

ROCK COUNTY

Janesville, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

ROCK COUNTY

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ROCK COUNTY

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INDEPENDENT AUDITORS' REPORT

To the County Board
Rock County
Janesville, Wisconsin

Report on the 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 Rock County, Wisconsin as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Rock County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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 Rock County, Wisconsin as of December 31, 2019 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rock County's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of Rock County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Rock County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rock County's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 30, 2020

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2019

Rock County's discussion and analysis is designed to assist the reader in focusing on significant financial issues; provide an overview of the county's financial activity; identify changes in the county's financial position; discuss changes in the 2019 budget; and discuss individual fund issues.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A requirement of Government Accounting Standards Board (GASB) Statement No. 34 is the presentation of government-wide financial statements (Statement of Net Position and Statement of Activities) on a full accrual basis of accounting (see pages 1 and 2). These statements report information about the overall governmental unit, distinguish between governmental activities and business-type activities, report all assets (including infrastructure assets-highways, bridges, etc.) and eliminate internal service fund and inter-fund activity and balances. The government-wide statements are designed to assess the government unit in its entirety, identify the true cost of providing services to its citizens, disclose the extent of capital asset investment and make better comparisons between governmental units.

FUND FINANCIAL STATEMENTS

Generally accepted accounting principles (GAAP) require the inclusion of separate sets of financial statements for governmental funds, proprietary (business-type) and fiduciary funds (see pages 3 through 11). The proprietary and fiduciary funds use the full accrual basis of accounting. The financial statements for governmental funds are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, the government-wide financial statements include a summary reconciliation explaining the differences between the data reported in the governmental funds and the data reported for the governmental activities in the government-wide and fund financial statements.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2019

CONDENSED FINANCIAL INFORMATION

Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals		Change
	2018	2019	2018	2019	2018	2019	
Current and other assets	\$ 150.1	\$ 142.5	\$ 18.7	\$ 17.0	\$ 168.8	\$ 159.5	\$ (9.3)
Capital assets	141.4	152.6	40.7	41.3	182.1	194.0	11.9
Total Assets	<u>291.5</u>	<u>295.1</u>	<u>59.4</u>	<u>58.3</u>	<u>350.9</u>	<u>353.5</u>	<u>2.6</u>
Deferred Outflows of Resources	<u>20.6</u>	<u>39.7</u>	<u>4.7</u>	<u>8.7</u>	<u>25.3</u>	<u>48.4</u>	<u>23.1</u>
Current liabilities	16.5	16.2	1.8	2.4	18.3	18.6	0.3
Long-term liabilities	<u>65.7</u>	<u>92.1</u>	<u>30.0</u>	<u>31.5</u>	<u>95.7</u>	<u>123.6</u>	<u>27.9</u>
Total Liabilities	<u>82.2</u>	<u>108.3</u>	<u>31.8</u>	<u>33.9</u>	<u>114.0</u>	<u>142.2</u>	<u>28.2</u>
Deferred Inflows of Resources	<u>84.3</u>	<u>84.7</u>	<u>12.6</u>	<u>12.3</u>	<u>96.9</u>	<u>97.1</u>	<u>0.2</u>
NET POSITION							
Net investment in capital assets	121.8	124.1	17.9	20.1	139.7	144.2	4.5
Restricted	18.7	9.6	2.5	-	21.2	9.6	(11.6)
Unrestricted (deficit)	<u>5.1</u>	<u>8.1</u>	<u>(0.6)</u>	<u>0.7</u>	<u>4.4</u>	<u>8.8</u>	<u>4.4</u>
Total Net Position	<u>\$ 145.6</u>	<u>\$ 141.8</u>	<u>\$ 19.8</u>	<u>\$ 20.8</u>	<u>\$ 165.3</u>	<u>\$ 162.6</u>	<u>\$ (2.7)</u>

NOTE: Totals may not foot due to rounding.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2019

CONDENSED FINANCIAL INFORMATION (cont.)

Changes In Net Position (in millions of dollars)							
	Governmental Activities		Business-type Activities		Totals		Change
	2018	2019	2018	2019	2018	2019	
Revenues							
Program Revenues							
Charges for services	\$ 11.1	\$ 11.9	\$ 16.2	\$ 17.0	\$ 27.3	\$ 28.9	\$ 1.6
Grants and contributions	43.4	46.8	5.3	4.8	48.7	51.6	2.9
General Revenues							
Property taxes	57.1	58.5	9.8	9.7	66.9	68.2	1.3
Intergovernmental	5.9	6.2	-	-	5.9	6.2	0.3
Other	16.9	19.3	1.9	1.3	18.8	20.6	1.8
Total Revenues	<u>134.4</u>	<u>142.7</u>	<u>33.2</u>	<u>32.8</u>	<u>167.6</u>	<u>175.5</u>	<u>7.9</u>
Expenses							
General government	10.0	10.0	-	-	10.0	10.0	-
Public safety	43.4	46.3	-	-	43.4	46.3	2.9
Health and Social Services	74.1	78.0	-	-	74.1	78.0	3.9
Public works	3.4	4.4	-	-	3.4	4.4	1.0
Culture, recreation, and education	3.0	3.7	-	-	3.0	3.7	.07
Conservation and Development	1.0	2.1	-	-	1.0	2.1	1.1
Interest and fiscal charges	0.5	0.6	-	-	0.5	0.6	0.1
Rock Haven	-	-	18.0	19.3	18.0	19.3	1.3
Highway	-	-	13.5	13.9	13.5	13.9	0.4
Total Expenses	<u>135.4</u>	<u>145.0</u>	<u>31.5</u>	<u>33.2</u>	<u>166.8</u>	<u>178.2</u>	<u>11.4</u>
Excess (Deficiency) Before Transfers	(1.0)	(2.3)	1.7	(0.4)	0.7	(2.7)	(2.0)
Transfers	<u>3.5</u>	<u>(1.4)</u>	<u>(3.5)</u>	<u>1.4</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	2.5	(3.7)	(1.7)	1.0	0.8	(2.7)	(1.9)
Net Position - Beginning of Year	<u>143.0</u>	<u>145.6</u>	<u>21.5</u>	<u>19.8</u>	<u>164.5</u>	<u>165.4</u>	<u>0.9</u>
Net Position - End of Year	<u>\$ 145.6</u>	<u>\$ 141.8</u>	<u>\$ 19.8</u>	<u>20.8</u>	<u>\$ 165.4</u>	<u>\$ 162.6</u>	<u>\$ (2.8)</u>

NOTE: Totals may not foot due to rounding.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

NET POSITION AND FUND BALANCE ANALYSIS

NET POSITION

The county's net position decreased \$2.7 million for 2019. The governmental activities net position decreased by \$3.7 million and the business-type activities net position increased by \$1.0 million.

GOVERNMENTAL FUNDS

At December 31, 2019, the county governmental funds had combined ending fund balances of \$53.5 million, an increase of \$4.5 million or 9.3% more than the prior year balances. This increase is due mainly to an increase in general capital projects fund balance after completion of current year projects, including the Courthouse security project.

GENERAL FUND

The General Fund's unassigned Fund Balance had an increase of \$4.1 million or approximately 12.3% from the prior period to \$37.6 million. The unassigned General Fund Balance is 26% of the total General, Human Services, Airport and Enterprise Funds' expenses. This is slightly above the 20%-25% range targeted in the County's Fund Balance policy.

The General Fund operations includes Administration, Corporation Counsel, Finance, Human Resources, Senior Citizen Program, Health Department, Veteran's Service, Medical Examiner, Facilities Management, Land Conservation, Real Property, Surveyor, Planning and Economic Development, Child Support, UW-Extension Services, 4-H Fairgrounds Maintenance, Farm and Communications Center. This fund also includes the elected offices of the Sheriff, Clerk of Circuit Courts, District Attorney, Treasurer, Register of Deeds and County Clerk.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2019

NET POSITION AND FUND BALANCE ANALYSIS (cont.)

SPECIAL REVENUE FUNDS

The Human Services Department is included in the financial statements as a Special Revenue Fund. Any unassigned budgetary appropriations remaining at the end of the fiscal year lapse to the General Fund. For 2019, \$730,437 was lapsed to the General Fund from the Human Services Department as a result of lower than expected Child Protective Service and Juvenile Justice expenditures.

PROPRIETARY FUNDS

Rock Haven Nursing Home

At December 31, 2019, Rock Haven's net position decreased by \$492,636 due mainly to a decrease in intergovernmental revenues.

Highway

The Highway Fund records the operations of the Rock County Highway Division. The Highway Division maintains county roads, bridges and other infrastructure utilizing state transportation aids and county tax levy. It also maintains State highways and local roads on a contract reimbursement basis. The Highway's net position increased by \$2.3 million to \$14.9 million. This increase was due to the issuance of debt by the governmental activities to fund road construction projects.

GENERAL FUND BUDGET VARIATIONS

As detailed in the Budgetary Comparison schedule on Page 57, the results of operations for 2019 resulted in a net increase in the general fund balance of \$993,132.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2019, the county had \$193.9 million (net of depreciation) invested in a broad range of capital assets, including land, land improvements, buildings, roads, bridges and the Airport water and sewer system as detailed in Footnote IV.C (pages 31-32) and summarized below:

Table 1
Capital Assets at Year-end
(Net of Depreciation, in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2018	2019	2018	2019	2018	2019
Land	\$ 6.7	\$ 8.4	\$ 0.1	\$ 0.4	\$ 6.8	\$ 8.8
Easements	3.6	4.0	-	-	3.6	4.0
Intangibles-Software	0.5	0.8	-	-	0.5	0.8
Land improvements	14.4	13.7	2.2	2.1	16.6	15.8
Buildings	40.7	48.1	18.0	18.0	58.7	66.1
Machinery and equipment	4.0	5.0	20.1	19.6	24.1	24.6
Infrastructure	67.7	70.7	-	-	67.7	70.7
Construction in progress	3.8	1.9	0.3	1.2	4.1	3.1
Totals	<u>\$ 141.4</u>	<u>\$ 152.6</u>	<u>\$ 40.7</u>	<u>\$ 41.3</u>	<u>\$ 182.1</u>	<u>\$ 193.9</u>

NOTE: Totals may not foot due to rounding.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

DEBT ADMINISTRATION

At year-end, the county had \$48,730,000 in general obligation promissory notes and bonds outstanding versus \$42,130,000 the prior year, an increase of \$6,600,000.

Table 2
Outstanding Debt at Year-end
(In Millions)

	Governmental Activities		Business-type Activities		Totals	
	2018	2019	2018	2019	2018	2019
General Obligation Notes	<u>\$ 19.6</u>	<u>\$ 27.9</u>	<u>\$ 22.5</u>	<u>\$ 20.8</u>	<u>\$ 42.1</u>	<u>\$ 48.7</u>

All of the county's general obligation debt is backed by the full faith and credit of the county and is rated Aa1 by Moody's Investors Services.

State statutes limit the amount of debt that counties can issue to 5% of the county's equalized value of taxable property within the county's jurisdiction. Rock County's equalized value for 2019 was \$12,364,512,600 resulting in a statutory debt limit of \$618,225,630. The county's debt as of December 31, 2019 of \$48.7 million is 7.9% of the county's legal debt capacity.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2019

OTHER POST EMPLOYMENT BENEFITS

GASB 75 significantly changed the way other post-employment benefits (OPEB) are reported in the financial statements. Previously the County report a liability only for health insurance and only for the difference between the County's annual contributions and an actuarial estimate of the annual OPEB costs. Beginning with FY 2018, the total OPEB liability is now recorded as a liability. For FY 2019, this amount is \$45.3 million.

In addition, GASB 75 requires the County record its share of the net OPEB liability for retirees' life insurance under the WI State plan. The amount reported in FY 2019 is \$3.2 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The State of Wisconsin imposed a statutory tax levy limit on counties limiting the tax levy to 0% plus net new construction. The county's 2019 tax levy for the 2020 budget was \$70,418,774 as adjusted for operations and subject to the tax levy limit.

