

POLK COUNTY, WISCONSIN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2013

**POLK COUNTY, WISCONSIN
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YEAR ENDED DECEMBER 31, 2013**

PREPARED BY THE DEPARTMENT OF ADMINISTRATION POLK COUNTY, WISCONSIN

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INTRODUCTORY SECTION

William Johnson IV, Chair
Polk County Board of Supervisors
100 Polk Plaza, Suite 170
Balsam Lake, WI 54810
Phone (715) 485-9237



Dana Frey
County Administrator
100 Polk Plaza, Suite 220
Balsam Lake, WI 54810
Phone (715) 485-9212

June 24, 2014

Polk County Board of Supervisors
100 Polk County Plaza
Balsam Lake, Wisconsin, 54810

Honorable Chair Johnson and Supervisors:

The Comprehensive Annual Financial Report (CAFR) for Polk County, Wisconsin (the County) is hereby submitted for the fiscal year ended December 31, 2013 as prepared by the County's Department of Administration. We have prepared this report in conformity with Generally Accepted Accounting Principles (GAAP), and adopting Governmental Accounting Standards Board Statement 34 (GASB34).

The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with County management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to fairly present the financial position and results of operations of the various funds of the County. All disclosures necessary to allow the reader to understand the County's financial activities have been included.

The County is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996 and the United States Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The County has complied with the Single Audit requirements. This report will be available to elected officials, County management, bond rating agencies, and other financial institutions that have expressed an interest in Polk County's financial affairs and to the public through the County website.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Polk County's MD&A can be found immediately following the report of the independent auditors.

Polk County Government

Polk County was incorporated in 1858 and operates with a County Board/Administrator form of government under Wisconsin Statutes. There are 23 members of the Board of Supervisors, elected to two year terms beginning in April 2012 (reduced to 15 members following the 2014 election). Polk County had 11 standing and 23 appointed committees comprised of County

Board and citizen members to provide policy advice to the full Board. Structurally, Polk County is organized into 23 departments, 5 of which are headed by an elected official.

Polk County is located in northwestern Wisconsin on the border with Minnesota, and is largely rural in character, with no city or village having a population greater than 3,000. The County provides a full range of services that include health and human services; tax assessment and collection; judicial, law enforcement and jail services; the construction and maintenance of highways and infrastructure; recreational facilities; cultural events; and general administrative services.

In 2010, the County hired its first county administrator and at the same time began a major program of strengthening fiscal controls enabled by that form of government. A concentrated review of programs, current expenditures and vacant positions continued with a realization of substantial savings including the elimination of any structural deficit. In this past two years, two new funds were implemented, one to completely fund sick leave payout liabilities for retirees and the second a revolving loan fund for capital improvements and investments in internal efficiencies. The County's unassigned fund balance was set at least 25 percent of General Fund expenditures. All together, these changes have greatly contributed to an improvement in the County's fiscal position and outlook.

Economic Condition and Outlook

Polk County is located along the historic and scenic St. Croix River Valley in the northwestern part of Wisconsin. The County has a diverse economy with a mix of agriculture, tourism, manufacturing, and services. Its proximity to the Minneapolis/St. Paul metropolitan area has served to provide a ready market for goods produced here as well as a demand for recreational activities centered around our 400 lakes and rivers, 100 mile trail network, and small town and rural charm. Despite the lingering effect of the greatest recession in 75 years, the economic condition and outlook for the County continues to be positive. The County is enjoying moderate growth from new commercial and residential/recreational development and tourism; this growth is expected to continue and expand on into the future.

Polk County has been one of the faster growing counties in Wisconsin, although that growth rate has recently slowed due to the past recession. The County's population increased by 7 percent over the past decade according to the 2010 Federal census, a full percentage point above the State average, to 44,205 in April, 2010. According to State of Wisconsin estimates, that population growth continued from 2010 to 2012, although by a negligible amount due to a small net outmigration offset by a natural increase in population (births over deaths).

The County's unemployment rate has finally begun to improve, with the unemployment rate falling from 8.2 percent in April 2013 to 6.5 percent in April 2014, from 8.1 percent to 8.6 percent with overall employment growing over three percent during that same period. Improved retail activity also continues, with collections hitting record levels several times during the past year. Under Wisconsin law, counties may levy a one-half cent local sales tax on the same base as the State sales tax for sales within the county. In 2013 Polk County collected \$2,509,000 in sales taxes, a 4.1 percent increase over 2012 and an all-time record.

Polk County's tax base appears to be stabilizing following the disruption in the real estate market and despite a preponderance of residential real estate. Overall, the total equalized property value declined a modest 1.8 percent from \$4,151,138,000 in January 2013 to \$4,084,905,800 in January 2012 according to the Wisconsin Department of Revenue. As indications are that the residential real estate market has recovered in the past year, we

anticipate that the County's equalized value will show some growth in future years. Despite this decline, the County remains in the top one-third of Wisconsin counties in per capita equalized value and the County's tax rate remains moderate, 35th highest among the 72 Wisconsin counties. Net new construction from 2012 to 2013 was estimated to be \$28.8 million.

Tourism, a major component of the County's economic base, is showing strong growth, outperforming the state average on every indicator. Overall spending by visitors increased by over four percent from 2012 to 2013, from \$73.3 million to \$75.4 million, and tourism-related employment increased by over three percent according to the Wisconsin Department of Tourism. The County's agricultural sector also continues to prosper, despite a poorer crop season: the USDA estimates that acres of corn planted increased from 73,300 to 75,000 acres in 2013. Manufacturing accounts for a large share of the county's economy, and shows some signs of expansion, with employment growing by about two percent from 2012 to 2013 (preliminary) significant because manufacturing payroll accounts for the largest share of total payroll in Polk County. Finally, the County's health industry also continues to expand, with St. Croix Regional Medical Center constructing another clinic in northern Polk County this past year.

Polk County has taken steps to respond to this changing economic outlook and ensure stable finances into the future. The General Fund unassigned fund balance has been increased to over 25 percent of expenditures, all assigned or committed funds are reviewed at least annually, and two new funds have been created, one to cover future liabilities from employee sick leave payouts on retirement, the other to provide funding for internal investments that result in future savings such investments in lighting to improve energy efficiency.

Other Operational Highlights

In addition to the financial management improvements mentioned above, other County departments also reached operational goals in 2013.

- ◆ Polk County's Public Health Department became the 13th such department in the United States to receive national accreditation from the Public Health Accreditation Board.
- ◆ Two Polk County departments closed in 2013, the library service and the home care program. In both cases, it was determined that these programs were no longer essential, the former due to increased funding for local libraries through a state aid program and the latter due to increased capacity in the private and nonprofit sectors.
- ◆ The Polk County Highway Department was recognized nationally by a number of publications and media, including CBS and CNN, for its innovative use of cheese brine as an environmentally friendly and lower cost method of melting ice on roadways.
- ◆ The Polk County parks system received its newest addition in 2013 with the generous donation of a beautiful 180 acre parcel adjacent to a current County park and containing an environmentally-sensitive wetland and stream. This parcel will greatly enhance both hiking and winter sports activities within the County.
- ◆ Polk County updated much of its enterprise software in 2013, implementing ADP for payroll, NeoGov for recruitment and hiring processes, Financial Edge as the core financial management package, and integrated all with Kronos, the County's timekeeping program.

- ◆ The County Buildings Department implemented a new fleet management system in 2013, eliminating the need for individual departments to manage vehicles and improving overall efficiency in their use.

Other Financial Information

Single Audit

As a recipient of federal, state, and local financial assistance, the County must have adequate internal controls and procedures to ensure financial integrity and to be in compliance with the applicable laws and regulations related to those programs. Our internal controls are evaluated periodically by management and the internal audit staff. In addition, our internal controls are subject to review annually by our Auditors.

As part of the County's Single Audit, described on page one, tests are made to determine the adequacy of the internal controls surrounding the federal financial assistance programs. For the fiscal year ended December 31, 2013, our auditors found no instances of material weaknesses in the internal controls or significant violations of applicable laws and regulations pertaining to the Single Audit.

The Office of Management and Budget's (OMB) Circular A-133 sets forth the audit requirements for state and local governments receiving federal assistance. It provides for a single independent audit of the financial operations, including the compliance with certain provisions of federal law and regulations. The requirements have been established to ensure that audits are made on an organizational-wide basis rather than a grant-by-grant basis. The grants for which these requirements apply are reported in the County's Schedule of Expenditures of Federal Awards.

Internal Controls

The County's system of internal controls is supported by written policies and procedures and is continually reviewed, evaluated, and modified to meet current needs as noted above. Polk County has adopted an organic budget code, i.e. one which comprehensively governs the preparation, submission, and execution of the annual budget. The internal auditor administers a broad scope auditing program to review and evaluate the adequacy and effectiveness of the County's internal controls.

The Finance Committee consisted of five County Supervisors in 2013. The Committee (now succeeded by the General Government Committee) reviews the annual audit report with the external auditors. The internal auditor, other County personnel, and representatives from our auditors meet periodically with the General Government Committee to discuss audit concerns.

In developing and evaluating the County's financial management system, consideration is given to the adequacy of the internal accounting controls. These controls provide reasonable, but not absolute, assurance in the following areas: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgeting Controls

Budgetary control is maintained at the fund level, and it is subject to periodic review by the County's administrator, finance manager and Finance Committee. Open encumbrances are reported as assignments of fund balance as of December 31, 2013. In addition, the County maintains budgetary controls at fund and department levels, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's governing body. Activities of the General, Special Revenue, Debt Service, and Capital Projects Funds are included in the annual appropriated budget. The County maintains a tracking system for all assigned and committed balances to help in budgetary control. All assigned and committed balances lapse unless the County Board acts to continue this assignment or commitment as part of the annual budget process.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Long Term Financial Planning

Polk County policies require that the County undertake long term financial planning in conjunction with the annual budget process and as part of an annual review of the County's current and pending debt service obligations. The budget policy requires that the county administrator submit a budget with at least one forward year (the year following the budget year) estimate; current practice is to project revenues and expenditures for two years. The debt management policy requires that the finance manager annually prepare a debt affordability study that considers the ongoing ability of the County to meet all debt service obligations, necessitating an estimate of revenues and expenditures for the period for which such obligations are outstanding. In addition, the County also prepares a five-year plus capital improvement plan that considers the resources needed to meet these potential costs and demand for other expenditures.

These reviews have not identified any major gap between revenues and expenditures, and actions taken to fully fund the future retirement liability for sick leave payouts as well as capping that liability by shifting to a PTO policy improve the County's long term fiscal outlook. The County has taken steps to increase the unassigned General Fund balance to improve financial stability and to offset some of the need for future debt issuance for capital improvements, including Highway Department renovation or building construction. An increase in the sales tax reserve also serves a similar function. Finally, the decision to establish an asset protection and internal investment revolving loan fund will allow for funding projects with a demonstrable payback in terms of savings in operating costs such as energy efficiency projects.

Independent Audit

Wisconsin State Statutes require an audit to be made of the financial statements of the County by an independent auditor team. In addition to meeting the requirements in the state statutes, the audit must also meet the requirements of the federal Single Audit Act of 1984 and the Single Audit Amendment of 1996 and related OMB Circular A-133. These requirements have been met and the Auditor's opinion has been included in this report. The Auditor will also issue a management and compliance letter covering the testing of the County's system of internal

controls and compliance with applicable legal provisions. The management and compliance letter will not modify or affect this report on the financial statements.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Polk County for the year ended December 31, 2012. This is the fourth year the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

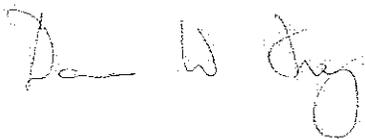
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Invitation and Acknowledgments

I invite you to read the remainder of this Comprehensive Annual Financial Report. Polk County provides a variety of services financed with various funds. It must follow specific rules and policies in the administration of these resources. If you have questions regarding any of the materials presented, please contact the department of administration. Our goal is to keep you well informed about your County's government.

I would like to recognize the professional contributions made by the staff of County departments, the finance manager and finance team, and the department of administration. This report would not have been completed without the efficient and dedicated services of the entire staff. I especially want to thank the Finance (now General Government) Committee, department heads, and the County Board of Supervisors for their interest and support in planning and conducting the financial activities in a responsible and progressive manner. The County's excellent financial status is a tribute to that involvement and commitment.

Respectfully submitted,

A handwritten signature in cursive script that reads "Dana W. Frey". The signature is written in dark ink and is positioned above the printed name and title.

Dana Frey
Polk County Administrator



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

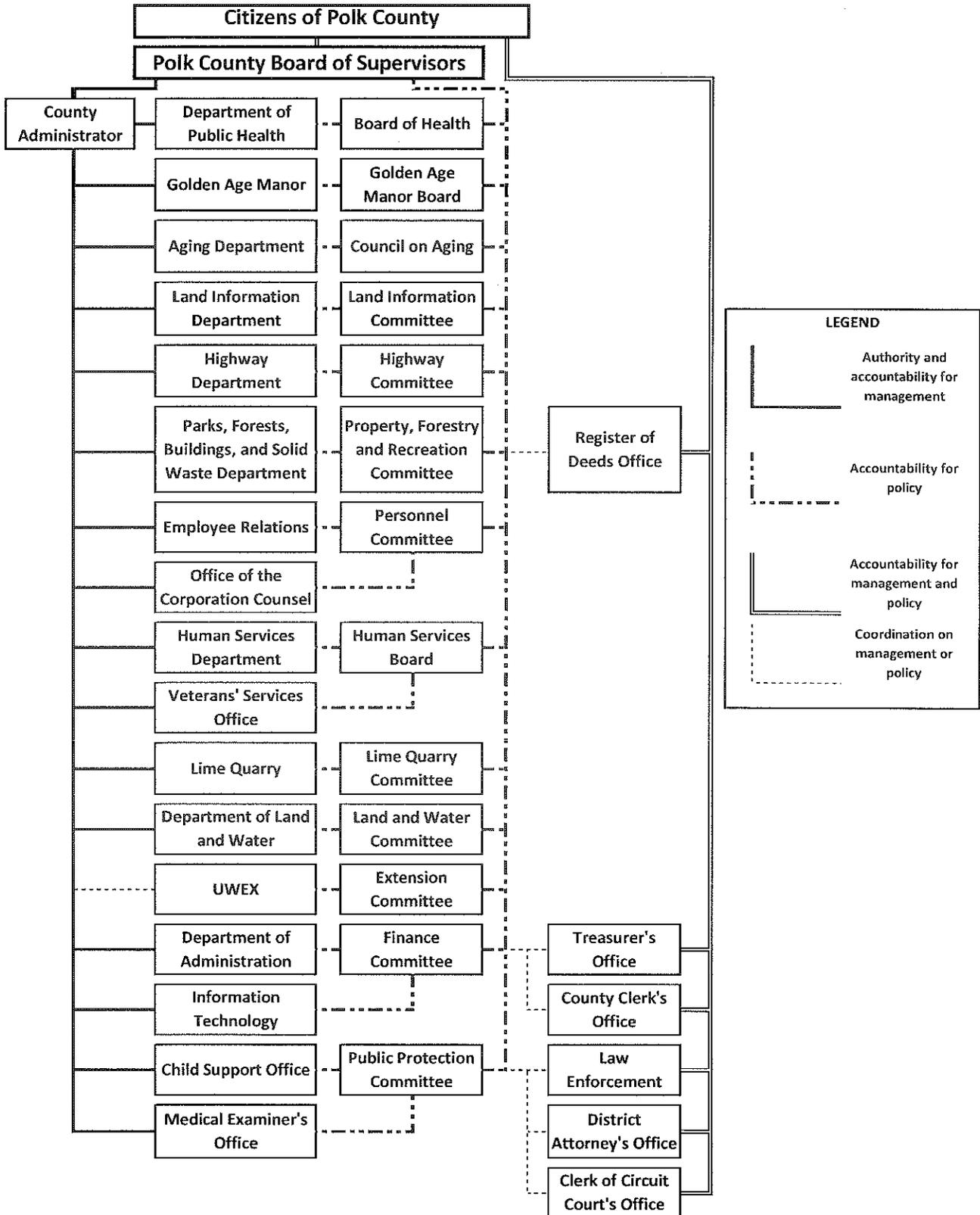
**Polk County
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

**POLK COUNTY, WISCONSIN
ORGANIZATIONAL CHART
DECEMBER 31, 2013**



**POLK COUNTY, WISCONSIN
LIST OF PRINCIPALS
DECEMBER 31, 2013**

List of Principals

Office	Name	Term Expires
Supervisors:		
1st District	Herschel Brown	April 2014
2nd District	William F. Johnson IV	April 2014
3rd District	Dean K. Johansen	April 2014
4th District	Patricia Schmidt	April 2014
5th District	Harry Johansen	April 2014
6th District	Kathryn Keinholz	April 2014
7th District	Marvin Caspersen	April 2014
8th District	Tom Engel	April 2014
9th District	James Edgell	April 2014
10th District	Brian R. Masters	April 2014
11th District	Rick Scoglio	April 2014
12th District	Craig Moriak	April 2014
13th District	Jay Luke	April 2014
14th District	Warren Nelson	April 2014
15th District	George Stroebel	April 2014
16th District	Tom Magnafici	April 2014
17th District	Kristine Kremer-Hartung	April 2014
18th District	Larry Jepsen	April 2014
19th District	Kim O'Connell	April 2014
20th District	Gary Bergstrom	April 2014
21st District	Neil L. Johnson	April 2014
22nd District	Russel Arcand	April 2014
23rd District	Jared Cockroft	April 2014
 Officers:		
Elected:		
Circuit Judge, Branch 1	Molly E. GaleWyrick	July 2014
Circuit Judge, Branch 2	Jeff Anderson	July 2017
Clerk of Circuit Court	Joan Ritten	December 2014
County Clerk	Carole Wondra	December 2016
County Treasurer	Amanda Nissen	December 2016
District Attorney	Daniel P. Steffen	December 2016
Register of Deeds	Laurie Anderson	December 2016
Sheriff	Peter Johnson	December 2014

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

County Board of Supervisors
Polk County, Wisconsin

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Polk County, Wisconsin (the County) as of and for the year ended December 31, 2013, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Polk County, Wisconsin as of December 31, 2013, 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.

Change in Accounting Principle

As discussed in Note 4.F. to the financial statements, in 2013 the County adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Polk County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

County Board of Supervisors
Polk County, Wisconsin

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014 on our consideration of Polk County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
June 24, 2014

REQUIRED SUPPLEMENTARY INFORMATION

**POLK COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

As management of Polk County, Wisconsin (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Polk County for the year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with the County's financial statements, which begin on page 25 following this narrative.

FINANCIAL HIGHLIGHTS

- The assets of Polk County's governmental activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$74,635,590 (net position). Of this amount, \$58,646,307 represented the County's net investment in capital assets, \$2,035,978 was held for restricted purposes, and \$13,953,305 was unrestricted. The unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.
- During the fiscal year, the County's total net position increased by \$2,899,222. Net position related to the governmental activities and business-type activities of the County increased \$2,541,725 and \$357,497, respectively.
- At the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$15,318,071, an increase of \$105,492 from the previous year. The primary component of the increase was due to the operational results of the county sales tax and ADRC special revenue funds.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,304,853 or 30.3% of total general fund expenditures.
- Golden Age Manor Nursing Home finished 2013 with an increase in net position of \$234,561, including depreciation.
- The lime quarry fund finished 2013 with net position increasing \$122,936.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

**POLK COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements (Continued)

Both of the government-wide financial statements distinguish functions of Polk 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, sanitation, health and human services, culture, recreation and education, and conservation and development. The business-type activities of the County consist of a nursing home and lime quarry operations.

The government-wide financial statements can be found beginning on page 25 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. Polk County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

The fund level financial statements can be found beginning on page 27 of this report.

Proprietary Funds – Polk County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its nursing home and its lime quarry operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Polk County uses internal service funds to account for its highway department operations and self-funded health insurance program.

**POLK COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

Proprietary Funds (Continued) – Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the nursing home and the lime quarry operations, both considered major funds. Conversely, the two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found beginning on page 31 of this report.

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

The basic fiduciary fund financial statement can be found on page 35 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 36 of this report.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information on the general fund and major special revenue fund budgets. Required supplementary information can be found beginning on page 66 of this report.

Following the basic government-wide and fund financial statements, accompanying notes, and required supplementary information, supplementary information has been provided as part of this report. The supplementary information includes combining statements for the nonmajor governmental funds and internal service funds, and individual fund statements for selected funds. This other supplementary information section begins on page 71.

**POLK COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Polk County, assets exceeded liabilities and deferred inflows of resources by \$76,648,453 at the close of the most recent fiscal year. The largest portion of Polk County's net position (79%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following is a summary of the County's statement of net position:

**Condensed Statement of Net Position
December 31, 2013 and 2012**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated
Current and Other Assets	\$ 43,309,116	\$ 41,254,350	\$ 1,445,140	\$ 1,384,426	\$ 44,754,256	\$ 42,638,776
Capital Assets	78,949,356	80,450,284	2,466,986	2,288,746	81,416,342	82,739,030
Internal Balances	914,390	1,050,272	(914,390)	(1,050,272)	-	-
Total Assets	123,172,862	122,754,906	2,997,736	2,622,900	126,170,598	125,377,806
Noncurrent Liabilities Outstanding	18,926,950	22,490,126	363,688	337,514	19,290,638	22,827,640
Other Liabilities	8,066,410	6,503,047	621,185	630,020	8,687,595	7,133,067
Total Liabilities	26,993,360	28,993,173	984,873	967,534	27,978,233	29,960,707
Deferred Inflows of Resources	21,543,912	21,667,868	-	-	21,543,912	21,667,868
Net Position:						
Net Investment in Capital Assets	58,646,307	56,816,037	2,414,352	2,225,795	61,060,659	59,041,832
Restricted	2,035,978	1,895,118	16,575	8,179	2,052,553	1,903,297
Unrestricted	13,953,305	13,382,710	(418,064)	(578,608)	13,535,241	12,804,102
Total Net Position	\$ 74,635,590	\$ 72,093,865	\$ 2,012,863	\$ 1,655,366	\$ 76,648,453	\$ 73,749,231

An additional portion of Polk County's net position (3%) represents resources that are subject to other restrictions on how they may be used. The remaining \$13,953,305 of total net position (18%) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of 2013, Polk County is able to report positive balances in all three categories of net position, for the government as a whole and for the governmental activities. The business-type activities report negative unrestricted net position.

