



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

**WISCONSIN RIVER RAIL
TRANSIT COMMISSION**

**FINANCIAL STATEMENTS
WITH AUDITOR'S REPORT**

For The Year Ended December 31, 2012

Quality service through our commitment to clients and staff.

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Wisconsin River Rail Transit Commission

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Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

November 22, 2013

Commission Members
Wisconsin River Rail Transit Commission
Platteville, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wisconsin River Rail Transit Commission (“the Commission”) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Commission’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 misstatements, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 auditor’s 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, each major fund, and the aggregate remaining fund information of the Commission as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

New Accounting Policies

As discussed in Note 1 to the financial statements, in 2012, the Commission implemented new accounting guidance. 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 budgetary comparison information on pages 14 and 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Madison, Wisconsin

WISCONSIN RIVER RAIL TRANSIT COMMISSION
Statement of Net Position
December 31, 2012

	Governmental Activities
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 272,022
Accounts receivable	28,275
Total current assets	300,297
Capital assets	65,467,695
Construction work in process	850,480
Less: Accumulated depreciation	(36,108,448)
Net capital assets	30,209,727
Total Assets	\$ 30,510,024
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 206,341
Total current liabilities	206,341
<u>Deferred Inflows</u>	
County Assessments	71,965
Total deferred inflows	71,965
<u>Net Position</u>	
Net investment in capital assets	30,209,727
Unrestricted	21,991
Total Net Position	30,231,718
Total Liabilities, Deferred Inflows and Net Position	\$ 30,510,024

The accompanying notes are an integral part of this statement.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
Statement of Activities
For the Year Ended December 31, 2012

	Governmental Activities
<u>Operating Revenues</u>	
Member Charges	\$ 212,160
Rent	46,785
Other	500
Total Operating Revenues	259,445
 <u>Operating Expenses</u>	
Administration	76,351
Depreciation	2,131,230
Total Operating Expenses	2,207,581
Operating Income (Loss)	(1,948,136)
 <u>Non-operating Income (Expense)</u>	
Interest Income	267
Total Non-operating Income (Expense)	267
Change in Net Position	(1,947,869)
Net Position-Beginning of year	32,179,587
Net Position-End of year	\$ 30,231,718

The accompanying notes are an integral part of this statement.

WISCONSIN RIVER RAIL TRANSIT COMMISSION

**Balance Sheet
Governmental Funds
December 31, 2012**

	General Fund	Special Revenue	Totals
	<u> </u>	<u> </u>	<u> </u>
<u>Assets:</u>			
Cash and Investments	\$ 49,463	\$ 222,559	\$ 272,022
Due from Other Governments, Net of			
Allowance for Doubtful Accounts of \$79,090	-	12,470	12,470
Accounts Receivable	15,805	-	15,805
Internal Balances	<u>(22,576)</u>	<u>22,576</u>	<u>-</u>
 Total Assets	 <u>\$ 42,692</u>	 <u>\$ 257,605</u>	 <u>\$ 300,297</u>
<u>Liabilities:</u>			
Accounts Payable	<u>\$ 26,341</u>	<u>\$ 180,000</u>	<u>\$ 206,341</u>
 Total Liabilities	 <u>26,341</u>	 <u>180,000</u>	 <u>206,341</u>
<u>Deferred Inflows:</u>			
County Assessments	<u>-</u>	<u>71,965</u>	<u>71,965</u>
 Total Deferred Inflows	 <u>-</u>	 <u>71,965</u>	 <u>71,965</u>
<u>Equity:</u>			
Fund Balance:			
Restricted	-	5,640	5,640
Unassigned	<u>16,351</u>	<u>-</u>	<u>16,351</u>
 Total Fund Balance	 <u>16,351</u>	 <u>5,640</u>	 <u>21,991</u>
 Total Liabilities, Deferred Inflows and Fund Balance	 <u>\$ 42,692</u>	 <u>\$ 257,605</u>	 <u>\$ 300,297</u>

