

ROCK COUNTY

Janesville, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

ROCK COUNTY

TABLE OF CONTENTS As of and for the Year Ended December 31, 2016

Independent Auditors' Report	i – ii
Required Supplementary Information	
Management's Discussion and Analysis	iii – x
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3 – 4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position – Proprietary Funds	7
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	8
Statement of Cash Flows – Proprietary Funds	9 – 10
Statement of Assets and Liabilities – Agency Fund	11
Notes to Financial Statements	12 – 50
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	51
Budgetary Comparison Schedule – Human Services Fund	52
Budgetary Comparison Schedule – DD Board Fund	53
Other Postemployment Benefits Plan – Schedule of Funding Progress	54
Schedule of Proportionate Share of the Net Pension Liability (Asset) – Wisconsin Retirement System	55
Schedule of Employer Contributions – Wisconsin Retirement System	55
Notes to Required Supplementary Information	56

ROCK COUNTY

TABLE OF CONTENTS (cont.) As of and for the Year Ended December 31, 2016

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds	57 – 58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	59 – 60
Combining Statement of Net Position – Internal Service Funds	61 – 62
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	63 – 64
Combining Statement of Cash Flows – Internal Service Funds	65 – 68

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, 2016, 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.

To the County Board
Rock County

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, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required 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 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 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 26, 2017

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2016

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 2016 budget; and discuss individual fund issues.

On January 1, 2016, the County implemented GASB 72 – *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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, 2016

CONDENSED FINANCIAL INFORMATION

Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals		Change
	2015	2016	2015	2016	2015	2016	
Current and other assets	\$ 150.3	\$ 136.9	\$ 21.2	\$ 14.7	\$ 171.5	\$ 151.6	(19.9)
Capital assets	133.6	137.0	42.5	42.8	176.1	179.7	3.6
Total Assets	<u>\$ 283.9</u>	<u>\$ 273.9</u>	<u>\$ 63.7</u>	<u>\$ 57.5</u>	<u>\$ 347.6</u>	<u>\$ 331.3</u>	<u>(16.3)</u>
Deferred Outflows of Resources	<u>\$ 9.1</u>	<u>\$ 33.2</u>	<u>\$ 2.2</u>	<u>\$ 7.8</u>	<u>\$ 11.3</u>	<u>\$ 41.0</u>	<u>29.7</u>
Current liabilities	\$ 22.2	\$ 17.3	\$ 4.8	\$ 3.7	\$ 27.0	\$ 21.1	(5.9)
Long-term liabilities	35.1	39.6	31.5	31.4	66.6	71.0	4.4
Total Liabilities	<u>\$ 57.3</u>	<u>\$ 56.9</u>	<u>\$ 36.3</u>	<u>\$ 35.2</u>	<u>\$ 93.6</u>	<u>\$ 92.1</u>	<u>(1.5)</u>
Deferred Inflows of Resources	<u>\$ 58.1</u>	<u>\$ 71.1</u>	<u>\$ 7.0</u>	<u>\$ 10.3</u>	<u>\$ 65.1</u>	<u>\$ 81.5</u>	<u>16.4</u>
NET POSITION							
Net investment in capital assets	\$ 115.2	\$ 120.7	\$ 14.7	\$ 16.7	\$ 129.9	\$ 137.3	7.4
Restricted	15.1	6.5	2.1	-	17.2	6.5	(10.7)
Unrestricted	<u>47.4</u>	<u>51.9</u>	<u>5.7</u>	<u>3.1</u>	<u>53.1</u>	<u>54.9</u>	<u>1.8</u>
Total Net Position	<u>\$ 177.7</u>	<u>\$ 179.0</u>	<u>\$ 22.5</u>	<u>\$ 19.7</u>	<u>\$ 200.2</u>	<u>\$ 198.7</u>	<u>(1.5)</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, 2016

CONDENSED FINANCIAL INFORMATION (cont.)