State statutes allow counties to authorize a ½ of 1% local sales and use tax. The Rock County Board authorized the local sales and use tax effective April 1, 2007. The 2019 budget includes \$14.7 million from this revenue source. Of this amount, \$7.2 million is earmarked for capital projects to help lower the need for debt and \$7.5 million is budgeted to offset the 2019 property taxes for the 2020 operating budget.

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the County. As of the date above, the County's evaluation of the effects of these events is ongoing; however, we anticipate this situation could impact investment income, Information Technology expenses due to moving toward working remotely, state and federal aid and collection of permits, fees and property taxes.

The extent of the impact of COVID-19 on the County's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

REQUEST FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Finance Director, Rock County Courthouse, 51 South Main Street, Janesville, WI 53545.

ROCK COUNTY

STATEMENT OF NET POSITION

As of December 31, 2019

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 63,217,547	\$ 2,000	\$ 63,219,547
Taxes receivable	62,940,038	7,478,736	70,418,774
Delinquent taxes receivable	5,072,439	-	5,072,439
Accounts receivable (net)	5,681,572	884,579	6,566,151
Due from other governments	5,143,623	1,078,022	6,221,645
Loans receivable (net)	2,884,967	-	2,884,967
Internal balances	(6,026,663)	6,026,663	-
Inventories	8,662	1,501,061	1,509,723
Prepaid items	1,852,643	-	1,852,643
Restricted Assets			
Cash and investments	-	24,814	24,814
Deposit with Wisconsin Mutual Insurance Company	1,741,000	-	1,741,000
Capital Assets			
Land and land improvements	14,823,657	369,775	15,193,432
Construction in progress	1,932,648	1,161,482	3,094,130
Easements	4,036,955	-	4,036,955
Other capital assets, net of depreciation/amortization	<u>131,810,477</u>	<u>39,817,032</u>	<u>171,627,509</u>
Total Assets	<u>295,119,565</u>	<u>58,344,164</u>	<u>353,463,729</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	35,838,291	8,124,131	43,962,422
Other post-employment benefit related amounts	<u>3,932,040</u>	<u>531,725</u>	<u>4,463,765</u>
Total Deferred Outflows of Resources	<u>39,770,331</u>	<u>8,655,856</u>	<u>48,426,187</u>
LIABILITIES			
Accounts payable	9,895,911	1,546,473	11,442,384
Accrued liabilities	4,422,618	753,420	5,176,038
Deposits	29,380	24,814	54,194
Due to other governments	1,834,652	64,451	1,899,103
Noncurrent Liabilities			
Due within one year	8,135,392	3,329,972	11,465,364
Due in more than one year	27,952,391	19,468,370	47,420,761
Net pension liability	13,293,495	2,932,043	16,225,538
Other post-employment benefit	<u>42,738,559</u>	<u>5,736,137</u>	<u>48,474,696</u>
Total Liabilities	<u>108,302,398</u>	<u>33,855,680</u>	<u>142,158,078</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	63,391,213	7,661,051	71,052,264
Pension related amounts	18,278,461	4,156,949	22,435,410
Other post-employment benefit related amounts	<u>3,079,572</u>	<u>522,263</u>	<u>3,601,835</u>
Total Deferred Inflows of Resources	<u>84,749,246</u>	<u>12,340,263</u>	<u>97,089,509</u>
NET POSITION			
Net investment in capital assets	124,101,659	20,121,678	144,223,337
Restricted for grants and loan programs	3,946,251	-	3,946,251
Restricted for parks	21,733	-	21,733
Restricted for other grant activities	442,617	-	442,617
Restricted for land records	306,864	-	306,864
Restricted for debt service	1,944,897	-	1,944,897
Restricted for library activities	229,561	-	229,561
Restricted for bridge aid projects	666,235	-	666,235
Restricted for other activities	801,352	-	801,352
Restricted for ATC projects	1,007,698	-	1,007,698
Restricted for airport projects	306,282	-	306,282
Unrestricted	<u>8,063,103</u>	<u>682,399</u>	<u>8,745,502</u>
TOTAL NET POSITION	<u>\$ 141,838,252</u>	<u>\$ 20,804,077</u>	<u>\$ 162,642,329</u>

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Functions	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
			-	-			
Governmental Activities							
General government	\$ 9,972,020	\$ 2,827,217	\$ 492,128	\$ -	\$ (6,652,675)	\$ -	\$ (6,652,675)
Public safety	46,275,075	3,421,250	1,829,399	185,391	(40,839,035)	-	(40,839,035)
Health and social services	78,031,715	3,870,295	42,711,342	-	(31,450,078)	-	(31,450,078)
Public works	4,441,305	454,963	33,644	103,015	(3,849,683)	-	(3,849,683)
Culture, recreation and education	3,659,476	281,497	725,358	-	(2,652,621)	-	(2,652,621)
Conservation and development	2,051,948	1,055,270	690,606	-	(306,072)	-	(306,072)
Interest and fiscal charges	610,010	-	-	-	(610,010)	-	(610,010)
Total Governmental Activities	<u>145,041,549</u>	<u>11,910,492</u>	<u>46,482,477</u>	<u>288,406</u>	<u>(86,360,174)</u>	<u>-</u>	<u>(86,360,174)</u>
Business-type Activities							
Rock Haven - skilled nursing facility	19,277,554	9,799,007	2,224,328	-	-	(7,254,219)	(7,254,219)
Highway	13,931,762	7,172,000	2,579,501	-	-	(4,180,261)	(4,180,261)
Total Business-type Activities	<u>33,209,316</u>	<u>16,971,007</u>	<u>4,803,829</u>	<u>-</u>	<u>-</u>	<u>(11,434,480)</u>	<u>(11,434,480)</u>
Totals	<u>\$ 178,250,865</u>	<u>\$ 28,881,499</u>	<u>\$ 51,286,306</u>	<u>\$ 288,406</u>	<u>(86,360,174)</u>	<u>(11,434,480)</u>	<u>(97,794,654)</u>
General Revenues							
Taxes							
Property taxes					58,499,398	9,747,889	68,247,287
Sales taxes					13,607,283	1,228,000	14,835,283
Other taxes					32,514	-	32,514
Interest on taxes					1,411,055	-	1,411,055
Intergovernmental revenues not restricted to specific programs					6,227,751	-	6,227,751
Investment income					2,528,944	-	2,528,944
Miscellaneous					1,733,534	98,468	1,832,002
Transfers					(1,412,679)	1,412,679	-
Total General Revenues and Transfers					<u>82,627,800</u>	<u>12,487,036</u>	<u>95,114,836</u>
Change in Net Position					(3,732,374)	1,052,556	(2,679,818)
NET POSITION - Beginning of Year					<u>145,570,626</u>	<u>19,751,521</u>	<u>165,322,147</u>
NET POSITION - END OF YEAR					<u>\$ 141,838,252</u>	<u>\$ 20,804,077</u>	<u>\$ 162,642,329</u>

See accompanying notes to financial statements.

ROCK COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General Fund	Human Services	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 59,618,923	\$ 39,462	\$ 3,514,034	\$ 63,172,419
Receivables				
Taxes	25,970,489	22,748,021	12,035,160	60,753,670
Delinquent taxes	5,072,439	-	-	5,072,439
Accounts	4,785,395	-	103,396	4,888,791
Loans (net)	-	-	2,884,967	2,884,967
Due from other funds	2,597,512	417,847	8,661,130	11,676,489
Due from other governments	-	4,153,291	990,332	5,143,623
Inventories	8,662	-	-	8,662
Prepaid items	82,227	9,040	62,461	153,728
TOTAL ASSETS	\$ 98,135,647	\$ 27,367,661	\$ 28,251,480	\$ 153,754,788
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,414,680	\$ 3,335,618	\$ 1,713,107	\$ 6,463,405
Deposits	-	-	29,380	29,380
Accrued liabilities	4,204,940	48,954	-	4,253,894
Due to other governments	1,228,044	606,608	-	1,834,652
Due to other funds	22,515,207	-	333,033	22,848,240
Total Liabilities	29,362,871	3,991,180	2,075,520	35,429,571
Deferred Inflows of Resources				
Unearned revenue	25,995,384	22,755,620	12,440,907	61,191,911
Unavailable revenue	781,187	-	2,884,976	3,666,163
Total Deferred Inflows of Resources	26,776,571	22,755,620	15,325,883	64,858,074
Fund Balances				
Nonspendable	2,605,913	9,040	62,461	2,677,414
Restricted	-	-	6,957,238	6,957,238
Committed	-	-	622,218	622,218
Assigned	1,736,271	611,821	3,208,160	5,556,252
Unassigned	37,654,021	-	-	37,654,021
Total Fund Balances	41,996,205	620,861	10,850,077	53,467,143
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 98,135,647	\$ 27,367,661	\$ 28,251,480	\$ 153,754,788

See accompanying notes to financial statements.

ROCK COUNTY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2019

Total Fund Balances - Governmental Funds	\$ 53,467,143
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 (Note II.A.).	147,483,396
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements, but are recognized as revenue when earned in the government-wide statements (Note IV.B.).	3,666,163
The net pension liability does not relate to current liabilities and is not reported in the governmental funds	(12,874,279)
The deferred outflows of resources and deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	16,989,965
The deferred outflows of resources and deferred inflows of resources related to other post-employment benefits do not relate to current financial resources and are not reported in the governmental funds.	854,244
Some liabilities, including long-term debt, are not due and payable in the current period, and, therefore, are not reported in the funds (Note II.A.).	(76,691,185)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds which primarily serve governmental activities are included as governmental activities.	<u>8,942,805</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 141,838,252</u>

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

	General	Human Services	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 37,275,684	\$ 22,761,465	\$ 11,647,529	\$ 71,684,678
Intergovernmental	10,993,359	28,080,325	8,272,234	47,345,918
Regulation and compliance	1,445,712	-	-	1,445,712
Public charges for services	3,412,072	737,338	2,444,774	6,594,184
Intergovernmental charges for services	1,265,238	7,276,312	537,039	9,078,589
Other	3,641,776	196,249	390,643	4,228,668
Total Revenues	<u>58,033,841</u>	<u>59,051,689</u>	<u>23,292,219</u>	<u>140,377,749</u>
EXPENDITURES				
Current				
General government	6,783,095	-	560,673	7,343,768
Public safety	37,324,897	-	615,877	37,940,774
Health and social services	6,682,537	58,245,836	8,416,242	73,344,615
Public works	-	-	1,105,793	1,105,793
Culture, recreation, and education	315,501	-	2,430,469	2,745,970
Conservation and development	1,260,039	-	663,065	1,923,104
Capital Outlay	828,408	-	12,749,138	13,577,546
Debt Service				
Principal retirement	-	-	3,137,048	3,137,048
Interest and fiscal charges	-	-	549,081	549,081
Total Expenditures	<u>53,194,477</u>	<u>58,245,836</u>	<u>30,227,386</u>	<u>141,667,699</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,839,364</u>	<u>805,853</u>	<u>(6,935,167)</u>	<u>(1,289,950)</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	-	11,655,000	11,655,000
Premium on debt issued	-	-	613,727	613,727
Transfers in	1,006,436	-	5,161,408	6,167,844
Transfers out	<u>(4,852,668)</u>	<u>(730,437)</u>	<u>(7,031,739)</u>	<u>(12,614,844)</u>
Total Other Financing Sources (Uses)	<u>(3,846,232)</u>	<u>(730,437)</u>	<u>10,398,396</u>	<u>5,821,727</u>
Net Change in Fund Balances	993,132	75,416	3,463,229	4,531,777
FUND BALANCES - Beginning of Year	<u>41,003,073</u>	<u>545,445</u>	<u>7,386,848</u>	<u>48,935,366</u>
FUND BALANCES - END OF YEAR	<u>\$ 41,996,205</u>	<u>\$ 620,861</u>	<u>\$ 10,850,077</u>	<u>\$ 53,467,143</u>

See accompanying notes to financial statements.

