

ROCK COUNTY

Janesville, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

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, 2018, 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, 2018 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.

Emphasis of Matter

As discussed in Note I, Rock County adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 31, 2019

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2018

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 2018 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, 2018

CONDENSED FINANCIAL INFORMATION

Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals		Change
	2017	2018	2017	2018	2017	2018	
Current and other assets	\$ 137.8	\$ 150.1	\$ 17.9	\$ 18.7	\$ 155.7	\$ 168.8	\$ 13.1
Capital assets	139.2	141.4	41.8	40.7	181.0	182.1	1.1
Total Assets	<u>\$ 277.0</u>	<u>\$ 291.5</u>	<u>\$ 59.7</u>	<u>\$ 59.4</u>	<u>\$ 336.7</u>	<u>\$ 350.9</u>	<u>\$ 14.2</u>
Deferred Outflows of Resources	<u>23.1</u>	<u>20.6</u>	<u>\$ 5.5</u>	<u>\$ 4.7</u>	<u>\$ 28.6</u>	<u>\$ 25.3</u>	<u>\$ (3.3)</u>
Current liabilities	\$ 16.4	\$ 16.5	\$ 1.8	\$ 1.8	\$ 18.2	\$ 18.3	0.1
Long-term liabilities	44.8	65.7	29.1	30.0	73.9	95.7	21.8
Total Liabilities	<u>\$ 61.2</u>	<u>\$ 82.2</u>	<u>\$ 30.9</u>	<u>\$ 31.8</u>	<u>\$ 92.1</u>	<u>\$ 114.0</u>	<u>\$ 21.9</u>
Deferred Inflows of Resources	<u>\$ 69.6</u>	<u>\$ 84.3</u>	<u>\$ 9.7</u>	<u>\$ 12.6</u>	<u>\$ 79.3</u>	<u>\$ 96.9</u>	<u>\$ 17.6</u>
NET POSITION							
Net investment in capital assets	\$ 116.6	\$ 121.8	\$ 17.2	\$ 17.9	\$ 133.8	\$ 139.7	\$ 5.9
Restricted	7.6	18.7	-	2.5	7.6	21.2	13.6
Unrestricted (deficit)	<u>45.1</u>	<u>5.1</u>	<u>7.4</u>	<u>(0.6)</u>	<u>52.5</u>	<u>4.4</u>	<u>(48.1)</u>
Total Net Position	<u>\$ 169.3</u>	<u>\$ 145.6</u>	<u>\$ 24.5</u>	<u>\$ 19.8</u>	<u>\$ 193.8</u>	<u>\$ 165.3</u>	<u>\$ (28.5)</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, 2018

CONDENSED FINANCIAL INFORMATION (cont.)

Changes In Net Position (in millions of dollars)							
	Governmental Activities		Business-type Activities		Totals		Change
	2017	2018	2017	2018	2017	2018	
Revenues							
Program Revenues							
Charges for services	\$ 11.6	\$ 11.1	\$ 15.2	\$ 16.2	\$ 26.8	\$ 27.3	\$ 0.5
Grants and contributions	41.6	43.4	3.8	5.3	45.4	48.7	3.3
General Revenues							
Property taxes	55.4	57.1	9.7	9.8	65.1	66.9	1.8
Intergovernmental	5.9	5.9	-	-	5.9	5.9	-
Other	16.2	16.9	0.7	1.9	16.9	18.8	1.9
Total Revenues	<u>130.6</u>	<u>134.4</u>	<u>29.5</u>	<u>33.2</u>	<u>160.0</u>	<u>167.6</u>	<u>7.5</u>
Expenses							
General government	9.9	10.0	-	-	9.9	10.0	0.1
Public safety	43.1	43.4	-	-	43.1	43.4	0.3
Health and Social Services	73.9	74.1	-	-	73.8	74.1	0.3
Public works	3.7	3.4	-	-	3.7	3.4	(0.3)
Culture, recreation, and education	3.6	3.0	-	-	3.6	3.0	(0.6)
Conservation and Development	0.4	1.0	-	-	0.4	1.0	0.6
Interest and fiscal charges	0.4	0.5	-	-	0.4	0.5	0.1
Rock Haven	-	-	17.6	18.0	17.6	18.0	0.4
Highway	-	-	12.4	13.5	12.4	13.5	0.9
Total Expenses	<u>135.0</u>	<u>135.4</u>	<u>30.0</u>	<u>31.5</u>	<u>165.0</u>	<u>166.8</u>	<u>1.8</u>
Excess (Deficiency) Before Transfers	(4.4)	(1.0)	(0.5)	1.7	(4.9)	0.7	11.9
Transfers	<u>(5.3)</u>	<u>3.5</u>	<u>5.3</u>	<u>(3.5)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	(9.7)	2.5	4.8	(1.7)	(4.9)	0.8	5.7
Net Position - Beginning of Year	<u>179.0</u>	<u>143.0</u>	<u>19.7</u>	<u>21.5</u>	<u>198.8</u>	<u>164.5</u>	<u>(34.3)</u>
Restate Net Position - For GASB 75	<u>(26.3)</u>	<u> </u>	<u>(3.1)</u>	<u> </u>	<u>(29.4)</u>	<u> </u>	<u>29.4</u>
Net Position - End 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>\$ 0.8</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, 2018

NET POSITION AND FUND BALANCE ANALYSIS

NET POSITION

The county's net position increased \$0.8 million for 2018. The governmental activities net position increased by \$2.5 million and the business-type activities net position decreased by \$1.7 million. This excludes the impact of the restatement for the implementation of GASB Statement No. 75, which is discussed further on page xi.

GOVERNMENTAL FUNDS

At December 31, 2018, the county governmental funds had combined ending fund balances of \$48.9 million, an increase of \$3.0 million or 6.5% more than the prior year balances. This increase is due mainly to greater than expected Human Services grant funding, increase in investment income and increased real estate fee activity.

GENERAL FUND

The General Fund's unassigned Fund Balance had an increase of \$1.1 million or approximately 3.4% from the prior period to \$33.5 million. The unassigned General Fund Balance is 23% of the total General, Human Services, Airport and Enterprise Funds' expenses. This is within 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, 2018

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 unreserved budgetary appropriations remaining at the end of the fiscal year lapse to the General Fund. For 2018, \$436,000 was lapsed to the General Fund from the Human Services Department as a result of larger than expected State Medicaid Cost Reporting payments.

PROPRIETARY FUNDS

Rock Haven Nursing Home

The new Rock Haven Nursing Home facility opened in 2011, which completed the planned downsizing of licensed beds of 386 in 1998 to the current 128. At December 31, 2018, Rock Haven's net position increased by \$912,200 due mainly to an increase 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 decreased by \$2.3 million to \$12.6 million. This decrease was due to the completion of large road construction projects.

GENERAL FUND BUDGET VARIATIONS

As detailed in the Budgetary Comparison schedule on Page 57, the results of operations for 2018 resulted in a net increase in the general fund balance of \$1,725,095.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2018, the county had \$182.1 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	
	2017	2018	2017	2018	2017	2018
Land	\$ 6.7	\$ 6.7	\$ 0.1	\$ 0.1	\$ 6.8	\$ 6.8
Easements	2.5	3.6	-	-	2.5	3.6
Intangibles-Software	0.3	0.5	-	-	0.3	0.5
Land improvements	15.6	14.4	2.3	2.2	17.9	16.6
Buildings	42.6	40.7	18.8	18.0	61.4	58.7
Machinery and equipment	3.5	4.0	20.3	20.1	23.8	24.1
Infrastructure	65.9	67.7	-	-	65.9	67.7
Construction in progress	2.0	3.8	0.4	0.3	2.4	4.1
Totals	<u>\$ 139.2</u>	<u>\$ 141.4</u>	<u>\$ 41.8</u>	<u>\$ 40.7</u>	<u>\$ 181.0</u>	<u>\$ 182.1</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, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

DEBT ADMINISTRATION

At year-end, the county had \$ 42,130,000 in general obligation promissory notes and bonds outstanding versus \$ 46,915,000 the prior year, a decrease of \$4,785,000.

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

	Governmental Activities		Business-type Activities		Totals	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
General Obligation Notes	<u>\$ 22.8</u>	<u>\$ 19.6</u>	<u>\$ 24.1</u>	<u>\$ 22.5</u>	<u>\$ 46.9</u>	<u>\$ 42.1</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 2018 was \$11,530,222,000 resulting in a statutory debt limit of \$576,511,100. The county's debt as of December 31, 2018 of \$42.1 million is 7.3% of the county's legal debt capacity.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2018

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 2018, this amount is \$40,112,873.

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 2018 is \$3,796,957.

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 2018 tax levy for the 2019 budget was \$67,635,689 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 \$13.1 million from this revenue source. Of this amount, \$6.5 million is earmarked for capital projects to help lower the need for debt and \$7.5 million is budgeted to offset the 2018 property taxes for the 2019 operating budget.