Changes In Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals		Change
	2015	2016	2015	2016	2015	2016	
Revenues							
Program Revenues							
Charges for services	\$ 17.3	\$ 14.8	\$ 16.0	\$ 16.3	\$ 33.3	\$ 31.0	\$ (2.0)
Grants and contributions	69.6	62.0	3.6	3.6	73.2	65.6	(10.9)
General Revenues							
Property taxes	53.4	54.7	9.7	9.5	63.1	64.2	1.1
Intergovernmental	5.8	5.9	-	-	5.8	5.9	0.1
Other	27.7	15.8	0.5	0.5	28.2	16.3	(8.7)
Total Revenues	<u>173.8</u>	<u>153.1</u>	<u>29.8</u>	<u>29.9</u>	<u>203.6</u>	<u>182.9</u>	<u>(20.3)</u>
Expenses							
General government	8.7	10.1	-	-	8.7	10.1	1.4
Public safety	39.7	42.3	-	-	39.7	42.3	2.6
Health and Social Services	104.2	92.9	-	-	104.2	92.9	(11.3)
Public works	3.4	3.6	-	-	3.4	3.6	0.2
Culture, recreation, and education	3.4	3.3	-	-	3.4	3.3	(0.1)
Conservation and Development	1.9	2.0	-	-	1.9	2.0	0.1
Interest and fiscal charges	0.4	0.4	-	-	0.4	0.4	
Rock Haven	-	-	17.1	17.4	17.1	17.4	0.3
Highway	-	-	12.3	12.3	12.3	12.3	
Total Expenses	<u>161.6</u>	<u>154.7</u>	<u>29.4</u>	<u>29.7</u>	<u>191.0</u>	<u>184.4</u>	<u>(6.7)</u>
Excess (Deficiency) Before Transfers	12.2	(1.6)	0.4	0.2	12.6	(1.5)	(14)
Transfers	<u>3.2</u>	<u>2.9</u>	<u>(3.2)</u>	<u>(2.9)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	15.4	1.3	(2.8)	(2.7)	12.6	(1.5)	(14)
Net Position - Beginning of Year	<u>162.3</u>	<u>177.7</u>	<u>25.4</u>	<u>22.6</u>	<u>187.7</u>	<u>200.3</u>	<u>12.5</u>
Net Position - End of Year	<u>\$ 177.7</u>	<u>\$ 179.0</u>	<u>\$ 22.5</u>	<u>\$ 19.7</u>	<u>\$ 200.2</u>	<u>\$ 198.8</u>	<u>(1.4)</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, 2016

NET POSITION AND FUND BALANCE ANALYSIS

NET POSITION

The county's net position decreased \$1.4 million for 2016. The governmental activities net position increased by \$1.3 million and the business-type activities net position decreased by \$2.9 million. The Highway enterprise fund contributed \$3.8 million of infrastructure to the governmental activities during 2016, which contributed to the decrease in net position for the business-type activities.

GOVERNMENTAL FUNDS

At December 31, 2016, the county governmental funds had combined ending fund balances of \$46.3 million, an increase of \$1.2 million or 2.6% from the prior year balances. This increase is due mainly to the DD Board moving clients to Family Care throughout the last half of 2016 which resulted in a lapse of \$1.6 million to the General Fund.

GENERAL FUND

The General Fund's unassigned Fund Balance had an increase of \$1.3 million or approximately 4.5% from the prior period to \$31.3 million. The General Fund balance, plus the fund balances in the Special Revenue Funds and Enterprise Funds' Working Capital, is approximately 20.0% of the reported General, Special Revenue and Enterprise Fund expenditures/expenses. This is slightly above the 10% to 17% target range of 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, 2016

NET POSITION AND FUND BALANCE ANALYSIS (cont.)

SPECIAL REVENUE FUNDS

The Human Services Department and DD Board are included in the financial statements as Special Revenue Funds. Any unreserved budgetary appropriations remaining at the end of the fiscal year lapse to the General Fund. For 2016, \$261,000 from the Human Services Department's results of operations and \$1.6 million from the DD Board's results of operations lapsed to the General Fund.

