Human Services Reporting System Reconciliation

- Criteria:** The Human Services Reporting System (HSRS) is a reporting tool used by the County's Department of Social Services to collect data for the Children's Long - Term Support (CLTS) program. The County is reimbursed by Wisconsin Department of Health Services for costs claimed on HSRS and the CLTS data warehouse. The County should have procedures that ensure all eligible costs of the program are reported.
- Condition:** During our test of CLTS expenditures, we noted that the Department of Social Services did not report all eligible costs for one client.
- Cause:** The Department does not reconcile expenditures claimed on HSRS and the CLTS data warehouse to the general ledger.
- Effect:** The Department did not claim \$2,315 of eligible costs.
- Questioned Costs:** N/A
- Recommendation:** Reconciliations of reported expenditures to the general ledger should be made throughout the year to ensure accurate reporting.
- Response:** The Department claimed costs using HSRS until August 31, 2011. Third-Party Administrators began claiming CLTS expenditures to the state in September 2011 using expenditures included in the encounter data in the CLTS data warehouse. The Department will reconcile expenditures in the data warehouse to the general ledger throughout the year.

STATUS OF PRIOR YEAR  
FINDINGS AND QUESTIONED COSTS

Iowa County, Wisconsin  
Summary of Prior Audit Findings  
For the Year Ended December 31, 2011

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#10-1 – This is still a finding. See finding #11-1.

#10-2 – This is no longer a finding.

#10-3 – This is still a finding. See finding #11-2.

## Communication of Significant Deficiencies and Material Weaknesses

The County Board of Supervisors  
Iowa County, Wisconsin  
Dodgeville, Wisconsin

In planning and performing our audit of the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Iowa County, Wisconsin as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Iowa County, Wisconsin's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. There were no material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in Iowa County's internal control to be significant deficiencies:

### Preparation of Financial Statements

County staff does not prepare the financial statements and accompanying notes. The County has designated an individual responsible for reviewing and accepting the financial statements and related notes.

### Patient Billings

Bloomfield Health Care and Rehabilitation Center billings were not completed on a regular basis in 2011 resulting in higher receivable balances. Procedures should be implemented to assure that billings are completed on a monthly basis.

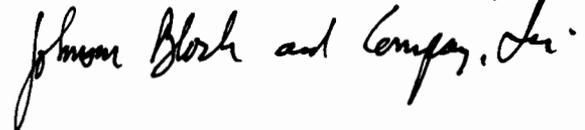
### Clerk of Court Cash Reconciliations

Cash reconciliations were not prepared on a monthly basis that reconcile the bank balance to a trust list and the payments to be made to governments for fines which have been processed through the Court system. Reconciliations should be performed monthly and approved by someone other than the person doing the reconciliation. This reconciliation should be understood by more than one person in the office to provide proper backup in case of illness, vacation, etc.

Other observations are noted on the following pages.

This report is intended solely for the information and use of the audit committee, management, and others within the administration, the County Board and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

JOHNSON BLOCK AND COMPANY, INC.



November 8, 2012

## Prior Year Items

### A. Use of Federal I.D. Number

There is one employee group that is using the County's federal I.D. number on its bank account. The use of the County's federal I.D. number should be limited to County operations only. Any funds not belonging to the County should be reported under their own federal I.D. number.

#### 2011 Update

This still applies and relates to accounts maintained by the Iowa County Law Enforcement Association.

### B. Grant Procedures

Each department in the County files its own grant applications and subsequent grant reports. As such, there is no way for management to control the grants being applied for, nor to know the status of grants.

We recommend that the County consider a grant administration policy to address this issue. Part of this policy may be designating one individual responsibility for monitoring the status of grants within the County to include the initial application, approval, reporting, reimbursement and completion of grants.

#### 2011 Update

This still applies.

### C. Sheriff Cash

- 1) At December 31, 2010, the bank reconciliation for the sheriff's canteen account included several outstanding checks from 2001 through 2009 totaling \$2,520. These should be reviewed, the checks voided and either the checks reissued or added back to cash.

#### 2011 Update

This still applies. As of December 31, 2011, outstanding checks from 2001-2010 totaled \$2,709.

- 2) The canteen account is being used to hold inmate deposits (Huber accounts) and to deposit receipts from various sheriff department activities such as the vending machines. Purchases for the sheriff's department are also being made from this account. The balance of this account at December 31, 2010 was approximately \$76,480.