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, 2018

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 62,292,642	\$ 2,001	\$ 62,294,643
Taxes receivable	60,246,040	7,389,149	67,635,189
Delinquent taxes receivable	5,721,255	-	5,721,255
Accounts receivable (net)	4,965,640	967,783	5,933,423
Due from other governments	6,119,620	863,681	6,983,301
Loans receivable (net)	3,105,093	-	3,105,093
Internal balances	(5,339,440)	5,339,440	-
Inventories	11,432	1,522,649	1,534,081
Prepaid items	201,711	-	201,711
Restricted Assets			
Cash and investments	-	30,141	30,141
Net pension asset	11,076,148	2,510,098	13,586,246
Deposit with Wisconsin Mutual Insurance Company	1,741,000	-	1,741,000
Capital Assets			
Land and land improvements	13,167,287	104,153	13,271,440
Construction in progress	3,774,273	299,321	4,073,594
Easements	3,579,655	-	3,579,655
Other capital assets, net of depreciation/amortization	<u>120,852,644</u>	<u>40,339,392</u>	<u>161,192,036</u>
Total Assets	<u>291,515,000</u>	<u>59,367,808</u>	<u>350,882,808</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	20,127,914	4,581,104	24,709,018
Other post-employment benefit related amounts	<u>485,158</u>	<u>141,460</u>	<u>626,618</u>
Total Deferred Outflows of Resources	<u>20,613,072</u>	<u>4,722,564</u>	<u>25,335,636</u>
LIABILITIES			
Accounts payable	9,855,126	666,725	10,521,851
Accrued liabilities	3,898,485	741,502	4,639,987
Deposits	26,567	30,141	56,708
Due to other governments	2,753,329	357,717	3,111,046
Noncurrent Liabilities			
Other post-employment benefit	38,525,008	5,384,822	43,909,830
Due within one year	7,340,369	2,617,921	9,958,290
Due in more than one year	<u>19,839,128</u>	<u>21,979,096</u>	<u>41,818,224</u>
Total Liabilities	<u>82,238,012</u>	<u>31,777,924</u>	<u>114,015,936</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	60,705,786	7,459,147	68,164,933
Pension related amounts	22,004,021	4,895,566	26,899,587
Other post-employment benefit related amounts	<u>1,609,627</u>	<u>206,214</u>	<u>1,815,841</u>
Total Deferred Inflows of Resources	<u>84,319,434</u>	<u>12,560,927</u>	<u>96,880,361</u>
NET POSITION			
Net investment in capital assets	121,832,945	17,884,920	139,717,865
Restricted for grants and loan programs	4,124,168	-	4,124,168
Restricted for other grant activities	345,913	-	345,913
Restricted for land records	241,116	-	241,116
Restricted for debt service	1,131,525	-	1,131,525
Restricted for library activities	192,808	-	192,808
Restricted for bridge aid projects	384,450	-	384,450
Restricted for other activities	613,549	-	613,549
Restricted for ATC projects	288,703	-	288,703
Restricted for airport projects	256,501	-	256,501
Restricted for pensions	11,076,148	2,510,098	13,586,246
Unrestricted (deficit)	<u>5,082,800</u>	<u>(643,497)</u>	<u>4,439,303</u>
TOTAL NET POSITION	<u>\$ 145,570,626</u>	<u>\$ 19,751,521</u>	<u>\$ 165,322,147</u>

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

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	\$ 10,049,309	\$ 3,008,658	\$ 393,720	\$ -	\$ (6,646,931)	\$ -	\$ (6,646,931)
Public safety	43,368,765	3,241,680	1,852,192	-	(38,274,893)	-	(38,274,893)
Health and social services	74,123,679	3,867,631	40,117,230	-	(30,138,818)	-	(30,138,818)
Public works	3,369,552	442,025	-	-	(2,927,527)	-	(2,927,527)
Culture, recreation and education	3,019,476	255,571	641,336	-	(2,122,569)	-	(2,122,569)
Conservation and development	954,112	257,027	410,353	-	(286,732)	-	(286,732)
Interest and fiscal charges	490,970	-	-	-	(490,970)	-	(490,970)
Total Governmental Activities	135,375,863	11,072,592	43,414,831	-	(80,888,440)	-	(80,888,440)
Business-type Activities							
Rock Haven - skilled nursing facility	17,999,168	9,906,612	2,347,537	-	-	(5,745,019)	(5,745,019)
Highway	13,452,844	6,333,255	2,925,952	-	-	(4,193,637)	(4,193,637)
Total Business-type Activities	31,452,012	16,239,867	5,273,489	-	-	(9,938,656)	(9,938,656)
Totals	\$ 166,827,875	\$ 27,312,459	\$ 48,688,320	\$ -	(80,888,440)	(9,938,656)	(90,827,096)
General Revenues							
Taxes							
Property taxes					57,101,826	9,813,406	66,915,232
Sales taxes					12,840,964	1,578,200	14,419,164
Other taxes					30,057	-	30,057
Interest on taxes					1,317,114	-	1,317,114
Intergovernmental revenues not restricted to specific programs					5,885,735	-	5,885,735
Investment income					1,476,092	-	1,476,092
Miscellaneous					1,265,016	330,302	1,595,318
Transfers					3,499,653	(3,499,653)	-
Total General Revenues and Transfers					83,416,457	8,222,255	91,638,712
Change in Net Position					2,528,017	(1,716,401)	811,616
NET POSITION - Beginning of Year (as restated)					143,042,609	21,467,922	164,510,531
NET POSITION - END OF YEAR					\$ 145,570,626	\$ 19,751,521	\$ 165,322,147

See accompanying notes to financial statements.

ROCK COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018

	General Fund	Human Services	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 61,193,070	\$ 21,635	\$ 942,989	\$ 62,157,694
Receivables				
Taxes	26,094,691	22,761,465	9,936,888	58,793,044
Delinquent taxes	5,721,255	-	-	5,721,255
Accounts	4,117,714	-	103,081	4,220,795
Loans (net)	-	-	3,105,093	3,105,093
Due from other funds	804,305	-	7,632,290	8,436,595
Due from other governments	-	5,507,405	612,215	6,119,620
Inventories	11,432	-	-	11,432
Prepaid items	93,426	13,346	94,939	201,711
	<u>\$ 98,035,893</u>	<u>\$ 28,303,851</u>	<u>\$ 22,427,495</u>	<u>\$ 148,767,239</u>
TOTAL ASSETS				
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,240,233	\$ 3,939,780	\$ 1,386,868	\$ 6,566,881
Deposits	-	-	26,567	26,567
Accrued liabilities	3,724,369	38,281	-	3,762,650
Due to other governments	1,777,136	976,193	-	2,753,329
Due to other funds	23,378,408	31,052	156,168	23,565,628
Total Liabilities	<u>30,120,146</u>	<u>4,985,306</u>	<u>1,569,603</u>	<u>36,675,055</u>
Deferred Inflows of Resources				
Unearned revenue	26,113,457	22,773,100	10,365,941	59,252,498
Unavailable revenue	799,217	-	3,105,103	3,904,320
Total Deferred Inflows of Resources	<u>26,912,674</u>	<u>22,773,100</u>	<u>13,471,044</u>	<u>63,156,818</u>
Fund Balances				
Nonspendable	2,660,594	13,346	94,939	2,768,879
Restricted	-	-	4,609,465	4,609,465
Committed	-	-	483,471	483,471
Assigned	4,817,456	532,099	2,198,973	7,548,528
Unassigned	33,525,023	-	-	33,525,023
Total Fund Balances	<u>41,003,073</u>	<u>545,445</u>	<u>7,386,848</u>	<u>48,935,366</u>
	<u>\$ 98,035,893</u>	<u>\$ 28,303,851</u>	<u>\$ 22,427,495</u>	<u>\$ 148,767,239</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				

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, 2018

Total Fund Balances - Governmental Funds	\$ 48,935,366
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.).	136,348,352
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.).	3,904,320
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	10,712,363
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.	(1,836,974)
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.	(1,117,234)
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.).	(63,237,972)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of the internal service funds which primarily serve governmental activities are included as governmental activities.	<u>11,862,405</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 145,570,626</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, 2018

	General	Human Services	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 37,310,588	\$ 22,443,774	\$ 10,151,677	\$ 69,906,039
Intergovernmental	10,060,756	27,201,156	7,353,943	44,615,855
Regulation and compliance	1,561,380	-	-	1,561,380
Public charges for services	3,339,853	764,621	1,398,170	5,502,644
Intergovernmental charges for services	1,031,294	6,152,470	435,640	7,619,404
Other	2,222,681	194,838	356,040	2,773,559
Total Revenues	<u>55,526,552</u>	<u>56,756,859</u>	<u>19,695,470</u>	<u>131,978,881</u>
EXPENDITURES				
Current				
General government	7,753,848	-	678,554	8,432,402
Public safety	37,321,612	-	489,773	37,811,385
Health and social services	7,050,182	55,794,738	7,947,658	70,792,578
Public works	-	-	1,069,640	1,069,640
Culture, recreation, and education	280,807	-	2,213,172	2,493,979
Conservation and development	1,147,508	-	515,131	1,662,639
Capital Outlay	-	-	3,592,645	3,592,645
Debt Service				
Principal retirement	-	-	2,889,025	2,889,025
Interest and fiscal charges	-	-	452,602	452,602
Total Expenditures	<u>53,553,957</u>	<u>55,794,738</u>	<u>19,848,200</u>	<u>129,196,895</u>
Excess (deficiency) of revenues over expenditures	<u>1,972,595</u>	<u>962,121</u>	<u>(152,730)</u>	<u>2,781,986</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,010,045	-	1,641,284	2,651,329
Transfers out	(1,257,545)	(436,032)	(735,901)	(2,429,478)
Total Other Financing Sources (Uses)	<u>(247,500)</u>	<u>(436,032)</u>	<u>905,383</u>	<u>221,851</u>
Net Change in Fund Balances	1,725,095	526,089	752,653	3,003,837
FUND BALANCES - Beginning of Year	<u>39,277,978</u>	<u>19,356</u>	<u>6,634,195</u>	<u>45,931,529</u>
FUND BALANCES - END OF YEAR	<u>\$ 41,003,073</u>	<u>\$ 545,445</u>	<u>\$ 7,386,848</u>	<u>\$ 48,935,366</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, 2018