PROPRIETARY FUNDS

Rock Haven Nursing Home

The new Rock Haven Nursing Home facility opened in 2013, which completed the planned downsizing of licensed beds of 386 in 1998 to the current 128. At December 31, 2016, Rock Haven's net position decreased by \$328,292 to \$6,696,001 as a result of a slight decrease in average census for the year.

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 \$11,541,303. This decrease was due to the completion of large road projects. These projects were budgeted to be funded by the issuance of debt. The debt will be issued in late 2017.

GENERAL FUND BUDGET VARIATIONS

As detailed in the Budgetary Comparison schedule on Page 51, the results of operations for 2016, including the transfers in from lapsing funds, resulted in a net increase in the general fund balance of \$1,840,967.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2016, the county had \$179.8 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 29-30) and summarized below:

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

	Governmental Activities		Business-type Activities		Totals	
	2015	2016	2015	2016	2015	2016
Land	\$ 7.2	\$ 6.7	\$ 0.1	\$ 0.1	\$ 7.3	\$ 6.8
Easements	1.4	1.6	-	-	1.4	1.6
Intangibles-Software	0.6	0.5	-	-	0.6	0.5
Land improvements	17.5	22.9	2.5	2.4	20.0	25.3
Buildings	45.7	43.0	19.3	19.2	65.0	62.2
Machinery and equipment	3.9	3.9	19.9	21.0	23.8	24.9
Infrastructure	56.9	53.7	-	-	56.9	53.7
Construction in progress	0.4	4.7	0.7	0.1	1.1	4.8
Totals	<u>\$ 133.6</u>	<u>\$ 137.0</u>	<u>\$ 42.5</u>	<u>\$ 42.8</u>	<u>\$ 176.2</u>	<u>\$ 179.8</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, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

DEBT ADMINISTRATION

At year-end, the county had \$ 42,370,000 in general obligation promissory notes and bonds outstanding versus \$ 46,630,000 the prior year, an decrease of \$4,260,000.

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

	Governmental Activities		Business-type Activities		Totals	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
General Obligation Notes	<u>\$ 19.1</u>	<u>\$ 16.6</u>	<u>\$ 27.5</u>	<u>\$ 25.8</u>	<u>\$ 46.6</u>	<u>\$ 42.4</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 2016 was \$10,279,524,500 resulting in a statutory debt limit of \$513,976,225. The county's debt as of December 31, 2016 of \$42.4 million is 8.2% of the county's legal debt capacity.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2016

OTHER POST EMPLOYMENT BENEFITS

The county had an actuarial valuation report issued by Gabriel, Roeder Smith and Company as of January 1, 2015 as required by GASB Statement 45. As detailed in Footnote V. D. [page 48-49] the county had an unfunded actuarial accrued liability of \$29,003,800 and a net OPEB obligation of \$11,361,800 at December 31, 2016. The county currently does not pre-fund retiree healthcare benefits during an employee's working career.

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 2016 tax levy for the 2017 budget was \$65,107,690 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 2017 budget includes \$13.8 million from this revenue source. Of this amount, \$6.3 million is earmarked for capital projects and \$7.5 million is budgeted to offset the 2016 property taxes for the 2017 operating budget.

Beginning July 1, 2016, the DD Board and Human Services Long Term Support programs began moving clients to the state run Family Care program. This process was completed by December 31, 2016 and the DD Board ceased operations at that time. As a result, the total 2017 Rock County operating budget decreased by approximately \$30 million from the 2016 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, 2016