The condensed statement of changes in net position shown on the following page shows that the County's total net position increased by \$2,899,222 during the current fiscal year. The increase consisted of an increase in net position related to governmental activities in the amount of \$2,541,725 and an increase in net position related to business-type activities in the amount of \$357,497.

**POLK COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

The following is a summary of the changes in the County's net position:

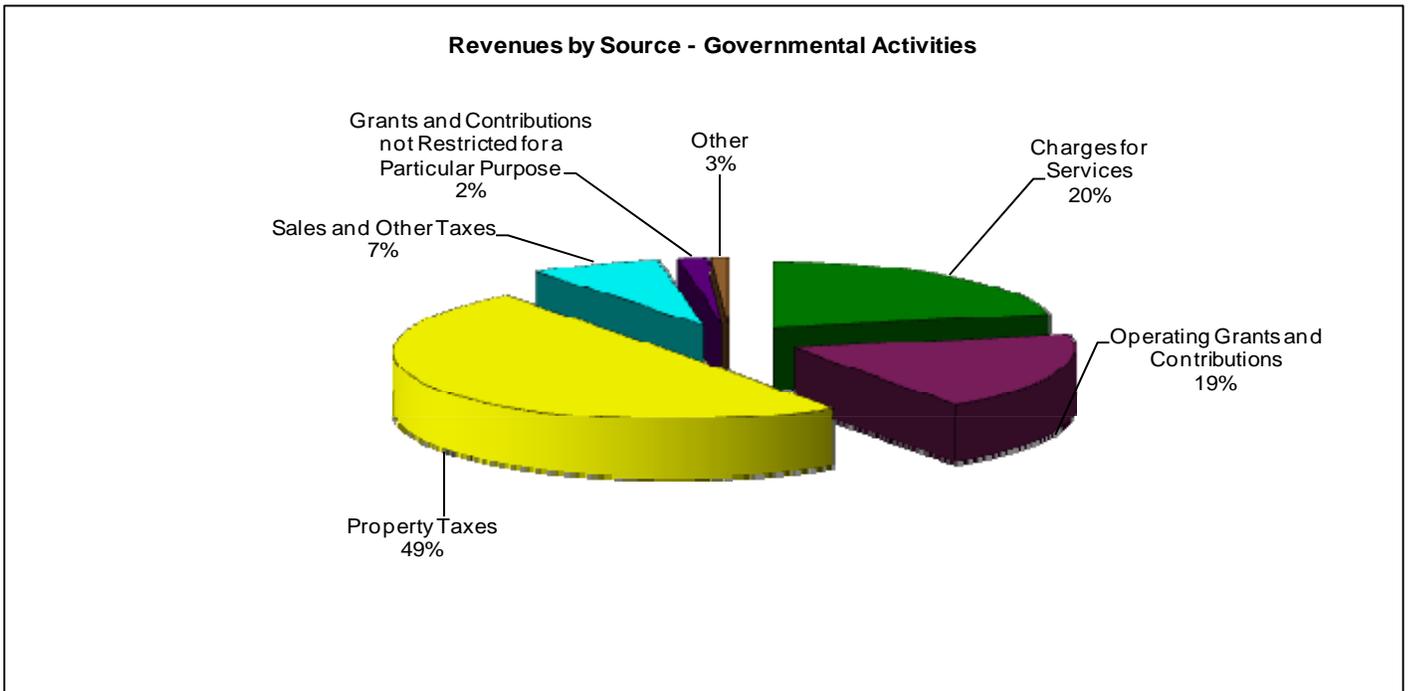
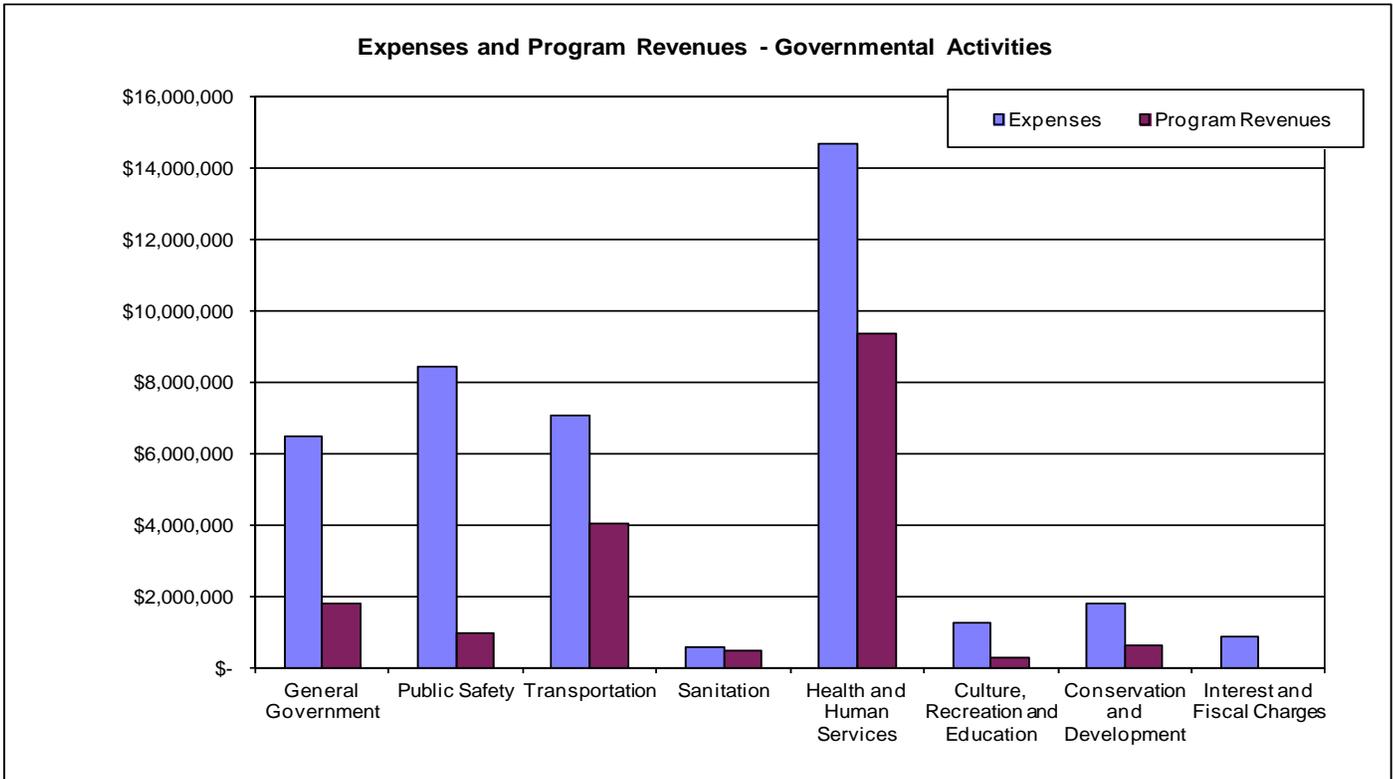
**Condensed Statement of Changes in Net Position
Years Ended December 31, 2013 and 2012**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated
Revenues:						
Program Revenues:						
Charges for Services	\$ 9,505,810	\$ 8,397,085	\$ 7,281,446	\$ 7,474,915	\$ 16,787,256	\$ 15,872,000
Operating Grants and Contributions	8,133,807	8,681,802	1,009,352	1,102,005	9,143,159	9,783,807
Capital Grants and Contributions	-	-	27,000	-	27,000	-
General Revenues:						
Property Taxes	21,654,312	21,546,877	-	-	21,654,312	21,546,877
Other Taxes	3,293,356	3,278,517	-	-	3,293,356	3,278,517
State and Federal Aids not Restricted to Specific Programs	719,836	703,168	-	-	719,836	703,168
Unrestricted Investment Earnings	91,447	97,542	743	1,083	92,190	98,625
Other	305,541	102,618	22,494	20,345	328,035	122,963
Total Revenues	43,704,109	42,807,609	8,341,035	8,598,348	52,045,144	51,405,957
Expenses:						
General Government	6,461,023	5,992,133	-	-	6,461,023	5,992,133
Public Safety	8,435,003	8,973,030	-	-	8,435,003	8,973,030
Transportation	7,077,304	6,691,594	-	-	7,077,304	6,691,594
Sanitation	596,617	704,064	-	-	596,617	704,064
Health and Human Services	14,660,528	14,384,772	-	-	14,660,528	14,384,772
Culture, Recreation and Education	1,276,871	1,124,100	-	-	1,276,871	1,124,100
Conservation and Development	1,793,764	2,121,849	-	-	1,793,764	2,121,849
Interest and Fiscal Charges	869,951	1,071,469	-	-	869,951	1,071,469
Nursing Home	-	-	7,557,747	7,638,206	7,557,747	7,638,206
Lime Quarry	-	-	417,114	677,335	417,114	677,335
Total Expenses	41,171,061	41,063,011	7,974,861	8,315,541	49,145,922	49,378,552
Change in Net Position Before Transfers	2,533,048	1,744,598	366,174	282,807	2,899,222	2,027,405
Transfers	8,677	-	(8,677)	-	-	-
Change in Net Position	2,541,725	1,744,598	357,497	282,807	2,899,222	2,027,405
Net Position - Beginning of Year, As Restated	72,093,865	70,349,267	1,655,366	1,372,559	73,749,231	71,721,826
Net Position - End of Year	\$ 74,635,590	\$ 72,093,865	\$ 2,012,863	\$ 1,655,366	\$ 76,648,453	\$ 73,749,231

A review of the statement of activities can provide a concise picture of how the various functions/programs of Polk County are funded. The following charts draw data from the statement of activities. For governmental activities the County's main sources for funding governmental services are property taxes (49%), charges for services (20%), and operating grants/contributions (19%).

**POLK COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

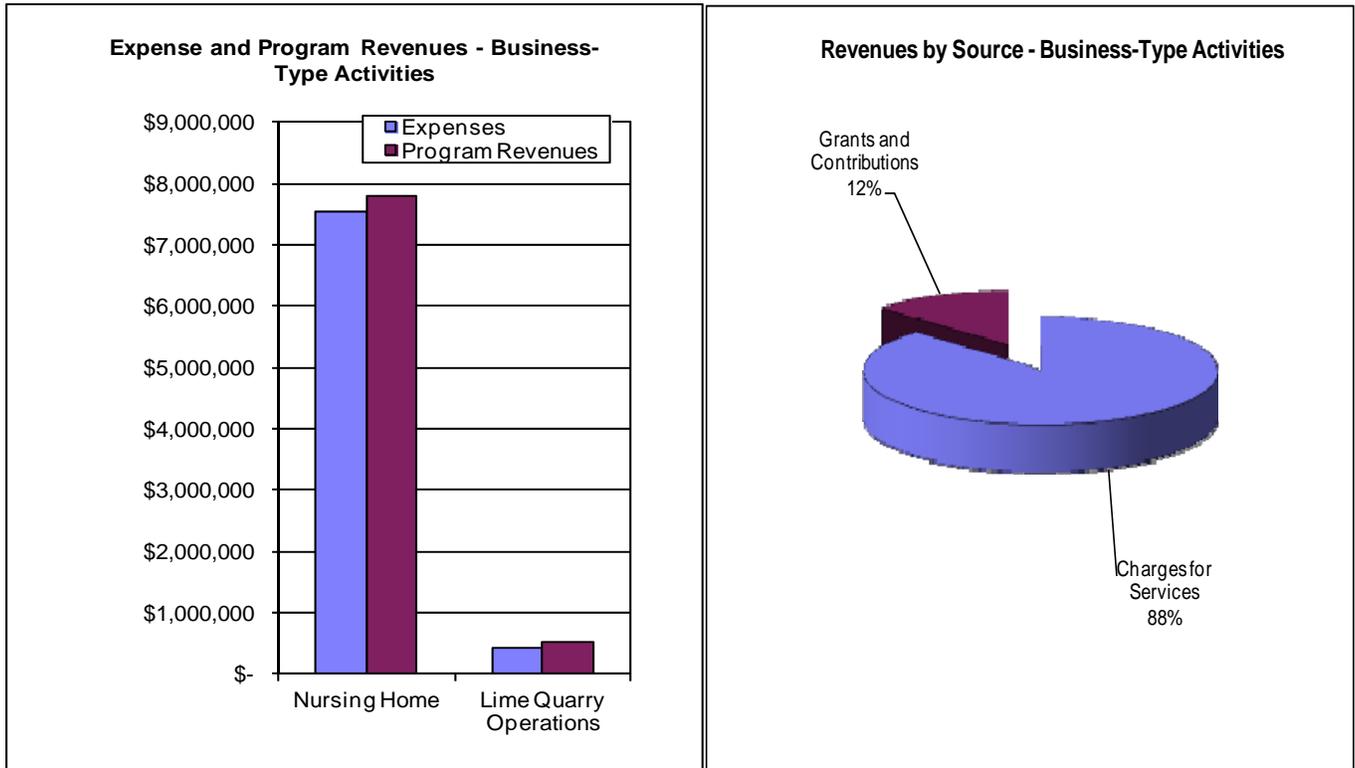
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)



**POLK COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

In the case of business-type activities, the data shows a considerably different picture. Charges for services (88%) replace property taxes as the primary revenue.



FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

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

Governmental Funds

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

**POLK COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

Governmental Funds

At December 31, 2013, the County's governmental funds reported combined ending fund balances of \$15,318,071, an increase of \$105,492 from the previous year. The governmental funds comprising this balance are shown below:

	Fund Balances at 12/31/2013					Total	Current Year Change
	Nonspendable	Restricted	Committed	Assigned	Unassigned		
Major Funds:							
General Fund	\$ 5,165,065	\$ 229,141	\$ 16,893	\$ 629,537	\$ 7,304,853	\$ 13,345,289	\$ (259,565)
Debt Service Fund	-	178,710	-	-	-	178,710	839
Nonmajor Funds:							
Special Revenue Funds	-	860,649	-	944,515	(11,092)	1,794,072	364,252
Capital Projects Funds	-	-	-	-	-	-	(34)
Total Fund Balances	\$ 5,165,065	\$ 1,268,500	\$ 16,893	\$ 1,574,052	\$ 7,293,761	\$ 15,318,071	\$ 105,492

Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications.

The general fund is the primary operating fund used to account for the governmental operations of Polk County. As a measure of the general fund's liquidity, it may be useful to compare both total fund balance and unassigned fund balance to measures of operating volume such as fund expenditures or fund revenues. The total year-end general fund balance represented 55% of total general fund expenditures reported on the statement of revenues, expenditures and changes in fund balances while the unassigned balance represented 30% of the same amount.

The general fund's total fund balance decreased \$259,565 during the year; while the unassigned portion of the fund increased \$565,421. The primary factor in the decrease in total fund balance was due to the use of previously assigned fund balances. The increase in the unassigned balance was due to the positive variances in the general fund budget.

The County's human services fund had a \$-0- balance at year-end. This ending fund balance is due to a County Board resolution requiring the fund balance to be closed to the general fund at year end. A transfer from the human services fund to the general fund in the amount of \$49,199 was required in 2013 to close out the surplus in the human services fund resulting from 2013 operations.

The debt service fund balance at December 31, 2013 totaled \$178,710. This balance is expected to be used to finance future debt service requirements.

**POLK COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

The aggregated other governmental funds column includes various special revenue and capital project funds. The accumulated fund balances of these funds increased \$364,218 during 2013, primarily due to the excess of revenues in the county sales tax fund over amounts applied by the County to reduce its levy. These funds are individually detailed in the supplementary information section of this report.

FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS

Proprietary Funds

Polk County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As shown below, the net position of the enterprise-type proprietary funds at the end of 2013 totaled \$2,012,863, an increase of \$357,497 from the previous year's adjusted balance.

**Condensed Statement of Changes in Net Position for Enterprise Funds
Years Ended December 31, 2013 and 2012**

	Nursing Home		Lime Quarry		Totals	
	2013	2012	2013	2012	2013	2012
Operating Revenues	\$ 6,776,890	\$ 6,718,981	\$ 527,050	\$ 775,679	\$ 7,303,940	\$ 7,494,660
Operating Expenses:						
Depreciation	159,993	166,322	109,086	100,803	269,079	267,125
Other	7,361,409	7,432,960	373,355	576,532	7,734,764	8,009,492
Nonoperating Income (Expense)	973,750	1,064,764	65,327	-	1,039,077	1,064,764
Income (Loss) Before Transfers	229,238	184,463	109,936	98,344	339,174	282,807
Transfers and Capital Contributions	5,323	-	13,000	-	18,323	-
Change in Net Position	234,561	184,463	122,936	98,344	357,497	282,807
Net Position - Beginning of Year	179,942	(4,521)	1,475,424	1,377,080	1,655,366	1,372,559
Net Position - End of Year	<u>\$ 414,503</u>	<u>\$ 179,942</u>	<u>\$ 1,598,360</u>	<u>\$ 1,475,424</u>	<u>\$ 2,012,863</u>	<u>\$ 1,655,366</u>

The increase in the net position of the nursing home was \$234,561. This increase is primarily due to a decrease in operating expenses related to daily patient services. As shown above, the change in net position was an increase of \$234,561 compared to an increase of \$184,463 in the previous year.

The net position of the lime quarry fund at December 31, 2013 totaled \$1,598,360, an increase of \$122,936 from the previous year.

The County had two internal service funds during 2013. Net position of the funds at year-end and changes thereto during the year were as follows:

	Net Position at 12/31/13	Change During Year
Highway Department	\$ 6,666,535	\$ 468,870
Self-Funded Health Insurance	886,418	198,087

**POLK COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

The County uses the highway department fund to account for road maintenance and construction and related services provided to the County, the State of Wisconsin, and local governmental units. Annual appropriations for services for the County and related state and federal aids received are initially recorded in the general fund and paid to the highway fund.

Revenues of the health insurance fund consist principally of charges to departments and retirees based on rates determined by the County. Any accumulated balance is considered in the rate determination process.

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the budgetary comparison schedule for the general fund (in required supplementary information), the final 2013 general fund budget was amended for additional expenditures not originally included in adopted budget. The final actual revenues were \$21,410,276 which were \$206,920 more than the final budgeted revenues while the final actual expenditures were \$24,102,751 which were \$640,073 less than the final budgeted expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's net investment in capital assets for its governmental and business-type activities as of December 31, 2013 and 2012 were \$78,949,356 and \$2,466,986, respectively, as shown below:

**Capital Assets (Net of Depreciation)
December 31, 2013 and 2012**

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Not Subject to Depreciation:						
Land and Land Rights	\$ 2,018,294	\$ 1,751,799	\$ 174,441	\$ 180,962	\$ 2,192,735	\$ 1,932,761
Construction Work in Process	120,954	37,389	-	-	120,954	37,389
Subject to Depreciation:						
Land Improvements	96,149	156,314	14,403	18,330	110,552	174,644
Buildings and Improvements	21,278,207	22,167,202	1,137,570	1,097,210	22,415,777	23,264,412
Equipment and Vehicles	9,674,103	10,197,850	1,140,572	992,244	10,814,675	11,190,094
Highway Infrastructure	44,719,700	45,070,782	-	-	44,719,700	45,070,782
Other Infrastructure	1,041,949	1,068,948	-	-	1,041,949	1,068,948
Total	<u>\$ 78,949,356</u>	<u>\$ 80,450,284</u>	<u>\$ 2,466,986</u>	<u>\$ 2,288,746</u>	<u>\$ 81,416,342</u>	<u>\$ 82,739,030</u>

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

**POLK COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Obligations

At December 31, 2013, Polk County had outstanding \$23,726,823 of long-term debt and other long-term obligations. A summary detail of this amount, together with the net change from the previous year, is shown below:

**Outstanding Long-Term Obligations
December 31, 2013 and 2012**

	Governmental Activities		Business-Type Activities		Total Outstanding	
	2013	2012	2013	2012	2013	2012
General Obligation Debt:						
Bonds	\$ 16,715,000	\$ 19,500,000	\$ -	\$ -	\$ 16,715,000	\$ 19,500,000
Notes	2,680,000	2,950,000	48,713	54,575	2,728,713	3,004,575
State Trust Fund Loan	-	132,717	-	-	-	132,717
Subtotal	19,395,000	22,582,717	48,713	54,575	19,443,713	22,637,292
Other Long-Term Obligations:						
Capital Leases Payable	228,701	256,510	3,921	8,376	232,622	264,886
Forest Crop Loans Payable	209,792	224,600	-	-	209,792	224,600
Estimated Employee Leave	1,959,764	1,988,329	307,091	272,534	2,266,855	2,260,863
Other Postemployment Health Care Benefits	1,259,150	1,102,065	314,691	275,516	1,573,841	1,377,581
Total	\$ 23,052,407	\$ 26,154,221	\$ 674,416	\$ 611,001	\$ 23,726,823	\$ 26,765,222

Under Wisconsin State Statutes, the outstanding general obligation long-term debt of a County may not exceed 5 percent of the equalized property value of all taxable property within the jurisdiction. The applicable debt of Polk County outstanding at December 31, 2013 totaled \$19,443,713, approximately 10 percent of the maximum legal limit of \$198,535,235. Additional information on Polk County's long-term debt is reported in Note 3.E following the financial statements.

**POLK COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

CURRENTLY KNOWN FACTS

Limits have been imposed on the property tax levy rates for Wisconsin counties. There are separate limits for the operating levy and the debt service levy. The baseline for the limits is the actual 1992 tax rate adopted for the 1993 budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the County qualifies for one of the exceptions allowed under the statute. The statute establishes specific penalties for failure to meet the levy rate freeze requirements. Among the penalties for exceeding the limits is the reduction of state shared revenues and transportation aids. For the 2013 budget year, Polk County utilized an operating levy rate of \$4.17, a debt levy rate of \$1.04, and a special purpose levy rate of \$0.16 for a total mill rate of \$5.37/\$1,000 of valuation. The operating levy limit under this restriction was \$4.81. The County's actual operating levy was \$0.56/\$1,000 under this levy limit. The levy limit related to property tax levy rates was suspended by the State for the 2012 and 2013 budget years.