ROCK COUNTY

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds	\$ 4,531,777
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	13,577,546
Some items reported as capital outlay were expensed in the government-wide financial statements	139,173
Assets transferred from business-type activities to governmental activities	5,039,321
Depreciation is reported in the government-wide statements	(7,689,402)
Net book value of capital assets disposed of during the year	68,406
Some receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when collected and expenditures when disbursed in the government-wide financial statements.	
Loans	(220,127)
County-levied delinquent taxes	(18,030)
Debt that was issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(11,655,000)
Principal repaid	3,137,048
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(115,129)
Other postemployment benefits	(4,173,516)
Net pension asset/liability	(23,586,642)
Deferred outflows of resources related to pensions	23,263,282
Deferred inflows of resources related to pensions	(4,436,343)
Deferred outflows of resources related to post-employment benefits	3,397,117
Deferred inflows of resources related to post-employment benefits	(1,425,639)
Accrued interest on debt	(32,889)
Unamortized debt premium	(613,727)
The net revenues of certain activities of internal service funds are reported within governmental activities.	<u>(2,919,600)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (3,732,374)</u>

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2019

	Rock Haven	Highway	Totals	Internal Service Funds
ASSETS				
Current Assets				
Cash and investments	\$ 2,000	\$ -	\$ 2,000	\$ 45,128
Taxes receivable	4,169,101	3,309,635	7,478,736	2,186,368
Accounts receivable (net)	884,320	259	884,579	792,781
Due from other funds	4,210,593	1,440,704	5,651,297	7,784,933
Due from other governments	-	1,078,022	1,078,022	-
Inventories	83,813	1,417,248	1,501,061	-
Prepaid items	-	-	-	1,698,915
Total Current Assets	<u>9,349,827</u>	<u>7,245,868</u>	<u>16,595,695</u>	<u>12,508,125</u>
Noncurrent Assets				
Restricted Assets				
Cash and investments	24,814	-	24,814	-
Deposit with Wisconsin Mutual Insurance Company	-	-	-	1,741,000
Capital Assets				
Land	-	369,775	369,775	575,710
Construction work in progress	-	1,161,482	1,161,482	-
Intangible assets - software	-	-	-	1,730,590
Other capital assets	33,242,241	34,139,822	67,382,063	6,459,487
Less: Accumulated depreciation/amortization	<u>(7,452,108)</u>	<u>(20,112,923)</u>	<u>(27,565,031)</u>	<u>(3,645,446)</u>
Total Assets	<u>35,164,774</u>	<u>22,804,024</u>	<u>57,968,798</u>	<u>19,369,466</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	5,237,195	2,886,936	8,124,131	1,180,290
Other post-employment benefit related amounts	<u>297,172</u>	<u>234,553</u>	<u>531,725</u>	<u>70,373</u>
Total Deferred Outflows of Resources	<u>5,534,367</u>	<u>3,121,489</u>	<u>8,655,856</u>	<u>1,250,663</u>
LIABILITIES				
Current Liabilities				
Accounts payable	106,052	1,440,421	1,546,473	3,432,506
Accrued liabilities	753,420	-	753,420	-
Deposits	24,814	-	24,814	-
Accrued vacation and comp time	598,025	349,725	947,750	172,330
Due to other funds	-	-	-	2,264,479
Due to other governments	-	64,451	64,451	-
Current portion of long-term debt	<u>2,382,222</u>	<u>-</u>	<u>2,382,222</u>	<u>249,126</u>
Total Current Liabilities	<u>3,864,533</u>	<u>1,854,597</u>	<u>5,719,130</u>	<u>6,118,441</u>
Noncurrent Liabilities				
General obligation debt	18,469,999	-	18,469,999	982,783
Unamortized premium on debt	374,390	-	374,390	20,372
Accrued sick leave	247,827	376,154	623,981	103,592
Net pension liability	1,861,187	1,070,856	2,932,043	419,216
Other post-employment benefits	<u>3,205,863</u>	<u>2,530,274</u>	<u>5,736,137</u>	<u>775,678</u>
Total Noncurrent Liabilities	<u>24,159,266</u>	<u>3,977,284</u>	<u>28,136,550</u>	<u>2,301,641</u>
Total Liabilities	<u>28,023,799</u>	<u>5,831,881</u>	<u>33,855,680</u>	<u>8,420,082</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	4,169,101	3,491,950	7,661,051	2,199,302
Pension related amounts	2,640,759	1,516,190	4,156,949	610,425
Other post-employment benefit related amounts	<u>303,779</u>	<u>218,484</u>	<u>522,263</u>	<u>72,149</u>
Total Deferred Inflows of Resources	<u>7,113,639</u>	<u>5,226,624</u>	<u>12,340,263</u>	<u>2,881,876</u>
NET POSITION				
Net investment in capital assets	4,563,522	15,558,156	20,121,678	3,868,060
Unrestricted (deficit)	<u>998,181</u>	<u>(691,148)</u>	<u>307,033</u>	<u>5,450,111</u>
TOTAL NET POSITION	<u>\$ 5,561,703</u>	<u>\$ 14,867,008</u>	20,428,711	<u>\$ 9,318,171</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>375,366</u>	
Net Position of Business-type Activities			<u>\$ 20,804,077</u>	

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Rock Haven	Highway	Totals	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 9,799,007	\$ 7,172,000	\$ 16,971,007	\$ 27,970,894
Other	-	-	-	34,756
Total Operating Revenues	<u>9,799,007</u>	<u>7,172,000</u>	<u>16,971,007</u>	<u>28,005,650</u>
OPERATING EXPENSES				
Operation and maintenance	17,189,141	11,834,898	29,024,039	32,573,064
Depreciation/amortization	<u>1,069,430</u>	<u>1,663,814</u>	<u>2,733,244</u>	<u>598,134</u>
Total Operating Expenses	<u>18,258,571</u>	<u>13,498,712</u>	<u>31,757,283</u>	<u>33,171,198</u>
Operating Loss	<u>(8,459,564)</u>	<u>(6,326,712)</u>	<u>(14,786,276)</u>	<u>(5,165,548)</u>
NONOPERATING REVENUES (EXPENSES)				
General property taxes	6,399,396	3,348,493	9,747,889	1,452,996
Sales taxes	-	1,228,000	1,228,000	-
Intergovernmental grants	2,224,328	2,579,501	4,803,829	-
Gain on sale of assets	-	51,799	51,799	-
Miscellaneous revenues	23,920	22,749	46,669	-
Investment income	-	-	-	54,675
Interest expense	<u>(680,716)</u>	<u>-</u>	<u>(680,716)</u>	<u>(28,040)</u>
Total Nonoperating Revenues (Expenses)	<u>7,966,928</u>	<u>7,230,542</u>	<u>15,197,470</u>	<u>1,479,631</u>
Income (Loss) Before Transfers	<u>(492,636)</u>	<u>903,830</u>	<u>411,194</u>	<u>(3,685,917)</u>
TRANSFERS				
Transfers in	-	6,452,000	6,452,000	-
Transfers out	<u>-</u>	<u>(5,039,321)</u>	<u>(5,039,321)</u>	<u>(5,000)</u>
Total Transfers	<u>-</u>	<u>1,412,679</u>	<u>1,412,679</u>	<u>(5,000)</u>
Change in Net Position	<u>(492,636)</u>	<u>2,316,509</u>	<u>1,823,873</u>	<u>(3,690,917)</u>
NET POSITION - Beginning of Year	<u>6,054,339</u>	<u>12,550,499</u>		<u>13,009,088</u>
NET POSITION - END OF YEAR	<u>\$ 5,561,703</u>	<u>\$ 14,867,008</u>		<u>\$ 9,318,171</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(771,317)</u>	
Change in Net Position of Business-type Activities			<u>\$ 1,052,556</u>	

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2019

	Rock Haven	Highway	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 10,230,982	\$ 7,128,188	\$ 17,359,170	\$ 31,388,417
Cash paid to suppliers for goods and services	(3,796,590)	(4,112,556)	(7,909,146)	(29,359,854)
Cash paid to employees for payroll	(12,586,865)	(6,605,915)	(19,192,780)	(2,637,015)
Net Cash Flows From Operating Activities	<u>(6,152,473)</u>	<u>(3,590,283)</u>	<u>(9,742,756)</u>	<u>(608,452)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
General property tax revenues	6,399,396	3,348,493	9,747,889	1,452,996
Other tax revenues	-	1,228,000	1,228,000	-
Pooled cash held by general fund	-	(1,440,704)	(1,440,704)	-
Transfers in (out)	-	1,412,679	1,412,679	(5,000)
Intergovernmental grants	<u>2,224,328</u>	<u>2,579,501</u>	<u>4,803,829</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>8,623,724</u>	<u>7,127,969</u>	<u>15,751,693</u>	<u>1,447,996</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	-	-	-	54,675
Net Cash Flows From Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,675</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt principal paid	(1,658,109)	-	(1,658,109)	(259,843)
Interest paid	(776,021)	-	(776,021)	(31,436)
Acquisition and construction of capital assets	<u>(42,449)</u>	<u>(3,537,686)</u>	<u>(3,580,135)</u>	<u>(692,760)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(2,476,579)</u>	<u>(3,537,686)</u>	<u>(6,014,265)</u>	<u>(984,039)</u>
Net Change in Cash and Cash Equivalents	(5,328)	-	(5,328)	(89,820)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>32,142</u>	<u>-</u>	<u>32,142</u>	<u>134,948</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 26,814</u>	<u>\$ -</u>	<u>\$ 26,814</u>	<u>\$ 45,128</u>

	Rock Haven	Highway	Totals	Internal Service Funds
RECONCILIATION OF OPERATING LOSS TO NET				
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating loss	\$ (8,459,564)	\$ (6,326,712)	\$ (14,786,276)	\$ (5,165,548)
Adjustments to reconcile operating loss to net cash flows from operating activities				
Nonoperating revenues (expenses)	23,920	22,749	46,669	-
Noncash items included in operating loss				
Depreciation/amortization	1,069,431	1,663,814	2,733,245	598,134
Change in Assets, Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources				
Accounts receivable	(78,346)	71,963	(6,383)	(781,308)
Due to/from other funds	332,531	(564,708)	(232,177)	5,415,822
Inventories	(6,268)	27,856	21,588	-
Prepaid items	-	-	-	(1,698,915)
Deposits	(5,327)	-	(5,327)	-
Accounts payable	9,161	870,207	879,368	144,053
Other current liabilities	33,490	-	33,490	(30,926)
Compensated absences	(19,849)	(46,604)	(66,453)	(44,357)
Pension and OPEB related amounts	822,261	615,335	1,437,596	208,579
Unearned revenues	126,087	75,817	201,904	746,014
	<u>126,087</u>	<u>75,817</u>	<u>201,904</u>	<u>746,014</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (6,152,473)</u>	<u>\$ (3,590,283)</u>	<u>\$ (9,742,756)</u>	<u>\$ (608,452)</u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES				
Premium on debt amortized	<u>\$ 74,113</u>	<u>\$ -</u>	<u>\$ 74,113</u>	<u>\$ 3,396</u>

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2019

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 21,229,021
Accounts receivable	<u>48,801</u>
TOTAL ASSETS	<u>\$ 21,277,822</u>
LIABILITIES	
Accounts payable	\$ 596
Due to other governments	18,484,453
Other liabilities	<u>2,792,773</u>
TOTAL LIABILITIES	<u>\$ 21,277,822</u>

See accompanying notes to financial statements.

ROCK COUNTY

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ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Rock County, Wisconsin (the “county”) conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the county. The reporting entity for the county consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax-exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended, or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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 except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

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

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

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

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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

The county reports the following major governmental funds:

Major Governmental Funds

General Fund – Accounts for the county’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Human Services Special Revenue Fund – Account for and report resources legally restricted or committed for services provided to chemically dependent individuals and for operations associated with social services and welfare programs.