Net change in fund balances - total governmental funds	\$ 3,003,837
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	3,592,645
Some items reported as capital outlay were expensed in the government-wide financial statements	1,290,545
Assets transferred from business-type activities to governmental activities	3,499,653
Depreciation is reported in the government-wide statements	(6,726,909)
Net book value of capital assets disposed of during the year	33,524
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	(398,262)
County-levied delinquent taxes	(29,133)
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.	
Principal repaid	2,889,025
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	108,033
Other postemployment benefits	(933,908)
Net pension asset/liability	13,646,956
Deferred outflows of resources related to pensions	(2,853,968)
Deferred inflows of resources related to pensions	(12,028,339)
Deferred outflows of resources related to post-employment benefits	464,550
Deferred inflows of resources related to post-employment benefits	(1,581,784)
Accrued interest on debt	(7,099)
The net revenues of certain activities of internal service funds are reported within governmental activities.	<u>(1,441,349)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,528,017</u>

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2018

	Rock Haven	Highway	Totals	Internal Service Funds
ASSETS				
Current Assets				
Cash and investments	\$ 2,001	\$ -	\$ 2,001	\$ 134,948
Taxes receivable	4,040,656	3,348,493	7,389,149	1,452,996
Accounts receivable (net)	934,419	33,364	967,783	744,845
Due from other funds	4,543,124	-	4,543,124	11,202,994
Due from other governments	-	863,681	863,681	-
Inventories	77,545	1,445,104	1,522,649	-
Total Current Assets	<u>9,597,745</u>	<u>5,690,642</u>	<u>15,288,387</u>	<u>13,535,783</u>
Noncurrent Assets				
Restricted Assets				
Cash and investments	30,141	-	30,141	-
Net pension asset	1,525,440	984,658	2,510,098	363,785
Deposit with Wisconsin Mutual Insurance Company	-	-	-	1,741,000
Capital Assets				
Land	-	104,153	104,153	575,710
Construction work in progress	-	299,321	299,321	273,938
Intangible assets - software	-	-	-	1,244,663
Other capital assets	33,199,792	32,479,963	65,679,755	6,108,161
Less: Accumulated depreciation/amortization	<u>(6,382,677)</u>	<u>(18,957,686)</u>	<u>(25,340,363)</u>	<u>(3,176,965)</u>
Total Assets	<u>37,970,441</u>	<u>20,601,051</u>	<u>58,571,492</u>	<u>20,666,075</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	2,826,826	1,754,278	4,581,104	667,081
Other post-employment benefit related amounts	<u>87,342</u>	<u>54,118</u>	<u>141,460</u>	<u>20,608</u>
Total Deferred Outflows of Resources	<u>2,914,168</u>	<u>1,808,396</u>	<u>4,722,564</u>	<u>687,689</u>
LIABILITIES				
Current Liabilities				
Accounts payable	96,511	570,214	666,725	3,288,245
Accrued liabilities	741,502	-	741,502	-
Deposits	30,141	-	30,141	-
Accrued vacation and comp time	600,796	359,016	959,812	203,256
Due to other funds	-	350,367	350,367	266,718
Due to other governments	-	357,717	357,717	-
Current portion of long-term debt	<u>1,658,109</u>	<u>-</u>	<u>1,658,109</u>	<u>259,843</u>
Total Current Liabilities	<u>3,127,059</u>	<u>1,637,314</u>	<u>4,764,373</u>	<u>4,018,062</u>
Noncurrent Liabilities				
General obligation debt	20,852,221	-	20,852,221	1,231,909
Unamortized premium on debt	448,503	-	448,503	23,768
Other post-employment benefits	3,032,587	2,352,235	5,384,822	735,643
Accrued sick leave	<u>264,905</u>	<u>413,467</u>	<u>678,372</u>	<u>147,949</u>
Total Noncurrent Liabilities	<u>24,598,216</u>	<u>2,765,702</u>	<u>27,363,918</u>	<u>2,139,269</u>
Total Liabilities	<u>27,725,275</u>	<u>4,403,016</u>	<u>32,128,291</u>	<u>6,157,331</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	4,043,014	3,416,133	7,459,147	1,453,288
Pension related amounts	2,947,801	1,947,765	4,895,566	706,214
Other post-employment benefit related amounts	<u>114,180</u>	<u>92,034</u>	<u>206,214</u>	<u>27,843</u>
Total Deferred Inflows of Resources	<u>7,104,995</u>	<u>5,455,932</u>	<u>12,560,927</u>	<u>2,187,345</u>
NET POSITION				
Net investment in capital assets	3,959,169	13,925,751	17,884,920	3,509,987
Restricted for pensions	1,525,440	984,658	2,510,098	363,785
Unrestricted (deficit)	<u>569,730</u>	<u>(2,359,910)</u>	<u>(1,790,180)</u>	<u>9,135,316</u>
TOTAL NET POSITION	<u>\$ 6,054,339</u>	<u>\$ 12,550,499</u>	<u>18,604,838</u>	<u>\$ 13,009,088</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>1,146,683</u>	
Net Position of Business-type Activities			<u>\$ 19,751,521</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, 2018

	Rock Haven	Highway	Totals	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 9,906,612	\$ 6,333,255	\$ 16,239,867	\$ 27,088,616
Total Operating Revenues	<u>9,906,612</u>	<u>6,333,255</u>	<u>16,239,867</u>	<u>27,088,616</u>
OPERATING EXPENSES				
Operation and maintenance	16,116,411	11,590,949	27,707,360	29,539,593
Depreciation/amortization	<u>1,074,859</u>	<u>1,661,122</u>	<u>2,735,981</u>	<u>562,982</u>
Total Operating Expenses	<u>17,191,270</u>	<u>13,252,071</u>	<u>30,443,341</u>	<u>30,102,575</u>
Operating Loss	<u>(7,284,658)</u>	<u>(6,918,816)</u>	<u>(14,203,474)</u>	<u>(3,013,959)</u>
NONOPERATING REVENUES (EXPENSES)				
General property taxes	6,459,961	3,353,445	9,813,406	1,536,055
Sales taxes	-	1,578,200	1,578,200	-
Intergovernmental grants	2,347,537	2,925,952	5,273,489	-
Gain on sale of assets	-	129,914	129,914	-
Miscellaneous revenues	115,599	84,789	200,388	7,243
Interest expense	<u>(726,239)</u>	<u>-</u>	<u>(726,239)</u>	<u>(31,269)</u>
Total Nonoperating Revenues (Expenses)	<u>8,196,858</u>	<u>8,072,300</u>	<u>16,269,158</u>	<u>1,512,029</u>
Income (Loss) Before Transfers	<u>912,200</u>	<u>1,153,484</u>	<u>2,065,684</u>	<u>(1,501,930)</u>
TRANSFERS				
Transfers out	<u>-</u>	<u>(3,499,653)</u>	<u>(3,499,653)</u>	<u>(221,851)</u>
Total Transfers	<u>-</u>	<u>(3,499,653)</u>	<u>(3,499,653)</u>	<u>(221,851)</u>
Change in Net Position	912,200	(2,346,169)	(1,433,969)	(1,723,781)
NET POSITION - Beginning of Year - as restated	<u>5,142,139</u>	<u>14,896,668</u>		<u>14,732,869</u>
NET POSITION - END OF YEAR	<u>\$ 6,054,339</u>	<u>\$ 12,550,499</u>		<u>\$ 13,009,088</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(282,432)</u>	
Change in Net Position of Business-type Activities			<u>\$ (1,716,401)</u>	