The State of Wisconsin has imposed further limits on the County's property tax levy beginning with the 2008 budget year levy. Essentially, the legislation restricts the growth in the County's property taxes (except for debt service, libraries, road and bridge aid, and tax increments) to the greater of the percentage increase in the County's equalized value due to new construction or 2% (0% or net new construction only in 2012). The County approved a levy of \$21,543,912 for its 2014 budget, a decrease of \$110,400 (.51%) from the 2013 budget levy of \$21,654,312.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Polk County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Polk County Administration Office, 100 Polk County Plaza, Suite 220, Balsam Lake, Wisconsin, 54810.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**POLK COUNTY, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Treasurer's Cash and Investments	\$ 12,770,751	\$ 487,044	\$ 13,257,795
Departmental Cash and Investments	29,039	1,220	30,259
Cash and Investments with Fiscal Agents	69,161	-	69,161
Taxes Receivable	25,962,921	-	25,962,921
Accounts Receivable	2,232,523	626,029	2,858,552
Due from Other Governments	817,487	-	817,487
Long-Term Receivables	841,583	-	841,583
Prepaid Items	87,243	31,460	118,703
Inventories	498,408	251,411	749,819
Internal Balances	914,390	(914,390)	-
Restricted Assets:			
Cash and Investments	-	47,976	47,976
Capital Assets:			
Capital Assets Not Being Depreciated	2,139,248	174,441	2,313,689
Capital Assets Being Depreciated	131,994,878	6,937,971	138,932,849
Accumulated Depreciation	(55,184,770)	(4,645,426)	(59,830,196)
Total Assets	<u>123,172,862</u>	<u>2,997,736</u>	<u>126,170,598</u>
LIABILITIES			
Vouchers and Accounts Payable	1,701,367	79,668	1,781,035
Accrued Payables	562,470	157,762	720,232
Accrued Interest Payable	74,105	39,226	113,331
Claims Incurred but not Reported	691,662	-	691,662
Unearned Revenue	173,004	2,400	175,404
Special Deposits	58,997	31,401	90,398
Long-Term Liabilities:			
Amounts Due Within One Year	4,804,805	310,728	5,115,533
Amounts Due in More Than One Year	18,926,950	363,688	19,290,638
Total Liabilities	<u>26,993,360</u>	<u>984,873</u>	<u>27,978,233</u>
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes for Subsequent Year	<u>21,543,912</u>	<u>-</u>	<u>21,543,912</u>
NET POSITION			
Net Investment in Capital Assets	58,646,307	2,414,352	61,060,659
Restricted for:			
Debt Service	104,605	-	104,605
Economic and Housing Loan Programs	945,923	-	945,923
Other Purposes	985,450	16,575	1,002,025
Unrestricted	13,953,305	(418,064)	13,535,241
Total Net Position	<u>\$ 74,635,590</u>	<u>\$ 2,012,863</u>	<u>\$ 76,648,453</u>

See accompanying Notes to Basic Financial Statements.

**POLK COUNTY, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Primary Government:							
Governmental Activities:							
General Government	\$ 6,461,023	\$ 1,578,062	\$ 232,867	\$ -	\$ (4,650,094)	\$ -	\$ (4,650,094)
Public Safety	8,435,003	629,752	369,984	-	(7,435,267)	-	(7,435,267)
Transportation	7,077,304	2,630,831	1,415,825	-	(3,030,648)	-	(3,030,648)
Sanitation	596,617	342,539	159,688	-	(94,390)	-	(94,390)
Health and Human Services	14,660,528	4,027,798	5,319,816	-	(5,312,914)	-	(5,312,914)
Culture, Recreation and Education	1,276,871	18,863	278,893	-	(979,115)	-	(979,115)
Conservation and Development	1,793,764	277,965	356,734	-	(1,159,065)	-	(1,159,065)
Interest and Fiscal Charges	869,951	-	-	-	(869,951)	-	(869,951)
Total Governmental Activities	41,171,061	9,505,810	8,133,807	-	(23,531,444)	-	(23,531,444)
Business-Type Activities:							
Nursing Home	7,557,747	6,754,396	1,009,352	27,000	-	233,001	233,001
Lime Quarry	417,114	527,050	-	-	-	109,936	109,936
Total Business-Type Activities	7,974,861	7,281,446	1,009,352	27,000	-	342,937	342,937
Total Primary Government	\$ 49,145,922	\$ 16,787,256	\$ 9,143,159	\$ 27,000	(23,531,444)	342,937	(23,188,507)
GENERAL REVENUES							
Taxes:							
Property Taxes					21,654,312	-	21,654,312
Sales Taxes					2,491,207	-	2,491,207
Other Taxes					802,149	-	802,149
State and Federal Aids Not Restricted to Specific Programs					719,836	-	719,836
Interest and Investment Earnings					91,447	743	92,190
Other					305,541	22,494	328,035
TRANSFERS					8,677	(8,677)	-
Total General Revenues and Transfers					26,073,169	14,560	26,087,729
CHANGE IN NET POSITION					2,541,725	357,497	2,899,222
Net Position - Beginning of Year, As Restated					72,093,865	1,655,366	73,749,231
NET Position - END OF YEAR					\$ 74,635,590	\$ 2,012,863	\$ 76,648,453

See accompanying Notes to Basic Financial Statements.

FUND FINANCIAL STATEMENTS

**POLK COUNTY, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	General Fund	Human Services Fund	Debt Service Fund	Other Governmental Funds	Totals
ASSETS					
Treasurer's Cash and Investments	\$ 8,208,065	\$ 448,218	\$ 178,710	\$ 871,140	\$ 9,706,133
Departmental Cash and Investments	6,285	22,554	-	-	28,839
Cash Held by Fiscal Agents	69,161	-	-	-	69,161
Taxes Receivable	17,946,940	3,614,763	4,167,976	233,242	25,962,921
Accounts Receivable	523,180	405,092	-	1,299,917	2,228,189
Due from Other Governments	34,029	-	-	38,050	72,079
Due from Other Funds	223,066	-	-	-	223,066
Prepaid Items	2,295	-	-	-	2,295
Long-Term Accounts Receivable	-	-	-	841,583	841,583
Advances to Other Funds	743,761	-	-	-	743,761
Total Assets	<u>\$ 27,756,782</u>	<u>\$ 4,490,627</u>	<u>\$ 4,346,686</u>	<u>\$ 3,283,932</u>	<u>\$ 39,878,027</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Vouchers and Accounts Payable	\$ 470,301	\$ 747,381	\$ -	\$ 252,869	\$ 1,470,551
Accrued Payables	353,021	101,595	-	37,619	492,235
Due to Other Funds	-	-	-	52,437	52,437
Unearned Revenues	-	4,734	-	72,110	76,844
Special Deposits	36,843	22,154	-	-	58,997
Total Liabilities	<u>860,165</u>	<u>875,864</u>	<u>-</u>	<u>415,035</u>	<u>2,151,064</u>
DEFERRED INFLOWS OF RESOURCES:					
Succeeding Year's Property Taxes	13,527,931	3,614,763	4,167,976	233,242	21,543,912
Unavailable Revenue - Long Term Receivable	-	-	-	841,583	841,583
Unavailable Revenue - Other	23,397	-	-	-	23,397
Total Deferred Inflows of Resources	<u>13,551,328</u>	<u>3,614,763</u>	<u>4,167,976</u>	<u>1,074,825</u>	<u>22,408,892</u>
FUND BALANCES					
Nonspendable	5,165,065	-	-	-	5,165,065
Restricted	229,141	-	178,710	860,649	1,268,500
Committed	16,693	-	-	-	16,693
Assigned	629,537	-	-	944,515	1,574,052
Unassigned	7,304,853	-	-	(11,092)	7,293,761
Total Fund Balances	<u>13,345,289</u>	<u>-</u>	<u>178,710</u>	<u>1,794,072</u>	<u>15,318,071</u>
Total Liabilities and Fund Balances	<u>\$ 27,756,782</u>	<u>\$ 4,490,627</u>	<u>\$ 4,346,686</u>	<u>\$ 3,283,932</u>	<u>\$ 39,878,027</u>

See accompanying Notes to Basic Financial Statements.

**POLK COUNTY, WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013**

Total Fund Balances - Governmental Funds \$ 15,318,071

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

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

Land	\$ 2,000,575	
Land Improvements	575,040	
Buildings and Improvements	33,803,552	
Machinery and Equipment	11,483,685	
Infrastructure	76,985,213	
Construction Work-in-Progress	120,954	
Accumulated Depreciation	<u>(50,629,550)</u>	74,339,469

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

864,980

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

Bonds Payable	16,715,000	
Notes Payable	2,680,000	
Accrued Interest Payable	74,105	
Forest Crop Loans	209,792	
Capital Lease	228,701	
Other Postemployment Health Care Benefits	1,259,150	
Estimated Employee Leave Liability	<u>1,593,787</u>	(22,760,535)

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

Unamortized Bond Premiums		(679,348)
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Internal service funds are used by County management to account for highway department operations and to charge the costs of its self-funded health insurance program to functions. The assets and liabilities of the internal service funds are reported in governmental activities.

7,552,953

Net Position of Governmental Activities

\$ 74,635,590

POLK COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

	General Fund	Human Services Fund	Debt Service Fund	Other Governmental Funds	Totals
REVENUES					
Taxes	\$ 14,382,121	\$ 3,663,520	\$ 4,176,439	\$ 2,748,575	\$ 24,970,655
Intergovernmental	3,493,730	2,675,827	-	2,818,003	8,987,560
Licenses and Permits	271,537	-	-	58,569	330,106
Fines and Forfeits	127,699	-	-	43,184	170,883
Public Charges for Services	2,173,607	2,731,114	-	503,252	5,407,973
Intergovernmental Charges for Services	299,629	-	-	-	299,629
Miscellaneous:					
Interest	87,479	-	-	468	87,947
Rent	289,903	-	-	-	289,903
Other	284,571	-	-	55,723	340,294
Total Revenues	<u>21,410,276</u>	<u>9,070,461</u>	<u>4,176,439</u>	<u>6,227,774</u>	<u>40,884,950</u>
EXPENDITURES					
CURRENT					
General Government	6,435,294	-	-	9,380	6,444,674
Public Safety	7,416,908	-	-	203,694	7,620,602
Transportation	4,593,952	-	-	-	4,593,952
Sanitation	607,817	-	-	-	607,817
Health and Human Services	2,273,746	9,060,672	-	2,967,436	14,301,854
Culture, Recreation and Education	1,042,822	-	-	176,824	1,219,646
Conservation and Development	1,732,212	-	-	36,970	1,769,182
DEBT SERVICE					
Principal Retirement	-	-	3,215,526	14,808	3,230,334
Interest and Fiscal Charges	-	-	1,000,074	-	1,000,074
Total Expenditures	<u>24,102,751</u>	<u>9,060,672</u>	<u>4,215,600</u>	<u>3,409,112</u>	<u>40,788,135</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,692,475)	9,789	(39,161)	2,818,662	96,815
OTHER FINANCING SOURCES (USES)					
Transfers In	2,545,910	39,410	40,000	-	2,625,320
Transfers Out	(113,000)	(49,199)	-	(2,454,444)	(2,616,643)
Total Other Financing Sources (Uses)	<u>2,432,910</u>	<u>(9,789)</u>	<u>40,000</u>	<u>(2,454,444)</u>	<u>8,677</u>
NET CHANGE IN FUND BALANCES	(259,565)	-	839	364,218	105,492
Fund Balances - Beginning of Year	13,604,854	-	177,871	1,429,854	15,212,579
FUND BALANCES - END OF YEAR	<u>\$ 13,345,289</u>	<u>\$ -</u>	<u>\$ 178,710</u>	<u>\$ 1,794,072</u>	<u>\$ 15,318,071</u>

See accompanying Notes to Basic Financial Statements.

POLK COUNTY, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 105,492

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

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

Capital Outlays Reported in Governmental Fund Statements	\$ 2,112,252	
Depreciation Expense Reported in the Statement of Activities	(3,543,296)	

In the statement of activities, only the gain or loss on the disposal of capital assets is reported whereas in the governmental funds, the proceeds from sales increase financial resources and trade-ins are not reflected in capital outlays. Thus, the change in net position differs from the change in fund balances by the book value of capital assets disposed of during the year.

Net Book Value of Assets Disposed	<u>(2,500)</u>	(1,433,544)
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Receivables not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.

(106,192)

Long-term debt and related obligations incurred in governmental funds are reported as revenues/other financing sources, but are reported as an increase in outstanding long-term obligations in the statement of net position and do not affect the statement of activities. Also, governmental funds report the effect of issuance costs, discounts, premiums and similar items when issued, whereas these amounts are deferred and amortized in the statement of activities. Such items are:

Amortization of Premiums on Bonds Issued		115,706
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Repayment of long-term debt and related items are reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Bond Principal Retirement	2,785,000	
Long-Term Notes Principal Retirement	270,000	
State Trust Fund Loan Repayment	132,717	
Capital Lease Principal Repayment	27,809	
Forest Crop Loan Paid	<u>14,808</u>	3,230,334

Internal service funds are used by County management to account for highway department operations and to charge the costs of its self-funded health insurance program to functions. The changes in net position of these internal service funds are allocated to governmental activities.

666,957

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Net Change in Accrued Interest Payable	14,419	
Net Change in Compensated Absences Liability	105,638	
Net Change in Other Postemployment Benefits	<u>(157,085)</u>	(37,028)

Change in Net Position of Governmental Activities \$ 2,541,725

**POLK COUNTY, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013**

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental
	<u>Nursing Home</u>	<u>Lime Fund</u>	<u>Totals</u>	Activities - Internal Service Funds
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ -	\$ 487,044	\$ 487,044	\$ 3,064,618
Departmental Cash and Investments	1,020	200	1,220	200
Accounts Receivable	621,580	4,449	626,029	4,334
Due from Other Governmental Units	-	-	-	745,408
Inventories	43,519	207,892	251,411	498,408
Prepaid Items	28,856	2,604	31,460	84,948
Total Current Assets	<u>694,975</u>	<u>702,189</u>	<u>1,397,164</u>	<u>4,397,916</u>
NONCURRENT ASSETS				
Restricted Cash and Investments	47,976	-	47,976	-
Capital Assets Not Being Depreciated	6,605	167,836	174,441	17,719
Capital Assets Being Depreciated	5,242,799	1,695,172	6,937,971	9,147,388
Less: Accumulated Depreciation	3,771,012	874,414	4,645,426	4,555,220
Net Capital Assets	<u>1,478,392</u>	<u>988,594</u>	<u>2,466,986</u>	<u>4,609,887</u>
Total Assets	<u>2,221,343</u>	<u>1,690,783</u>	<u>3,912,126</u>	<u>9,007,803</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	52,661	27,007	79,668	230,816
Accrued Wages Payable	152,310	5,452	157,762	70,235
Resident Trust Funds	31,401	-	31,401	-
Accrued Interest Payable	39,226	-	39,226	-
Due to Other Funds	170,629	-	170,629	-
Claims Incurred but not Reported	-	-	-	691,662
Unearned Revenues	-	2,400	2,400	96,160
Current Portion of Long-Term Liabilities:				
Accrued Employee Leave	265,262	31,446	296,708	263,425
Long-Term Notes	10,099	-	10,099	-
Capital Lease	3,921	-	3,921	-
Total Current Liabilities	<u>725,509</u>	<u>66,305</u>	<u>791,814</u>	<u>1,352,298</u>
LONG-TERM LIABILITIES, (Net of Current Portion)				
Accrued Employee Leave	-	10,383	10,383	102,552
Advances from General Fund	743,761	-	743,761	-
Long-Term Notes	38,614	-	38,614	-
Other Postemployment Health Care Benefits	298,956	15,735	314,691	-
Total Long-Term Liabilities	<u>1,081,331</u>	<u>26,118</u>	<u>1,107,449</u>	<u>102,552</u>
Total Liabilities	<u>1,806,840</u>	<u>92,423</u>	<u>1,899,263</u>	<u>1,454,850</u>
NET POSITION				
Net Investment in Capital Assets	1,425,758	988,594	2,414,352	4,609,887
Restricted for Donation Funds	16,575	-	16,575	-
Unrestricted	(1,027,830)	609,766	(418,064)	2,943,066
Total Net Position	<u>\$ 414,503</u>	<u>\$ 1,598,360</u>	<u>\$ 2,012,863</u>	<u>\$ 7,552,953</u>

See accompanying Notes to Basic Financial Statements.

POLK COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	Business-Type Activities - Enterprise Funds			Activities - Internal Service Funds
	Nursing Home	Lime Fund	Totals	
OPERATING REVENUES				
Charges for Services	\$ 6,754,396	\$ 527,050	\$ 7,281,446	\$ 12,852,380
Miscellaneous	22,494	-	22,494	550,877
Total Operating Revenues	<u>6,776,890</u>	<u>527,050</u>	<u>7,303,940</u>	<u>13,403,257</u>
OPERATING EXPENSES				
Daily Patient Services	4,163,377	-	4,163,377	-
Special Services	708,478	-	708,478	-
General Services	1,415,709	-	1,415,709	-
Other Cost Centers	1,423	-	1,423	-
Administrative Services	1,072,422	-	1,072,422	323,845
Lime Quarry Expenses	-	373,355	373,355	-
Transportation Services	-	-	-	5,847,555
Premiums and Claims	-	-	-	5,980,386
Unassigned:				
Depreciation and Depletion	159,993	109,086	269,079	591,041
Total Operating Expenses	<u>7,521,402</u>	<u>482,441</u>	<u>8,003,843</u>	<u>12,742,827</u>
OPERATING INCOME (LOSS)	(744,512)	44,609	(699,903)	660,430
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental Transfer Program	1,000,956	-	1,000,956	-
Interest Revenue	743	-	743	-
Interest Expense on Long-Term Debt	(36,345)	-	(36,345)	-
Restricted Donations	8,396	-	8,396	-
Gain on Disposal of Capital Assets	-	65,327	65,327	6,527
Total Nonoperating Revenues (Expenses)	<u>973,750</u>	<u>65,327</u>	<u>1,039,077</u>	<u>6,527</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	229,238	109,936	339,174	666,957
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfer In	-	113,000	113,000	-
Transfers Out	(21,677)	(100,000)	(121,677)	-
Capital Grants and Contribution - County	27,000	-	27,000	-
Total Transfers and Capital Contributions	<u>5,323</u>	<u>13,000</u>	<u>18,323</u>	<u>-</u>
CHANGE IN NET POSITION	234,561	122,936	357,497	666,957
Net Position - Beginning of Year	<u>179,942</u>	<u>1,475,424</u>	<u>1,655,366</u>	<u>6,885,996</u>
NET POSITION - END OF YEAR	<u>\$ 414,503</u>	<u>\$ 1,598,360</u>	<u>\$ 2,012,863</u>	<u>\$ 7,552,953</u>

See accompanying Notes to Basic Financial Statements.

**POLK COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Business-Type Activities - Enterprise Funds			Governmental
	Nursing Home	Lime Fund	Total	Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received for Services Provided	\$ 6,654,517	\$ 589,212	\$ 7,243,729	\$ 7,247,852
Other Cash Received	22,494	-	22,494	-
Cash Received from Departments/Employees/Third-Parties	-	-	-	6,178,473
Cash Paid to Suppliers for Goods and Services	(3,698,973)	(303,225)	(4,002,198)	(8,025,576)
Cash Paid for Employee Services	(3,650,716)	(173,672)	(3,824,388)	(3,578,725)
Net Cash Provided (Used) by Operating Activities	(672,678)	112,315	(560,363)	1,822,024
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net Residents' Trust Funds Received (Paid)	5,174	-	5,174	-
Transfer In (Out)	(21,677)	13,000	(8,677)	-
Intergovernmental Transfer Program	1,000,956	-	1,000,956	-
Change in Cash Overdraft Funded by General County at Year-End	(34,810)	-	(34,810)	-
Net Cash Provided (Used) by Noncapital Financing Activities	949,643	13,000	962,643	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(123,727)	(231,264)	(354,991)	(537,752)
Cash Received from Sale of Capital Assets	-	-	-	20,622
Principal Paid on Advance from General Fund	(101,072)	-	(101,072)	-
Interest Paid on Advances from County	(33,614)	-	(33,614)	-
Principal Paid on Long-Term Notes	(10,317)	-	(10,317)	-
Interest on Long-Term Notes and Capital Leases	(2,784)	-	(2,784)	-
Net Cash Used by Capital and Related Financing Activities	(271,514)	(231,264)	(502,778)	(517,130)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	743	-	743	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,194	(105,949)	(99,755)	1,304,894
Cash and Cash Equivalents - Beginning of Year	42,802	593,193	635,995	1,759,924
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 48,996	\$ 487,244	\$ 536,240	\$ 3,064,818

See accompanying Notes to Basic Financial Statements.

**POLK COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Business-Type Activities - Enterprise Funds			Governmental Activities -
	Nursing Home	Lime Fund	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (744,512)	\$ 44,609	\$ (699,903)	\$ 660,430
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Depletion	159,993	109,086	269,079	591,041
(Increase) Decrease in Asset Accounts:				
Resident Accounts Receivable	(99,880)	-	(99,880)	-
Other Accounts Receivable	-	59,762	59,762	(3,173)
Due from Other Governmental Units	-	-	-	(16,426)
Inventories	211	(120,145)	(119,934)	48,829
Prepaid Items	277	(694)	(417)	44,665
Increase (Decrease) in Liability Accounts:				
Unearned Revenues	-	2,400	2,400	42,667
Accounts Payable	(61,999)	11,851	(50,148)	115,280
Claims Incurred but not Reported	-	-	-	265,050
Accrued Wages Payable	4,698	248	4,946	(3,412)
Accrued Employee Leave	31,318	3,239	34,557	77,073
Other Postemployment Health Care Benefits	37,216	1,959	39,175	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (672,678)</u>	<u>\$ 112,315</u>	<u>\$ (560,363)</u>	<u>\$ 1,822,024</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS				
Cash and Investments per Statement of Net Position:				
Cash and Investments	\$ -	\$ 487,044	\$ 487,044	\$ 3,064,618
Departmental Cash and Investments	1,020	200	1,220	200
Restricted Cash and Investments - Noncurrent	31,401	-	31,401	-
Restricted Cash and Investments	16,575	-	16,575	-
Cash and Cash Equivalents	<u>\$ 48,996</u>	<u>\$ 487,244</u>	<u>\$ 536,240</u>	<u>\$ 3,064,818</u>

See accompanying Notes to Basic Financial Statements.