The county reports the following major enterprise funds:

Major Enterprise Funds

Rock Haven – Accounts for the operations of the county’s skilled nursing and intermediate care facilities for aged and disabled residents.

Highway Fund – Accounts for the operations of the county’s department of public works.

The county reports the following nonmajor governmental funds:

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

Revolving Loans
Parks
Other Grants
Land Records
Veterans’ Relief

Arrowhead Library System
County Bridge Aid
Other Activities
Other Special Revenue Funds
Income Maintenance Consortium
Airport

Debt Service Fund – Used to account for and report financial resources that are restricted, committed, or assigned to expenditure, the payment of general long-term debt principal, interest, and related costs.

Capital Projects Funds – Used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

General Capital Projects
Airport Projects

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

In addition, the county reports the following fund types:

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

The county's internal service funds are:

- Motor Pool
- Information Technology
- Self Insurance
- Job Center
- Health Insurance

Agency funds are used to account for and report assets held by the county in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The county's agency fund includes tax collections for municipalities, clerk of courts, unclaimed trust and drainage districts.

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the county considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for certain federal and state grants for which the county considers revenues to be available if they are collected within 180 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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

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

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

Intergovernmental aids and grants are recognized as revenues in the period the county is entitled to the resources and the amounts are available. Amounts owed to the county which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are reported as deferred inflows of resources/unearned revenues.

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

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

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

All Financial Statements

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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

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

The county has adopted an investment policy. That policy follows the state statute for allowable investments.

The county's investment policy as it relates to custodial credit risk specifies that safekeeping agreements shall be in effect with each financial institution.

The county's investment policy as it relates to custodial credit risk states that ownership of all securities shall be perfected in the name of the county.

The county's investment policy as it relates to credit risk states that the county may invest in treasury obligations, federal agencies, local government investment pool, commercial paper rated at least A-1 by Standard & Poor's or P-1 by Moody's, and other allowable investments. Complete details are available in the county's investment policy.

The county's investment policy states that the county may invest in U.S. treasuries and agencies not exceeding five years, corporate bonds not exceeding three years, and the LGIP in accordance with Federal Securities Regulation 2a-7.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on inputs and methods described in Note IV.A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments is allocated based on average balances of individual funds. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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, 2019, the fair value of the county's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

2. Receivables

The county's property taxes are levied on or before December 31 on the equalized valuation as of the prior January 1 for all general property located in the county. The taxes are due and payable in the following year. Property taxes are recorded in the year levied as taxes receivable and deferred inflows.

Local property taxes as levied are collected by local treasurers, typically through the last day of January in each year. Twenty municipalities have contracted with the county for tax collections. By February 20, the county treasurer and local treasurers settle for all collections and amounts paid timely through January 31 due the various taxing districts. On February 1, tax collection becomes the responsibility of the county, except for the City of Beloit, and delinquent taxes receivable represent unpaid taxes levied for all taxing entities within the county. On August 20, the county purchases uncollected property taxes from other taxing authorities at the unpaid amount to facilitate the collection of the taxes. The purchases are a financing arrangement and are not included in property tax revenues.

Following is the property tax calendar for municipalities within the county.

Property tax calendar – 2019 tax roll:

Levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Final installment due	July 31, 2020
Personal property taxes in full	January 31, 2020 (except improvements on leased land due January 31, 2020 and July 31, 2020)
Tax certificate date	September 1, 2019
Tax sale – 2019 delinquent real estate taxes	October 2022

Delinquent property taxes purchased from other taxing authorities are included as nonspendable fund balance at year-end. Delinquent property taxes levied by the county are included as deferred inflows and are excluded from revenues and fund balance until collected.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

On September 1, the tax lien date, all unpaid taxes are reflected as tax certificates. No allowance for losses on delinquent taxes has been provided because the county has demonstrated its ability to recover any losses through the sale of the property.

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

Rock County has a 0.5% sales tax which is collected by the State of Wisconsin and is remitted to the county monthly. Sales taxes are accrued as a receivable when the underlying sale relating to it takes place. At December 31, 2019, the county has accrued two months of the subsequent year’s collections as receivable.

The county has received federal and state grant funds for housing rehabilitation loan programs. The county records a loan receivable when the loan has been made and funds have been disbursed.

Accounts receivable have been shown net of an allowance for uncollectible accounts. It is the county’s policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as restricted fund balance in the fund financial statements.

3. Inventories and Prepaid Items

Governmental fund inventories are valued at cost using the first-in, first-out (FIFO) method and using the consumption method of accounting. Inventories of the proprietary funds, except for the public works department, are valued at cost using the FIFO method. The public works department uses the average cost method.

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. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$25,000 for general capital assets and \$100,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost, if actual amounts are unavailable. Donated fixed assets are recorded at their estimated acquisition value at the date of donation.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

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

Buildings	15 to 40 Years
Land Improvements	10 to 20 Years
Machinery and Equipment	4 to 25 Years
Infrastructure	15 to 75 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 the same way as in the government-wide statements.

5. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

6. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2019 are determined on the basis of current salary rates and include salary related payments.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

7. Long-Term Obligations

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. The balance at year-end is shown as an increase or decrease in the liability section of the statement of net position.

8. Deferred Inflows of Resources

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

9. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those 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.”

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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Equity Classifications (cont.)

Fund Statements

Governmental balances are displayed as follows:

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

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

The county has a formal fund balance policy. The policy is to maintain an unassigned general fund balance of 20% to 25% of the total general, human services, airport, and enterprise fund expenditures/expenses. The unassigned general fund balance at year-end was \$37,654,021, or 26% of the expenditures/expenses of the funds listed above.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Postemployment Benefit Plans Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the county health insurance OPEB Plan has been determined on the same basis as reported by the plan. For this purpose, the county OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. The details of this reconciliation include the following:

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

Land	\$	8,386,556
Construction in progress		774,955
Easements		4,036,955
Infrastructure construction in progress		1,157,693
Infrastructure and land improvements		6,437,101
Other capital assets, net of depreciation/ amortization		131,810,477
Less: Internal service fund capital assets included above, net of depreciation/amortization		<u>(5,120,341)</u>
Adjustment for Capital Assets	\$	<u>147,483,396</u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

A. *EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION* (cont.)

Long-term liabilities applicable to the county's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities- both current and long-term are reported in the statement of net position.

General obligation debt payable	\$ 26,645,870
Unamortized debt premium	613,727
Compensated absences	7,299,983
Other postemployment benefits	41,962,881
Accrued interest	<u>168,724</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 76,691,185</u>

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. *LIMITATIONS ON THE COUNTY'S TAX LEVY*

Wisconsin law limits the county's future tax levies. Generally, the county is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the county's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The county is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 18,489,234	\$ 20,133,507	Custodial credit risk
U.S. agencies – implicitly guaranteed	584,724	584,724	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
U.S. Treasuries	16,849,187	16,849,187	Custodial credit risk, interest rate risk
State and local bonds	219,850	219,850	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
Corporate bonds	8,743,472	8,743,472	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
Other debt securities	2,338,357	2,338,357	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Mutual funds – other than bonds	8,001,963	8,001,963	N/A
LGIP	29,228,520	29,228,520	Credit risk
Petty cash	18,075	-	N/A
Total Cash and Investments	\$ 84,473,382	\$ 86,099,580	
Reconciliation to financial statements			
Per statement of net position			
Cash and investments	\$ 63,219,547		
Restricted cash and investments	24,814		
Per statement of assets and liabilities			
Agency fund	21,229,021		
Total Cash and Investments	\$ 84,473,382		

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing the custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$250,000 may be in cash. Additionally, through Lloyds of London, accounts have additional securities coverage of \$99.5 million per customer subject to a \$500 million aggregate firm limit.

The county maintains collateral agreements with its banks. At December 31, 2019, the banks had pledged various government securities in the amount of \$13,000,000 to secure the county's deposits.

The county categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Quoted market prices
- > Automated method using spread scales

Investment Type	Level 1	Level 2	Level 3	Total
State and local bonds	\$ -	\$ 219,850	\$ -	\$ 219,850
U.S. agencies – implicitly guaranteed	-	584,724	-	584,724
U.S. Treasuries	16,849,187	-	-	16,849,187
Corporate bonds	-	8,743,472	-	8,743,472
Mutual funds – other than bonds	-	8,001,963	-	8,001,963
Other debt securities	-	2,338,357	-	2,338,357
Totals	\$ 16,849,187	\$ 19,888,366	\$ -	\$ 36,737,553

Custodial Credit Risk

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

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

As of December 31, 2019, \$3,840,000 of the county’s total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$ 3,840,000

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

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

Credit Risk

As of December 31, 2019, the county’s investments were rated as follows:

<u>Investment Type</u>	<u>Moody’s</u>
U.S. Agencies – Implicitly guaranteed	AA+
Corporate bonds	AAA, AA+, AA, AA-, A+, A, A-
State and local bonds	AA-
Other debt securities	AAA, Not rated

The county also had investments in the following external pool, which is not rated:

Local Government Investment Pool

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

As of December 31, 2019, the county's investments were as follows:

Investment Type	Fair Value	Maturity (in Years)		
		Less Than 1	1-4	More than 4
State and local bonds	\$ 219,850	\$ 219,850	\$ -	\$ -
U.S. agencies – implicitly guaranteed	584,724	-	584,724	-
U.S. treasuries	16,849,187	869,595	10,505,552	5,474,040
Corporate bonds	8,743,472	1,290,887	4,889,037	2,563,548
Other debt securities	2,338,357	-	1,565,200	773,157
 Total Fair Value	 <u>\$ 28,735,590</u>	 <u>\$ 2,380,332</u>	 <u>\$ 17,544,513</u>	 <u>\$ 8,810,745</u>

B. RECEIVABLES

Receivables are not expected to be collected within one year as follows:

	General	Nonmajor Governmental Funds
Amounts not expected to be collected within one year	<u>\$ 5,072,439</u>	<u>\$ 2,884,967</u>

Receivables in the Rock Haven and nonmajor governmental funds have been recorded net of allowances. The allowances as of December 31, 2019, in these funds, respectively, are \$160,536 and \$481,835.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

B. RECEIVABLES (cont.)

At December 31, 2019, delinquent taxes receivable are as follows:

Tax Certificates –	
2018	\$ 2,355,107
2017	1,020,918
2016	410,394
2015	41,280
2014 and prior	<u>118,354</u>
Totals	3,946,053
Special assessment tax certificates and deeds (payable to other governments)	1,038,456
Other miscellaneous taxes	<u>87,930</u>
Total Delinquent Taxes Receivable	<u><u>\$ 5,072,439</u></u>