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2018

	Rock Haven	Highway	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 9,436,371	\$ 6,754,699	\$ 16,191,070	\$ 30,028,116
Cash paid to suppliers for goods and services	(3,408,269)	(7,451,985)	(10,860,254)	(27,307,225)
Cash paid to employees for payroll	<u>(12,344,502)</u>	<u>(7,065,875)</u>	<u>(19,410,377)</u>	<u>(2,639,737)</u>
Net Cash Flows From Operating Activities	<u>(6,316,400)</u>	<u>(7,763,161)</u>	<u>(14,079,561)</u>	<u>81,154</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
General property tax revenues	6,459,961	3,353,445	9,813,406	1,536,055
Other tax revenues	-	1,578,200	1,578,200	6,001
Pooled cash held by general fund	-	1,586,899	1,586,899	-
Transfers in (out)	-	-	-	(221,851)
Intergovernmental grants	<u>2,347,537</u>	<u>2,925,952</u>	<u>5,273,489</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>8,807,498</u>	<u>9,444,496</u>	<u>18,251,994</u>	<u>1,320,205</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt principal paid	(1,638,387)	-	(1,638,387)	(257,588)
Interest paid	(809,013)	-	(809,013)	(34,665)
Acquisition and construction of capital assets	<u>(47,048)</u>	<u>(1,681,335)</u>	<u>(1,728,383)</u>	<u>(1,078,475)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(2,494,448)</u>	<u>(1,681,335)</u>	<u>(4,175,783)</u>	<u>(1,370,728)</u>
Net Change in Cash and Cash Equivalents	(3,350)	-	(3,350)	30,631
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>35,492</u>	<u>-</u>	<u>35,492</u>	<u>104,317</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 32,142</u>	<u>\$ -</u>	<u>\$ 32,142</u>	<u>\$ 134,948</u>

	Rock Haven	Highway	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating loss	\$ (7,284,658)	\$ (6,918,816)	\$ (14,203,474)	\$ (3,013,959)
Adjustments to reconcile operating loss to net cash flows from operating activities				
Nonoperating revenues (expenses)	115,599	(3,414,864)	(3,299,265)	-
Noncash items included in operating loss				
Depreciation/amortization	1,074,859	1,661,122	2,735,981	562,982
Change in Assets, Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources				
Accounts receivable	126,109	(5,908)	120,201	851,494
Due to/from other funds	(711,182)	630,242	(80,940)	2,338,752
Inventories	869	(155,202)	(154,333)	-
Prepaid items	-	2,785	2,785	-
Deposits	(4,251)	-	(4,251)	-
Accounts payable	(2,874)	150,856	147,982	(613,779)
Other current liabilities	72,601	-	72,601	(26,903)
Compensated absences	32,490	(67,860)	-	(20,154)
Pension and OPEB related amounts	334,782	291,796	626,578	85,807
Unearned revenues	(70,744)	62,688	(8,056)	(83,086)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (6,316,400)</u>	<u>\$ (7,763,161)</u>	<u>\$ (14,044,191)</u>	<u>\$ 81,154</u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES				
Premium on debt amortized	<u>\$ 74,112</u>	<u>\$ -</u>	<u>\$ 74,112</u>	<u>\$ -</u>

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2018

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 39,046,292
Accounts receivable	<u>11,635</u>
TOTAL ASSETS	<u>\$ 39,057,927</u>
LIABILITIES	
Liabilities	
Due to other governments	\$ 36,579,768
Other liabilities	<u>2,478,159</u>
TOTAL LIABILITIES	<u>\$ 39,057,927</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, 2018

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 unit. 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 two methods, discrete presentation or blending. 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.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This statement was implemented January 1, 2018. See Note IV. H. regarding the restatement amounts related to the implementation of this standard.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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, 2018

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, 2018

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

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, 2018

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, 2018

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 maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park 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.

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.

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, 2018, 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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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 – 2018 tax roll:

Levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Final installment due	July 31, 2019
Personal property taxes in full	January 31, 2019 (except improvements on leased land due January 31, 2019 and July 31, 2019)
Tax certificate date	September 1, 2018
Tax sale – 2018 delinquent real estate taxes	October 2021

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.

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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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.)

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, 2018, 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, 2018

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, 2018 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, 2018

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, accrued compensated absences, and other postemployment benefits.

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, 2018

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 \$33,525,023, or 23% of the expenditures/expenses of the funds listed above.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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	\$	6,730,186
Construction in progress		3,449,525
Easements		3,579,655
Infrastructure construction in progress		324,748
Infrastructure and land improvements		6,437,101
Other capital assets, net of depreciation/ amortization		120,852,644
Less: Internal service fund capital assets included above, net of depreciation/amortization		<u>(5,025,507)</u>
Adjustment for Capital Assets	\$	<u>136,348,352</u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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	\$ 18,127,918
Compensated absences	7,184,854
Other postemployment benefits	37,789,365
Accrued interest	<u>135,835</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 63,237,972</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, 2018

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	\$ 18,132,905	\$ 19,713,889	Custodial credit risk
U.S. agencies – implicitly guaranteed	4,734,288	4,734,288	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
U.S. Treasuries	13,974,210	13,974,210	Custodial credit risk, interest rate risk
State and local bonds	216,511	216,511	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
Corporate bonds	6,840,973	6,840,973	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
Other debt securities	1,731,536	1,731,536	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Mutual funds – other than bonds	26,001,721	26,001,721	N/A
LGIP	29,725,717	29,725,717	Credit risk
Petty cash	13,215	-	N/A
Total Cash and Investments	\$ 101,371,076	\$ 102,938,845	
Reconciliation to financial statements			
Per statement of net position			
Cash and investments	\$ 62,294,643		
Restricted cash and investments	30,141		
Per statement of assets and liabilities			
Agency fund	39,046,292		
Total Cash and Investments	\$ 101,371,076		

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2018, the banks had pledged various government securities in the amount of \$12,000,000 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	\$ -	\$ 216,511	\$ -	\$ 216,511
U.S. agencies – implicitly guaranteed	-	4,734,288	-	4,734,288
U.S. Treasuries	13,974,210	-	-	13,974,210
Corporate bonds	-	6,840,973	-	6,840,973
Mutual funds – other than bonds	-	26,001,721	-	26,001,721
Other debt securities	-	1,731,536	-	1,731,536
Totals	<u>\$ 13,974,210</u>	<u>\$ 39,525,029</u>	<u>\$ -</u>	<u>\$ 53,499,239</u>

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, 2018

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

As of December 31, 2018, \$3,811,162 of the county’s total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 3,811,162</u>
--------------------------------	---------------------

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

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.

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.

Credit Risk

As of December 31, 2018, 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
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

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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

As of December 31, 2018, 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	\$ 216,511	\$ -	\$ 216,511	\$ -
U.S. agencies – implicitly guaranteed	4,734,288	4,156,062	578,226	-
U.S. treasuries	13,974,210	-	13,974,210	-
Corporate bonds	6,840,973	791,602	4,662,905	1,386,466
Other debt securities	1,731,536	-	1,589,967	141,569
Total Fair Value	\$ 27,497,518	\$ 4,947,664	\$ 21,021,819	\$ 1,528,035

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.

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	\$ 5,721,255	\$ 3,105,093

Receivables in the Rock Haven and nonmajor governmental funds have been recorded net of allowances. The allowances as of December 31, 2018, in these funds, respectively, are \$129,226 and \$450,143.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

B. RECEIVABLES (cont.)

At December 31, 2018, delinquent taxes receivable are as follows:

Tax Certificates –	
2017	\$ 2,284,305
2016	1,073,963
2015	378,197
2014	65,893
2013 and prior	<u>175,712</u>
Totals	3,978,070
Special assessment tax certificates and deeds (payable to other governments)	1,633,809
Other miscellaneous taxes	<u>109,376</u>
Total Delinquent Taxes Receivable	<u>\$ 5,721,255</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	\$ -	\$ 58,793,044
Delinquent property taxes receivable	799,217	-
Loans receivable	3,105,103	-
Grants	<u>-</u>	<u>459,454</u>
Total Unavailable/Unearned Revenue For Governmental Funds	<u>\$ 3,904,320</u>	59,252,498
Internal Service Fund		
Taxes receivable		1,452,996
Subsequent period prepayments		<u>292</u>
Governmental Activities Unearned Revenue		<u>\$ 60,705,786</u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 6,730,186	\$ -	\$ -	\$ 6,730,186
Construction in progress	2,043,807	1,756,514	350,796	3,449,525
Easements	2,535,655	1,044,000	-	3,579,655
Infrastructure construction in progress	230,487	94,261	-	324,748
Infrastructure and land improvements	6,128,906	308,195	-	6,437,101
Total Capital Assets Not Being Depreciated/Amortized	17,669,041	3,202,970	350,796	20,521,215
Capital assets being depreciated/amortized				
Intangible assets – software	882,314	437,719	-	1,320,033
Land improvements	35,956,589	-	-	35,956,589
Buildings and improvements	106,333,932	2,126,409	2,948,688	105,511,653
Machinery and equipment	10,897,510	1,042,581	556,996	11,383,095
Roads	50,767,234	3,097,197	1,306,834	52,557,597
Bridges	15,200,035	-	-	15,200,035
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	222,358,536	6,703,906	4,812,518	224,249,924
Less: Accumulated depreciation/amortization for				
Intangible assets – software	(597,783)	(212,073)	-	(809,856)
Land improvements	(20,310,483)	(1,240,515)	-	(21,550,998)
Buildings and improvements	(63,780,304)	(3,901,569)	2,829,532	(64,852,341)
Machinery and equipment	(7,422,249)	(599,332)	610,768	(7,410,813)
Roads	(6,482,890)	(1,051,152)	1,306,834	(6,227,208)
Bridges	(1,657,733)	(249,214)	-	(1,906,947)
Stop lights	(52,861)	(10,317)	-	(63,178)
Airport water and sewer system	(456,874)	(20,767)	-	(477,641)
Snowmobile bridges	(93,346)	(4,952)	-	(98,298)
Total Accumulated Depreciation/ Amortization	(100,854,523)	(7,289,891)	4,747,134	(103,397,280)
Net Capital Assets Being Depreciated/Amortized	121,504,013	(585,985)	65,384	120,852,644
Total Governmental Activities Capital Assets, Net of Depreciation/Amortization	\$ 139,173,054	\$ 2,616,985	\$ 416,180	\$ 141,373,859