**POLK COUNTY, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013**

	Agency Funds
ASSETS	
Cash and Pooled Investments	\$ 958,537
Taxes Receivable	693,233
Special Assessments	331
Total Assets	\$ 1,652,101
LIABILITIES	
Due to Other Governments	\$ 1,214,135
Special Deposits	437,635
Districts/State Equities Uncollected Taxes	331
Total Liabilities	\$ 1,652,101

See accompanying Notes to Basic Financial Statements.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

Polk County is governed by a board of supervisors consisting of twenty-three elected members.

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

As required by accounting principles generally accepted in the United States of America, these financial statements present Polk County (Primary Government) and its component units for which the County is financially accountable. There is financial accountability if the Primary Government appoints a voting majority of an organization's governing body and had the ability to impose its will on that governing body; or there is the potential for the organization to provide specific financial benefits or to impose specific financial burden on the Primary Government. Based on the criteria for determining component units, the County is not required to include any component units.

B. Government-Wide and Fund Financial Statements

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

POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Statements

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

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

Fund Financial Statements

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

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

The County reports the following major governmental funds:

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

Human Services Fund – The Human Services Special Revenue Fund is used to account for economic assistance and community social services programs. These programs are funded primarily by property taxes, committed through the Board approved levy, and restricted intergovernmental revenues.

Debt Service Fund – The Debt Service Fund is used to account for the payment of principal and interest payments on long-term debt, which are financed by property tax revenue restricted through bond documents.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

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

The County reports the following major enterprise funds:

Nursing Home Fund – This fund accounts for the operations of the County's nursing home.

Lime Fund – This fund is used to account for the County's lime quarry operations.

The County had no other enterprise funds to report as nonmajor funds.

Additionally, the County reports the following fund types:

Internal Service Fund – This fund is used to account for the operations of the County's highway department and transactions of its self-funded health insurance program.

Agency Fund – This fund is used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. The following County departments maintain agency funds: district attorney (forfeiture funds), treasurer (employee trust accounts), circuit court (safe-keeping of all funds ordered held in trust by the circuit court) tax agency (advance tax collections for other governments) and sheriff (inmate cash accounts).

C. Measurement Focus and Basis of Accounting

The government-wide and the proprietary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Fiduciary fund financial statements have no measurement focus.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments between governmental activities and business-type activities for services provided.

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 nursing home are charges for resident services. The principal operating revenues of the lime fund are charges for the sale of products generated by its operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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.

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

1. Cash and Investments

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

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

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

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

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

Investments of the County are stated at fair value.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (Continued)

2. Receivables and Payables

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

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

Accounts Receivable – Accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since such allowance would not be material, except for the Golden Age Manor Nursing Home Enterprise Fund which reports \$125,000 of allowances for uncollectible accounts.

Loans Receivable – The County has received federal and state grant funds for financing economic development and housing rehabilitation loans to various businesses and individuals. The County records a loan receivable when the loan has been made and funds have been disbursed. No allowance for uncollectible accounts is necessary. It is the County's policy in the fund financial statements, to record deferred inflow of resources for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received. Any unspent loan repayments at year-end are presented as restricted fund balance in the fund financial statements.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (Continued)

2. Receivables and Payables (Continued)

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

3. Inventories and Prepaid Items

All inventories are valued at cost using the average cost method for the highway department and first-in/first-out (FIFO) for its nursing home and lime enterprise funds. Inventories of governmental funds, if material, are recorded as expenditures when consumed rather than when purchased.

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements – Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the case of initial capitalization of infrastructure, the County retroactively implemented the reporting of this item when GASB Statement No. 34 was implemented. Capital assets are defined by the County as assets with initial, individual costs as shown below and an estimated useful life of two years or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (Continued)

5. Capital Assets (Continued)

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

Capital assets not being depreciated are land and construction in progress. Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 5,000	Not Applicable	Not Applicable
Land Improvements	5,000	Straight-Line	15-25 Years
Buildings and Improvements	5,000	Straight-Line	10-35 Years
Machinery and Equipment	5,000	Straight-Line	4-20 Years
Infrastructure	5,000	Straight-Line	25-50 Years

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Governmental fund financial statements of the County report deferred inflows in connection with receivables that are not considered to be available to liquidate liabilities of the current period, as well as with property taxes received or reported as receivable before the period for which the property taxes are levied. Only property taxes are reported as deferred inflows of resources in the government-wide financial statements.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (Continued)

7. Compensated Absences

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

8. Other Postemployment Benefits Payable

Under the provisions of various employee and union contracts the County provides a retirement program for certain employees which includes certain health insurance benefits. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay as you go basis. This amount was actuarially determined in accordance with GASB 45.

9. Long-Term Obligations

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

10. Equity Classifications

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

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

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 1 · SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance (Continued)

10. Equity Classifications (Continued)

Fund Financial Statements – In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that will never be converted to cash or will not be converted to cash soon enough to affect the current period. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. It is the County's policy that at the end of each fiscal, the County will maintain unassigned portion of fund balance for cash flow in a range equal to 20 – 35 percent of the General Fund operating expenditure budget.

Committed fund balance is required to be established, modified, or rescinded by resolution of the County Board prior to each year-end. Fund balance policy #910 dated May 20, 2008 was adopted by the County Board in order to establish a framework for fund balance in the general fund. The County Board retains the authority to assign fund balance and does so annually at the May Board of Commissioner meeting for the previous year-end. When restricted and unrestricted fund balance is available for expenditure, it is the County's policy to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available of expenditure, it is the County's policy to use committed, assigned and finally unassigned fund balance.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balance

At December 31, 2013, the Family Court Counseling, nonmajor special revenue fund, had deficit fund balances of \$11,092. The County plans to eliminate this deficit through future public charges for services.

B. Expenditures in Excess of Budget

At December 31, 2013, the County had the following fund with expenditures in excess of the approved budget:

Fund	Budget	Actual	Difference
Human Services	\$ 8,200,384	\$ 9,060,672	\$ (860,288)

The excess of expenditures over budget was financed with current year revenue budget excess and existing fund balance.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The County's cash and investments balances at December 31, 2013, totaled \$14,363,728 as shown in the financial statements as follows:

Governmental Funds	\$ 9,804,133
Proprietary Funds	3,601,058
Fiduciary Funds	958,537
Total Cash and Investments	<u>\$ 14,363,728</u>

The above cash and investments balances consisted of the following:

Treasurer's Cash and Investments

Deposits at Financial Institutions		
County Funds	\$ 12,124,538	
Deposits in State Local Governments		
Pooled-Investment Fund	<u>1,672,812</u>	\$ 13,797,350

Departmental Cash and Investments

Deposits at Financial Institutions		
Funds Held in Trust	437,636	
Petty Cash	<u>8,105</u>	445,741

Cash and Investments Held by Fiscal Agents

Cafeteria Plan	3,500	
Cash Held by Mutual Insurance Corporation	<u>69,161</u>	72,661

Restricted Cash and Investments

Deposits in Financial Institutions		
Funds Held in Trust		47,976
Total Cash and Investments at December 31, 2013		<u>\$ 14,363,728</u>

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Deposits at Financial Institutions

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the Village to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund.

Custodial credit risk for deposits is the risk that, in the event of bank failure, the County's deposits may not be returned. At December 31, 2013, the County's deposits were not exposed to custodial credit risk.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments

Interest rate risk for investments is that changes in interest rates will adversely affect the fair value of an investment. The County's policy is to invest its funds in accordance with provisions of the *Wisconsin Statutes* previously discussed in Note 1.D.1.

Deposits in State Local Government Pooled-Investment Fund. The State of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for 2013 was 70 days.

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

B. Receivables/Deferred Inflows of Resources

1. Taxes Receivable

Taxes receivable at December 31, 2013 totaled \$26,656,154. The taxes receivable amount is broken out between \$25,962,921 (\$22,237,145 current and \$4,419,009 delinquent) for governmental funds and \$693,233 for Agency Funds.

Delinquent taxes receivable in the agency fund includes prior year delinquent special assessments and other charges due local taxing districts. These amounts will be remitted to the districts when collected by the County.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables/Deferred Inflows of Resources (Continued)

2. Long-Term Receivables

Long-term receivables in the governmental funds at December 31, 2013 are further detailed as follows:

Housing Rehabilitation Loans – The County was awarded federal Community Development Block Grant (CDBG) Program grants through the State of Wisconsin for the purpose of financing housing rehabilitation loans. Repayments received on the original loans have been recorded in a separate housing revolving loan fund and are being used to finance similar loans eligible under the program. At December 31, 2013 the County had seventy-one (71) loans outstanding under this program with an outstanding balance of \$841,583 at that date. These loans are deferred until such time as the property is transferred or sold, at which time collections are recorded back into the revolving loan fund.

3. Deferred Inflows of Resources

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total as of 12/31/13</u>
2013 Tax Levy	\$ -	\$ 21,543,912	\$ 21,543,912
Grants			
General Fund	23,397	-	23,397
Human Services Fund	-	4,734	4,734
Bioterrorism	-	14,001	14,001
State Aid Forestry Fund		15,184	15,184
Lime Fund	-	2,400	2,400
Highway Fund	-	96,160	96,160
Snowmobile/ATV Trails Fund	-	42,925	42,925
Long-Term Receivables			
Housing Rehabilitation Loans	841,583	-	841,583
Total	<u>\$ 864,980</u>	<u>\$ 21,719,316</u>	<u>\$ 22,584,296</u>

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital assets activity for the year ended December 31, 2013 was as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
General County Assets:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,734,080	\$ 266,495	\$ -	\$ 2,000,575
Construction Work in Progress:				
Roadways	37,389	120,954	37,389	120,954
Total Capital Assets Not Being Depreciated	1,771,469	387,449	37,389	2,121,529
Capital Assets Being Depreciated:				
Land Improvements	575,040	-	-	575,040
Buildings and Improvements	33,766,848	36,704	-	33,803,552
Equipment and Vehicles	11,341,460	308,722	166,497	11,483,685
Highway Infrastructure	74,214,537	1,416,666	-	75,631,203
Other Infrastructure	1,353,910	100	-	1,354,010
Total Capital Assets Being Depreciated	121,251,795	1,762,192	166,497	122,847,490
Total Capital Assets	123,023,264	2,149,641	203,886	124,969,019
Accumulated Depreciation:				
Land Improvements	476,946	53,617	-	530,563
Buildings and Improvements	12,334,762	883,942	-	13,218,704
Equipment and Vehicles	5,009,826	810,890	163,997	5,656,719
Highway Infrastructure	29,143,755	1,767,748	-	30,911,503
Other Infrastructure	284,962	27,099	-	312,061
Total Accumulated Depreciation	47,250,251	3,543,296	163,997	50,629,550
Net Capital Assets - General County	<u>\$ 75,773,013</u>	<u>\$ (1,393,655)</u>	<u>\$ 39,889</u>	<u>\$ 74,339,469</u>

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Governmental Activities (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Highway Department:				
Capital Assets Not Being Depreciated:				
Land	\$ 17,719	\$ -	\$ -	\$ 17,719
Capital Assets Being Depreciated:				
Land Improvements	153,100	-	-	153,100
Buildings and Improvements	1,239,836	-	-	1,239,836
Machinery and Equipment	7,580,829	582,871	442,661	7,721,039
Other Capital Assets	33,413	-	-	33,413
Total Capital Assets Being Depreciated	<u>9,007,178</u>	<u>582,871</u>	<u>442,661</u>	<u>9,147,388</u>
Total Capital Assets	<u>9,024,897</u>	<u>582,871</u>	<u>442,661</u>	<u>9,165,107</u>
Accumulated Depreciation:				
Land Improvements	94,880	6,548	-	101,428
Buildings and Improvements	504,720	41,757	-	546,477
Machinery and Equipment	3,719,920	542,356	383,447	3,878,829
Other Capital Assets	28,106	380	-	28,486
Total Accumulated Depreciation	<u>4,347,626</u>	<u>591,041</u>	<u>383,447</u>	<u>4,555,220</u>
Net Capital Assets - Highway Department	<u>\$ 4,677,271</u>	<u>\$ (8,170)</u>	<u>\$ 59,214</u>	<u>\$ 4,609,887</u>
Governmental Activities:				
Capital Assets Not Being Depreciated	\$ 1,789,188	\$ 387,449	\$ 37,389	\$ 2,139,248
Capital Assets Being Depreciated	<u>130,258,973</u>	<u>2,345,063</u>	<u>609,158</u>	<u>131,994,878</u>
Total Capital Assets	<u>132,048,161</u>	<u>2,732,512</u>	<u>646,547</u>	<u>134,134,126</u>
Less: Accumulated Depreciation	<u>51,597,877</u>	<u>4,134,337</u>	<u>547,444</u>	<u>55,184,770</u>
Net Capital Assets - Governmental Activities	<u>\$ 80,450,284</u>	<u>\$ (1,401,825)</u>	<u>\$ 99,103</u>	<u>\$ 78,949,356</u>

Depreciation expense was charged to governmental functions as follows:

Depreciation expense was charged to governmental functions as follows:

General County:

General Government	\$ 276,096
Public Safety	1,080,744
Transportation	1,767,748
Sanitation	16,049
Health and Human Services	316,210
Culture, Recreation and Education	69,703
Conservation and Development	16,746
Subtotal General County	<u>3,543,296</u>

Highway Department:

Transportation	591,041
Total	<u>\$ 4,134,337</u>

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Nursing Home:				
Capital Assets Not Being Depreciated:				
Land	\$ 6,605	\$ -	\$ -	\$ 6,605
Capital Assets Being Depreciated:				
Land Improvements	103,386	-	-	103,386
Buildings and Improvements	3,179,487	120,334	-	3,299,821
Fixed Equipment	835,186	-	-	835,186
Equipment and Vehicles	974,013	30,393	-	1,004,406
Total Capital Assets Being Depreciated	<u>5,092,072</u>	<u>150,727</u>	<u>-</u>	<u>5,242,799</u>
Total Capital Assets	5,098,677	150,727	-	5,249,404
Accumulated Depreciation:				
Land Improvements	98,951	1,484	-	100,435
Buildings and Improvements	2,082,503	79,748	-	2,162,251
Fixed Equipment	646,580	37,589	-	684,169
Equipment and Vehicles	782,985	41,172	-	824,157
Total Accumulated Depreciation	<u>3,611,019</u>	<u>159,993</u>	<u>-</u>	<u>3,771,012</u>
Net Capital Assets - Nursing Home	<u>\$ 1,487,658</u>	<u>\$ (9,266)</u>	<u>\$ -</u>	<u>\$ 1,478,392</u>
Lime Fund:				
Capital Assets Not Being Depreciated:				
Land	\$ 174,357	\$ -	\$ 6,521	\$ 167,836
Capital Assets Being Depreciated:				
Land Improvements	47,953	-	-	47,953
Buildings and Improvements	21,666	3,005	-	24,671
Machinery and Equipment	1,525,476	428,260	331,188	1,622,548
Total Capital Assets Being Depreciated	<u>1,595,095</u>	<u>431,265</u>	<u>331,188</u>	<u>1,695,172</u>
Total Capital Assets	1,769,452	431,265	337,709	1,863,008
Accumulated Depreciation:				
Land Improvements	34,058	2,443	-	36,501
Buildings and Improvements	21,440	3,231	-	24,671
Machinery and Equipment	912,866	96,891	196,515	813,242
Total Accumulated Depreciation	<u>968,364</u>	<u>102,565</u>	<u>196,515</u>	<u>874,414</u>
Net Capital Assets - Lime Fund	<u>\$ 801,088</u>	<u>\$ 328,700</u>	<u>\$ 141,194</u>	<u>\$ 988,594</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated	\$ 180,962	\$ -	\$ 6,521	\$ 174,441
Capital Assets Being Depreciated	6,687,167	581,992	331,188	6,937,971
Total Capital Assets	<u>6,868,129</u>	<u>581,992</u>	<u>337,709</u>	<u>7,112,412</u>
Less: Accumulated Depreciation	<u>4,579,383</u>	<u>262,558</u>	<u>196,515</u>	<u>4,645,426</u>
Net Capital Assets - Business-Type Activities	<u>\$ 2,288,746</u>	<u>\$ 319,434</u>	<u>\$ 141,194</u>	<u>\$ 2,466,986</u>

POLK COUNTY, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2013

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Business-Type Activities (Continued)

Depreciation was charged to business-type activities as follows:

Nursing Home	\$ 159,993
Lime Operations	102,565
Total	\$ 262,558

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2013 was as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Immunization	\$ 40,918
General Fund	Family Court Counseling	11,519
General Fund	Nursing Home Fund	170,629
	Total	\$ 223,066

The above interfund balances represent the general fund's temporary financing of the cash overdrafts in the related funds at year-end.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables and Transfers (Continued)

Advances from/to Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nursing Home Fund	\$ 743,761

Long-term advances due the general fund from the Polk County Nursing Home Enterprise Fund at December 31, 2013 totaled \$743,761. Proceeds of a general obligation bond issue (retired in 1989) were advanced to the enterprise fund in 1979 to finance a construction project. The Enterprise Fund is to repay the principal balance to the General Fund at the rate of \$11,500 per year with the final payment of \$9,000 due March 1, 2015. The balance at December 31, 2013 was \$20,500. On April 10, 1997 the General Fund advanced \$180,000 to the enterprise fund. The loan is to be paid off over 20 years with an interest rate of 6.75 percent, with annual principal installments of \$9,000. The balance at December 31, 2013 was \$18,000. A State Trust Fund loan dated September 27, 1995 issued for nursing home purposes was assumed by the County and treated as an advance to the Home. The advance is to be paid off over 20 years with interest at five percent, with annual installments of \$11,922. The balance at December 31, 2013 was \$23,844. On April 1, 2008, the General Fund advanced \$889,910 to the enterprise fund. The loan is to be paid-off over nine years with an interest rate of four percent and principal payments varying from \$20,341 to \$213,578. The balance at December 31, 2013 was \$681,417.

Interfund Transfers

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General Fund	Sales Tax Fund (NM)	\$ 2,350,000
General Fund	Human Services Fund	49,199
General Fund	Golden Age Manor	21,677
General Fund	2007 Bond Capital Projects Fund (NM)	34
General Fund	Jail Assessment Fund (NM)	25,000
General Fund	Lime Fund	100,000
Human Services Fund	Drivers Improvement Fund (NM)	39,410
Debt Service Fund	Jail Assessment Fund (NM)	40,000
Lime Fund	General Fund	113,000
	Total	<u>\$ 2,738,320</u>

The transfer from the Nonmajor Governmental Funds to the General Fund consisted of the amounts applied to the 2013 budget. The Transfer to the Human Services Fund from the General Fund was to cover the 2013 fund balance deficit. The additional transfer to the Human Services Fund represented the application of driver improvement fees.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables and Transfers (Continued)

Interfund Transfers (Continued)

Transfers to the Debt Service Fund were to repay debt from the Nonmajor Governmental Funds. Transfers to the Highway Fund from the capital projects fund were to support highway operations.