Governmental funds report *unavailable revenue* 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 *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable	\$ -	\$ 60,753,670
Delinquent property taxes receivable	781,187	-
Loans receivable	2,884,976	-
Grants	<u>-</u>	<u>438,241</u>
Total Unavailable/Unearned Revenue For Governmental Funds	<u><u>\$ 3,666,163</u></u>	61,191,911
Internal Service Fund Taxes receivable		2,186,368
Subsequent period prepayments		<u>12,934</u>
Governmental Activities Unearned Revenue		<u><u>\$ 63,391,213</u></u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 6,730,186	\$ 1,656,370	\$ -	\$ 8,386,556
Construction in progress	3,449,525	464,871	3,139,441	774,955
Easements	3,579,655	457,300	-	4,036,955
Infrastructure construction in progress	324,748	1,131,279	298,334	1,157,693
Infrastructure and land improvements	6,437,101	-	-	6,437,101
Total Capital Assets Not Being Depreciated/Amortized	20,521,215	3,709,820	3,437,775	20,793,260
Capital assets being depreciated/amortized				
Intangible assets – software	1,320,033	485,927	-	1,805,960
Land improvements	35,956,589	50,000	1,044,569	34,962,020
Buildings and improvements	105,511,653	12,701,523	638,423	117,574,753
Machinery and equipment	11,383,095	1,874,203	399,198	12,858,100
Roads	52,557,597	3,884,648	1,639,092	54,803,153
Bridges	15,200,035	321,728	-	15,521,763
Stop lights	515,846	-	-	515,846
Airport water and sewer system	1,557,502	-	-	1,557,502
Snowmobile bridges	247,574	-	-	247,574
Total Capital Assets Being Depreciated/Amortized	224,249,924	19,318,029	3,721,282	239,846,671
Less: Accumulated depreciation/amortization for				
Intangible assets – software	(809,856)	(164,655)	-	(974,511)
Land improvements	(21,550,998)	(1,219,487)	1,555,590	(21,214,895)
Buildings and improvements	(64,852,341)	(4,676,374)	98,497	(69,430,218)
Machinery and equipment	(7,410,813)	(843,126)	355,443	(7,898,496)
Roads	(6,227,208)	(1,096,063)	1,639,092	(5,684,179)
Bridges	(1,906,947)	(251,795)	-	(2,158,742)
Stop lights	(63,178)	(10,317)	-	(73,495)
Airport water and sewer system	(477,641)	(20,767)	-	(498,408)
Snowmobile bridges	(98,298)	(4,952)	-	(103,250)
Total Accumulated Depreciation/ Amortization	(103,397,280)	(8,287,536)	3,648,622	(108,036,194)
Net Capital Assets Being Depreciated/Amortized	120,852,644	11,030,493	72,660	131,810,477
Total Governmental Activities Capital Assets, Net of Depreciation/Amortization	\$ 141,373,859	\$ 14,740,313	\$ 3,510,435	\$ 152,603,737

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 769,434
Public safety	2,866,042
Health and social services	465,543
Public works	2,834,120
Culture, recreation and education	752,101
Conservation and development	<u>2,162</u>
Sub-total	7,689,402
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	<u>598,134</u>
Total Governmental Activities Depreciation Expense	<u>\$ 8,287,536</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 104,153	\$ 265,622	\$ -	\$ 369,775
Construction in progress	<u>299,321</u>	<u>1,128,149</u>	<u>265,988</u>	<u>1,161,482</u>
Total Capital Assets Not Being Depreciated	<u>403,474</u>	<u>1,393,771</u>	<u>265,988</u>	<u>1,531,257</u>
Capital assets being depreciated				
Land improvements	2,857,237	-	-	2,857,237
Buildings	24,220,512	637,899	98,856	24,759,555
Machinery and equipment	<u>38,602,006</u>	<u>1,494,661</u>	<u>331,396</u>	<u>39,765,271</u>
Total Capital Assets Being Depreciated	<u>65,679,755</u>	<u>2,132,560</u>	<u>430,252</u>	<u>67,382,063</u>
Less: Accumulated depreciation for				
Land improvements	(620,953)	(84,919)	-	(705,872)
Buildings	(6,191,554)	(621,014)	96,173	(6,716,395)
Machinery and equipment	<u>(18,527,856)</u>	<u>(1,933,370)</u>	<u>318,462</u>	<u>(20,142,764)</u>
Total Accumulated Depreciation	<u>(25,340,363)</u>	<u>(2,639,303)</u>	<u>414,635</u>	<u>(27,565,031)</u>
Net Capital Assets Being Depreciated	<u>40,339,392</u>	<u>(506,743)</u>	<u>15,617</u>	<u>39,817,032</u>
Total Business-type Capital Assets, Net of Depreciation	<u>\$ 40,742,866</u>	<u>\$ 887,028</u>	<u>\$ 281,605</u>	<u>\$ 41,348,289</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Rock Haven	\$ 1,069,430
Highway	<u>1,663,814</u>
Total Business-type Activities Depreciation Expense	<u>\$ 2,733,244</u>

Depreciation expense may be different from business-type activity capital asset additions because of salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
General Fund		
	Special revenue – Other grants	\$ 333,033
	Internal service – Motor pool	624,691
	Internal service – Health insurance	1,639,788
Special Revenue Funds		
Human services	General	417,847
Parks	General	8,171
Consortium	General	613,674
Revolving loans	General	441,770
Land records	General	305,240
Veterans’ relief	General	7,091
Arrowhead library system	General	585,887
County bridge aid	General	714,950
Other activities	General	801,352
Other special revenue funds	General	1,541,604
Airport	General	329,928
Debt Service Fund	General	2,113,621
Capital Projects Funds		
Airport projects	General	482,109
General capital projects	General	715,733
Enterprise Funds		
Rock Haven	General	4,210,593
Highway	General	1,440,704
Internal Service Funds		
Information technology	General	2,054,421
Self insurance	General	5,464,568
Job center	General	265,944
		25,112,719
		Less: Fund eliminations (9,412,010)
		Less: Government-wide eliminations (21,352,006)
		Less: Interfund receivables, IT, self-insurance created with internal service and fund eliminations (375,366)
		\$ (6,026,663)
	Total Government-Wide Financial Statements	

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Interfund Receivables/Payables (cont.)

All amounts are considered to be due within one year and the principal purpose of these interfunds is for operating activities.

Balances owed by the general fund to other funds result from the cash and investment management for the county being accounted for in the general fund with the share owned by other funds being reported as interfund balances. Balances owed to the general fund resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General	Special revenue – Human Services	\$ 730,437
General	Nonmajor governmental funds	270,999
General	Internal service funds	5,000
Nonmajor governmental funds	General	4,849,374
Nonmajor governmental funds	Nonmajor governmental funds	312,034
Highway	Nonmajor governmental funds	<u>6,452,000</u>
Subtotal - Fund Financial Statements		12,619,844
Add: Governmental activities' infrastructure paid by Highway		5,039,321
Less: Fund eliminations		(6,162,844)
Less: Government-wide eliminations		<u>(10,083,642)</u>
Total Transfers - Government-Wide Statement of Activities		<u>\$ 1,412,679</u>
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ 5,039,321
Business-type activities	Governmental activities	<u>(6,452,000)</u>
		<u>\$ (1,412,679)</u>

Generally, transfers are used to 1) close lapsing funds, 2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) funding for various projects.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Notes Payable:					
General Obligation Debt					
General	\$ 18,127,918	\$11,655,000	\$ 3,137,048	\$ 26,645,870	\$ 3,890,951
Internal service	1,491,752	-	259,843	1,231,909	249,126
Add deferred amounts for premiums:					
Premium on long-term debt –					
General	-	613,727	-	613,727	-
Internal service	23,768	-	3,396	20,372	-
Total Notes Payable	19,643,438	12,268,727	3,400,287	28,511,878	4,140,077
Other Liabilities:					
Vested compensated absences					
General	7,184,854	3,858,051	3,742,922	7,299,983	3,822,985
Internal service	351,205	127,973	203,256	275,922	172,330
Total Other Liabilities	7,536,059	3,986,024	3,946,178	7,575,905	3,995,315
Total Governmental Activities Long-Term Liabilities	\$ 27,179,497	\$16,254,751	\$ 7,346,465	\$ 36,087,783	\$ 8,135,392
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Debt					
Add deferred amounts for premiums:	\$ 22,510,330	\$ -	\$ 1,658,109	\$ 20,852,221	\$ 2,382,222
Premium on long-term debt	448,503	-	74,113	374,390	-
Total Bonds and Notes Payable	22,958,833	-	1,732,222	21,226,611	2,382,222
Other Liabilities:					
Vested compensated absences					
Total Other Liabilities	1,638,184	907,011	973,464	1,571,731	947,750
Total Business-type Activities Long-Term Liabilities	\$ 24,597,017	\$ 907,011	\$ 2,705,686	\$ 22,798,342	\$ 3,329,972

Information related to other postemployment benefit long-term obligations and net pension liabilities are reported in Note V.D. and Note V.A. respectively, and are not included in the table above.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the county may not exceed 5% of the equalized value of taxable property within the county's jurisdiction. The debt limit as of December 31, 2019 was \$618,225,630. Total general obligation debt outstanding at year-end was \$48,730,000.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-19
General Obligation Debt					
Promissory notes	2011	2020	2.00 - 2.50%	\$ 4,500,000	\$ 700,000
Promissory bonds	2011	2026	2.00 - 4.00%	22,000,000	18,350,000
Promissory bonds	2012	2021	1.25 - 4.00%	7,300,000	2,370,000
Promissory notes	2013	2023	2.00 - 3.05%	6,040,000	3,215,000
Promissory notes	2015	2025	1.00 - 2.00%	7,890,000	4,755,000
Promissory notes	2017	2027	1.50 - 2.20%	8,785,000	7,685,000
Promissory notes	2019	2029	2.00 - 4.00%	11,655,000	11,655,000
Total General Obligation Debt					\$ 48,730,000
					Balance 12-31-19
Governmental Activities					
General					\$ 26,645,870
Internal service					1,231,909
Sub-Total					27,877,779
Business-type Activities					
Enterprise					20,852,221
Total General Obligation Debt					\$ 48,730,000

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2020	\$ 4,140,077	\$ 633,561	\$ 2,382,222	\$ 719,451
2021	3,615,000	552,057	2,970,000	663,495
2022	3,425,000	503,495	3,100,000	589,000
2023	3,110,000	412,795	3,100,000	496,000
2024	3,020,000	342,195	3,100,000	372,000
2025 – 2029	10,567,702	687,310	6,199,999	372,000
Totals	<u>\$ 27,877,779</u>	<u>\$ 3,131,413</u>	<u>\$ 20,852,221</u>	<u>\$ 3,211,946</u>

F. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2019 includes the following:

Governmental Activities

Net investment in capital assets	
Land and land improvements	\$ 14,823,657
Construction in progress	1,932,648
Easements	4,036,955
Other capital assets, net of accumulated depreciation	131,810,477
Less: Long-term debt outstanding	(27,877,779)
Less: Unamortized debt premium	(634,099)
Plus: Noncapital debt outstanding	<u>9,800</u>
Total Net Investment in Capital Assets	<u>\$ 124,101,659</u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

F. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2019 include the following:

Nonspendable	
Major Funds	
General Fund	
Delinquent taxes	\$ 2,515,024
Inventories	8,662
Prepaid items	<u>82,227</u>
Sub-total	<u>2,605,913</u>
Human Services	
Prepaid items	<u>9,040</u>
Nonmajor Funds	
Special revenue funds – prepaid items	<u>62,461</u>
Total	<u>\$ 2,677,414</u>
Restricted	
Nonmajor Funds – Special Revenue Funds	
Revolving loans	\$ 1,061,275
Parks	21,733
Other grants	442,617
Land records	306,864
Arrowhead library system	229,561
County bridge aid	666,235
Other activities	801,352
Other special revenue funds	1,007,698
Airport	<u>306,282</u>
Sub-total	<u>4,843,617</u>
Nonmajor Fund – Debt Service Fund	<u>2,113,621</u>
Total	<u>\$ 6,957,238</u>
Committed	
Nonmajor Funds – Special Revenue Funds	
Veterans' relief	\$ 6,971
Other special revenue funds	<u>615,247</u>
Total	<u>\$ 622,218</u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

F. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (cont.)

Governmental Activities (cont.)

Assigned

Major Funds

General Fund

Sales taxes for future expenditures

\$ 1,269,337

Carryforward appropriations

466,934

Total General Fund

1,736,271

Human Services Fund

Human service programs

611,821

Nonmajor Funds – Capital Projects Funds

General capital projects

2,889,055

Airport projects

319,105

Sub-total

3,208,160

Total

\$ 5,556,252

Unassigned

Major Fund

General Fund

\$ 37,654,021

G. BUSINESS-TYPE ACTIVITIES NET POSITION

Business-type activities net position reported on the government-wide statement of net position at December 31, 2019 includes the following:

Business-type Activities

Net investment in capital assets

Land

\$ 369,775

Construction in progress

1,161,482

Other capital assets, net of depreciation

39,817,032

Less: Related long-term debt outstanding

(20,852,221)

Less: Unamortized premium on debt

(374,390)

Total Net Investment in Capital Assets

\$ 20,121,678

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours 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.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Summary of Significant Accounting Policies

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees 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.