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 477,130
Public safety	2,392,198
Health and social services	286,920
Public works	2,811,451
Culture, recreation and education	757,047
Conservation and development	<u>2,163</u>
Sub-total	6,726,909
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	<u>562,982</u>
Total Governmental Activities Depreciation Expense	<u>\$ 7,289,891</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 104,153	\$ -	\$ -	\$ 104,153
Construction in progress	<u>369,816</u>	<u>299,321</u>	<u>369,816</u>	<u>299,321</u>
Total Capital Assets Not Being Depreciated	<u>473,969</u>	<u>299,321</u>	<u>369,816</u>	<u>403,474</u>
Capital assets being depreciated				
Land improvements	2,844,087	13,150	-	2,857,237
Buildings	24,186,251	34,261	-	24,220,512
Machinery and equipment	<u>37,461,712</u>	<u>1,899,676</u>	<u>759,382</u>	<u>38,602,006</u>
Total Capital Assets Being Depreciated	<u>64,492,050</u>	<u>1,947,087</u>	<u>759,382</u>	<u>65,679,755</u>
Less: Accumulated depreciation for				
Land improvements	(535,926)	(85,027)	-	(620,953)
Buildings	(5,387,804)	(803,750)	-	(6,191,554)
Machinery and equipment	<u>(17,210,987)</u>	<u>(1,847,204)</u>	<u>530,335</u>	<u>(18,527,856)</u>
Total Accumulated Depreciation	<u>(23,134,717)</u>	<u>(2,735,981)</u>	<u>530,335</u>	<u>(25,340,363)</u>
Net Capital Assets Being Depreciated	<u>41,357,333</u>	<u>(788,894)</u>	<u>229,047</u>	<u>40,339,392</u>
Total Business-type Capital Assets, Net of Depreciation	<u>\$ 41,831,302</u>	<u>\$ (489,573)</u>	<u>\$ 598,863</u>	<u>\$ 40,742,866</u>

Depreciation expense was charged to functions as follows:

Business-type Activities

Rock Haven	\$ 1,074,859
Highway	<u>1,661,122</u>
Total Business-type Activities Depreciation Expense	<u>\$ 2,735,981</u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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 – Human services	\$ 31,052
	Special revenue – Other grants	156,168
	Enterprise – Highway	350,367
	Internal service – Motorpool	266,718
Special Revenue Funds		
Parks	General	2,537
Consortium	General	405,283
Revolving loans	General	441,770
Land records	General	238,123
Veterans’ relief	General	5,026
Arrowhead library system	General	557,338
County bridge aid	General	384,450
Other activities	General	613,549
Other special revenue funds	General	698,844
Airport	General	258,336
 Debt Service Fund	General	 1,267,360
 Capital Projects Funds		
Airport projects	General	540,471
General capital projects	General	2,219,203
 Enterprise Funds		
Rock Haven	General	4,543,124
 Internal Service Funds		
Information technology	General	2,777,417
Job center	General	213,621
Self insurance	General	8,211,956
		24,182,713
Sub-Total – Fund Financial Statements		24,182,713
Less: Fund eliminations		(7,819,510)
Less: Government-wide eliminations		(20,555,960)
Less: Interfund receivables, IT, self-insurance created with internal service and fund eliminations		(1,146,683)
		\$ (5,339,440)

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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	\$ 436,032
General	Nonmajor governmental funds	352,162
General	Internal service funds	221,851
Nonmajor governmental funds	General	1,257,545
Nonmajor governmental funds	Nonmajor governmental funds	<u>383,739</u>
Subtotal - Fund Financial Statements		2,651,329
Add: Governmental activities' infrastructure paid by Highway		3,499,653
Less: Fund eliminations		(2,429,478)
Less: Government-wide eliminations		<u>(221,851)</u>
Total Transfers - Government-Wide Statement of Activities		<u>\$ 3,499,653</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, 2018

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Notes Payable:					
General Obligation Debt					
General	\$ 21,016,943	\$ -	\$ 2,889,025	\$ 18,127,918	\$ 3,134,348
Internal service	1,749,340	-	257,588	1,491,752	259,843
Add deferred amounts for premiums:					
Premium on long-term debt –					
Internal service	27,164	-	3,396	23,768	-
Total Notes Payable	22,793,447	-	3,150,009	19,643,438	3,394,191
Other Liabilities:					
Vested compensated absences					
General	7,292,887	3,740,755	3,848,788	7,184,854	3,742,922
Internal service	398,262	183,102	230,159	351,205	203,256
Total Other Liabilities	7,691,149	3,923,857	4,078,947	7,536,059	3,946,178
Total Governmental Activities Long-Term Liabilities	\$ 30,484,596	\$ 3,923,857	\$ 7,228,956	\$ 27,179,497	\$ 7,340,369
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Debt					
General Obligation Debt	\$ 24,148,717	\$ -	\$ 1,638,387	\$ 22,510,330	\$ 1,658,109
Add deferred amounts for premiums:					
Premium on long-term debt	522,615	-	74,112	448,503	-
Total Bonds and Notes Payable	24,671,332	-	1,712,499	22,958,833	1,658,109
Other Liabilities:					
Vested compensated absences					
Vested compensated absences	1,673,554	1,009,477	1,044,847	1,638,184	959,812
Total Other Liabilities	1,673,554	1,009,477	1,044,847	1,638,184	959,812
Total Business-type Activities Long-Term Liabilities	\$ 26,344,886	\$ 1,009,477	\$ 2,757,346	\$ 24,597,017	\$ 2,617,921

Information related to other postemployment benefit long-term obligations is reported in Note V.D. and is not included in the table above.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2018 was \$576,511,000. Total general obligation debt outstanding at year-end was \$42,130,000.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-18
General Obligation Debt					
Promissory notes	2010	2019	1.35 - 4.30%	\$ 5,815,000	\$ 775,000
Promissory notes	2011	2020	2.00 - 2.50%	4,500,000	1,400,000
Promissory bonds	2011	2026	2.00 - 4.00%	22,000,000	18,875,000
Promissory bonds	2012	2021	1.25 - 4.00%	7,300,000	3,270,000
Promissory notes	2013	2023	2.00 - 3.05%	6,040,000	3,945,000
Promissory notes	2015	2025	1.00 - 2.00%	7,890,000	5,530,000
Promissory notes	2017	2027	1.50 - 2.20%	8,785,000	8,335,000
Total General Obligation Debt					\$ 42,130,000
					Balance 12-31-18
Governmental Activities					
General					\$ 18,127,918
Internal service					1,491,752
Sub-Total					19,619,670
Business-type Activities					
Enterprise					22,510,330
Total General Obligation Debt					\$ 42,130,000

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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
2019	\$ 3,394,191	\$ 446,382	\$ 1,658,109	\$ 776,021
2020	2,825,479	358,926	2,382,221	719,451
2021	2,360,000	278,782	2,970,000	663,495
2022	2,350,000	255,320	3,100,000	589,000
2023	2,500,000	186,120	3,100,000	496,000
2024 – 2027	6,190,000	304,480	9,300,000	744,000
Totals	<u>\$ 19,619,670</u>	<u>\$ 1,830,010</u>	<u>\$ 22,510,330</u>	<u>\$ 3,987,967</u>

F. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2018 includes the following:

Governmental Activities

Net investment in capital assets	
Land and land improvements	\$ 13,167,287
Construction in progress	3,774,273
Easements	3,579,655
Other capital assets, net of accumulated depreciation	120,852,644
Less: Long-term debt outstanding	(19,643,439)
Plus: Noncapital debt outstanding	<u>102,525</u>
Total Net Investment in Capital Assets	<u>\$ 121,832,945</u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2018 include the following:

Nonspendable	
Major Funds	
General Fund	
Delinquent taxes	\$ 2,555,736
Inventories	11,432
Prepaid items	<u>93,426</u>
Sub-total	<u>2,660,594</u>
Human Services	
Prepaid items	<u>13,346</u>
Nonmajor Funds	
Special revenue funds – prepaid items	<u>94,939</u>
Total	<u>\$ 2,768,879</u>
Restricted	
Nonmajor Funds – Special Revenue Funds	
Revolving loans	\$ 1,019,065
Other grants	345,913
Land records	241,116
Arrowhead library system	192,808
County bridge aid	384,450
Other activities	613,549
Other special revenue funds	288,703
Airport	<u>256,501</u>
Sub-total	<u>3,342,105</u>
Nonmajor Fund – Debt Service Fund	<u>1,267,360</u>
Total	<u>\$ 4,609,465</u>
Committed	
Nonmajor Funds – Special Revenue Funds	
Veterans' relief	\$ 5,026
Other special revenue funds	<u>478,445</u>
Total	<u>\$ 483,471</u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