E. Long-Term Obligations

Changes in Long-Term Obligations

The following is a summary of long-term obligations transactions for the year ended December 31, 2013:

	Balance 1/1/13	Issued	Retired	Balance 12/31/13	Amounts Due Within One Year
Long-Term Debt					
Governmental Activities					
General Obligation Bonds	\$ 19,500,000	\$ -	\$ 2,785,000	\$ 16,715,000	\$ 3,040,000
General Obligation Notes	2,950,000	-	270,000	2,680,000	255,000
State Trust Fund Loan	132,717	-	132,717	-	-
Add: Unamortized Bond Premiums	795,054	-	115,706	679,348	-
Business-Type Activities					
General Obligation Notes	54,575	-	5,862	48,713	10,099
Capital Lease	8,376	-	4,455	3,921	3,921
Total Long-Term Debt	<u>\$ 23,440,722</u>	<u>\$ -</u>	<u>\$ 3,313,740</u>	<u>\$ 20,126,982</u>	<u>\$ 3,309,020</u>
Other Long-Term Obligations					
Governmental Activities					
Governmental Funds					
Forest Loans Payable	\$ 224,600	\$ -	\$ 14,808	\$ 209,792	\$ -
Capital Leases	256,510	-	27,809	228,701	27,809
Employee Leave Liability	1,699,425	1,593,787	1,699,425	1,593,787	1,218,571
Other Postemployment Health Care Benefits	1,102,065	350,829	193,744	1,259,150	-
Highway Internal Service Fund					
Employee Leave Liability	288,904	365,977	288,904	365,977	263,425
Total Other Long-Term Obligations					
Governmental Activities	<u>\$ 3,571,504</u>	<u>\$ 2,310,593</u>	<u>\$ 2,224,690</u>	<u>\$ 3,657,407</u>	<u>\$ 1,509,805</u>
Business-Type Activities					
Nursing Home Enterprise Fund					
Employee Leave Liability	\$ 233,944	\$ 265,262	\$ 233,944	\$ 265,262	\$ 265,262
Other Postemployment Benefits	261,740	83,322	46,106	298,956	-
Lime Enterprise Fund					
Employee Leave Liability	38,590	41,829	38,590	41,829	31,446
Other Postemployment Health Care Benefits	13,776	4,385	2,426	15,735	-
Total Other Long-Term Obligations					
Business-Type Activities	<u>\$ 548,050</u>	<u>\$ 394,798</u>	<u>\$ 321,066</u>	<u>\$ 621,782</u>	<u>\$ 296,708</u>

Other long-term obligations for governmental activities are normally liquidated within the general fund and state aid forestry funds.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Long-Term Debt

Annual Requirements for Retirement. Long-term general obligation debt issues outstanding at December 31, 2013 and annual requirements for their retirement were as follows:

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental Activities:				
General Obligation Bonds:				
General Obligation Refunding Bonds,	2014	\$ 2,090,000	\$ 748,805	\$ 2,838,805
\$18,500,000, Issued 3/15/05, Due 12/1/21,	2015	2,345,000	644,305	2,989,305
Interest at 3.00%-5.00%.	2016	2,620,000	527,055	3,147,055
	2017	1,860,000	396,055	2,256,055
	2018	2,010,000	325,375	2,335,375
	2019-2021	4,840,000	381,900	5,221,900
Subtotal		<u>15,765,000</u>	<u>3,023,495</u>	<u>18,788,495</u>
General Obligation Refunding Bonds,	2014	950,000	16,625	966,625
\$1,865,000 Issued 10/25/13, Due 12/1/14,				
General Obligation Promissory Notes,	2014	255,000	107,200	362,200
\$3,500,000, Issued 12/15/07,	2015	775,000	97,000	872,000
Due 12/1/17, Interest at 4.00%.	2016	810,000	66,000	876,000
	2017	840,000	33,600	873,600
Subtotal		<u>2,680,000</u>	<u>303,800</u>	<u>2,983,800</u>
Total Governmental Activities		19,395,000	3,343,920	22,738,920
Business-Type Activities (Nursing Home):				
General Obligation Notes:				
Bank Note, \$90,000, dated 12/31/05,	2014	6,178	2,805	8,983
semiannual payments of \$4,131	2015	42,535	1,807	44,342
on 4/1 and 10/1, final payment 10/1/15.				
Total Business-Type Activities		<u>48,713</u>	<u>4,612</u>	<u>53,325</u>
Total General Obligation Debt		<u>\$ 19,443,713</u>	<u>\$ 3,348,532</u>	<u>\$ 22,792,245</u>

General Obligation Debt Limitation. Section 67.03 of the *Wisconsin Statutes* restricts County general obligation debt to 5 percent of the equalized value of all property in the County. At December 31, 2013, the County's debt limit amounted to \$198,535,235 and indebtedness subject to the limitation totaled \$19,443,713.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Long-Term Debt (Continued)

Operating Leases. The County has entered into a number of leases for the use of equipment and vehicles. The 2013 expenditures for these leases was \$48,006. Minimum lease payments over the term of these leases are as follows:

<u>Year</u>	<u>Total</u>
2014	\$ 77,531
2015	66,542
2016	60,390
2017	52,494
Total	<u>\$ 256,957</u>

Capital Leases. The County has entered into a lease for the use of a Caterpillar in the Highway Fund. The County also entered into a lease for the purchase of energy conservation equipment. Golden Age Manor also entered into a capital lease for equipment. The assets acquired through capital leases are as follows:

	<u>Governmental Funds</u>	<u>Highway Internal Service Fund</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Equipment	\$ 441,048	\$ 134,350	\$ 575,398	\$ 20,846
Less: Accumulated Depreciation	(74,636)	(75,179)	(149,815)	(16,677)
Total	<u>\$ 366,412</u>	<u>\$ 59,171</u>	<u>\$ 425,583</u>	<u>\$ 4,169</u>

Minimum lease payments over the term of the lease are as follows:

<u>Year</u>	<u>Governmental Funds</u>	<u>Highway Internal Service Fund</u>	<u>Governmental Activities Total</u>	<u>Business- Type Activities</u>
2014	\$ 38,146	\$ -	\$ 38,146	\$ 3,921
2015	38,146	-	38,146	-
2016	38,146	-	38,146	-
2017	38,146	-	38,146	-
2018	38,146	-	38,146	-
2019-2020	76,292	-	76,292	-
Subtotal	267,022	-	267,022	3,921
Less: Interest	(38,321)	-	(38,321)	-
Total	<u>\$ 228,701</u>	<u>\$ -</u>	<u>\$ 228,701</u>	<u>\$ 3,921</u>

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Long-Term Debt (Continued)

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

The cumulative loan balance due the state by the County under this program was \$209,792 at December 31, 2013.

F. Conduit Debt

The County was a party to a "joint powers and parity agreement" in 2006 among Polk County, the Town of St. Croix Falls, the Town of Milltown, and the Village of Milltown (collectively referred to as the Municipalities), St. Croix Regional Medical Center, Inc. (the Obligor) and U.S. Bank National Association, a national banking association (the Lender) for the purpose of the issuance of \$13 million of health care facilities revenue bonds by the Municipalities to the Lender in May 2006 with the proceeds therefore to be used by the Obligor for capital improvements and debt refinancing. Bonds issued by the County totaled \$5.0 million (Series 2006A). The bonds are subject to repayment solely from payments received by the Lender from the Obligor in accordance with underlying mortgage assignments and related agreements. The bonds are special limited obligations of the Municipalities and do not constitute a moral or general obligation of the Municipalities. In addition, the County issued \$4.3 million of health care facilities revenues bonds Series 2006B in December 2006. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The outstanding balance of the collective debt was \$9,295,774 at June 30, 2013 per audited financial statements of the Obligor.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at December 31, 2013 consisted of the following:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
Major Funds:						
General Fund						
Delinquent Taxes	\$ 4,419,009	\$ 4,419,009	\$ -	\$ -	\$ -	\$ -
Interfund Advances	743,761	743,761	-	-	-	-
Prepaid Items	2,295	2,295	-	-	-	-
Redactions	108,916	-	108,916	-	-	-
Federal Forfeiture	37,403	-	37,403	-	-	-
Veterans Services Grant	11,272	-	11,272	-	-	-
Veterans Relief Grant	4,809	-	4,809	-	-	-
Library Operations	15,437	-	15,437	-	-	-
Internet Services	36,185	-	36,185	-	-	-
Maintenance of Forest Roads	14,251	-	14,251	-	-	-
Wildlife Damage	868	-	868	-	-	-
Conservation Projects	10,463	-	-	10,463	-	-
Meth Donations	1,083	-	-	1,083	-	-
Wellness	5,147	-	-	5,147	-	-
Asset Protection and Internal Investment	329,690	-	-	-	329,690	-
Employee Retirement	268,129	-	-	-	268,129	-
Recycling	16,997	-	-	-	16,997	-
Vending Machines	14,721	-	-	-	14,721	-
Unassigned	7,304,853	-	-	-	-	7,304,853
Subtotal General Fund	13,345,269	5,165,065	229,141	16,693	629,537	7,304,853
Debt Service Fund	178,710	-	178,710	-	-	-
Nonmajor Funds:						
Special Revenue Funds:						
Public Health Programs	197,566	-	197,566	-	-	-
Family Court Counseling Program	(11,092)	-	-	-	-	(11,092)
Jail Assessment Fees Program	68,628	-	68,628	-	-	-
Bioterrorism Consortium Program	82,054	-	82,054	-	-	-
Drivers Improvement Program	2,542	-	2,542	-	-	-
Park Dedication Program	30,365	-	30,365	-	-	-
Snowmobile/ATV Trails	78,738	-	78,738	-	-	-
State Aid Forestry Program	14,786	-	14,786	-	-	-
Lake Improvement Program	89,282	-	89,282	-	-	-
Community Development Block Grant Program	104,340	-	104,340	-	-	-
County Sales Tax Program	944,515	-	-	-	944,515	-
ADRC Fund	192,348	-	192,348	-	-	-
Subtotal Nonmajor Funds	1,794,072	-	860,649	-	944,515	(11,092)
Total Governmental Funds Balances at December 31, 2013	\$ 15,318,071	\$ 5,165,065	\$ 1,268,500	\$ 16,693	\$ 1,574,052	\$ 7,293,761

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 4 OTHER INFORMATION

A. Employee Leave Liability

Employees earn one day of sick leave per month with a maximum accumulation of one hundred twenty (120) days, except for law enforcement employees who are not subject to the maximum accumulation. Employees eligible for retirement as defined by the Wisconsin Retirement System have the option, upon retirement, of receiving payment for one-half of their accumulated sick leave up to a maximum of forty-five days or electing to bank the equivalent of 67 percent of their accrued sick leave for payment of health insurance premiums. For members of the law enforcement bargaining unit, the County is to transfer the total value of the accrued sick leave to the retiree's VEBA account. At December 31, 2013, sick leave earned and not taken was approximately \$71,693 in the nursing home enterprise fund, \$20,766 in the lime quarry enterprise fund, \$205,102 in the highway department internal service fund and \$750,433 in the governmental funds determined on the basis of current salary rates. The County has used the 67 percent maximum liability for employees eligible for retirement to determine its estimated liability.

Vacation is granted to employees in varying amounts based on length of service. Vacation for part-time employees is prorated. Employees are allowed to carry over to the following year one-half of their current year vacation. The estimated value of unrecorded vacation leave at December 31, 2013, was \$193,569 in the nursing home enterprise fund, \$21,063 in the lime quarry enterprise fund, \$160,875 in the highway department internal service fund, and \$843,354 in the governmental funds.

B. Employee Retirement Plan

All eligible Polk County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 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 executive 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.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Employee Retirement Plan (Continued)

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 executives and elected officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2013 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	12.15%
Protective without Social Security	6.65%	14.75%

The payroll for County employees covered by the WRS for the year ended December 31, 2013 was \$20,118,298; the employer's total payroll was \$20,838,201. The total required contribution for the year ended December 31, 2013 was \$2,782,535. Actual contributions consisted of \$1,443,892, or 7.2 percent of payroll from the employer and \$1,338,643, or 6.7 percent of payroll from employees, which represents 100.0% of the required contribution. Total contributions for the years ending December 31, 2012 and 2011 were \$2,593,004 and \$2,547,956, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) 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 employees' 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 after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five year of creditable service to be vested.

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

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. OPEB Disclosure

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by state statutes. Active employees who retire from the County when eligible to receive a retirement benefit from the Wisconsin Retirement System (WRS) (or similar plan) and do not participate in any other coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay varying percentages of the total premium cost. As of January 1, 2012, there were approximately 37 retirees receiving health benefits from the County's health plan.

1. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of fund that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost of 2013, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual Required Contribution (ARC):	\$	458,197		
Interest on Net OPEB Obligation		54,412		
Adjustment to ARC		(73,685)		
Annual OPEB Cost		438,924		
Contributions During the Year		(242,664)		
Change in Net OPEB Obligation		196,260		
Net OPEB - Beginning of the Year		1,377,581		
Net OPEB - End of the Year		\$ 1,573,841		
Governmental Activities	\$	1,259,150		
Business-Type Activities		314,691		
Total OPEB Payable		\$ 1,573,841		

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013 were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2013	\$ 438,924	\$ 242,664	55.3 %	\$ 1,573,841
December 30, 2012	439,383	242,853	55.3	1,377,581
December 31, 2011	571,862	183,217	32.0	1,148,849

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. OPEB Disclosure (Continued)

2. Funding Status

The County currently has no assets that have been irrevocably deposited in the trust for future health benefits. Therefore, the actuarial value of assets is zero.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-1)/c)
1/1/12	\$ -	\$ 3,190,150	\$ 3,190,150	-%	\$ 19,212,443	16.6 %

3. Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the January 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent discount rate, which is based on the estimated long-term investment yield on the general assets of the County using an underlying long-term inflation assumption of 2.5 percent. The annual healthcare cost trend rate is 8.0 percent initially, reduced incrementally to an ultimate rate of 5.0 percent over six years. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis.

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Risk Management

The County is exposed to various risks of loss related to torts; thefts of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains commercial insurance coverage to cover each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County.

The County's liability insurance is provided by Wisconsin County Mutual Insurance Corporation (Corporation). The Corporation is a nonprofit corporation established by the Wisconsin Counties Association to provide general, auto and other liability insurance, substantially at cost and up to stated amounts, for its member counties. Wisconsin counties in good standing with the Wisconsin Counties Association are eligible to be members of the Corporation. Polk County, together with fifty-four other counties, is a member of the Corporation. This policy is assessable; therefore, to the extent actual losses and loss adjustment expenses vary from recorded amounts, policyholders may be required to make additional premium payments at such times as any excess of deficiency of losses and loss adjustment expenses is known. To date, no additional assessments have been made. All contributions by the Counties to provide initial support for the Corporation have been returned to the Counties. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage in any of the past three fiscal years.

The County has established a self-funded health insurance program. This program is funded by "premiums" charged monthly to the various County departments based on actual participation by employees and by payments from current and retired employees for their share of the cost. The plan is administered on a contract basis by an outside party. Claims are paid by the administrator and are reimbursed by the County. Reinsurance for both specific and annual aggregate stop-loss coverage is provided. Specific stop-loss covers individual claims in excess of \$85,000. The current attachment point for annual aggregate stop-loss coverage has been set at \$5,702,557. The fund had a balance at December 31, 2013 of \$886,418.

Changes in the claims liabilities for 2013 and 2012 for the health insurance fund were as follows:

	2013	2012
Estimated Claims Outstanding - January 1	\$ 426,612	\$ 453,547
Current Year Claims and Changes	6,245,384	6,155,198
Claim Payments	(5,980,334)	(6,182,133)
Estimated Claims Outstanding - December 31	\$ 691,662	\$ 426,612

**POLK COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Contingencies

From time to time, the County is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the County's legal advisors 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:

F. Changes In Accounting Principles and Restatement of Net Position

Polk County has adopted GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*. GASB Statement No. 65 impacted financial reporting by establishing accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognize, as outflows of resources and inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 65 requires that debt issuance costs be recognized as an expense in the period incurred rather than capitalized and recognized as an expense (amortized) in a systematic and rational manner over the duration of the related debt as was the required treatment in prior reporting periods. Therefore, in conjunction with the implementation of GASB Statement No. 65, unamortized debt issuance costs as of January 1, 2013, were written off to the beginning of year net position, to properly recognize debt issuance costs as expenses in the periods in which they were incurred.

Net Position previously reported as of December 31, 2012, has been restated as follows:

	<u>Government-Wide Activities</u>
Net Position - Beginning of Year	\$ 73,026,974
Change in Accounting Principles: Adoption of GASB 65, resulting in the recognition of debt issue costs incurred in prior periods	<u>(933,109)</u>
Net Position - Beginning of Year, As Restated	<u>\$ 72,093,865</u>

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

**POLK COUNTY, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 14,406,192	\$ 14,406,192	\$ 14,382,121	\$ (24,071)
Intergovernmental	3,360,530	3,360,530	3,493,730	133,200
Licenses and Permits	301,510	301,510	271,537	(29,973)
Fines and Forfeits	115,850	115,850	127,699	11,849
Public Charges for Services	2,290,548	2,290,548	2,173,607	(116,941)
Intergovernmental Charges for Services	297,095	297,095	299,629	2,534
Miscellaneous:				
Interest	90,164	90,164	87,479	(2,685)
Rent	288,817	288,817	289,903	1,086
Other	52,650	52,650	284,571	231,921
Total Revenues	<u>21,203,356</u>	<u>21,203,356</u>	<u>21,410,276</u>	<u>206,920</u>
EXPENDITURES				
General Government				
Legislative	134,985	134,985	96,536	38,449
Judicial	1,139,249	1,139,249	1,174,604	(35,355)
Legal	652,705	652,705	588,914	63,791
General Administration	1,895,915	1,921,415	1,913,684	7,731
Financial Administration	217,619	217,619	224,511	(6,892)
General Buildings and Plant	1,220,226	1,220,226	1,116,563	103,663
Property Records and Control	338,586	426,466	311,592	114,874
Tax Deed Expense and Refunds	34,655	34,655	20,393	14,262
Property and Liability Insurance	469,034	469,034	348,886	120,148
Asset Protection Fund Expenditures	808,889	771,889	473,138	298,751
Employee Retirement Fund Expenditures	-	-	156,871	(156,871)
Fleet Expenditures	-	-	5,327	(5,327)
Other General Government	17,000	17,271	4,275	12,996
Total General Government	<u>6,928,863</u>	<u>7,005,514</u>	<u>6,435,294</u>	<u>570,220</u>
Public Safety				
Sheriff and Traffic	4,748,591	4,750,653	4,672,417	78,236
Emergency Service and Disaster Control	102,080	102,080	131,328	(29,248)
Corrections and Detention	2,462,817	2,462,817	2,613,163	(150,346)
Total Public Safety	<u>7,313,488</u>	<u>7,315,550</u>	<u>7,416,908</u>	<u>(101,358)</u>
Transportation Facilities				
Appropriations to Highway Department	4,593,952	4,593,952	4,593,952	-
Sanitation				
Recycling	557,247	557,247	519,732	37,515
Solid Waste Management	40,508	40,508	30,813	9,695
Clean Sweep	14,000	14,000	18,500	(4,500)
Recycling Equipment Replacement	66,000	66,000	38,772	27,228
Total Sanitation	<u>677,755</u>	<u>677,755</u>	<u>607,817</u>	<u>69,938</u>

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

(Continued)

**POLK COUNTY, WISCONSIN
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Health and Human Services				
General Health	\$ 1,698,015	\$ 1,698,015	\$ 1,579,404	\$ 118,611
Social Services	529,804	529,804	542,221	(12,417)
Aging Programs	8,400	8,400	-	8,400
Veterans	154,419	158,786	152,121	6,665
Total Health and Human Services	<u>2,390,638</u>	<u>2,395,005</u>	<u>2,273,746</u>	<u>121,259</u>
Culture, Recreation and Education				
Culture	684,545	684,545	668,805	15,740
Public Areas	129,537	129,537	99,677	29,860
Recreation Facilities	22,748	22,748	22,778	(30)
Education	273,449	273,449	251,562	21,887
Total Culture, Recreation, and Education	<u>1,110,279</u>	<u>1,110,279</u>	<u>1,042,822</u>	<u>67,457</u>
Conservation and Development				
Resource Conservation	735,178	760,841	841,174	(80,333)
Planning	30,090	30,090	30,090	-
Zoning	748,466	748,466	739,992	8,474
Public Housing	1,600	1,600	2,210	(610)
Economic Development	103,772	103,772	118,746	(14,974)
Total Conservation and Development	<u>1,619,106</u>	<u>1,644,769</u>	<u>1,732,212</u>	<u>(87,443)</u>
Total Expenditures	<u>24,634,081</u>	<u>24,742,824</u>	<u>24,102,751</u>	<u>640,073</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,430,725)	(3,539,468)	(2,692,475)	846,993
OTHER FINANCING SOURCES (USES)				
Transfers In	2,544,677	2,544,677	2,545,910	1,233
Transfers Out	-	-	(113,000)	(113,000)
Total Other Financing Sources (Uses)	<u>2,544,677</u>	<u>2,544,677</u>	<u>2,432,910</u>	<u>(111,767)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (886,048)</u>	<u>\$ (994,791)</u>	(259,565)	<u>\$ 735,226</u>
Fund Balance - Beginning of Year			13,604,854	
FUND BALANCE - END OF YEAR			<u>\$ 13,345,289</u>	

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

**POLK COUNTY, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES FUND
YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,663,520	\$ 3,663,520	\$ 3,663,520	\$ -
Intergovernmental	3,217,693	3,217,693	2,675,827	(541,866)
Public Charges for Services	1,323,171	1,323,171	2,731,114	1,407,943
Total Revenues	<u>8,204,384</u>	<u>8,204,384</u>	<u>9,070,461</u>	<u>866,077</u>
EXPENDITURES				
Health and Human Services	8,200,384	8,200,384	9,060,672	(860,288)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,000	4,000	9,789	5,789
OTHER FINANCING SOURCES (USES):				
Transfers In	44,000	44,000	39,410	(4,590)
Transfers Out	(48,000)	(48,000)	(49,199)	(1,199)
Total Other Financing Sources (Uses)	<u>(4,000)</u>	<u>(4,000)</u>	<u>(9,789)</u>	<u>(5,789)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 48,000</u>	<u>\$ 48,000</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			-	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

The Notes to the Required Supplementary Information are an Integral Part of this Schedule.

**POLK COUNTY, WISCONSIN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2013**

BUDGETARY INFORMATION

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

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

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

Fund	Budget	Actual	Difference
Human Services	\$ 8,200,384	\$ 9,060,672	\$ (860,288)

The above overage was financed by department revenues in excess of budgeted amounts.