The accompanying notes are an integral part of this statement.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General Fund	Special Revenue	Totals
<u>Revenues:</u>			
Counties and Other Governments	\$ -	\$ 212,160	\$ 212,160
Leases/Easements	46,785	-	46,785
Interest	267	-	267
Other	500	-	500
	<hr/>	<hr/>	<hr/>
Total Revenues	47,552	212,160	259,712
	<hr/>	<hr/>	<hr/>
<u>Expenditures:</u>			
Rehabilitation Project Costs	-	180,000	180,000
Staff Services	24,574	-	24,574
Other Expense	25,257	-	25,257
Bad Debt Expense	-	26,520	26,520
	<hr/>	<hr/>	<hr/>
Total Expenditures	49,831	206,520	256,351
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(2,279)	5,640	3,361
	<hr/>	<hr/>	<hr/>
Fund Balance January 1, 2012	18,630	-	18,630
	<hr/>	<hr/>	<hr/>
Fund Balance December 31, 2012	<u>\$ 16,351</u>	<u>\$ 5,640</u>	<u>\$ 21,991</u>

The accompanying notes are an integral part of this statement.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
Reconciliation of the Balance Sheet - Governmental Funds
with the Statement of Net Position
December 31, 2012

Total fund balances - governmental funds: \$ 21,991

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

Capital assets used in governmental activities
are not financial resources and therefore
are not reported as assets in governmental funds:

Governmental capital assets	65,467,695	
Construction work in process	850,480	
Governmental accumulated depreciation	<u>(36,108,448)</u>	30,209,727

Total net position - governmental activities \$ 30,231,718

See accompanying notes to the basic financial statements.

WISCONSIN RIVER RAIL TRANSIT COMMISSION
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2012

Net change in fund balances-total governmental funds	\$	3,361
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlay reported in governmental fund statements		180,000
Depreciation expenses reported in the statement of activities		<u>(2,131,230)</u>
Amount by which capital outlays are greater (less) than depreciation in the current period.		(1,951,230)
Change in net position-governmental activities		<u><u>\$ (1,947,869)</u></u>

See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS
Wisconsin River Rail Transit Commission
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Wisconsin River Rail Transit Commission (“the Commission”) conform to accounting principles generally accepted in the United States of America as applicable to government entities.

A. FINANCIAL REPORTING ENTITY

The Commission was organized in 1980 to acquire and rehabilitate rail lines. It was organized by six counties under State Statute 66.30 and now includes eight counties. The member counties are: Crawford, Dane, Grant, Iowa, Rock, Sauk, Walworth, and Waukesha. The Commission is governed by three representatives from each member county. It is a joint venture of the member counties and is not a component unit of any county. The Commission prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units.

The Commission derives its revenues mainly from the Wisconsin Southern Railroad, member counties and property leases and use permits.

The Commission is considered to be a “stand-alone government” as defined by GASB. The financial reporting entity of the Commission is defined by GASB to consist of (a) the stand-alone government, (b) organizations for which the stand-alone government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the stand-alone government are such that the exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The basic financial statements of the Commission consist solely of the stand-alone government. No other organizations were identified for inclusion in the financial reporting entity of the Commission.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements include fees charged to external parties for goods or services.

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 accounting which constitute its assets, liabilities, net position/fund equity, revenues, and expenditure/expenses. An emphasis is placed on major funds.

The Commission reports the following major governmental funds:

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

Special Revenue Fund - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified projects.

NOTES TO FINANCIAL STATEMENTS
Wisconsin River Rail Transit Commission
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED
C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

Fund Financial Statements

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

Operating revenues and expenses are distinguished from nonoperating items in the statement of revenues, expenses and changes in Net Position. Operating revenues and expenses result from providing services in connection with the Commission's principal ongoing operations. Principal operating activities of the Commission are charges to members. Operating expenses include the cost of providing administrative services and project costs.

D. BUDGETARY ACCOUNTING

The Commission prepared a budget for the general fund and the special revenue fund in 2012. These budgets are adopted in accordance with State Statutes and are presented in accordance with accounting principles generally accepted in the United States of America. The budgetary data presented in the Budgetary Comparison Schedules reflects the original approved budgets of the above funds and subsequent revisions authorized by the Commission's Board. Changes to the overall budget must be approved by a two-thirds Commission board action. Budget control is exercised at the total fund level for all funds.