\$ 4,733,584

Carryforward appropriations

83,872

Total General Fund

4,817,456

Human Services Fund

Human service programs

532,099

Nonmajor Funds – Capital Projects Funds

General capital projects

1,692,762

Airport projects

506,211

Sub-total

2,198,973

Total

\$ 7,548,528

Unassigned

Major Fund

General Fund

\$ 33,525,023

G. BUSINESS-TYPE ACTIVITIES NET POSITION

Business-type activities net position reported on the government-wide statement of net position at December 31, 2018 includes the following:

Business-type Activities

Net investment in capital assets

Land

\$ 104,153

Construction in progress

299,321

Other capital assets, net of depreciation

40,339,392

Less: Related long-term debt outstanding

(22,409,443)

Less: Unamortized premium on debt

(448,503)

Total Net Investment in Capital Assets

\$ 17,884,920

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

H. RESTATEMENT OF NET POSITION

Net position has been restated as a result of implementation of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The details of these restatements are as follows:

	Governmental Activities	Business-type Activities	Highway	Rock Haven	Internal Service
Net Position –					
December 31, 2017 (as reported)	\$ 169,300,363	\$ 24,529,565	\$ 16,540,530	\$ 6,559,920	\$ 15,430,916
Less: Implementation of GASB No. 75 OPEB standard	(26,257,754)	(3,061,643)	(1,643,862)	(1,417,781)	(698,047)
Net Position – December 31, 2017 (as restated)	\$ 143,042,609	\$ 21,467,922	\$ 14,896,668	\$ 5,142,139	\$ 14,732,869

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 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 State executive participants, if hired on or before December 31, 2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4.0

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 \$4,623,458 in contributions from the county.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contribution rates for the plan year reported as of December 31, 2018 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

Pension Assets, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the county reported an asset of \$13,586,246 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 asset was based on the county's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the county's proportion was 0.45758515%, which was a decrease of 0.00384010% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the county recognized pension expense of \$6,214,279.

At December 31, 2018, 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	\$ 17,261,664	\$ 8,074,434
Changes in assumptions	2,684,377	-
Net differences between projected and actual earnings on pension plan investments	-	18,673,031
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	152,122
Employer contributions subsequent to the measurement date	4,762,977	-
Totals	\$ 24,709,018	\$ 26,899,587

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$4,762,977 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, 2019. 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
2019	\$ 1,414,988
2020	(170,733)
2021	(4,686,540)
2022	(3,543,713)
2023	32,452
Thereafter	

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.24	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
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, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% 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 7.20% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
County's proportionate share of the net pension liability (asset)	\$ 35,152,257	\$ (13,586,246)	\$ (50,629,016)

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, 2018, the county reported a payable to the pension plan of \$744,546, 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, 2018

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, 2018 was \$7,719,801 and is reflected in an internal service fund in these statements. Total contributions to the program during the year were \$22,501,538.

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, 2018, 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. WMMICs 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 4.5%. 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, 2018

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	\$ 2,949,908	\$ 3,743,612
Current year claims and administration	23,360,526	23,149,928
Claims and administration payments	<u>(22,566,822)</u>	<u>(23,809,980)</u>
Unpaid Claims – End of Year	<u>\$ 3,743,612</u>	<u>\$ 3,083,560</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, 2018. 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 \$4,985,770 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, 2018

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 contributions 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, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	92
Active plan members	<u>1,150</u>
	<u><u>1,242</u></u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

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

Total OPEB Liability

The county's total OPEB liability of \$40,112,873 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2017 projected to December 31, 2018.

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	3.71%
Salary increases	For general employees, salary increase rates start at 6.7% at less than 1 year of service and decrease steadily to 3.6% at 30+ years of service. For protective service employees, salary increase rates start at 8.0% at less than 1 year of service and decrease steadily to 3.7% at 30+ years of service.
Healthcare cost trend rates	1.5% initial, then 8.00% each year reduced by decrements to an ultimate of 4.5%
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 2012 Mortality Table for men and women adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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, 2018

NOTE V – OTHER INFORMATION (cont.)

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at December 31, 2017	\$ 39,669,789
Changes for the year:	
Service cost	2,319,710
Interest	1,330,117
Changes of benefit terms	-
Differences between expected and actual experience	180,437
Changes in assumptions or other inputs	(1,925,523)
Benefit payments	(1,461,657)
Net changes	443,084
Balances at December 31, 2018	\$ 40,112,873

Changes of assumptions and other inputs reflect a change in the discount rate from 3.31 percent in 2017 to 3.71 percent in 2018.

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 (3%) or 1-percentage-point higher (5%) than the current discount rate:

	1% Decrease (3%)	Discount Rate (4%)	1% Increase (5%)
Net OPEB liability	\$ 45,181,014	\$ 40,112,873	\$ 35,812,460

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the county, as well as what the county's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7% decreasing to 3.5%) or 1-percentage-point higher (9% increasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (7% Decreasing to 3.5%)	Healthcare Cost Trend Rates	1% Increase (9% Increasing to 5.5%)
Net OPEB liability	\$ 34,330,483	\$ 40,112,873	\$ 47,388,102

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2018, the county recognized OPEB expense of \$3,501,938. At December 31, 2018, 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	\$ 165,146	\$ -
Changes of assumptions or other inputs	-	1,762,343
Total	\$ 165,146	\$ 1,762,343

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)
2019	\$ (147,889)
2020	(147,889)
2021	(147,889)
2022	(147,889)
2023	(147,889)
Thereafter	(857,752)

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, 2018

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, 2018 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, 2018

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 \$23,966 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, 2018, the county reported a liability of \$3,796,957 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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, 2017, the county's proportion was 1.262043%, which was a decrease of .012725700% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the county recognized OPEB expense of \$403,740.

At December 31, 2018, 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	\$ -	\$ 53,498
Net differences between projected and actual earnings on OPEB plan investments	43,720	-
Changes in assumptions	366,908	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,796	-
Employer contributions subsequent to the measurement date	24,048	-
Total	\$ 461,472	\$ 53,498

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

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

\$24,048 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, 2019. 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)
2019	\$ 63,030
2020	63,030
2021	63,030
2022	63,030
2023	52,100
Thereafter	79,706

Actuarial assumptions. The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	3.44%
Long-Term Expected Rate of Return:	5.0%
Discount Rate:	3.63%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2017

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65	2.61
US Long Credit Bonds	Barclays Long Credit	3	3.08
US Mortgages	Barclays MBS	31	2.19
Inflation			2.3
Long-Term Expected Rate of Return			5.0

Single discount rate. A single discount rate of 3.63% 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, 2018

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 3.63 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 (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
County's proportionate share of the net OPEB liability	\$5,366,544	\$3,796,957	\$2,592,464

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 May 23, 2019, the County authorized the purchase of property in the amount of \$4,400,000 plus closing costs, for construction of a new human services building. The County has awarded the architectural and engineering services contract for this project in the amount of \$724,000.

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. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*
- > Statement No. 91, *Conduit Debt Obligations*

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 35,260,944	\$ 35,260,944	\$ 37,310,588	\$ 2,049,644
Intergovernmental	10,310,391	10,325,108	10,060,756	(264,352)
Regulation and compliance	1,933,790	1,933,790	1,561,380	(372,410)
Public charges for services	3,397,099	3,397,099	3,339,853	(57,246)
Intergovernmental charges for services	1,261,255	1,285,545	1,031,294	(254,251)
Other	1,263,311	1,392,013	2,222,681	830,668
Total Revenues	<u>53,426,790</u>	<u>53,594,499</u>	<u>55,526,552</u>	<u>1,932,053</u>
EXPENDITURES				
Current				
General government	8,656,546	7,923,739	7,753,848	169,891
Public safety	35,768,979	37,792,008	37,321,612	470,396
Health and social services	7,112,135	7,154,053	7,050,182	103,871
Culture, recreation, and education	352,871	352,117	280,807	71,310
Conservation and development	1,692,910	1,733,352	1,147,508	585,844
Total Expenditures	<u>53,583,441</u>	<u>54,955,269</u>	<u>53,553,957</u>	<u>1,401,312</u>
Excess (deficiency) of revenues over expenditures	<u>(156,651)</u>	<u>(1,360,770)</u>	<u>1,972,595</u>	<u>3,333,365</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	156,651	1,325,651	1,010,045	(315,606)
Transfers out	-	(3,700)	(1,257,545)	(1,253,845)
Total Other Financing Sources (Uses)	<u>156,651</u>	<u>1,321,951</u>	<u>(247,500)</u>	<u>(1,569,451)</u>
Net change in fund balance	-	(38,819)	1,725,095	1,763,914
FUND BALANCE - Beginning of Year	<u>39,277,978</u>	<u>39,277,978</u>	<u>39,277,978</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 39,277,978</u>	<u>\$ 39,239,159</u>	<u>\$ 41,003,073</u>	<u>\$ 1,763,914</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, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Taxes	\$ 22,443,774	\$ 22,443,774	\$ 22,443,774	\$ -
Intergovernmental	26,677,693	27,305,159	27,201,156	(104,003)
Public charges for services	506,931	506,931	764,621	257,690
Intergovernmental charges for services	8,314,531	8,314,531	6,152,470	(2,162,061)
Other	8,000	203,000	194,838	(8,162)
Total Revenues	<u>57,950,929</u>	<u>58,773,395</u>	<u>56,756,859</u>	<u>(2,016,536)</u>
EXPENDITURES				
Current				
Health and social services	<u>57,950,929</u>	<u>58,777,095</u>	<u>55,794,738</u>	<u>2,982,357</u>
Total Expenditures	<u>57,950,929</u>	<u>58,777,095</u>	<u>55,794,738</u>	<u>2,982,357</u>
Excess of revenues over expenditures	<u>-</u>	<u>(3,700)</u>	<u>962,121</u>	<u>965,821</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,700	-	(3,700)
Transfers out	<u>-</u>	<u>-</u>	<u>(436,032)</u>	<u>(436,032)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,700</u>	<u>(436,032)</u>	<u>(439,732)</u>
Net change in fund balance	-	-	526,089	526,089
FUND BALANCE - Beginning of Year	<u>19,356</u>	<u>19,356</u>	<u>19,356</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 19,356</u>	<u>\$ 19,356</u>	<u>\$ 545,445</u>	<u>\$ 526,089</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, 2018