**POLK COUNTY, WISCONSIN
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS
YEAR ENDED DECEMBER 31, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-1)/c)
1/1/12	\$ -	\$ 3,190,150	\$ 3,190,150	- %	\$ 19,212,443	16.6 %
1/1/10	-	3,792,052	3,792,052	-	19,599,006	19.3
1/1/08	-	3,244,954	3,244,954	-	21,215,099	15.3

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

**POLK COUNTY, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	Special Revenue Funds							
	Public Health	Family Court Counseling	Jail Assessment Fees	Bioterrorism Consortium	Dog License	Drivers Improvement	Park Dedication	Snowmobile/ ATV Trails
ASSETS								
Treasurer's Cash and Investments	\$ 186,673	\$ -	\$ 66,644	\$ 62,301	\$ 4,711	\$ -	\$ 30,365	\$ 122,069
Taxes Receivable	121,589	-	-	-	-	-	-	-
Accounts Receivable	93,737	427	1,984	-	-	2,542	-	-
Due from Other Governmental Units	-	-	-	38,050	-	-	-	-
Long-Term Receivables	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 401,999</u>	<u>\$ 427</u>	<u>\$ 68,628</u>	<u>\$ 100,351</u>	<u>\$ 4,711</u>	<u>\$ 2,542</u>	<u>\$ 30,365</u>	<u>\$ 122,069</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Vouchers Payable	\$ 22,771	\$ -	\$ -	\$ 3,445	\$ 4,711	\$ -	\$ -	\$ 406
Accrued Wages Payable	19,155	-	-	851	-	-	-	-
Due to Other Funds	40,918	11,519	-	-	-	-	-	-
Unearned Revenue	-	-	-	14,001	-	-	-	42,925
Total Liabilities	<u>82,844</u>	<u>11,519</u>	<u>-</u>	<u>18,297</u>	<u>4,711</u>	<u>-</u>	<u>-</u>	<u>43,331</u>
DEFERRED INFLOWS OF RESOURCES								
Property Taxes for Subsequent Year	121,589	-	-	-	-	-	-	-
Unavailable Revenue - Long-Term Receivables	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>121,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Restricted	197,566	-	68,628	82,054	-	2,542	30,365	78,738
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	(11,092)	-	-	-	-	-	-
Total Fund Balances	<u>197,566</u>	<u>(11,092)</u>	<u>68,628</u>	<u>82,054</u>	<u>-</u>	<u>2,542</u>	<u>30,365</u>	<u>78,738</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 401,999</u>	<u>\$ 427</u>	<u>\$ 68,628</u>	<u>\$ 100,351</u>	<u>\$ 4,711</u>	<u>\$ 2,542</u>	<u>\$ 30,365</u>	<u>\$ 122,069</u>

**POLK COUNTY, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
DECEMBER 31, 2013**

Special Revenue Funds (Continued)

ASSETS	State Aided Forestry Fund	Lake Improvement	Sanitary Systems Grants	Community Development Block Grant	County Sales Tax Fund	ADRC Fund	Total Special Revenue Funds	Total Nonmajor Governmental Funds
Treasurer's Cash and Investments	\$ 34,320	\$ 89,282	\$ -	\$ 104,340	\$ 539,822	\$ (369,387)	\$ 871,140	\$ 871,140
Taxes Receivable	-	-	-	-	-	111,653	233,242	233,242
Accounts Receivable	-	-	-	-	404,693	796,534	1,299,917	1,299,917
Due from Other Governmental Units	-	-	-	-	-	-	38,050	38,050
Long-Term Receivables	-	-	-	841,583	-	-	841,583	841,583
Total Assets	<u>\$ 34,320</u>	<u>\$ 89,282</u>	<u>\$ -</u>	<u>\$ 945,923</u>	<u>\$ 944,515</u>	<u>\$ 538,800</u>	<u>\$ 3,283,932</u>	<u>\$ 3,283,932</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Vouchers Payable	\$ 4,350	\$ -	\$ -	\$ -	\$ -	\$ 217,186	\$ 252,869	\$ 252,869
Accrued Wages Payable	-	-	-	-	-	17,613	37,619	37,619
Due to Other Funds	-	-	-	-	-	-	52,437	52,437
Unearned Revenue	15,184	-	-	-	-	-	72,110	72,110
Total Liabilities	<u>19,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,799</u>	<u>415,035</u>	<u>415,035</u>
DEFERRED INFLOWS OF RESOURCES								
Property Taxes for Subsequent Year	-	-	-	-	-	111,653	233,242	233,242
Unavailable Revenue - Long-Term Receivables	-	-	-	841,583	-	-	841,583	841,583
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>841,583</u>	<u>-</u>	<u>111,653</u>	<u>1,074,825</u>	<u>1,074,825</u>
FUND BALANCES								
Restricted	14,786	89,282	-	104,340	-	192,348	860,649	860,649
Assigned	-	-	-	-	944,515	-	944,515	944,515
Unassigned	-	-	-	-	-	-	(11,092)	(11,092)
Total Fund Balances	<u>14,786</u>	<u>89,282</u>	<u>-</u>	<u>104,340</u>	<u>944,515</u>	<u>192,348</u>	<u>1,794,072</u>	<u>1,794,072</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 34,320</u>	<u>\$ 89,282</u>	<u>\$ -</u>	<u>\$ 945,923</u>	<u>\$ 944,515</u>	<u>\$ 538,800</u>	<u>\$ 3,283,932</u>	<u>\$ 3,283,932</u>

**POLK COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Special Revenue Funds							
	Public Health	Family Court Counseling	Jail Assessment Fees	Bioterrorism Consortium	Dog License	Drivers Improvement	Park Dedication	Snowmobile/ ATV Trails
REVENUES								
Taxes	\$ 122,728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	616,603	-	-	230,609	-	-	-	278,893
Licenses and Permits	-	-	-	-	19,405	39,164	-	-
Fines, Forfeits and Penalties	-	-	43,184	-	-	-	-	-
Public Charges for Services	493,992	9,260	-	-	-	-	-	-
Miscellaneous:								
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Revenues	<u>1,233,323</u>	<u>9,260</u>	<u>43,184</u>	<u>230,609</u>	<u>19,405</u>	<u>39,164</u>	<u>-</u>	<u>278,893</u>
EXPENDITURES								
General Government	-	9,380	-	-	-	-	-	-
Public Safety	-	-	-	203,694	-	-	-	-
Health and Human Services	1,302,383	-	-	-	19,406	-	-	-
Culture, Recreation and Education	-	-	-	-	-	-	1,342	175,482
Conservation and Development	-	-	-	-	-	-	-	-
Debt Service								
Principal Retirement	-	-	-	-	-	-	-	-
Total Expenditures	<u>1,302,383</u>	<u>9,380</u>	<u>-</u>	<u>203,694</u>	<u>19,406</u>	<u>-</u>	<u>1,342</u>	<u>175,482</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(69,060)	(120)	43,184	26,915	(1)	39,164	(1,342)	103,411
OTHER FINANCING SOURCES (USES)								
Transfer Out	-	-	(65,000)	-	-	(39,410)	-	-
NET CHANGE IN FUND BALANCES	(69,060)	(120)	(21,816)	26,915	(1)	(246)	(1,342)	103,411
Fund Balances (Deficits) - Beginning of Year	<u>266,626</u>	<u>(10,972)</u>	<u>90,444</u>	<u>55,139</u>	<u>1</u>	<u>2,788</u>	<u>31,707</u>	<u>(24,673)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 197,566</u>	<u>\$ (11,092)</u>	<u>\$ 68,628</u>	<u>\$ 82,054</u>	<u>\$ -</u>	<u>\$ 2,542</u>	<u>\$ 30,365</u>	<u>\$ 78,738</u>

**POLK COUNTY, WISCONSIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2013**

	Special Revenue Funds (Continued)						Capital Projects Fund		
	State Aided Forestry Fund	Lake Improvement	Sanitary Systems Grants	Community Development Block Grant	County Sales Tax Fund	ADRC Fund	Total Special Revenue Funds	2007 General Obligation Bonds	Total Nonmajor Governmental Funds
REVENUES	\$ 22,987	\$ -	\$ -	\$ -	\$ 2,491,207	\$ 111,653	\$ 2,748,575	\$ -	\$ 2,748,575
Taxes	4,816	-	11,490	-	-	1,675,592	2,818,003	-	2,818,003
Intergovernmental	-	-	-	-	-	-	58,569	-	58,569
Licenses and Permits	-	-	-	-	-	-	43,184	-	43,184
Fines, Forfeits and Penalties	-	-	-	-	-	-	503,252	-	503,252
Public Charges for Services	-	-	-	-	-	-	-	-	-
Miscellaneous:	-	-	-	468	-	-	468	-	468
Interest	-	-	-	52,611	-	3,112	55,723	-	55,723
Other	27,803	-	11,490	53,079	2,491,207	1,790,357	6,227,774	-	6,227,774
Total Revenues	27,803	-	11,490	53,079	2,491,207	1,790,357	6,227,774	-	6,227,774
EXPENDITURES	-	-	-	-	-	-	9,380	-	9,380
General Government	-	-	-	-	-	-	203,694	-	203,694
Public Safety	-	-	-	-	-	-	1,645,647	-	2,967,436
Health and Human Services	-	-	-	-	-	-	176,824	-	176,824
Culture, Recreation and Education	25,443	-	11,490	37	-	-	36,970	-	36,970
Conservation and Development	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Principal Retirement	14,808	-	-	-	-	-	14,808	-	14,808
Total Expenditures	40,251	-	11,490	37	-	-	3,409,112	-	3,409,112
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,448)	-	-	53,042	2,491,207	144,710	2,818,662	-	2,818,662
OTHER FINANCING SOURCES (USES)	-	-	-	-	(2,350,000)	-	(2,454,410)	(34)	(2,454,444)
Transfer Out	-	-	-	-	(2,350,000)	-	(2,454,410)	(34)	(2,454,444)
NET CHANGE IN FUND BALANCES	(12,448)	-	-	53,042	141,207	144,710	364,252	(34)	364,218
Fund Balances (Deficits) - Beginning of Year	27,234	89,282	-	51,298	803,308	47,638	1,429,820	34	1,429,854
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 14,786</u>	<u>\$ 89,282</u>	<u>\$ -</u>	<u>\$ 104,340</u>	<u>\$ 944,515</u>	<u>\$ 192,348</u>	<u>\$ 1,794,072</u>	<u>\$ -</u>	<u>\$ 1,794,072</u>

**POLK COUNTY, WISCONSIN
COMBINING BALANCE SHEET
PUBLIC HEALTH SPECIAL REVENUE FUND
DECEMBER 31, 2013**

	Birth To Three	PolkADOT	WIC	Health Screening	Tobacco Coalition	Family Planning	MCH Car Seat	Immunization	Consolidated Grant Fund	Radon Grant Fund	Environmental Health Fund	Total
ASSETS												
Treasurer's Cash and Investments	\$ 21,227	\$ 14,289	\$ 124	\$ 40,977	\$ 11,087	\$ 49,870	\$ 4,191	\$ -	\$ 3,770	\$ 169	\$ 40,969	\$ 186,673
Taxes Receivable	121,589	-	-	-	-	-	-	-	-	-	-	121,589
Accounts Receivable	19,923	6,505	9,003	8,866	3,985	2,132	-	30,116	2,132	-	11,075	93,737
Total Assets	<u>\$ 162,739</u>	<u>\$ 20,794</u>	<u>\$ 9,127</u>	<u>\$ 49,843</u>	<u>\$ 15,072</u>	<u>\$ 52,002</u>	<u>\$ 4,191</u>	<u>\$ 30,116</u>	<u>\$ 5,902</u>	<u>\$ 169</u>	<u>\$ 52,044</u>	<u>\$ 401,999</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES												
LIABILITIES												
Vouchers Payable	\$ 7,650	\$ 4,996	\$ 3,093	\$ -	\$ 3,591	\$ 2,158	\$ -	\$ 16	\$ -	\$ -	\$ 1,267	\$ 22,771
Accrued Wages Payable	2,988	200	3,744	1,426	2,050	3,851	-	559	1,209	131	2,997	19,155
Due to Other Fund	-	-	-	-	-	-	-	40,918	-	-	-	40,918
Total Liabilities	10,638	5,196	6,837	1,426	5,641	6,009	-	41,493	1,209	131	4,264	82,844
DEFERRED INFLOWS OF RESOURCES												
Property Taxes for Subsequent Year	\$ 121,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,589
FUND BALANCE (DEFICIT)												
Restricted	30,512	15,598	2,290	48,417	9,431	45,993	4,191	(11,377)	4,693	38	47,780	197,566
Total Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)	<u>\$ 162,739</u>	<u>\$ 20,794</u>	<u>\$ 9,127</u>	<u>\$ 49,843</u>	<u>\$ 15,072</u>	<u>\$ 52,002</u>	<u>\$ 4,191</u>	<u>\$ 30,116</u>	<u>\$ 5,902</u>	<u>\$ 169</u>	<u>\$ 52,044</u>	<u>\$ 401,999</u>

POLK COUNTY, WISCONSIN
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
PUBLIC HEALTH SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2013

	Birth To Three	PolkADOT	WIC	Health Screening	Tobacco Coalition	Family Planning	MCH Car Seat	Immunization	Consolidated Grant Fund	Radon Grant Fund	Environmental Health Fund	Total
REVENUES												
Taxes	\$ 122,728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,728
Intergovernmental	89,337	29,266	202,144	17,292	171,859	45,537	124	-	53,410	7,634	-	616,603
Public Charges for Services	48,877	-	-	51,039	-	157,377	-	45,989	-	-	190,710	493,992
Total Revenues	<u>260,942</u>	<u>29,266</u>	<u>202,144</u>	<u>68,331</u>	<u>171,859</u>	<u>202,914</u>	<u>124</u>	<u>45,989</u>	<u>53,410</u>	<u>7,634</u>	<u>190,710</u>	<u>1,233,323</u>
EXPENDITURES												
Health and Human Services	<u>263,772</u>	<u>36,020</u>	<u>201,606</u>	<u>54,478</u>	<u>183,645</u>	<u>229,998</u>	<u>82</u>	<u>53,732</u>	<u>60,559</u>	<u>7,635</u>	<u>210,856</u>	<u>1,302,383</u>
NET CHANGE IN FUND BALANCE	(2,830)	(6,754)	538	13,853	(11,786)	(27,084)	42	(7,743)	(7,149)	(1)	(20,146)	(69,060)
Fund Balance (Deficit) - Beginning of Year	<u>33,342</u>	<u>22,352</u>	<u>1,752</u>	<u>34,564</u>	<u>21,217</u>	<u>73,077</u>	<u>4,149</u>	<u>(3,634)</u>	<u>11,842</u>	<u>39</u>	<u>67,926</u>	<u>266,626</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 30,512</u>	<u>\$ 15,598</u>	<u>\$ 2,290</u>	<u>\$ 48,417</u>	<u>\$ 9,431</u>	<u>\$ 45,993</u>	<u>\$ 4,191</u>	<u>\$ (11,377)</u>	<u>\$ 4,693</u>	<u>\$ 38</u>	<u>\$ 47,780</u>	<u>\$ 197,566</u>

**POLK COUNTY, WISCONSIN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2013**

	Highway Department	Health Insurance Fund	Totals
ASSETS			
CURRENT ASSETS			
Treasurer's Cash and Investments	\$ 1,486,538	\$ 1,578,080	\$ 3,064,618
Petty Cash Funds	200	-	200
Accounts Receivable	4,334	-	4,334
Due from Other Governmental Units	745,408	-	745,408
Inventory	498,408	-	498,408
Prepaid Items	84,948	-	84,948
Total Current Assets	<u>2,819,836</u>	<u>1,578,080</u>	<u>4,397,916</u>
NONCURRENT ASSETS			
Capital Assets Not Being Depreciated	17,719	-	17,719
Capital Assets Being Depreciated	9,147,388	-	9,147,388
Less: Accumulated Depreciation	4,555,220	-	4,555,220
Net Capital Assets	<u>4,609,887</u>	<u>-</u>	<u>4,609,887</u>
Total Assets	7,429,723	1,578,080	9,007,803
LIABILITIES			
CURRENT LIABILITIES			
Vouchers and Accounts Payable	230,816	-	230,816
Claims Incurred but not Reported	-	691,662	691,662
Deferred Revenue	96,160	-	96,160
Accrued Wages Payable	70,235	-	70,235
Accrued Employee Leave	263,425	-	263,425
Total Current Liabilities	<u>660,636</u>	<u>691,662</u>	<u>1,352,298</u>
LONG-TERM LIABILITIES, (Net of Current Portion)			
Accrued Employee Leave	102,552	-	102,552
Total Liabilities	763,188	691,662	1,454,850
NET POSITION			
Net Investment in Capital Assets	4,609,887	-	4,609,887
Unrestricted	2,056,648	886,418	2,943,066
Total Net Position	<u>\$ 6,666,535</u>	<u>\$ 886,418</u>	<u>\$ 7,552,953</u>

POLK COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2013

	Highway Department	Self-Funded Health Insurance	Totals
OPERATING REVENUES			
Charges for Services	\$ 7,160,515	\$ 5,691,865	\$ 12,852,380
Other	64,269	486,608	550,877
Total Operating Revenues	<u>7,224,784</u>	<u>6,178,473</u>	<u>13,403,257</u>
OPERATING EXPENSES			
Transportation	6,361,523	-	6,361,523
Premiums and Claims	-	5,980,386	5,980,386
Administrative and General Expenses	323,845	-	323,845
Change in Accrued Employee Leave Liabilities	77,073	-	77,073
Total Operating Expenses	<u>6,762,441</u>	<u>5,980,386</u>	<u>12,742,827</u>
OPERATING INCOME	462,343	198,087	660,430
NONOPERATING REVENUES			
Gain on Sale of Fixed Assets	6,527	-	6,527
CHANGE IN NET POSITION	468,870	198,087	666,957
Net Position - Beginning of Year	<u>6,197,665</u>	<u>688,331</u>	<u>6,885,996</u>
NET POSITION - END OF YEAR	<u>\$ 6,666,535</u>	<u>\$ 886,418</u>	<u>\$ 7,552,953</u>

**POLK COUNTY, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Highway Department	Health Insurance Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received for Services Provided	\$ 7,247,852	\$ 6,178,473	\$ 13,426,325
Cash Paid to Suppliers for Goods and Services	(2,310,240)	(5,715,336)	(8,025,576)
Cash Paid for Employee Services	(3,578,725)	-	(3,578,725)
Net Cash Provided by Operating Activities	<u>1,358,887</u>	<u>463,137</u>	<u>1,822,024</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash Received from Sale of Capital Assets	20,622	-	20,622
Cash Paid for Acquisition of Capital Assets	(537,752)	-	(537,752)
Net Cash Used for Capital and Related Financing Activities	<u>(517,130)</u>	<u>-</u>	<u>(517,130)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	841,757	463,137	1,304,894
Cash and Cash Equivalents - Beginning of Year	<u>644,981</u>	<u>1,114,943</u>	<u>1,759,924</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,486,738</u>	<u>\$ 1,578,080</u>	<u>\$ 3,064,818</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 462,343	\$ 198,087	\$ 660,430
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	591,041	-	591,041
(Increase) Decrease in Asset Accounts:			
Accounts Receivable	(3,173)	-	(3,173)
Due from Other Governmental Units	(16,426)	-	(16,426)
Inventories	48,829	-	48,829
Prepaid Items	44,665	-	44,665
Increase (Decrease) in Liability Accounts:			
Accounts Payable	115,280	-	115,280
Claims Incurred but not Reported	-	265,050	265,050
Deferred Revenue	42,667	-	42,667
Wages Payable	(3,412)	-	(3,412)
Accrued Employee Leave	77,073	-	77,073
Net Cash Provided by Operating Activities	<u>\$ 1,358,887</u>	<u>\$ 463,137</u>	<u>\$ 1,822,024</u>

**POLK COUNTY, WISCONSIN
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2013**

	<u>Balance</u> <u>January 01, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2013</u>
District Attorney				
<u>Assets</u>				
Cash and Pooled Investments	\$ 810	\$ 75,667	\$ 72,724	\$ 3,753
<u>Liabilities</u>				
Special Deposits	\$ 810	\$ 75,667	\$ 72,724	\$ 3,753
Treasurer				
<u>Assets</u>				
Cash and Pooled Investments	\$ 464,811	\$ 16,603,726	\$ 16,547,945	\$ 520,592
<u>Liabilities</u>				
Due to Other Governments	\$ 464,811	\$ 16,603,726	\$ 16,547,945	\$ 520,592
Circuit Court				
<u>Assets</u>				
Cash and Pooled Investments	\$ 430,626	\$ 2,000,369	\$ 2,012,650	\$ 418,345
<u>Liabilities</u>				
Special Deposits	\$ 430,626	\$ 2,000,369	\$ 2,012,650	\$ 418,345
Tax Agency				
<u>Assets</u>				
Cash and Pooled Investments	\$ 1,978	\$ 60,731,450	\$ 60,733,118	\$ 310
Taxes Receivable	704,474	22,237,145	22,248,386	693,233
Tax Certificates	86,252	-	86,252	-
Special Assessments	331	-	-	331
Total Assets	<u>\$ 793,035</u>	<u>\$ 82,968,595</u>	<u>\$ 83,067,756</u>	<u>\$ 693,874</u>
<u>Liabilities</u>				
Due to Other Governments	\$ 706,452	\$ 82,968,595	\$ 82,981,504	\$ 693,543
District/State Equities & Uncollected Taxes	86,583	-	86,252	331
Total Liabilities	<u>\$ 793,035</u>	<u>\$ 82,968,595</u>	<u>\$ 83,067,756</u>	<u>\$ 693,874</u>

**POLK COUNTY, WISCONSIN
 COMBINING STATEMENT OF CHANGES IN ASSETS
 AND LIABILITIES – ALL AGENCY FUNDS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2013**

	<u>Balance</u> <u>January 01, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2013</u>
Sheriff				
<u>Assets</u>				
Cash and Pooled Investments	\$ 9,420	\$ 300,820	\$ 294,703	\$ 15,537
<u>Liabilities</u>				
Special Deposits	\$ 9,420	\$ 300,820	\$ 294,703	\$ 15,537
Total Agency Funds				
<u>Assets</u>				
Cash and Pooled Investments	\$ 907,645	\$ 79,712,032	\$ 79,661,140	\$ 958,537
Taxes Receivable	704,474	22,237,145	22,248,386	693,233
Special Charges Receivable	-	-	-	-
Special Assessments	331	-	-	331
Total Assets	<u>\$ 1,698,702</u>	<u>\$ 101,949,177</u>	<u>\$ 101,995,778</u>	<u>\$ 1,652,101</u>
<u>Liabilities</u>				
Due to Other Governments	\$ 1,171,263	\$ 99,572,321	\$ 99,529,449	\$ 1,214,135
Special Deposits	440,856	2,376,856	2,380,077	437,635
District/State Equities & Uncollected Taxes	86,583	-	86,252	331
Total Liabilities	<u>\$ 1,698,702</u>	<u>\$ 101,949,177</u>	<u>\$ 101,995,778</u>	<u>\$ 1,652,101</u>

STATISTICAL SECTION (UNAUDITED)

STATISTICAL INFORMATION SECTION (UNAUDITED)

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

CONTENTS

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source, property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.