During the reporting period, the WRS recognized \$4,759,062 in contributions from the county.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contribution rates for the plan year reported as of December 31, 2019 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

Pension Liability/(Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the county reported a liability of \$16,225,538 for its proportionate share of the net pension asset. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The county's proportion of the net pension liability was based on the county's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the county's proportion was 0.45606992%, which was a decrease of 0.00151523% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the county recognized pension expense of \$10,857,180.

At December 31, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,637,237	\$ 22,338,090
Changes in assumptions	2,735,032	-
Net differences between projected and actual earnings on pension plan investments	23,696,286	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	72,828	97,320
Employer contributions subsequent to the measurement date	4,821,039	-
Totals	\$ 43,962,422	\$ 22,435,410

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$4,821,039 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources
2020	\$ 6,019,446
2021	1,518,671
2022	2,657,742
2023	6,510,114
2024	-
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
<u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the county's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the county's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the county's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 64,481,988	\$ 16,225,538	\$ (19,565,875)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm> and reference report number 15-11.

At December 31, 2019, the county reported a payable to the pension plan of \$1,166,148, which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

Self Insurance

The county is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The county participates in a public entity risk pool called WMMIC to provide coverage for losses from theft of, damage to, or destruction of assets. However, other risks, such as worker's compensation and health care of employees, are accounted for and financed through self insurance activities recorded in the self insurance internal service fund.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance (cont.)

The county has self funded insurance programs for health care and workers compensation. Claims are processed by an administrator on behalf of the county. A separate fund has been established into which deposits are made and actual claims are paid out. As a part of the plan a reinsurance policy has been purchased which picks up health claims in excess of \$135,000 per individual and worker's compensation claims in excess of \$400,000 per individual. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the county participate in the risk management program. Amounts payable to the fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. The excess of deposits over claims as of December 31, 2019 was \$4,704,308 and is reflected in an internal service fund in these statements. Total contributions to the program during the year were \$23,430,366.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Accounts payable include an amount for claims that have been incurred but not reported. The county does not allocate overhead costs or other nonincremental costs to the claims liability.

Public Entity Risk Pool

In 2007, Rock County became a member of the Wisconsin Municipal Mutual Insurance Company (WMMIC). WMMIC is a mutual company operating solely within the property and liability insurance industry. WMMIC was organized to provide liability insurance and risk management services to participant municipalities. The aggregate annual maximum coverage per municipality is \$15,000,000. At December 31, 2019, WMMIC was owned by twenty municipalities. Responsibility for the operation and management of WMMIC is vested in its board of directors which is comprised of various municipal officials.

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

WMMIC is self-insured for all insurance risks up to a maximum of \$15,000,000 of losses involving two or more of its members. WMMIC retains the first \$1,000,000 of the loss and the remaining \$14,000,000 is through reinsurance. Losses paid by WMMIC plus administrative costs will be recovered through premiums of the participating pool of municipalities. The county's share of such losses is 5.4%. A list of other members and their share of participation is in the WMMIC report. Financial statements of WMMIC can be obtained directly from WMMIC's offices.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

The county's investment in WMMIC is reported on the statement of net position as a noncurrent asset in the amount of \$1,741,000.

Claims Liability

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims – Beginning of Year	\$ 3,743,612	\$ 3,083,560
Current year claims and administration	23,149,928	26,605,440
Claims and administration payments	<u>(23,809,980)</u>	<u>(26,495,534)</u>
Unpaid Claims – End of Year	<u>\$ 3,083,560</u>	<u>\$ 3,193,466</u>

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

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

The county has active construction projects as of December 31, 2019. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures/expenses.

The county has encumbrances of \$615,640 outstanding at year-end related to nonmajor governmental funds, which are expected to be honored upon performance by the vendor.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan description. The county administers a single-employer defined benefit healthcare plan (“the Retiree Healthcare Benefit Program”). The plan provides health insurance for eligible retirees and their spouses through the county’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive postemployment healthcare insurance at established contribution rates. The Retiree Health Plan does not issue a publicly available financial report.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided. The county’s group health insurance plan provides coverage to eligible retirees and their spouses. Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the county and the union. For Deputy Sheriffs and Deputy Sheriff’s Supervisors, the county makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year until age 65. The county provides other employees access to the retiree healthcare benefits; however, these retirees must pay 100% of the premium. The premium for coverage prior to age 65 is the same as the active employee rate. There is a separate plan for members after age 65 that is fully insured through outside carriers that retirees may elect at that time. All post-65 retirees pay 100% of that premium for coverage. The county contributes 100% of the current year premiums for a family or single plan for eligible Deputy Sheriffs and Deputy Sheriff’s Supervisors, retired plan members, and their spouses. All other eligible retirees pay 100% of the current year premiums for a family or single plan. The county, by paying the blended premium for active employees, in effect contributes the difference between the blended premium and the age adjustment premium towards retiree benefits. This results in another postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Employees covered by benefit terms. At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	85
Active plan members	<u>1,220</u>
	<u><u>1,305</u></u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (cont.)

Total OPEB Liability

The county's total OPEB liability of \$45,252,040 was measured as of December 31, 2019, and was determined by an actuarial valuation as of January 1, 2019 projected to December 31, 2019.

Actuarial assumptions and other inputs. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	For general employees, salary increase rates start at 6.5% at less than 1 year of service and decrease steadily to 3.4% at 30+ years of service. For protective service employees, salary increase rates start at 7.8% at less than 1 year of service and decrease steadily to 3.5% at 30+ years of service.
Healthcare cost trend rates	3.5% for 2020, 7.0% for 2021, then 6.5% for 2022 reduced by 0.25% increments each year going forward, to an ultimate rate of 4.25% in 2031.
Retirees' share of benefit-related costs	Deputy sheriffs and deputy sheriff supervisors – 0%; Other – 100%

The discount rate was based on the yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA as of the measurement date.

Mortality rates are from Wisconsin 2018 Mortality Table for men and women adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).

Other assumptions are based on a county-determined analysis of past trends and future expectations.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (cont.)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at December 31, 2018	\$ 40,112,873
Changes for the year:	
Service cost	2,249,458
Interest	1,428,166
Changes of benefit terms	-
Differences between expected and actual experience	(1,266,584)
Changes in assumptions or other inputs	4,311,319
Benefit payments	(1,583,192)
Net changes	5,139,167
Balances at December 31, 2019	\$ 45,252,040

Changes of assumptions and other inputs reflect a change in the discount rate from 3.71 percent in 2018 to 2.75 percent in 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the county, as well as what the county's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current discount rate:

	1% Decrease (1.75%)	Discount Rate (2.75%)	1% Increase (3.75%)
Total OPEB liability	\$ 51,462,371	\$ 45,252,040	\$ 40,068,612

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the county, as well as what the county's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6% decreasing to 2.5%) or 1-percentage-point higher (8% decreasing to 4.5%) than the current healthcare cost trend rates:

	1% Decrease (6% Decreasing to 2.5%)	Healthcare Cost Trend Rates	1% Increase (8% Decreasing to 4.5%)
Total OPEB liability	\$ 38,746,858	\$ 45,252,040	\$ 53,503,103

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (cont.)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the county recognized OPEB expense of \$3,814,854. At December 31, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 146,853	\$ 1,141,937
Changes of assumptions or other inputs	3,887,035	1,567,125
Total	\$ 4,033,888	\$ 2,709,062

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 137,230
2021	137,230
2022	137,230
2023	137,230
2024	137,230
Thereafter	638,676

Local Retiree Life Insurance Fund (LRLIF)

Plan description. The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (cont.)

Local Retiree Life Insurance Fund (LRLIF) (cont.)

Benefits provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65. Contribution rates for the plan year reported as of December 31, 2019 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the plan year are as listed below:

**Life Insurance Employee Contribution Rates For
the Plan Year**

Attained Age	Basic
Under 30	\$0.05
30-34	0.06
34-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (cont.)

Local Retiree Life Insurance Fund (LRLIF) (cont.)

During the reporting period, the LRLIF recognized \$24,062 in contributions from the employer.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2019, the county reported a liability of \$3,222,656 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The county's proportion of the net OPEB liability was based on the county's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the county's proportion was 1.24892800%, which was a decrease of .01311500% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the county recognized OPEB expense of \$320,617.

At December 31, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 163,483
Net differences between projected and actual earnings on OPEB plan investments	77,016	-
Changes in assumptions	307,491	698,544
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,692	30,746
Employer contributions subsequent to the measurement date	22,678	-
Total	\$ 429,877	\$ 892,773

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (cont.)

\$22,678 reported as deferred outflows related to OPEB resulting from the LRLIF Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ (64,317)
2021	(64,317)
2022	(64,317)
2023	(75,133)
2024	(86,275)
Thereafter	(131,215)

Actuarial assumptions. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	4.10%
Long-Term Expected Rate of Return:	5.0%
Discount Rate:	4.22%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (cont.)

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2018

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40	2.69
US Long Credit Bonds	Barclays Long Credit	4	3.01
US Mortgages	Barclays MBS	54	2.25
Inflation			2.30
Long-Term Expected Rate of Return			5.00

Single discount rate. A single discount rate of 4.22% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (cont.)

Sensitivity of the county's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the county's proportionate share of the net OPEB liability calculated using the discount rate of 4.22 percent, as well as what the county's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
County's proportionate share of the net OPEB liability	\$4,584,441	\$3,222,656	\$2,172,348

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

E. SUBSEQUENT EVENT

On July 11, 2019, the county authorized changing the county's health insurance plan from self-funded to a commercial health insurance plan. This change will become effective January 1, 2020.

On June 10, 2020 the county authorized a \$4,241,600 contract for the construction of a Department of Public Works storage building and salt shed.

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

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests*
- > Statement No. 91, *Conduit Debt Obligations*
- > Statement No. 92, *Omnibus*
- > Statement No. 93, *Replacement of Interbank Offered Rates*
- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ROCK COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 36,264,222	\$ 36,264,222	\$ 37,275,684	\$ 1,011,462
Intergovernmental	11,227,499	11,303,797	10,993,359	(310,438)
Regulation and compliance	1,647,827	1,647,827	1,445,712	(202,115)
Public charges for services	3,260,789	3,310,789	3,412,072	101,283
Intergovernmental charges for services	1,149,982	1,164,982	1,265,238	100,256
Other	1,260,344	1,260,344	3,641,776	2,381,432
Total Revenues	<u>54,810,663</u>	<u>54,951,961</u>	<u>58,033,841</u>	<u>3,081,880</u>
EXPENDITURES				
Current				
General government	7,453,084	7,431,329	6,783,095	648,234
Public safety	38,471,093	38,314,393	37,324,897	989,496
Health and social services	7,255,200	7,279,790	6,682,537	597,253
Culture, recreation, and education	371,538	377,361	315,501	61,860
Conservation and development	1,423,043	1,439,865	1,260,039	179,826
Capital outlay	-	-	828,408	(828,408)
Total Expenditures	<u>54,973,958</u>	<u>54,842,738</u>	<u>53,194,477</u>	<u>1,648,261</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(163,295)</u>	<u>109,223</u>	<u>4,839,364</u>	<u>4,730,141</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	163,295	(109,223)	1,006,436	1,115,659
Transfers out	-	-	(4,852,668)	(4,852,668)
Total Other Financing Sources (Uses)	<u>163,295</u>	<u>(109,223)</u>	<u>(3,846,232)</u>	<u>(3,737,009)</u>
Net Change in Fund Balance	-	-	993,132	993,132
FUND BALANCE - Beginning of Year	<u>41,003,073</u>	<u>41,003,073</u>	<u>41,003,073</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 41,003,073</u>	<u>\$ 41,003,073</u>	<u>\$ 41,996,205</u>	<u>\$ 993,132</u>