E. NEW ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2012, the Commission implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statements No. 4. This Statement amends the net assets reporting requirements in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Effective January 1, 2012, the Commission also implemented GASB Statement No. 65, *Reporting Items Previously Recognized as Assets and Liabilities*. GASB Statement No. 65 defines deferred outflows of resources and deferred inflows of resources, which are to be separated from assets and liabilities under GASB Statement No. 63.

NOTES TO FINANCIAL STATEMENTS
Wisconsin River Rail Transit Commission
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

F. CAPITAL ASSETS

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. The Commission defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life of three or more years. Capital assets are recorded at cost. Donated fixed assets are recorded at their estimated fair value at the date of acquisition. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Depreciation is being recorded over the estimated service lives of the assets using the straight-line method. Service lives used for recording annual depreciation were as follows:

Rail Improvements	30 years
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Depreciation is not provided on construction in progress until the project is completed and placed in service.

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as project costs of the governmental fund upon acquisition.

G. ACCOUNTS RECEIVABLE / DUE FROM OTHER GOVERNMENTS

Accounts receivable and amounts due from other governments are recorded at the gross amount. An allowance of \$79,090 has been recorded for an amount due from other governments that is not expected to be collected in the future.

H. NET POSITION / FUND BALANCE

Government-Wide Statements

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

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

NOTES TO FINANCIAL STATEMENTS
Wisconsin River Rail Transit Commission
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

H. NET POSITION / FUND BALANCE, CONTINUED

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

Fund Statements

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form; or b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the government imposes upon itself through formal action of the Commission Board, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has stated intended use for a specific purpose. This intent can be express through the Commission Board or through the Commission Board delegating this responsibility to a specific member through the budgetary process.

Unassigned – resources which cannot be properly classified in one of the other four categories. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific purposes.

When restricted and other fund balance resources are available for use, it is the Commission's practice to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

I. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred outflow of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

J. USE OF ESTIMATES

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

K. CLAIMS AND JUDGMENTS

There were no significant claims or judgments at year-end.

NOTES TO FINANCIAL STATEMENTS
Wisconsin River Rail Transit Commission
December 31, 2012

2. CASH AND INVESTMENTS

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

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association maturing in three years or less
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park, or by the University of Wisconsin Hospital and Clinics authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. Bonds or securities issued under the authority of the municipality.
5. The local government investment pool.
6. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
7. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
8. Repurchase agreements with public depositories, with certain conditions.
9. Agreements in which a public depository agrees to repay funds advanced to it by the Commission plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Commission has no investment policy that would limit its investments choices beyond the statutory limits listed above.

Custodial Credit Risk

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

Deposits in banks are insured by the FDIC in the amount of \$250,000 for demand accounts and \$250,000 for time accounts. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. Due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities.

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

As of December 31, 2012 the Commission had no bank deposits that were in excess of federal and state depository insurance/guarantees.

NOTES TO FINANCIAL STATEMENTS
Wisconsin River Rail Transit Commission
December 31, 2012

2. CASH AND INVESTMENTS, CONTINUED

Interest Rate Risk

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

The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates.

3. CASH AND INVESTMENTS – SPECIAL REVENUE PROJECTS

The cash balance in the special revenue fund consists of cash related to the following projects:

Project 13-Evansville Line	\$	33,919
Project 5-Milton/Madison Line		188,640
	\$	222,559

4. ACCOUNTS RECEIVABLE/RENTAL INCOME

In February 2011, the Commission approved an increase to the rental income received from Wisconsin and Southern Railroad, resulting in an amount received of \$45,000 per year, for a two year term. As part of the terms of the new agreement, any rental funds paid over the operating funds needed by the Commission may be returned to the Wisconsin and Southern Railroad for infrastructure improvement projects along the Commission corridor. The rental agreement is to remain in effect for the term of the operating agreement between the Commission and Wisconsin and Southern Railroad which expires December 31, 2047. The financial statements for 2012 include rental income of \$46,785.