**POLK COUNTY, WISCONSIN
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities										
Net Investment in Capital Assets	\$ 45,999,384	\$ 41,455,678	\$ 46,730,441	\$ 41,266,442	\$ 46,207,346	\$ 48,488,858	\$ 51,858,738	\$ 55,031,898	\$ 56,816,037	\$ 58,646,307
Restricted	2,790,913	7,068,909	3,996,100	4,665,633	6,081,467	5,505,652	4,343,713	1,836,833	1,895,118	2,035,978
Unrestricted	6,361,295	9,214,409	9,284,786	13,167,400	10,452,228	10,609,059	12,494,772	14,498,234	14,315,819	13,953,305
Total Governmental Activities Net Position	<u>\$ 55,151,592</u>	<u>\$ 57,738,996</u>	<u>\$ 60,011,327</u>	<u>\$ 59,099,475</u>	<u>\$ 62,741,041</u>	<u>\$ 64,603,569</u>	<u>\$ 68,697,223</u>	<u>\$ 71,366,965</u>	<u>\$ 73,026,974</u>	<u>\$ 74,635,590</u>
Business-Type Activities										
Net Investment in Capital Position	\$ 1,790,920	\$ 1,703,099	\$ 1,972,013	\$ 1,827,263	\$ 2,484,395	\$ 2,613,636	\$ 2,577,897	\$ 2,445,058	\$ 2,225,795	\$ 2,414,352
Restricted	156,786	246,481	7,278	7,585	8,554	8,363	9,416	9,334	8,179	16,575
Unrestricted	(368,440)	338,486	(190,217)	516,188	464,555	(171,492)	(523,487)	(958,285)	(578,608)	(418,064)
Total Business-Type Activities Net Position	<u>\$ 1,579,266</u>	<u>\$ 2,288,066</u>	<u>\$ 1,789,074</u>	<u>\$ 2,351,036</u>	<u>\$ 2,957,504</u>	<u>\$ 2,450,507</u>	<u>\$ 2,063,826</u>	<u>\$ 1,496,107</u>	<u>\$ 1,655,366</u>	<u>\$ 2,012,863</u>
Primary Government										
Net Investment in Capital Position	\$ 47,790,304	\$ 43,158,777	\$ 48,702,454	\$ 43,093,705	\$ 48,691,741	\$ 51,102,494	\$ 54,436,635	\$ 57,476,956	\$ 59,041,832	\$ 61,060,659
Restricted	2,947,699	7,315,390	4,003,378	4,673,218	6,090,021	5,514,015	4,353,129	1,846,167	1,903,297	2,052,553
Unrestricted	5,992,855	9,552,895	9,094,569	13,683,588	10,916,783	10,437,567	11,971,285	13,539,949	13,737,211	13,535,241
Total Primary Government Net Position	<u>\$ 56,730,858</u>	<u>\$ 60,027,062</u>	<u>\$ 61,800,401</u>	<u>\$ 61,450,511</u>	<u>\$ 65,698,545</u>	<u>\$ 67,054,076</u>	<u>\$ 70,761,049</u>	<u>\$ 72,863,072</u>	<u>\$ 74,682,340</u>	<u>\$ 76,648,453</u>

Source: Polk County, Wisconsin Department of Administration.

**POLK COUNTY, WISCONSIN
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General Government	\$ 4,636,856	\$ 4,834,543	\$ 5,352,721	\$ 5,471,872	\$ 6,424,455	\$ 5,733,530	\$ 5,507,320	\$ 6,314,503	\$ 5,992,133	\$ 6,461,023
Public Safety	6,928,040	7,237,714	7,776,461	8,180,089	8,167,662	8,631,257	8,780,818	8,408,712	8,973,030	8,435,003
Highways and Streets (Transportation)	6,278,093	6,008,417	6,557,830	3,841,920	2,310,324	3,798,082	3,019,534	4,702,288	6,691,594	7,077,304
Sanitation	554,590	526,447	640,739	540,487	637,182	549,887	666,128	548,441	704,064	596,617
Health and Human Services	15,803,056	16,665,564	16,707,944	18,144,081	19,363,901	16,876,948	16,319,148	15,464,511	14,384,772	14,660,528
Culture, Recreation, and Education	1,038,349	1,213,937	1,290,621	1,173,784	1,125,183	1,254,068	1,334,688	1,457,225	1,124,100	1,276,871
Conservation and Development	1,561,319	1,983,740	1,855,089	3,307,960	2,101,770	2,468,742	1,857,848	4,000,359	2,121,849	1,793,764
Interest and Fiscal Charges	1,371,862	1,145,864	1,495,782	1,425,633	1,532,154	1,456,759	1,369,263	1,262,235	1,156,058	869,951
Total Governmental Activities Expenses	<u>38,172,165</u>	<u>39,616,226</u>	<u>41,677,167</u>	<u>42,085,826</u>	<u>41,662,631</u>	<u>40,769,273</u>	<u>38,854,747</u>	<u>42,158,274</u>	<u>41,147,600</u>	<u>41,171,061</u>
Business-Type Activities:										
Nursing Home	6,699,173	6,766,674	6,684,569	6,834,530	6,928,868	7,284,381	7,849,407	8,035,922	7,638,206	7,557,747
Lime Fund	581,512	546,184	570,237	523,753	604,804	422,303	446,771	775,716	677,335	417,114
Total Business-Type Activities Expenses	<u>7,280,685</u>	<u>7,312,858</u>	<u>7,254,806</u>	<u>7,358,283</u>	<u>7,533,672</u>	<u>7,706,684</u>	<u>8,296,178</u>	<u>8,811,638</u>	<u>8,315,541</u>	<u>7,974,861</u>
Total Primary Government Expenses	<u>\$ 45,452,850</u>	<u>\$ 46,929,084</u>	<u>\$ 48,931,973</u>	<u>\$ 49,444,109</u>	<u>\$ 49,196,303</u>	<u>\$ 48,475,957</u>	<u>\$ 47,150,925</u>	<u>\$ 50,969,912</u>	<u>\$ 49,463,141</u>	<u>\$ 49,145,922</u>
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 915,851	\$ 948,377	\$ 1,420,293	\$ 884,035	\$ 990,568	\$ 955,304	\$ 922,585	\$ 1,066,665	\$ 1,379,892	\$ 1,578,062
Public Safety	706,047	963,255	660,882	761,165	577,491	532,307	490,346	488,409	445,090	629,752
Highways and Streets (Transportation)	1,700,971	2,236,294	2,264,197	-	-	-	-	2,169,805	2,127,520	2,630,831
Sanitation	460,554	493,888	436,322	456,805	442,283	324,405	429,287	498,089	381,967	342,539
Health and Human Services	2,900,307	2,893,139	2,520,216	3,933,413	4,265,691	3,816,849	3,415,937	3,177,372	3,677,788	4,027,798
Culture, Recreation, and Education	53,770	138,766	49,630	7,875	9,228	13,956	14,085	20,169	29,570	18,863
Conservation and Development	624,490	480,002	643,445	649,037	564,543	425,047	598,995	340,694	355,258	277,965
Operating Grants and Contributions	12,921,815	13,040,076	13,053,621	11,779,062	12,295,347	10,260,542	10,520,776	11,059,492	8,681,802	8,133,807
Capital Grants and Contributions	571,135	773,249	476,977	144,889	432,327	206,698	-	46,133	-	-
Total Governmental Activities Program Revenues	<u>20,854,940</u>	<u>21,967,046</u>	<u>21,525,583</u>	<u>18,616,281</u>	<u>19,577,478</u>	<u>16,535,108</u>	<u>16,391,991</u>	<u>18,866,828</u>	<u>17,078,887</u>	<u>17,639,617</u>

**POLK COUNTY, WISCONSIN
CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program Revenues (Continued)										
Business-Type Activities:										
Charges for Services										
Nursing Home	\$ 5,526,423	\$ 5,723,068	\$ 5,862,082	\$ 6,030,222	\$ 6,436,210	\$ 6,665,519	\$ 6,713,618	\$ 6,853,013	\$ 6,699,236	\$ 6,754,396
Lime Operations	908,691	738,718	593,509	595,678	645,209	439,408	466,864	717,181	775,679	527,050
Operating Grants and Contributions	887,157	724,036	426,488	626,132	1,062,323	682,594	782,927	902,005	1,102,005	1,009,352
Capital Grants and Contributions	-	-	-	-	-	121,782	123,548	-	-	27,000
Total Business-Type Activities Program Revenues	<u>7,322,271</u>	<u>7,185,822</u>	<u>6,882,079</u>	<u>7,252,032</u>	<u>8,143,742</u>	<u>7,909,303</u>	<u>8,086,957</u>	<u>8,272,199</u>	<u>8,576,920</u>	<u>8,317,798</u>
Total Primary Government Program Revenues	<u>\$ 28,177,211</u>	<u>\$ 29,152,868</u>	<u>\$ 28,407,662</u>	<u>\$ 25,868,313</u>	<u>\$ 27,721,220</u>	<u>\$ 24,444,411</u>	<u>\$ 24,478,948</u>	<u>\$ 27,139,027</u>	<u>\$ 25,655,807</u>	<u>\$ 25,957,415</u>
Governmental Activities	<u>\$ (17,317,225)</u>	<u>\$ (17,649,180)</u>	<u>\$ (20,151,584)</u>	<u>\$ (23,469,545)</u>	<u>\$ (22,085,153)</u>	<u>\$ (24,234,165)</u>	<u>\$ (22,462,756)</u>	<u>\$ (23,291,446)</u>	<u>\$ (24,068,713)</u>	<u>\$ (23,531,444)</u>
Business-Type Activities	<u>41,586</u>	<u>(127,036)</u>	<u>(372,727)</u>	<u>(106,251)</u>	<u>610,070</u>	<u>202,619</u>	<u>(209,221)</u>	<u>(539,439)</u>	<u>261,379</u>	<u>342,937</u>
Total Primary Government Net Expense	<u>\$ (17,275,639)</u>	<u>\$ (17,776,216)</u>	<u>\$ (20,524,311)</u>	<u>\$ (23,575,796)</u>	<u>\$ (21,475,083)</u>	<u>\$ (24,031,546)</u>	<u>\$ (22,671,977)</u>	<u>\$ (23,830,885)</u>	<u>\$ (23,807,334)</u>	<u>\$ (23,188,507)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 14,154,472	\$ 15,835,840	\$ 16,588,575	\$ 17,371,757	\$ 19,782,472	\$ 20,149,085	\$ 21,171,147	\$ 21,664,675	\$ 21,546,877	\$ 21,854,312
Sales Tax	2,305,554	2,404,386	2,325,915	2,364,052	2,349,149	2,178,514	2,353,827	2,365,174	2,461,037	2,491,207
Other Taxes	553,605	613,468	581,223	566,036	552,252	635,737	917,729	816,702	817,480	802,149
State and Federal Aids not Restricted to Specific Programs	720,855	733,277	731,873	943,732	1,034,960	1,006,885	926,775	793,767	703,168	719,836
Interest and Investment Earnings	199,621	512,636	1,080,779	970,661	746,581	446,870	184,439	122,413	182,131	91,447
Miscellaneous (Other)	794,020	843,547	965,550	934,937	1,211,305	879,602	802,493	145,906	102,618	305,541
Transfers	150,000	(706,570)	150,000	(593,482)	50,000	800,000	200,000	52,551	-	8,677
Total Governmental Activities	<u>18,878,127</u>	<u>20,236,584</u>	<u>22,423,915</u>	<u>22,557,693</u>	<u>25,726,719</u>	<u>26,096,693</u>	<u>26,556,410</u>	<u>25,961,188</u>	<u>25,813,311</u>	<u>26,073,169</u>
Business-Type Activities:										
Interest & Investment earnings	-	-	277	151	54	56	112	115	1,083	743
Miscellaneous (Other)	40,055	129,266	23,458	74,580	46,344	90,328	22,428	24,156	20,345	22,494
Transfers	(150,000)	706,570	(150,000)	593,482	(50,000)	(800,000)	(200,000)	(52,551)	-	(8,677)
Total Business-Type Activities	<u>(109,945)</u>	<u>835,836</u>	<u>(126,265)</u>	<u>668,213</u>	<u>(3,602)</u>	<u>(709,616)</u>	<u>(177,460)</u>	<u>(28,280)</u>	<u>21,428</u>	<u>14,560</u>
Total Primary Government	<u>\$ 18,768,182</u>	<u>\$ 21,072,420</u>	<u>\$ 22,297,650</u>	<u>\$ 23,225,906</u>	<u>\$ 25,723,117</u>	<u>\$ 25,387,077</u>	<u>\$ 26,378,950</u>	<u>\$ 25,932,908</u>	<u>\$ 25,834,739</u>	<u>\$ 26,087,729</u>
Change in Net Position										
Governmental Activities	\$ 1,560,902	\$ 2,587,404	\$ 2,272,331	\$ (911,852)	\$ 3,641,566	\$ 1,862,528	\$ 4,093,654	\$ 2,669,742	\$ 1,744,598	\$ 2,541,725
Business-Type Activities	(68,359)	708,800	(498,992)	561,962	606,468	(506,997)	(386,681)	(567,719)	282,807	357,497
Total Primary Government	<u>\$ 1,492,543</u>	<u>\$ 3,296,204</u>	<u>\$ 1,773,339</u>	<u>\$ (349,890)</u>	<u>\$ 4,248,034</u>	<u>\$ 1,355,531</u>	<u>\$ 3,706,973</u>	<u>\$ 2,102,023</u>	<u>\$ 2,027,405</u>	<u>\$ 2,899,222</u>

Source: Polk County, Wisconsin Department of Administration.

**POLK COUNTY, WISCONSIN
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,557,869	\$ 5,524,416	\$ 5,208,013	\$ 5,165,065
Restricted (Reserved 2001 - 2009)	3,086,988	2,333,609	2,466,608	2,864,044	4,887,963	6,297,290	157,907	186,340	249,386	229,141
Committed	-	-	-	-	-	-	227,429	174,157	106,487	16,693
Assigned (Designated (2001 - 2009)	650,559	1,208,708	1,686,316	-	-	854,379	18,887	147,509	1,301,536	629,537
Unassigned (Undesignated (2001 - 2009)	3,273,754	3,721,002	4,484,426	5,358,447	4,118,693	2,878,036	6,635,325	7,254,080	6,739,432	7,304,853
Total General Fund	<u>\$ 7,011,301</u>	<u>\$ 7,263,319</u>	<u>\$ 8,637,350</u>	<u>\$ 8,222,491</u>	<u>\$ 9,006,656</u>	<u>\$ 10,029,705</u>	<u>\$ 12,597,417</u>	<u>\$ 13,286,502</u>	<u>\$ 13,604,854</u>	<u>\$ 13,345,289</u>
All Other Government Funds										
Nonspendable										
Special Revenue Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,528	\$ -	\$ -
Restricted (Reserved 2001 - 2009)										
Special Revenue Funds	302,407	641,793	427,097	427,097	427,097	484,715	1,109,341	601,693	662,157	860,649
Debt Service Fund	-	-	-	-	-	208,954	210,238	172,383	177,871	178,710
Capital Projects Fund	-	-	-	-	-	-	249,885	251,768	34	-
Assigned (Designated 2001 - 2009)										
Special Revenue Funds	739,708	1,303,457	1,208,386	938,135	1,365,634	564,847	-	592,271	803,308	944,515
Debt Service Funds	50,209	59,321	27,327	127,745	120,625	-	-	-	-	-
Capital Project Funds	-	4,374,343	1,458,206	4,509,533	2,682,383	2,002,742	-	-	-	-
Unassigned (Undesignated 2001 - 2009)										
Special Revenue Funds	-	-	-	(57,579)	(4,917)	(64,764)	(100,100)	(103,544)	(35,645)	(11,092)
Capital Project Funds	-	-	-	-	(91,478)	26,322	-	-	-	-
Total All Other Government Funds	<u>\$ 1,092,324</u>	<u>\$ 6,378,914</u>	<u>\$ 3,121,016</u>	<u>\$ 5,944,931</u>	<u>\$ 4,499,344</u>	<u>\$ 3,222,816</u>	<u>\$ 1,469,364</u>	<u>\$ 1,532,099</u>	<u>\$ 1,607,725</u>	<u>\$ 1,972,782</u>

Source Polk County, Wisconsin Department of Administration.

NOTE: The County implemented GASB 54 in fiscal year 2010, resulting in significant reclassification of the components of fund balance. Years prior to 2010 have not been restated.

POLK COUNTY, WISCONSIN
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$17,013,631	\$18,853,694	\$19,495,713	\$20,401,122	\$22,793,100	\$23,017,227	\$24,448,405	\$24,886,825	\$24,927,433	\$24,970,655
Intergovernmental	14,333,722	14,621,779	14,154,843	12,853,361	14,228,871	11,424,333	10,843,688	12,063,915	9,275,868	8,987,560
Licenses and Permits	489,378	610,678	556,246	400,730	352,188	345,693	346,787	316,946	319,409	330,106
Fines and Forfeits	315,400	303,903	271,497	296,075	304,443	200,019	174,802	190,724	174,697	170,883
Public Charges for Services	4,602,921	4,739,049	4,467,305	5,822,600	5,905,314	5,214,784	4,936,560	4,741,229	5,241,578	5,407,973
Intergovernmental Charges for Services	175,148	220,625	671,850	183,879	222,013	262,856	244,316	315,457	246,274	299,629
Miscellaneous										
Interest	195,341	500,561	1,014,265	962,241	734,245	440,389	180,040	115,753	94,242	87,947
Rent	298,472	319,860	347,769	311,078	315,473	256,725	249,065	276,473	285,891	289,903
Donations	51,154	49,574	-	-	-	-	-	-	-	-
Other	911,295	832,875	768,053	554,566	623,548	657,964	639,666	193,478	133,978	340,294
Total Revenues	<u>38,386,462</u>	<u>41,052,598</u>	<u>41,747,541</u>	<u>41,765,652</u>	<u>45,479,195</u>	<u>41,819,990</u>	<u>42,063,329</u>	<u>43,100,800</u>	<u>40,699,370</u>	<u>40,884,950</u>
Expenditures										
General Government	4,831,418	4,783,903	5,413,330	5,415,332	5,939,748	5,564,733	5,465,416	5,623,938	5,782,212	6,444,674
Public Safety	6,608,180	8,067,462	10,651,816	7,173,053	7,283,881	7,295,803	7,318,040	7,536,613	7,391,208	7,620,602
Highways and Streets (Transportation)	3,530,766	4,631,400	4,623,548	3,808,917	5,279,370	4,388,483	4,114,719	4,197,022	4,294,698	4,593,952
Sanitation	494,450	508,080	556,242	521,563	586,046	540,805	566,838	711,023	556,663	607,817
Health and Human Services	16,102,189	16,806,591	16,645,492	17,676,026	18,939,148	16,259,546	15,611,398	15,087,819	14,536,614	14,301,854
Culture and Recreation	1,018,383	1,092,279	1,223,930	1,195,621	1,338,301	1,342,130	1,330,898	1,385,898	1,174,919	1,219,646
Conservation and Development	3,515,599	2,112,990	1,901,047	2,464,990	2,043,575	2,418,535	1,735,431	4,019,799	2,094,840	1,769,182
Capital Outlay	-	-	-	748,278	999,107	385,107	122,276	-	-	-
Debt Service:										
Principal	918,006	1,275,000	1,240,000	1,726,274	2,014,946	2,335,335	2,696,627	2,685,462	4,947,284	3,230,334
Retirement of Pension Related Debt	-	-	-	-	-	-	-	-	-	-
Interest	1,368,085	1,056,207	1,524,189	1,425,193	1,498,780	1,432,637	1,373,060	1,262,181	1,153,148	1,000,074
Other Charges	-	189,516	1,814	58,387	2,172	-	-	-	29,810	-
Total Expenditures	<u>38,387,076</u>	<u>40,523,428</u>	<u>43,781,408</u>	<u>42,213,634</u>	<u>45,925,074</u>	<u>41,963,114</u>	<u>40,334,703</u>	<u>42,509,755</u>	<u>41,961,396</u>	<u>40,788,135</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(614)	529,170	(2,033,867)	(447,982)	(445,879)	(143,124)	1,728,626	591,045	(1,262,026)	96,815

Unaudited

POLK COUNTY, WISCONSIN
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Other Financing Sources (Uses)										
Transfers In	\$ 2,681,451	\$ 2,628,768	\$ 3,409,025	\$ 2,680,012	\$ 4,608,714	\$ 6,011,988	\$ 3,471,302	\$ 2,439,729	\$ 2,721,306	\$ 2,625,320
Transfers Out	(2,531,451)	(3,335,338)	(3,259,025)	(3,418,219)	(5,432,480)	(6,395,566)	(4,393,891)	(2,287,178)	(2,971,306)	(2,616,643)
Long-Term Debt Issued	-	24,100,000	-	3,500,000	608,223	273,223	8,223	8,224	1,873,223	-
Premium on Issuance of Debt	-	1,391,809	-	95,245	-	-	-	-	32,781	-
Payment to Escrow Agent	-	(19,775,801)	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>5,009,438</u>	<u>150,000</u>	<u>2,857,038</u>	<u>(215,543)</u>	<u>(110,355)</u>	<u>(914,366)</u>	<u>160,775</u>	<u>1,656,004</u>	<u>8,677</u>
Net Change in Fund Balances	<u>\$ 149,386</u>	<u>\$ 5,538,608</u>	<u>\$ (1,883,867)</u>	<u>\$ 2,409,056</u>	<u>\$ (661,422)</u>	<u>\$ (253,479)</u>	<u>\$ 814,260</u>	<u>\$ 751,820</u>	<u>\$ 393,978</u>	<u>\$ 105,492</u>
Debt Service as a Percentage of Noncapital Expenditures	5.96%	6.22%	6.32%	7.74%	7.83%	9.06%	10.12%	10.44%	15.42%	10.94%

Source: Polk County, Wisconsin Department of Administration.

**POLK COUNTY, WISCONSIN
EQUALIZED VALUE OF ALL PROPERTY BY ASSESSMENT CLASS
LAST TEN FISCAL YEARS**

Fiscal Year	Residential Equalized Value	Commercial Equalized Value	Manufacturing Equalized Value	Agricultural Equalized Value	Undeveloped Equalized Value	Forest Equalized Value	Other Equalized Value	Personal Property Equalized Value	Total Equalized Value	Total Equalized Value Excl. TID	Total Direct Tax Rate
2004	\$ 2,628,010,700	\$ 235,251,800	\$ 71,021,900	\$ 32,024,400	\$ 58,299,100	\$ 267,904,400	\$ 105,407,800	\$ 40,599,700	\$ 3,438,519,800	\$ 3,353,180,100	4.22
2005	2,984,740,300	249,738,400	75,581,400	31,827,900	39,116,700	301,590,900	112,893,600	42,068,000	3,837,557,200	3,753,151,400	4.22
2006	3,373,148,900	274,874,700	77,766,500	31,204,800	36,800,800	315,492,800	118,668,100	46,070,100	4,274,026,700	4,176,942,500	3.97
2007	3,744,121,400	304,359,000	78,688,700	33,258,100	48,290,600	345,389,700	119,978,700	50,498,900	4,724,585,100	4,614,309,200	3.77
2008	3,939,230,800	324,504,200	84,940,200	35,610,400	52,148,300	373,222,400	123,657,500	55,721,700	4,989,035,500	4,872,444,200	4.06
2009	3,982,446,200	342,068,500	87,383,800	36,981,100	52,049,500	376,293,900	123,048,500	61,609,600	5,061,881,100	4,942,198,400	4.08
2010	3,784,739,800	338,732,100	92,266,300	37,874,800	49,880,300	356,456,500	128,697,800	63,872,300	4,852,519,900	4,733,746,500	4.47
2011	3,508,281,300	336,740,200	90,077,900	37,440,900	48,400,800	338,065,300	127,082,200	58,858,000	4,544,946,600	4,432,825,200	4.87
2012	3,204,965,300	325,935,700	87,431,500	35,914,100	39,471,600	277,517,300	124,091,500	55,811,000	4,151,138,000	4,031,492,000	5.37
2013	3,143,570,000	337,778,500	88,500,500	34,138,900	39,576,800	261,737,200	122,458,400	57,145,500	4,084,905,800	3,970,704,700	5.37

Source: Polk County Treasurers' Office and the State of Wisconsin.