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

ROCK COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES FUND
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Taxes	\$ 22,761,465	\$ 22,761,465	\$ 22,761,465	\$ -
Intergovernmental	28,606,526	29,883,973	28,080,325	(1,803,648)
Public charges for services	746,556	746,556	737,338	(9,218)
Intergovernmental charges for services	9,866,844	9,866,844	7,276,312	(2,590,532)
Other	13,000	13,000	196,249	183,249
Total Revenues	<u>61,994,391</u>	<u>63,271,838</u>	<u>59,051,689</u>	<u>(4,220,149)</u>
EXPENDITURES				
Current				
Health and social services	<u>61,994,391</u>	<u>63,271,838</u>	<u>58,245,836</u>	<u>5,026,002</u>
Total Expenditures	<u>61,994,391</u>	<u>63,271,838</u>	<u>58,245,836</u>	<u>5,026,002</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>805,853</u>	<u>805,853</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(730,437)</u>	<u>(730,437)</u>
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(730,437)</u>	<u>(730,437)</u>
Net Change in Fund Balance	-	-	75,416	75,416
FUND BALANCE - Beginning of Year	<u>545,445</u>	<u>545,445</u>	<u>545,445</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 545,445</u>	<u>\$ 545,445</u>	<u>\$ 620,861</u>	<u>\$ 75,416</u>

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

ROCK COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
 WISCONSIN RETIREMENT SYSTEM
 For the Year Ended December 31, 2019

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/19	0.45606992%	\$ 16,225,538	\$ 63,975,578	25.36%	96.45%
12/31/18	0.45758515%	(13,586,246)	61,432,280	-22.12%	102.93%
12/31/17	0.45374505%	3,739,943	59,894,237	6.24%	99.12%
12/31/16	0.45470008%	7,388,788	61,691,490	11.98%	98.20%
12/31/15	0.44871979%	(11,021,786)	57,733,976	-19.09%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
 For the Year Ended December 31, 2019

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/19	\$ 4,821,039	\$ 4,821,039	\$ -	\$ 65,675,939	7.34%
12/31/18	4,762,978	4,762,978	-	63,972,191	7.45%
12/31/17	4,635,457	4,635,457	-	61,432,281	7.55%
12/31/16	4,283,383	4,283,383	-	59,894,237	7.15%
12/31/15	4,349,693	4,349,693	-	61,691,490	7.05%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET LIFE INSURANCE OPEB LIABILITY -
 LOCAL RETIREE LIFE INSURANCE FUND
 For the Year Ended December 31, 2019

<u>Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
12/31/19	1.24892800%	\$ 3,222,656	\$ 55,169,000	5.84%	48.69%
12/31/18	1.26204300%	3,796,957	53,072,518	7.15%	44.81%

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

ROCK COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN EMPLOYER'S TOTAL OPEB LIABILITY AND RELATED RATIOS
 HEALTH INSURANCE
 For the Year Ended December 31, 2019

	<u>2018</u>	<u>2019</u>
Total OPEB Liability		
Service cost	\$ 2,319,710	\$ 2,249,458
Interest	1,330,117	1,428,166
Changes of benefit terms	-	-
Differences between expected and actual experience	180,437	(1,266,584)
Changes of assumptions	(1,925,523)	4,311,319
Benefit payments	<u>(1,461,657)</u>	<u>(1,583,192)</u>
Net Change in Total OPEB Liability	443,084	5,139,167
Total OPEB Liability - Beginning	<u>39,669,789</u>	<u>40,112,873</u>
Total OPEB Liability - Ending	<u>\$ 40,112,873</u>	<u>\$ 45,252,040</u>
Covered payroll	\$ 61,987,476	\$ 67,204,706
Total OPEB liability as a percentage of covered payroll	64.71%	67.33%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Benefit changes. There were no changes to the benefits.

Changes in assumptions. There was a change in the discount rate used from 3.71% to 2.75%.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The County is required to present the last ten fiscal years' data; however, the standards allow the County to present as many years as are available until ten fiscal years are presented.

ROCK COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.C.

The budgeted amounts presented include any amendments made. The finance committee may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action. Budgets are adopted at the program level of expenditure.

Appropriations lapse at year-end unless specifically carried over. Carryovers to the following year were \$83,872 in the general fund.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The county is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

LOCAL RETIREE LIFE INSURANCE FUNDS

Changes in benefit terms. There were no changes of benefit terms for any participating employer in LRLIF.

Changes in Assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

SUPPLEMENTARY INFORMATION

ROCK COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	Special Revenue Funds					
	Revolving Loans	Parks	Other Grants	Land Records	Veterans' Relief	Arrowhead Library System
ASSETS						
Cash and investments	\$ 619,514	\$ 21,733	\$ 255,248	\$ -	\$ -	\$ 150
Taxes receivable	-	605,156	1,370,823	-	2,754	1,188,742
Accounts receivable	-	-	49,268	2,036	-	-
Loans receivable (net)	2,884,967	-	-	-	-	-
Due from other funds	441,770	8,171	-	305,240	7,091	585,887
Due from other governments	-	-	990,332	-	-	-
Prepaid items	-	-	-	-	-	62,461
TOTAL ASSETS	<u>\$ 3,946,251</u>	<u>\$ 635,060</u>	<u>\$ 2,665,671</u>	<u>\$ 307,276</u>	<u>\$ 9,845</u>	<u>\$ 1,837,240</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 8,171	\$ 517,490	\$ 412	\$ 120	\$ 5,611
Deposits	-	-	-	-	-	-
Due to other funds	-	-	333,033	-	-	-
Total Liabilities	<u>-</u>	<u>8,171</u>	<u>850,523</u>	<u>412</u>	<u>120</u>	<u>5,611</u>
Deferred Inflows of Resources						
Unearned revenues	-	605,156	1,372,531	-	2,754	1,539,607
Unavailable revenues	2,884,976	-	-	-	-	-
Total Deferred Inflows of Resources	<u>2,884,976</u>	<u>605,156</u>	<u>1,372,531</u>	<u>-</u>	<u>2,754</u>	<u>1,539,607</u>
Fund Balances						
Nonspendable	-	-	-	-	-	62,461
Restricted	1,061,275	21,733	442,617	306,864	-	229,561
Committed	-	-	-	-	6,971	-
Assigned	-	-	-	-	-	-
Total Fund Balances	<u>1,061,275</u>	<u>21,733</u>	<u>442,617</u>	<u>306,864</u>	<u>6,971</u>	<u>292,022</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,946,251</u>	<u>\$ 635,060</u>	<u>\$ 2,665,671</u>	<u>\$ 307,276</u>	<u>\$ 9,845</u>	<u>\$ 1,837,240</u>

Special Revenue Funds					Debt Service Fund	Capital Project Funds			Totals
County Bridge Aid	Other Activities	Other Special Revenue Funds	Income Maintenance Consortium	Airport	Debt Service	General Capital Projects	Airport Projects		
\$ -	\$ -	\$ 153,791	\$ -	\$ -	\$ -	\$ 2,463,598	\$ -	\$ 3,514,034	
403,239	-	76,261	-	528,685	7,601,800	257,700	-	12,035,160	
-	-	555	-	35,637	-	5,569	10,331	103,396	
-	-	-	-	-	-	-	-	2,884,967	
714,950	801,352	1,541,604	613,674	329,928	2,113,621	715,733	482,109	8,661,130	
-	-	-	-	-	-	-	-	990,332	
-	-	-	-	-	-	-	-	62,461	
<u>\$ 1,118,189</u>	<u>\$ 801,352</u>	<u>\$ 1,772,211</u>	<u>\$ 613,674</u>	<u>\$ 894,250</u>	<u>\$ 9,715,421</u>	<u>\$ 3,442,600</u>	<u>\$ 492,440</u>	<u>\$ 28,251,480</u>	
\$ 48,715	\$ -	\$ 34,342	\$ 613,674	\$ 15,392	\$ -	\$ 295,845	\$ 173,335	\$ 1,713,107	
-	-	2,400	-	26,980	-	-	-	29,380	
-	-	-	-	-	-	-	-	333,033	
<u>48,715</u>	<u>-</u>	<u>36,742</u>	<u>613,674</u>	<u>42,372</u>	<u>-</u>	<u>295,845</u>	<u>173,335</u>	<u>2,075,520</u>	
403,239	-	112,524	-	545,596	7,601,800	257,700	-	12,440,907	
-	-	-	-	-	-	-	-	2,884,976	
<u>403,239</u>	<u>-</u>	<u>112,524</u>	<u>-</u>	<u>545,596</u>	<u>7,601,800</u>	<u>257,700</u>	<u>-</u>	<u>15,325,883</u>	
-	-	-	-	-	-	-	-	62,461	
666,235	801,352	1,007,698	-	306,282	2,113,621	-	-	6,957,238	
-	-	615,247	-	-	-	-	-	622,218	
-	-	-	-	-	-	2,889,055	319,105	3,208,160	
<u>666,235</u>	<u>801,352</u>	<u>1,622,945</u>	<u>-</u>	<u>306,282</u>	<u>2,113,621</u>	<u>2,889,055</u>	<u>319,105</u>	<u>10,850,077</u>	
<u>\$ 1,118,189</u>	<u>\$ 801,352</u>	<u>\$ 1,772,211</u>	<u>\$ 613,674</u>	<u>\$ 894,250</u>	<u>\$ 9,715,421</u>	<u>\$ 3,442,600</u>	<u>\$ 492,440</u>	<u>\$ 28,251,480</u>	

ROCK COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Special Revenue Funds					
	Revolving Loans	Parks	Other Grants	Land Records	Veterans' Relief	Arrowhead Library System
REVENUES						
Taxes	\$ -	\$ 525,665	\$ 1,304,428	\$ -	\$ 4,754	\$ 1,100,158
Intergovernmental	-	-	3,074,149	1,000	-	467,820
Public charges for services	140,830	60,991	406,782	379,511	-	6,102
Intergovernmental charges for services	-	-	270,898	-	-	240,765
Other	10,147	6,227	167,026	186	-	2,000
Total Revenues	<u>150,977</u>	<u>592,883</u>	<u>5,223,283</u>	<u>380,697</u>	<u>4,754</u>	<u>1,816,845</u>
EXPENDITURES						
Current						
General government	-	-	21,823	314,949	-	-
Public safety	-	-	531,824	-	-	-
Health and social services	-	-	3,815,761	-	2,809	-
Public works	-	-	132,905	-	-	-
Culture, recreation, and education	-	565,897	-	-	-	1,796,036
Conservation and development	108,767	-	529,275	-	-	-
Capital Outlay	-	-	546,307	-	-	-
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>108,767</u>	<u>565,897</u>	<u>5,577,895</u>	<u>314,949</u>	<u>2,809</u>	<u>1,796,036</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>42,210</u>	<u>26,986</u>	<u>(354,612)</u>	<u>65,748</u>	<u>1,945</u>	<u>20,809</u>
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-
Transfers in	-	96,071	434,782	-	-	-
Transfers out	-	(101,324)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(5,253)</u>	<u>434,782</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	42,210	21,733	80,170	65,748	1,945	20,809
FUND BALANCES - Beginning of Year	<u>1,019,065</u>	<u>-</u>	<u>362,447</u>	<u>241,116</u>	<u>5,026</u>	<u>271,213</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,061,275</u>	<u>\$ 21,733</u>	<u>\$ 442,617</u>	<u>\$ 306,864</u>	<u>\$ 6,971</u>	<u>\$ 292,022</u>