5. DEFERRED INFLOWS

These amounts are advances received from counties for specific projects. These advances will be reported as revenue when needed to pay each county's share of rehabilitation costs. Unneeded amounts may be refunded to the counties after completion of the project or applied to other projects.

6. CAPITAL ASSETS

A summary of fixed assets at December 31, 2012 follows:

	Balance 01/01/12	Additions	Retirements	Balance 12/31/12
Rail Improvements	\$ 65,467,695	\$ -	\$ -	\$ 65,467,695
Work in progress	670,480	180,000	-	850,480
Totals	\$ 66,138,175	\$ 180,000	\$ -	\$ 66,318,175

NOTES TO FINANCIAL STATEMENTS
Wisconsin River Rail Transit Commission
December 31, 2012

6. CAPITAL ASSETS, CONTINUED

The accumulated depreciation of the fixed assets at December 31, 2012 is \$36,108,448 as shown below:

	Balance 01/01/12	Depreciation	Balance 12/31/12
Rail Improvements	\$ 33,977,218	\$ 2,131,230	\$ 36,108,448
Totals	\$ 33,977,218	\$ 2,131,230	\$ 36,108,448
Net Asset Value	\$ 32,160,957		\$ 30,209,727

Capital assets consist of Rail improvements owned and maintained by the Commission. However, approximately 90% is paid for by the Wisconsin Department of Transportation. The Commission reflects Contributions in Aid of Construction as non-operating income on the government-wide financial statements for 90% of the capital asset value.

7. EXCESS EXPENDITURES OVER APPROPRIATIONS

The Commission controls expenditures at the individual fund level. Some individual line items experienced expenditures which exceeded appropriations. The detail of those items can be found in the Commission's year-end budget to actual reports on pages 15 and 16. No fund in total reported expenditures in excess of the budgeted amounts for 2012.

8. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and error and omissions. All risks are covered through the purchase of commercial insurance, with minimal deductibles. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Commission.

9. COMMITMENTS

Current Projects

At December 31, 2012, the Milton Junction to Madison project phases II-A and II-B were still in progress, with the Commission's portions of the expenditures related to these projects being \$850,480. The total budget of these two project phases is approximately \$16.95 million. The Commission is not expected to contribute anymore to the project.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

**Wisconsin River Rail Transit Commission
Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget
General Fund
December 31, 2012**

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for projects/services:				
Lease Revenue	\$ 46,000	\$ 46,000	\$ 46,785	\$ 785
Interest	750	750	267	(483)
Other	-	-	500	500
Total Revenues	<u>46,750</u>	<u>46,750</u>	<u>47,552</u>	<u>802</u>
<u>Expenditures:</u>				
Administration				
Management expense - SWWRPC	22,600	22,600	22,500	100
Accounting expense	3,500	3,500	2,074	1,426
Audit expense	4,600	4,600	4,600	-
Attorney fees	3,000	3,000	3,528	(528)
Insurance	16,500	16,500	16,110	390
Economic Survey	2,500	2,500	993	1,507
Other	1,500	1,500	26	1,474
Total Expenditures	<u>54,200</u>	<u>54,200</u>	<u>49,831</u>	<u>4,369</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (7,450)</u>	<u>\$ (7,450)</u>	<u>\$ (2,279)</u>	<u>\$ 5,171</u>

Required Supplementary Information

**Wisconsin River Rail Transit Commission
Statement of Revenues, Expenditures and Changes in Fund Balances - Actual and Budget
Special Revenue Fund
December 31, 2012**

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for projects/services:				
Counties revenue	\$ 212,160	\$ 212,160	\$ 212,160	\$ -
Total Revenues	212,160	212,160	212,160	-
<u>Expenditures:</u>				
Project Expense				
Land Improvements	180,000	180,000	180,000	-
Bad Debt Expense	26,520	26,520	26,520	-
Total Expenditures	206,520	206,520	206,520	-
Excess (deficiency) of revenues over expenditures	\$ 5,640	\$ 5,640	\$ 5,640	\$ -