Notes: Total Equalized Value based on County's debt limit WI Statutes restricts to 5%.

The equalized value is prepared by the Wisconsin Department of Revenue, Bureau of Property Tax. These values include Tax Increment Districts (TID) which are not included in the taxable property upon which County taxes are levied.

**POLK COUNTY, WISCONSIN
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
DIRECT PROPERTY TAX RATES										
Operating Levy	\$ 3.49	\$ 3.53	\$ 3.25	\$ 3.04	\$ 3.32	\$ 3.29	\$ 3.58	\$ 3.84	\$ 4.19	\$ 4.17
Debt Levy	0.58	0.55	0.57	0.60	0.60	0.68	0.78	0.86	1.02	1.04
Special Purpose Levy	0.15	0.14	0.15	0.13	0.14	0.11	0.11	0.17	0.16	0.16
Total Direct County Tax Rate	\$ 4.22	\$ 4.22	\$ 3.97	\$ 3.77	\$ 4.06	\$ 4.08	\$ 4.47	\$ 4.87	\$ 5.37	\$ 5.37
INDIRECT PROPERTY TAX RATES ¹										
Cities of:										
Amery	\$ 23.55	\$ 22.31	\$ 21.33	\$ 20.99	\$ 22.13	\$ 22.52	\$ 24.93	\$ 26.46	\$ 27.34	\$ 27.92
St Croix Falls	20.05	19.54	18.73	18.06	18.47	18.88	20.21	21.74	23.13	23.34
Villages of:										
Balsam Lake	19.47	18.73	17.09	16.60	17.68	18.00	19.54	21.45	22.42	22.78
Centuria	18.72	18.07	17.58	17.54	18.12	19.02	20.83	22.25	23.48	24.33
Clayton	23.38	23.13	22.61	21.03	22.05	22.55	23.97	23.69	24.79	26.78
Clear Lake	19.89	20.05	18.11	17.14	18.61	19.03	20.48	21.97	22.81	23.99
Dresser	20.33	20.42	20.52	19.65	20.18	20.73	22.54	23.54	25.24	25.92
Frederic	22.70	20.04	21.94	21.57	20.72	20.76	23.09	24.25	23.87	21.93
Luck	19.76	20.54	19.99	18.99	19.96	20.74	22.57	22.57	23.66	24.67
Milltown	22.10	21.28	19.89	19.50	20.35	21.55	23.92	25.45	26.96	28.32
Osceola	19.17	18.99	18.52	17.33	17.58	17.89	18.67	20.42	23.00	23.70
Turtle Lake	26.34	27.26	26.69	25.04	21.47	21.27	22.71	23.43	24.94	26.34

**POLK COUNTY, WISCONSIN
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS (CONTINUED)
LAST TEN FISCAL YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Towns of:										
Alden	\$ 16.50	\$ 16.59	\$ 15.94	\$ 15.19	\$ 15.74	\$ 15.94	\$ 16.94	\$ 18.33	\$ 19.38	\$ 20.09
Apple River	15.92	15.68	14.38	14.21	15.19	15.58	17.22	18.58	19.11	19.23
Balsam Lake	14.79	14.65	13.91	13.61	14.23	14.76	16.12	17.58	18.52	18.75
Beaver	16.69	16.88	15.64	14.79	14.73	15.46	16.43	17.79	18.26	19.00
Black Brook	17.59	17.67	16.18	15.77	17.10	17.25	18.99	20.13	20.56	20.83
Bone Lake	15.40	15.77	15.25	14.41	15.07	15.25	16.82	16.91	17.52	18.31
Clam Falls	19.27	18.98	19.00	19.24	18.07	17.78	20.05	21.50	21.32	21.71
Clayton	20.04	19.53	18.11	17.02	17.76	17.99	19.75	19.63	20.53	21.82
Clear Lake	17.51	17.25	14.95	15.08	17.83	18.11	19.92	21.20	21.93	22.65
Eureka	15.75	16.24	15.58	15.06	15.42	16.02	17.60	19.23	20.39	20.61
Farmington	16.59	16.69	16.09	15.12	15.11	15.32	15.85	17.67	19.46	19.99
Garfield	16.45	16.39	15.49	15.28	16.38	16.66	18.42	19.37	20.05	20.13
Georgetown	14.78	14.49	13.35	13.28	13.89	14.50	15.87	17.58	18.38	18.86
Johnstown	16.39	16.48	15.20	14.33	14.24	14.86	15.87	17.27	17.79	18.62
Laketown	16.75	17.26	16.59	15.65	16.31	16.81	18.22	18.49	19.40	20.02
Lincoln	16.37	16.29	15.36	15.17	16.55	16.84	18.86	19.73	20.06	19.92
Lorain	17.33	16.52	16.34	16.55	15.73	15.58	17.56	18.42	18.15	19.04
Luck	15.84	16.03	15.50	14.79	15.38	15.61	17.13	17.38	17.98	18.74
McKinley	17.83	18.37	16.87	15.91	16.58	16.84	18.37	19.18	19.45	20.43
Milltown	15.98	15.45	14.23	14.19	14.67	15.25	16.70	18.55	19.45	19.90
Osceola	15.66	15.83	15.37	14.54	14.71	14.99	15.79	17.26	18.94	19.31
St Croix Falls	16.22	15.94	15.27	14.81	15.50	16.11	17.49	18.91	20.28	20.30
Sterling	16.10	15.85	15.44	14.94	15.27	15.77	17.12	18.22	19.42	19.64
West Sweden	18.68	17.68	17.41	17.67	16.73	16.51	18.54	19.39	19.23	20.27

Note: The taxes shown for overlapping governments are the Full Value Rates - Gross. This rate is the total property tax divided by the full value of all taxable general property in the municipality, including tax increment financing districts. The total property tax includes state taxes and special charges, special purpose district taxes and school taxes (elementary, secondary, and technical college). It reflects the amount of surplus funds applied (if any) by a district to reduce any of the above mentioned apportionments or charges. It does not include special assessments and charges to individuals, delinquent taxes, omitted taxes, forest crop taxes, managed forest land or occupational taxes.

¹ Source: Town, Village, and City Taxes, Wisconsin Department of Revenue, Division of State and Local Finance, Bureau of Local Government Services.

Source: Polk County, Wisconsin Treasurer and Department of Administration.

**POLK COUNTY, WISCONSIN
PRINCIPAL PROPERTY TAXPAYERS
TAXES PAYABLE IN 2013 AND NINE YEARS AGO**

Taxpayer	Property Classification	2013				2004			
		Rank	Net Tax	Equalized Assessed Value	% of Total Equalized Assessed Values	Rank	Net Tax	Equalized Assessed Value	% of County Total Tax Capacity
Menards, Inc.	Commercial	1	\$ 236,409	\$ 10,585,600	0.3 %	-	\$ -	\$ -	- %
Wal-Mart Real Estate Business Trust	Commercial	2	226,444	10,139,400	0.2	-	-	-	-
Cardinal Glass Industries	Commercial	3	175,870	6,458,500	0.2	4	82,372	3,663,100	0.1
Turtle Lake Properties, LLC	Manufacturing	4	138,117	4,819,100	0.1	-	-	-	-
A & K Realty	Manufacturing	5	122,516	4,500,100	0.1	-	-	-	-
Greenwhey Energy	Commercial	6	119,592	4,173,100	0.1	1	120,305	6,629,800	0.2
Polaris Industries	Manufacturing	7	117,321	5,184,000	0.1	-	-	-	-
Osceola Rentals LLC	Commercial	8	94,594	4,186,600	0.1	3	94,588	5,197,000	0.2
Dresser Trap Rock Inc. *	Manufacturing	9	84,840	3,388,800	0.1	-	-	-	-
Central Bank	Commercial	10	82,140	3,669,500	0.1	-	-	-	-
Bamfam Family Limited Partnership	Commercial		-	-	-	2	94,691	4,973,700	0.2
Plastech Corporation	Manufacturing		-	-	-	5	76,148	3,386,300	0.1
Ronald Anderson *	Commercial		-	-	-	6	71,480	1,398,400	0.0
WTG Investments	Commercial		-	-	-	7	69,898	3,671,500	0.1
Northwire	Manufacturing		-	-	-	8	60,312	3,313,800	0.1
Advanced Food Products	Manufacturing		-	-	-	9	57,444	3,095,300	0.1
Midland Properties LLC	Commercial		-	-	-	10	55,364	2,119,500	0.1
Totals			\$ 1,397,843	\$ 57,104,700	1.4 %		\$ 782,601	\$ 37,448,400	1.2 %
Total Equalized Assessed Valuation			\$ 4,084,905,800				\$ 3,029,463,950		

Source: Polk County Treasurer's Office.

Note: Wal-Mart Real Estate Business Trust, Menards, Inc., United Pioneer Home, Turtle Lake Properties, LLC, A & K Realty, Dresser Trap Rock Inc., and Amery Regional Medical Center were not in the top ten tax payers in 2004.

The above starred (*) properties have at least one parcel that has agricultural assessments. Per state law, no fair market value is calculated on any parcel with agricultural assessments. This may skew the Equalized Assessed Values lower.

**POLK COUNTY, WISCONSIN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended December 31</u>	<u>Tax Year Ended December 31</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections as of 12/31/2013</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2004	2003	\$ 55,286,603	\$ 54,236,543	98.1 %	\$ 1,050,060	\$ 55,286,603	100.0 %
2005	2004	61,171,244	60,022,786	98.1	1,147,795	61,170,581	100.0
2006	2005	64,721,871	63,405,297	98.0	1,316,369	64,721,666	100.0
2007	2006	68,254,221	66,663,429	97.7	1,585,401	68,248,830	100.0
2008	2007	74,199,719	72,213,730	97.3	1,972,624	74,186,354	100.0
2009	2008	75,568,798	73,202,535	96.9	2,344,388	75,546,923	100.0
2010	2009	77,932,085	75,689,018	97.1	2,184,991	77,874,009	99.9
2011	2010	78,226,788	76,199,360	97.4	1,666,030	77,865,390	99.5
2012	2011	76,470,563	74,690,540	97.7	885,441	75,575,981	98.8
2013	2012	76,829,929	75,171,532	97.8	-	75,171,532	97.8

Source: Polk County, Wisconsin Treasurer's Office.

Notes: Since 2013 taxes are based on 2012 values, the collections in subsequent years will be zero due to the way the collection dates fall.

**POLK COUNTY, WISCONSIN
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Personal Income	Percent of Personal Income	Population (a)	Debt Per Capita
	General Obligation Bonds	General Obligation Notes	Capital Leases	Loans	General Obligation Notes	Capital Leases					
2004	\$ 27,490,000	\$ 1,785,000	\$ 63,684	\$ 529,241	\$ 1,060,702	\$ -	\$ 30,928,627	\$ 1,156,556,000	2.7	43,886	\$ 705
2005	26,690,000	7,140,000	32,608	600,191	1,088,319	-	35,551,118	1,203,109,000	3.0	44,613	797
2006	25,710,000	6,880,000	12,569	588,430	1,019,501	-	34,210,500	1,211,378,000	2.8	44,784	764
2007	24,585,000	9,890,000	149,658	-	950,988	-	35,575,646	1,267,634,000	2.8	44,265	804
2008	23,290,000	9,280,000	223,106	895,643	75,566	-	33,764,315	1,350,159,000	2.5	44,270	763
2009	22,120,000	8,205,000	423,036	849,975	70,662	12,573	31,681,246	1,370,940,000	2.3	44,275	716
2010	20,795,000	6,975,000	373,403	736,190	65,534	16,525	28,961,652	1,394,775,000	2.1	44,205	655
2011	20,166,587	5,970,000	283,241	579,647	60,172	12,573	27,072,220	1,459,689,000	1.9	44,040	615
2012	20,295,054	2,950,000	256,510	357,317	54,575	8,376	23,921,832	1,427,232,000	1.7	43,610	549
2013	16,715,000	2,680,000	228,701	209,792	48,713	3,921	19,886,127	1,443,460,500 *	1.4	43,476	457

Source: Polk County, Wisconsin Department of Administration.

Note: * Indicates estimate based on the two previous years or percent change from prior year.

**POLK COUNTY, WISCONSIN
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	Outstanding Debt			Percentage of Estimated Actual Taxable Value (1) of Property	Personal Income	Percent of Personal Income	Population (a)	Debt Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total					
2004	\$ 27,490,000	\$ 8,048	\$ 27,481,952	0.8	\$ 1,156,556,000	2.4	43,282	\$ 635
2005	26,690,000	50,209	26,639,791	0.7	1,203,109,000	2.2	43,886	607
2006	25,710,000	59,321	25,650,679	0.6	1,211,378,000	2.1	44,613	575
2007	24,585,000	27,327	24,557,673	0.5	1,267,634,000	1.9	44,784	548
2008	23,290,000	128,144	23,161,856	0.5	1,350,159,000	1.7	44,265	523
2009	22,120,000	172,383	21,947,617	0.4	1,370,940,000	1.6	44,270	496
2010	20,795,000	210,238	20,584,762	0.4	1,394,775,000	1.5	44,205	466
2011	20,166,587	172,383	19,994,204	0.4	1,365,744,750	1.5	44,229	452
2012	20,295,054	177,871	20,117,183	0.5	1,427,232,000 *	1.4	43,610	461
2013	16,715,000	178,711	16,536,289	0.4	1,443,460,500	1.1	43,476	380

Source: Polk County, Wisconsin Department of Administration.

Note: (1) See the Schedule of Equalized Value of All Property by Assessment Class on page 88 for property value data.

* Indicates estimate based on the two previous years or percent changes from prior year.

**POLK COUNTY, WISCONSIN
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2013**

<u>Jurisdiction</u>	<u>Total GO. Bonds Outstanding (1)</u>	<u>Percent (2)</u>	<u>Applicable to Polk County Amount</u>
Underlying Debt:			
Cities of:			
Amery	\$ 3,703,381	100.0 %	\$ 3,703,381
St. Croix Falls	6,915,640	100.0	6,915,640
Total Cities	10,619,021		10,619,021
Villages of:			
Balsam Lake	2,386,239	100.0	2,386,239
Centuria	860,769	100.0	860,769
Clayton	596,483	100.0	596,483
Clear Lake	802,262	100.0	802,262
Dresser	1,050,920	100.0	1,050,920
Frederic	1,441,052	100.0	1,441,052
Luck	208,459	100.0	208,459
Milltown	546,664	100.0	546,664
Osceola	4,796,213	100.0	4,796,213
Total Villages	12,689,061		12,689,061
Townships of:			
Garfield	311,479	100.0	311,479
Luck	6,338	100.0	6,338
Milltown	97,789	100.0	97,789
Osceola	472,498	100.0	472,498
Sterling	104,485	100.0	104,485
West Sweden	91,196	100.0	91,196
Total Townships	1,083,785		1,083,785

**POLK COUNTY, WISCONSIN
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (CONTINUED)
DECEMBER 31, 2013**

<u>Jurisdiction</u>	<u>Total GO. Bonds Outstanding (1)</u>	<u>Percent (2)</u>	<u>Applicable to Polk County Amount</u>
Underlying Debt:			
School Districts of:			
Amery	\$ 12,500,000	97.0 %	\$ 12,125,000
Clayton	1,406,582	71.0	998,673
Clear Lake	8,700,000	70.0	6,090,000
Cumberland	3,664,000	4.0	146,560
Frederic	3,616,206	72.0	2,603,668
Grantsburg	4,340,958	4.0	173,638
Luck	1,871,203	100.0	1,871,203
Osceola	16,026,101	94.0	15,064,535
St. Croix Falls	10,350,000	100.0	10,350,000
Turtle Lake	2,597,763	47.0	1,220,949
Unity	4,115,834	100.0	4,115,834
Total School Districts	<u>69,188,647</u>		<u>54,760,060</u>
Underlying Debt Subtotal:	93,580,514		<u>79,151,927</u>
Overlapping Debt:			
Direct Debt:			
Polk County			
General Obligation Bonds	17,394,348	100.0	17,394,348
General Obligation Notes	2,728,713	100.0	2,728,713
State Trust Fund Loans	-	100.0	-
Forest Loans Payable	209,792	100.0	209,792
Capital Leases	232,622	100.0	232,622
Overlapping Debt Subtotal:	<u>20,565,475</u>		<u>20,565,475</u>
Total	<u>\$ 114,145,989</u>		<u>\$ 99,717,402</u>

Notes: (1) Does not include Revenue Debt, Special Assessment Debt, Tax Increment Debt, or State Aid and Tax Anticipation Certificates.

(2) Determined by the portion of property subject to taxation in Polk County.

Source: Polk County, Wisconsin Department of Administration.

**POLK COUNTY, WISCONSIN
COMPUTATION OF LEGAL DEBT LIMITATION
DECEMBER 31, 2013**

	Amount	Percent
Total Taxable Market Value	\$ 3,970,704,700	
Debt limit- 5% of Total Market Value	198,535,235	100.0%
Amount of Debt Applicable to 5% Debt Limit: Total Bonded Debt	\$ 19,443,713 *	
Total Amount of Debt Applicable to Debt Limit	19,443,713	9.79%
Legal Debt Margin	\$ 179,091,522	90.21%

Source: Polk County, Wisconsin Department of Administration.

Note: * For the purposes of this table the total bonded debt excludes the previously issued capital leases.

**POLK COUNTY, WISCONSIN
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (b)	Area (Sq. Mi.) (d)	Density (Person/Sq. Mi.)	Number of Households (a)	Unemployment Rate (c)
2004	43,886	\$ 1,156,556,000	\$ 26,354	960	46	23,056	5.1
2005	44,613	1,203,109,000	26,968	960	46	23,522	5.6
2006	44,784	1,211,378,000	27,049	960	47	23,980	5.7
2007	44,265	1,267,634,000	28,637	960	46	24,334	5.9
2008	44,270	1,350,159,000	30,498	960	46	24,298	7.3
2009	44,275	1,370,940,000	30,964	960	46	24,642	10.2
2010	44,205	1,360,549,500	30,778	960	46	24,248	7.9
2011	44,040	1,459,689,000	33,145	960	46	24,218	7.8
2012	43,610	1,578,672,000	36,200	960	45	24,233	8.0
2013	43,476	1,575,514,000 *	36,239	960	45	24,278	* 6.9

Sources: (a) Polk County, Wisconsin Department of Administration.

(b) U.S. Census.

(c) Bureau of Economic Analysis.

(d) U.S. Department of Labor - Bureau of Labor Statistics.

* Indicates estimates based on the two previous years or percent change from prior year.

**POLK COUNTY, WISCONSIN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>Fiscal Year 2013 (a) (b)</u>		<u>Fiscal Year 2004 (a) (b)</u>	
	<u>Employees</u>	<u>% of Total County Employment</u>	<u>Employees</u>	<u>% of Total County Employment</u>
Spartan Staffing (The Work Connection of WI)	545	12.1 %	115	4.1 %
County of Polk	424	9.4	520	18.5
St Croix Regional Medical Center	530	11.8	410	14.6
Masterson Personnel Inc	976	21.7	500	17.8
Amery Regional Medical Center Inc	452	10.1	304	10.8
Osceola Public School	453	10.1	313	11.2
Wal-Mart	300	6.7	200	7.1
School District of Amery	228	5.1	245	8.7
Scientific Molding Corp LTC (SMC)	300	6.7	-	-
Osceola Medical Center	280	6.2	200	7.1
	<u>4,488</u>	<u>100.0 %</u>	<u>2,807</u>	<u>100.0 %</u>

Source: (a) Department of Administration.

(b) Wisconsin Department of Employment and Economic Development.

**POLK COUNTY, WISCONSIN
EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways and Streets</u>	<u>Health and Welfare</u>	<u>Culture and Recreation</u>	<u>Total</u>
2004	58	74	39	142	25	338
2005	60	79	39	139	22	339
2006	64	84	39	138	21	346
2007	64	81	39	132	26	342
2008	67	77	38	135	26	343
2009	66	80	38	132	28	345
2010	65	77	37	128	27	334
2011	67	76	36	119	28	326
2012	67	76	37	118	29	327
2013	61	77	37	117	32	324

Source: Polk County, Wisconsin Department of Administration; Adopted Budget.

Note: Employee count is based on authorized Full-Time Equivalent (FTE) positions.
Information for 2003 is not available due to County switch to ABRA payroll system.

**POLK COUNTY, WISCONSIN
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government										
Number of Cities	2	2	2	2	2	2	2	2	2	2
Number of Towns	24	24	24	24	24	24	24	24	24	24
Number of Villages	10	10	10	10	10	10	10	10	10	10
Public Safety										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Licensed Deputies	26	26	26	27	27	27	27	27	27	27
Highways and Streets										
Miles of County Roads:										
Bituminous	330.85	330.85	330.85	330.85	329.77	329.77	329.77	329.77	329.77	329.77
Culture and Recreation										
Number of County Parks	5	5	5	5	5	5	5	5	5	5
Number of State Parks	1	1	1	2	2	2	2	2	2	2
Number of Branch Libraries	10	10	10	10	10	10	10	10	10	10
Number of Items Available to Citizens	199,344	203,169	204,880	206,218	224,496	226,116	236,289	256,387	253,869	228,831

Source: Polk County, Wisconsin Government Center.

**POLK COUNTY, WISCONSIN
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	18	18	18	18	18	18	18	18	18	18
Highways and Streets										
Streets (Miles)	330.85	330.85	330.85	330.85	329.77	329.77	329.77	329.77	329.77	329.77
Culture and Recreation										
Parks Acreage	220	220	220	220	220	220	220	220	220	220
County Parks	5	5	5	5	5	5	5	5	5	5

Source: Polk County, Wisconsin Government Center.