Special Revenue Funds					Debt Service Fund	Capital Project Funds		Totals
County Bridge Aid	Other Activities	Other Special Revenue Funds	Income Maintenance Consortium	Airport	Debt Service	General Capital Projects	Airport Projects	
\$ 330,500	\$ -	\$ 283,825	\$ -	\$ 562,965	\$ 3,918,663	\$ 3,578,571	\$ 38,000	\$11,647,529
-	-	21,578	4,597,672	7,000	-	103,015	-	8,272,234
-	-	861,178	-	403,989	-	185,391	-	2,444,774
-	-	25,376	-	-	-	-	-	537,039
-	33,973	162,142	-	-	-	8,942	-	390,643
<u>330,500</u>	<u>33,973</u>	<u>1,354,099</u>	<u>4,597,672</u>	<u>973,954</u>	<u>3,918,663</u>	<u>3,875,919</u>	<u>38,000</u>	<u>23,292,219</u>
-	18,613	205,288	-	-	-	-	-	560,673
-	-	84,053	-	-	-	-	-	615,877
-	-	-	4,597,672	-	-	-	-	8,416,242
48,715	-	-	-	924,173	-	-	-	1,105,793
-	-	68,536	-	-	-	-	-	2,430,469
-	-	25,023	-	-	-	-	-	663,065
-	-	-	-	-	-	11,977,725	225,106	12,749,138
-	-	-	-	-	3,137,048	-	-	3,137,048
-	-	-	-	-	549,081	-	-	549,081
<u>48,715</u>	<u>18,613</u>	<u>382,900</u>	<u>4,597,672</u>	<u>924,173</u>	<u>3,686,129</u>	<u>11,977,725</u>	<u>225,106</u>	<u>30,227,386</u>
<u>281,785</u>	<u>15,360</u>	<u>971,199</u>	<u>-</u>	<u>49,781</u>	<u>232,534</u>	<u>(8,101,806)</u>	<u>(187,106)</u>	<u>(6,935,167)</u>
-	-	-	-	-	-	11,655,000	-	11,655,000
-	-	-	-	-	613,727	-	-	613,727
-	188,685	-	-	-	-	4,441,870	-	5,161,408
-	(16,242)	(115,402)	-	-	-	(6,798,771)	-	(7,031,739)
-	172,443	(115,402)	-	-	613,727	9,298,099	-	10,398,396
281,785	187,803	855,797	-	49,781	846,261	1,196,293	(187,106)	3,463,229
<u>384,450</u>	<u>613,549</u>	<u>767,148</u>	<u>-</u>	<u>256,501</u>	<u>1,267,360</u>	<u>1,692,762</u>	<u>506,211</u>	<u>7,386,848</u>
<u>\$ 666,235</u>	<u>\$ 801,352</u>	<u>\$ 1,622,945</u>	<u>\$ -</u>	<u>\$ 306,282</u>	<u>\$ 2,113,621</u>	<u>\$ 2,889,055</u>	<u>\$ 319,105</u>	<u>\$10,850,077</u>

ROCK COUNTY

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of December 31, 2019

	Motor Pool	Information Technology	Self Insurance
ASSETS			
Current Assets			
Cash and investments	\$ -	\$ -	\$ 45,128
Taxes receivable	-	2,086,368	100,000
Accounts receivable	-	64,450	647,079
Due from other funds	-	2,054,421	5,464,568
Prepaid items	-	46,194	-
Total Current Assets	<u>-</u>	<u>4,251,433</u>	<u>6,256,775</u>
Noncurrent Assets			
Deposit with Wisconsin Mutual Insurance Company	-	-	1,741,000
Capital Assets			
Land	-	-	-
Intangible assets - software	-	1,730,590	-
Other capital assets	1,526,456	950,632	-
Less: Accumulated depreciation/amortization	(657,544)	(1,590,516)	-
Net Capital Assets	<u>868,912</u>	<u>1,090,706</u>	<u>-</u>
Total Assets	<u>868,912</u>	<u>5,342,139</u>	<u>7,997,775</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	-	1,135,039	-
OPEB related amounts	-	68,203	-
Total Deferred Outflows of Resources	<u>-</u>	<u>1,203,242</u>	<u>-</u>
LIABILITIES			
Current Liabilities			
Accounts payable	208	238,832	3,193,466
Accrued vacation and comp time	-	172,330	-
Due to other funds	624,691	-	-
Current portion of debt	-	63,126	-
Total Current Liabilities	<u>624,899</u>	<u>474,288</u>	<u>3,193,466</u>
Noncurrent Liabilities			
General obligation debt	-	-	-
Unamortized premium	-	-	-
Accrued sick leave	-	103,592	-
Other post employment benefits liability	-	752,078	-
Net pension liability	-	404,421	-
Total Noncurrent Liabilities	<u>-</u>	<u>1,260,091</u>	<u>-</u>
Total Liabilities	<u>624,899</u>	<u>1,734,379</u>	<u>3,193,466</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	-	2,086,368	100,001
Pension related amounts	-	587,560	-
OPEB related amounts	-	70,622	-
Total Deferred Inflows of Resources	<u>-</u>	<u>2,744,550</u>	<u>100,001</u>
NET POSITION			
Net investment in capital assets	868,912	1,027,580	-
Unrestricted (deficit)	(624,899)	1,038,872	4,704,308
TOTAL NET POSITION	<u>\$ 244,013</u>	<u>\$ 2,066,452</u>	<u>\$ 4,704,308</u>

Job Center	Health Insurance	Totals
\$ -	\$ -	\$ 45,128
-	-	2,186,368
46,496	34,756	792,781
265,944	-	7,784,933
-	1,652,721	1,698,915
<u>312,440</u>	<u>1,687,477</u>	<u>12,508,125</u>
-	-	1,741,000
575,710	-	575,710
-	-	1,730,590
3,982,399	-	6,459,487
<u>(1,397,386)</u>	<u>-</u>	<u>(3,645,446)</u>
<u>3,160,723</u>	<u>-</u>	<u>5,120,341</u>
<u>3,473,163</u>	<u>1,687,477</u>	<u>19,369,466</u>
45,251	-	1,180,290
<u>2,170</u>	<u>-</u>	<u>70,373</u>
<u>47,421</u>	<u>-</u>	<u>1,250,663</u>
-	-	3,432,506
-	-	172,330
-	1,639,788	2,264,479
<u>186,000</u>	<u>-</u>	<u>249,126</u>
<u>186,000</u>	<u>1,639,788</u>	<u>6,118,441</u>
982,783	-	982,783
20,372	-	20,372
-	-	103,592
23,600	-	775,678
<u>14,795</u>	<u>-</u>	<u>419,216</u>
<u>1,041,550</u>	<u>-</u>	<u>2,301,641</u>
<u>1,227,550</u>	<u>1,639,788</u>	<u>8,420,082</u>
-	12,933	2,199,302
22,865	-	610,425
<u>1,527</u>	<u>-</u>	<u>72,149</u>
<u>24,392</u>	<u>12,933</u>	<u>2,881,876</u>
1,971,568	-	3,868,060
<u>297,074</u>	<u>34,756</u>	<u>5,450,111</u>
<u>\$ 2,268,642</u>	<u>\$ 34,756</u>	<u>\$ 9,318,171</u>

ROCK COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2019

	Motor Pool	Information Technology	Self Insurance
OPERATING REVENUES			
Charges for services	\$ 271,692	\$ 3,614,101	\$ 23,430,366
Other	-	-	-
Total Operating Revenues	<u>271,692</u>	<u>3,614,101</u>	<u>23,430,366</u>
OPERATING EXPENSES			
Operation and maintenance	148,894	5,578,611	26,495,534
Depreciation/amortization	169,314	254,573	-
Total Operating Expenses	<u>318,208</u>	<u>5,833,184</u>	<u>26,495,534</u>
Operating Income (Loss)	<u>(46,516)</u>	<u>(2,219,083)</u>	<u>(3,065,168)</u>
NONOPERATING REVENUES (EXPENSES)			
Property taxes	-	1,452,996	-
Investment income	-	-	54,675
Interest expense	-	(4,892)	-
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>1,448,104</u>	<u>54,675</u>
Increase (Decrease) Before Transfers	<u>(46,516)</u>	<u>(770,979)</u>	<u>(3,010,493)</u>
TRANSFERS			
Transfers out	-	-	(5,000)
Total Transfers	<u>-</u>	<u>-</u>	<u>(5,000)</u>
Increase (Decrease) in Net Position	(46,516)	(770,979)	(3,015,493)
NET POSITION - Beginning of Year	<u>290,529</u>	<u>2,837,431</u>	<u>7,719,801</u>
NET POSITION - END OF YEAR	<u>\$ 244,013</u>	<u>\$ 2,066,452</u>	<u>\$ 4,704,308</u>

Job Center	Health Insurance	Totals
\$ 654,735	\$ -	\$ 27,970,894
-	34,756	34,756
654,735	34,756	28,005,650
350,025	-	32,573,064
174,247	-	598,134
524,272	-	33,171,198
130,463	34,756	(5,165,548)
-	-	1,452,996
-	-	54,675
(23,148)	-	(28,040)
(23,148)	-	1,479,631
107,315	34,756	(3,685,917)
-	-	(5,000)
-	-	(5,000)
107,315	34,756	(3,690,917)
2,161,327	-	13,009,088
\$ 2,268,642	\$ 34,756	\$ 9,318,171

ROCK COUNTY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2019

	<u>Motor Pool</u>	<u>Information Technology</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 271,692	\$ 4,300,216
Cash paid to suppliers for goods and services	214,830	(2,931,877)
Cash paid to employees for payroll	(5,751)	(2,530,611)
Net Cash Flows From Operating Activities	<u>480,771</u>	<u>(1,162,272)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
General property taxes	-	1,452,996
Transfers in (out)	<u>-</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>1,452,996</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt principal paid	-	(73,843)
Interest paid	-	(4,892)
Acquisition and construction of capital assets	<u>(480,771)</u>	<u>(211,989)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(480,771)</u>	<u>(290,724)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>-</u>	<u>-</u>
Net Cash Flows From Investing Activities	<u>-</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	-	-
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

Self Insurance	Job Center	Health Insurance	Totals
\$ 26,246,133	\$ 557,443	\$ 12,933	\$ 31,388,417
(26,385,628)	(244,246)	(12,933)	(29,359,854)
-	(100,653)	-	(2,637,015)
(139,495)	212,544	-	(608,452)
-	-	-	1,452,996
(5,000)	-	-	(5,000)
(5,000)	-	-	1,447,996
-	(186,000)	-	(259,843)
-	(26,544)	-	(31,436)
-	-	-	(692,760)
-	(212,544)	-	(984,039)
54,675	-	-	54,675
54,675	-	-	54,675
(89,820)	-	-	(89,820)
134,948	-	-	134,948
\$ 45,128	\$ -	\$ -	\$ 45,128

ROCK COUNTY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2019

	<u>Motor Pool</u>	<u>Information Technology</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET		
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (46,516)	\$ (2,219,083)
Adjustments to reconcile operating loss to net cash flows from operating activities		
Noncash items included in operating loss		
Depreciation/amortization	169,314	254,573
Change in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources		
Accounts receivable	-	(670,253)
Due to/from other funds	357,973	722,996
Prepaid items	-	(46,194)
Compensated absences	-	(44,357)
Accounts payable	-	34,147
Other current liabilities	-	(30,926)
Unearned revenues	-	633,372
Pension and OPEB related amounts	-	203,453
	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 480,771</u>	<u>\$ (1,162,272)</u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES		
Premium on debt amortized	<u>\$ -</u>	<u>\$ -</u>

<u>Self Insurance</u>	<u>Job Center</u>	<u>Health Insurance</u>	<u>Totals</u>
\$ (3,065,168)	\$ 130,463	\$ 34,756	\$ (5,165,548)
-	174,247	-	598,134
(31,330)	(44,969)	(34,756)	(781,308)
2,747,388	(52,323)	1,639,788	5,415,822
-	-	(1,652,721)	(1,698,915)
-	-	-	(44,357)
109,906	-	-	144,053
-	-	-	(30,926)
99,709	-	12,933	746,014
<u>-</u>	<u>5,126</u>	<u>-</u>	<u>208,579</u>
<u>\$ (139,495)</u>	<u>\$ 212,544</u>	<u>\$ -</u>	<u>\$ (608,452)</u>
<u>\$ -</u>	<u>\$ 3,396</u>	<u>\$ -</u>	<u>\$ 3,396</u>