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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, 2018

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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, 2018

Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
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, 2018

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 2,319,710
Interest	1,330,117
Changes of benefit terms	-
Differences between expected and actual experience	180,437
Changes of assumptions	(1,925,523)
Benefit payments	<u>(1,461,657)</u>
Net Change in Total OPEB Liability	443,084
Total OPEB Liability - Beginning	<u>39,669,789</u>
Total OPEB Liability - Ending	<u>\$ 40,112,873</u>
Covered payroll	\$ 61,987,476
Total OPEB liability as a percentage of covered payroll	64.71%

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 3.31% to 3.71%.

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.

See independent auditors' report.

ROCK COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

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. There were no changes in assumptions.

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. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

ROCK COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2018

	Special Revenue Funds					
	Revolving Loans	Parks	Other Grants	Land Records	Veterans' Relief	Arrowhead Library System
ASSETS						
Cash and investments	\$ 577,305	\$ -	\$ 215,130	\$ -	\$ -	\$ 150
Taxes receivable	-	525,665	1,104,428	-	4,254	1,100,158
Accounts receivable	-	24	46,201	3,154	-	-
Loans receivable (net)	3,105,093	-	-	-	-	-
Due from other funds	441,770	2,537	-	238,123	5,026	557,338
Due from other governments	-	-	612,215	-	-	-
Prepaid items	-	-	16,534	-	-	78,405
TOTAL ASSETS	\$ 4,124,168	\$ 528,226	\$ 1,994,508	\$ 241,277	\$ 9,280	\$ 1,736,051
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 2,561	\$ 359,574	\$ 161	\$ -	\$ 13,815
Deposits	-	-	-	-	-	-
Due to other funds	-	-	156,168	-	-	-
Total Liabilities	-	2,561	515,742	161	-	13,815
Deferred Inflows of Resources						
Unearned revenues	-	525,665	1,116,319	-	4,254	1,451,023
Unavailable revenues	3,105,103	-	-	-	-	-
Total Deferred Inflows of Resources	3,105,103	525,665	1,116,319	-	4,254	1,451,023
Fund Balances						
Nonspendable	-	-	16,534	-	-	78,405
Restricted	1,019,065	-	345,913	241,116	-	192,808
Committed	-	-	-	-	5,026	-
Assigned	-	-	-	-	-	-
Total Fund Balances	1,019,065	-	362,447	241,116	5,026	271,213
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,124,168	\$ 528,226	\$ 1,994,508	\$ 241,277	\$ 9,280	\$ 1,736,051

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		
\$ -	\$ -	\$ 150,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 942,989	
330,500	-	83,825	-	509,655	6,277,403	1,000	-	9,936,888	
-	-	4,250	-	43,491	-	5,961	-	103,081	
-	-	-	-	-	-	-	-	3,105,093	
384,450	613,549	698,844	405,283	258,336	1,267,360	2,219,203	540,471	7,632,290	
-	-	-	-	-	-	-	-	612,215	
-	-	-	-	-	-	-	-	94,939	
<u>\$ 714,950</u>	<u>\$ 613,549</u>	<u>\$ 937,323</u>	<u>\$ 405,283</u>	<u>\$ 811,482</u>	<u>\$ 7,544,763</u>	<u>\$ 2,226,164</u>	<u>\$ 540,471</u>	<u>\$ 22,427,495</u>	
\$ -	\$ -	\$ 31,142	\$ 405,283	\$ 7,670	\$ -	\$ 532,402	\$ 34,260	\$ 1,386,868	
-	-	1,200	-	25,367	-	-	-	26,567	
-	-	-	-	-	-	-	-	156,168	
-	-	<u>32,342</u>	<u>405,283</u>	<u>33,037</u>	-	<u>532,402</u>	<u>34,260</u>	<u>1,569,603</u>	
330,500	-	137,833	-	521,944	6,277,403	1,000	-	10,365,941	
-	-	-	-	-	-	-	-	3,105,103	
<u>330,500</u>	<u>-</u>	<u>137,833</u>	<u>-</u>	<u>521,944</u>	<u>6,277,403</u>	<u>1,000</u>	<u>-</u>	<u>13,471,044</u>	
-	-	-	-	-	-	-	-	94,939	
384,450	613,549	288,703	-	256,501	1,267,360	-	-	4,609,465	
-	-	478,445	-	-	-	-	-	483,471	
-	-	-	-	-	-	1,692,762	506,211	2,198,973	
<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>\$ 714,950</u>	<u>\$ 613,549</u>	<u>\$ 937,323</u>	<u>\$ 405,283</u>	<u>\$ 811,482</u>	<u>\$ 7,544,763</u>	<u>\$ 2,226,164</u>	<u>\$ 540,471</u>	<u>\$ 22,427,495</u>	

ROCK COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Special Revenue Funds					
	Revolving Loans	Parks	Other Grants	Land Records	Veterans' Relief	Arrowhead Library System
REVENUES						
Taxes	\$ -	\$ 542,913	\$ 1,223,425	\$ -	\$ 1,254	\$ 1,069,209
Intergovernmental	-	-	2,964,299	1,000	-	453,212
Public charges for services	75,368	48,422	318,310	350,602	-	6,103
Intergovernmental charges for services	-	-	75,023	-	-	213,564
Other	5,963	7,262	109,976	1,142	-	2,000
Total Revenues	<u>81,331</u>	<u>598,597</u>	<u>4,691,033</u>	<u>352,744</u>	<u>1,254</u>	<u>1,744,088</u>
EXPENDITURES						
Current						
General government	-	-	67,605	317,403	-	-
Public safety	-	-	430,938	-	-	-
Health and social services	-	-	4,030,024	-	2,995	-
Public works	-	-	136,344	-	-	-
Culture, recreation, and education	-	501,410	-	-	-	1,711,762
Conservation and development	66,823	-	409,683	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>66,823</u>	<u>501,410</u>	<u>5,074,594</u>	<u>317,403</u>	<u>2,995</u>	<u>1,711,762</u>
Excess (deficiency) of revenues over expenditures	<u>14,508</u>	<u>97,187</u>	<u>(383,561)</u>	<u>35,341</u>	<u>(1,741)</u>	<u>32,326</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	296,376	-	-	-
Transfers out	-	(97,187)	(531)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(97,187)</u>	<u>295,845</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	14,508	-	(87,716)	35,341	(1,741)	32,326
FUND BALANCES - Beginning of Year	<u>1,004,557</u>	<u>-</u>	<u>450,163</u>	<u>205,775</u>	<u>6,767</u>	<u>238,887</u>
FUND BALANCES - END 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>

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	
\$ 311,920	\$ -	\$ 131,570	\$ -	\$ 541,906	\$ 3,622,625	\$ 2,531,855	\$ 175,000	\$10,151,677
-	-	20,793	3,914,639	-	-	-	-	7,353,943
-	-	1,004	-	403,652	-	194,709	-	1,398,170
-	-	147,053	-	-	-	-	-	435,640
-	9,896	126,836	-	20,492	-	72,473	-	356,040
<u>311,920</u>	<u>9,896</u>	<u>427,256</u>	<u>3,914,639</u>	<u>966,050</u>	<u>3,622,625</u>	<u>2,799,037</u>	<u>175,000</u>	<u>19,695,470</u>
-	41,149	252,397	-	-	-	-	-	678,554
-	-	58,835	-	-	-	-	-	489,773
-	-	-	3,914,639	-	-	-	-	7,947,658
88,119	-	-	-	845,177	-	-	-	1,069,640
-	-	-	-	-	-	-	-	2,213,172
-	-	38,625	-	-	-	-	-	515,131
-	-	-	-	-	-	3,376,497	216,148	3,592,645
-	-	-	-	-	2,889,025	-	-	2,889,025
-	-	-	-	-	452,602	-	-	452,602
<u>88,119</u>	<u>41,149</u>	<u>349,857</u>	<u>3,914,639</u>	<u>845,177</u>	<u>3,341,627</u>	<u>3,376,497</u>	<u>216,148</u>	<u>19,848,200</u>
<u>223,801</u>	<u>(31,253)</u>	<u>77,399</u>	<u>-</u>	<u>120,873</u>	<u>280,998</u>	<u>(577,460)</u>	<u>(41,148)</u>	<u>(152,730)</u>
-	194,160	-	-	-	-	1,150,748	-	1,641,284
-	(79,240)	(212,714)	-	-	-	(346,229)	-	(735,901)
-	114,920	(212,714)	-	-	-	804,519	-	905,383
223,801	83,667	(135,315)	-	120,873	280,998	227,059	(41,148)	752,653
160,649	529,882	902,463	-	135,628	986,362	1,465,703	547,359	6,634,195
<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>