We recommend that this account only be used for inmate accounts and reconciled to individual inmate balances on a monthly basis. Other sheriff revenues and expenditures should follow existing County procedures for cash receipts and disbursements. If the account is maintained as is, the activity should be recorded on the County general ledger monthly and a reconciliation performed between inmate balances and County funds. Purchases from the account representing County funds should still follow regular County procedures for cash disbursements.

#### 2011 Update

This still applies and the balance at December 31, 2011 was \$78,802.

#### D. Clerk of Court Cash

At December 31, 2010, the bank reconciliation reflected outstanding checks totaling \$1,729 from 2009 and prior years. These items should be turned over to the County Treasurer as unclaimed funds. By State Statute, this is to be done every other year.

Outstanding checks from 2010 included one check to Social Security Administration for \$2,198 that had been outstanding for over six months. The clerk should investigate why this is still outstanding and reissue a check if appropriate.

#### 2011 Update

This still applies and outstanding checks totaled \$3,009 from 2010 and prior years. The check to SSA is no longer outstanding.

#### E. Patient Protection and Affordable Care Act of 2010

This law changes how, and at what level, employers provide health-care related benefits to their employees and retirees. The County should monitor the effect of this law and any future changes to possibly develop options to address any changes. Some areas to consider include:

1. Plans in existence at March 23, 2010 are not subject to some of the new requirements of the Act. The County should work with their insurers to assess the costs and benefits of maintaining this grandfathered status. Employers who are undergoing significant changes in plan design and cost sharing may want to forgo grandfathered status so they can implement strategies that will provide more flexibility in plan design and pricing. In some cases, it may be advantageous to limit future benefit changes in order to retain grandfathered status.
2. Determine whether their current plans comply with the Act or what changes will need to be made.
3. Review advantages of segregating retiree-only-health care plans. These are exempt from the provisions of the Act. Segregating retiree-only plans may allow more pricing flexibility.

#### 2011 Update

The County shall monitor any developments related to this Act and its affect on the County. We have provided the County one article on how this may affect County Sheriff and Human Services departments.

## 2011 Items

### A. Fund Balance Policy

The County has an adopted policy on the establishment and maintenance of a designation for working capital. The policy was adopted before the issuance of GASB Statement No. 54. As such, the terminology does not correspond to current financial statement standards. We recommend the County revise their policy to incorporate current terms and definitions as described in GASB Statement No. 54.

### B. Highway Billing

The amounts due from the State included the months of October through December, 2011. In prior years, there was only two months of receivables outstanding at year-end. The County should review it's procedures for billing to ensure that billings are being processed on a timely basis.

### C. District Attorney Cash Reconciliations

Cash reconciliations were not prepared on a monthly basis. Reconciliations should be performed monthly at which time any differences should be investigated and corrected. Cash reconciliations should be approved by someone other than the person doing the reconciliation.



Certified Public Accountants

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November 8, 2012

To the Administrative Services Committee  
Iowa County  
Dodgeville, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Iowa County, Wisconsin for the year ended December 31, 2011. Professional standards require that we provide you with the following information related to the audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards OMB Circular A-133, and the State Single Audit Guidelines

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Iowa County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct or material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Guidelines.

As part of obtaining reasonable assurance about whether Iowa County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct or material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133 and the State Single Audit Guidelines, we examined, on a test basis, evidence about Grant County's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the State Single Audit Guidelines" applicable to each of its major federal and state programs for the purpose of expressing an opinion on Grant County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Grant County's compliance with those requirements.

## Plan Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

## Significant Audit Findings

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Iowa County are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the County adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance reporting and Government Fund Type Definitions for the year ended December 31, 2011. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the allowance for doubtful accounts is based on an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

The County's accrued liability for vested sick leave was based on the age of the person and the probability that they would be working for the County until retirement. We are not aware of any other particularly sensitive accounting estimate utilized by management.

## Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

## Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The following material misstatements detected as a result of audit procedures were corrected by management:

- Record additional lease proceeds
- Adjust highway inventory to physical count
- Reverse prior year highway accounts payable

## Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 8, 2012.

### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statement or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the County Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*JOHNSON BLOCK AND COMPANY, INC.*

*Johnson Block and Company, Inc.*

# Iowa County Highway

Reference	Type	Date Account Number	Description	Debit	Credit
PJE01	Potential	12/31/11			
		710-70-53230-00000-000	Shop	16,754.00	
		710-00-16112-00000-000	Shop Materials & Supplies		16,754.00
		Entry to record inventory variance.			
		TOTAL		16,754.00	16,754.00