ROCK COUNTY

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of December 31, 2018

	Motor Pool	Information Technology
ASSETS		
Current Assets		
Cash and investments	\$ -	\$ -
Taxes receivable	-	1,452,996
Accounts receivable	-	27,569
Due from other funds	-	2,777,417
Total Current Assets	-	4,257,982
Noncurrent Assets		
Restricted Assets		
Net pension asset	-	351,528
Deposit with Wisconsin Mutual Insurance Company	-	-
Capital Assets		
Land	-	-
Construction work in progress	-	273,938
Intangible assets - software	-	1,244,663
Other capital assets	1,175,130	950,632
Less: Accumulated depreciation/amortization	(617,883)	(1,335,943)
Net Capital Assets	557,247	1,133,290
Total Assets	557,247	5,742,800
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	-	643,657
OPEB related amounts	-	20,281
Total Deferred Outflows of Resources	-	663,938
LIABILITIES		
Current Liabilities		
Accounts payable	-	204,685
Accrued vacation and comp time	-	203,256
Due to other funds	266,718	-
Current portion of debt	-	73,843
Total Current Liabilities	266,718	481,784
Noncurrent Liabilities		
General obligation debt	-	63,126
Unamortized premium	-	-
Accrued sick leave	-	147,949
Other post employment benefits liability	-	712,987
Total Noncurrent Liabilities	-	924,062
Total Liabilities	266,718	1,405,846
DEFERRED INFLOWS OF RESOURCES		
Unearned revenues	-	1,452,996
Pension related amounts	-	683,556
OPEB related amounts	-	26,909
Total Deferred Inflows of Resources	-	2,163,461
NET POSITION		
Net investment in capital assets	557,247	996,321
Restricted for pensions	-	351,528
Unrestricted (deficit)	(266,718)	1,489,582
TOTAL NET POSITION	\$ 290,529	\$ 2,837,431

Self Insurance	Job Center	Totals
\$ 134,948	\$ -	\$ 134,948
-	-	1,452,996
715,749	1,527	744,845
<u>8,211,956</u>	<u>213,621</u>	<u>11,202,994</u>
<u>9,062,653</u>	<u>215,148</u>	<u>13,535,783</u>
-	12,257	363,785
1,741,000	-	1,741,000
-	575,710	575,710
-	-	273,938
-	-	1,244,663
-	3,982,399	6,108,161
-	<u>(1,223,139)</u>	<u>(3,176,965)</u>
-	<u>3,334,970</u>	<u>5,025,507</u>
<u>10,803,653</u>	<u>3,562,375</u>	<u>20,666,075</u>
-	23,424	667,081
-	<u>327</u>	<u>20,608</u>
-	<u>23,751</u>	<u>687,689</u>
3,083,560	-	3,288,245
-	-	203,256
-	-	266,718
-	<u>186,000</u>	<u>259,843</u>
<u>3,083,560</u>	<u>186,000</u>	<u>4,018,062</u>
-	1,168,783	1,231,909
-	23,768	23,768
-	-	147,949
-	<u>22,656</u>	<u>735,643</u>
-	<u>1,215,207</u>	<u>2,139,269</u>
<u>3,083,560</u>	<u>1,401,207</u>	<u>6,157,331</u>
292	-	1,453,288
-	22,658	706,214
-	<u>934</u>	<u>27,843</u>
<u>292</u>	<u>23,592</u>	<u>2,187,345</u>
-	1,956,419	3,509,987
-	12,257	363,785
<u>7,719,801</u>	<u>192,651</u>	<u>9,135,316</u>
<u>\$ 7,719,801</u>	<u>\$ 2,161,327</u>	<u>\$ 13,009,088</u>

ROCK COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS For the Year Ended December 31, 2018

	Motor Pool	Information Technology
OPERATING REVENUES		
Charges for services	\$ 246,474	\$ 3,692,719
Total Operating Revenues	246,474	3,692,719
OPERATING EXPENSES		
Operation and maintenance	304,352	4,992,842
Depreciation/amortization	110,064	284,338
Total Operating Expenses	414,416	5,277,180
Operating Income (Loss)	(167,942)	(1,584,461)
NONOPERATING REVENUES (EXPENSES)		
Property taxes	-	1,536,055
Interest expense	-	(5,331)
Miscellaneous revenues	6,001	1,242
Total Nonoperating Revenues (Expenses)	6,001	1,531,966
Increase (Decrease) Before Transfers	(161,941)	(52,495)
TRANSFERS		
Transfers out	-	-
Total Transfers	-	-
Increase (Decrease) in Net Position	(161,941)	(52,495)
NET POSITION - Beginning of Year - as restated	452,470	2,889,926
NET POSITION - END OF YEAR	\$ 290,529	\$ 2,837,431

<u>Self Insurance</u>	<u>Job Center</u>	<u>Totals</u>
\$ 22,501,538	\$ 647,885	\$ 27,088,616
<u>22,501,538</u>	<u>647,885</u>	<u>27,088,616</u>
23,809,980	432,419	29,539,593
<u>-</u>	<u>168,580</u>	<u>562,982</u>
<u>23,809,980</u>	<u>600,999</u>	<u>30,102,575</u>
<u>(1,308,442)</u>	<u>46,886</u>	<u>(3,013,959)</u>
-	-	1,536,055
-	(25,938)	(31,269)
<u>-</u>	<u>-</u>	<u>7,243</u>
<u>-</u>	<u>(25,938)</u>	<u>1,512,029</u>
<u>(1,308,442)</u>	<u>20,948</u>	<u>(1,501,930)</u>
<u>(221,851)</u>	<u>-</u>	<u>(221,851)</u>
<u>(221,851)</u>	<u>-</u>	<u>(221,851)</u>
(1,530,293)	20,948	(1,723,781)
<u>9,250,094</u>	<u>2,140,379</u>	<u>14,732,869</u>
<u>\$ 7,719,801</u>	<u>\$ 2,161,327</u>	<u>\$ 13,009,088</u>

ROCK COUNTY

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2018

	Motor Pool	Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 262,550	\$ 4,221,958
Cash paid to suppliers for goods and services	(130,497)	(2,376,296)
Cash paid to employees for payroll	(6,195)	(2,533,574)
Net Cash Flows From Operating Activities	125,858	(687,912)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Other miscellaneous	6,001	-
Transfers in (out)	-	-
Net Cash Flows From Noncapital Financing Activities	6,001	1,536,055
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt principal paid	-	(71,588)
Interest paid	-	(5,331)
Acquisition and construction of capital assets	(131,859)	(771,224)
Net Cash Flows From Capital and Related Financing Activities	(131,859)	(848,143)
Net Change in Cash and Cash Equivalents	-	-
CASH AND CASH EQUIVALENTS - Beginning of Year	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -	\$ -

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Self Insurance	Job Center	Totals
\$ 24,722,514	\$ 821,094	\$ 30,028,116
(24,470,032)	(330,400)	(27,307,225)
<u>-</u>	<u>(99,968)</u>	<u>(2,639,737)</u>
252,482	390,726	81,154
-	-	6,001
<u>(221,851)</u>	<u>-</u>	<u>(221,851)</u>
<u>(221,851)</u>	<u>-</u>	<u>1,320,205</u>
-	(186,000)	(257,588)
-	(29,334)	(34,665)
<u>-</u>	<u>(175,392)</u>	<u>(1,078,475)</u>
<u>-</u>	<u>(390,726)</u>	<u>(1,370,728)</u>
30,631	-	30,631
<u>104,317</u>	<u>-</u>	<u>104,317</u>
<u>\$ 134,948</u>	<u>\$ -</u>	<u>\$ 134,948</u>

ROCK COUNTY

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2017

	<u>Motor Pool</u>	<u>Information Technology</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (167,942)	\$ (1,584,461)
Adjustments to reconcile operating loss to net cash flows from operating activities		
Noncash items included in operating loss		
Depreciation/amortization	110,064	284,338
Change in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources		
Accounts receivable	16,076	70,086
Due to/from other funds	167,660	542,212
Compensated absences	-	(20,154)
Accounts payable	-	46,273
Other current liabilities	-	(26,903)
Unearned revenues	-	(83,059)
Pension and OPEB related amounts	-	83,756
	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 125,858</u>	<u>\$ (687,912)</u>

NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES

None

<u>Self Insurance</u>	<u>Job Center</u>	<u>Totals</u>
\$ (1,308,442)	\$ 46,886	\$ (3,013,959)
-	168,580	562,982
766,859	(1,527)	851,494
1,454,144	174,736	2,338,752
-	-	(20,154)
(660,052)	-	(613,779)
-	-	(26,903)
(27)	-	(83,086)
<u>-</u>	<u>2,051</u>	<u>85,807</u>
<u>\$ 252,482</u>	<u>\$ 390,726</u>	<u>\$ 81,154</u>