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 57,243,824	\$ 1,100	\$ 57,244,924
Taxes receivable	57,800,934	7,306,756	65,107,690
Delinquent taxes receivable	5,823,979	-	5,823,979
Accounts receivable	4,622,241	1,106,472	5,728,713
Due from other governments	7,776,595	2,889,756	10,666,351
Loans receivable (net)	3,333,913	-	3,333,913
Internal balances	(1,906,813)	1,906,813	-
Inventories	12,167	1,442,049	1,454,216
Prepaid items	455,345	676	456,021
Restricted cash and investments	-	35,609	35,609
Deposit with Wisconsin Mutual Insurance Company	1,741,000	-	1,741,000
Capital Assets			
Land and land improvements	12,840,544	104,153	12,944,697
Construction in progress	4,653,456	132,577	4,786,033
Easements	1,608,105	-	1,608,105
Other capital assets, net of depreciation	117,876,130	42,533,393	160,409,523
Total Assets	<u>273,881,420</u>	<u>57,459,354</u>	<u>331,340,774</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>33,170,701</u>	<u>7,783,986</u>	<u>40,954,687</u>
LIABILITIES			
Accounts payable	8,946,550	769,006	9,715,556
Accrued liabilities	3,673,460	648,833	4,322,293
Deposits	19,595	35,609	55,204
Due to other governments	4,641,402	2,339,748	6,981,150
Noncurrent Liabilities			
Due within one year	6,435,344	2,771,485	9,206,829
Due in more than one year	<u>33,172,649</u>	<u>28,634,275</u>	<u>61,806,924</u>
Total Liabilities	<u>56,889,000</u>	<u>35,198,956</u>	<u>92,087,956</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	58,433,940	7,356,113	65,790,053
Pension related amounts	<u>12,695,117</u>	<u>2,972,726</u>	<u>15,667,843</u>
Total Deferred Inflows of Resources	<u>71,129,057</u>	<u>10,328,839</u>	<u>81,457,896</u>
NET POSITION			
Net investment in capital assets	120,676,910	16,663,397	137,340,307
Restricted for grants and loan programs	4,307,062	-	4,307,062
Restricted for other grant activities	230,108	-	230,108
Restricted for land records	174,854	-	174,854
Restricted for debt service	562,271	-	562,271
Restricted for library activities	133,527	-	133,527
Restricted for bridge aid projects	35,018	-	35,018
Restricted for other activities	243,086	-	243,086
Restricted for ATC projects	691,901	-	691,901
Restricted for airport projects	101,781	-	101,781
Unrestricted	<u>51,877,546</u>	<u>3,052,148</u>	<u>54,929,694</u>
TOTAL NET POSITION	<u>\$ 179,034,064</u>	<u>\$ 19,715,545</u>	<u>\$ 198,749,609</u>

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

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	\$ 10,138,079	\$ 2,585,039	\$ 455,009	\$ -	\$ (7,098,031)	\$ -	\$ (7,098,031)
Public safety	42,293,518	3,318,413	2,108,690	-	(36,866,415)	-	(36,866,415)
Health and social services	92,904,008	7,968,350	55,062,700	-	(29,872,958)	-	(29,872,958)
Public works	3,610,419	418,256	-	3,337,364	145,201	-	145,201
Culture, recreation and education	3,266,066	268,296	503,164	-	(2,494,606)	-	(2,494,606)
Conservation and development	2,048,523	236,424	480,811	-	(1,331,288)	-	(1,331,288)
Interest and fiscal charges	420,161	-	50,134	-	(370,027)	-	(370,027)
Total Governmental Activities	<u>154,680,774</u>	<u>14,794,778</u>	<u>58,660,508</u>	<u>3,337,364</u>	<u>(77,888,124)</u>	<u>-</u>	<u>(77,888,124)</u>
Business-type Activities							
Rock Haven - skilled nursing facility	17,435,531	8,904,956	1,291,100	-	-	(7,239,475)	(7,239,475)
Highway	<u>12,302,237</u>	<u>7,346,989</u>	<u>2,306,387</u>	<u>-</u>	<u>-</u>	<u>(2,648,861)</u>	<u>(2,648,861)</u>
Total Business-type Activities	<u>29,737,768</u>	<u>16,251,945</u>	<u>3,597,487</u>	<u>-</u>	<u>-</u>	<u>(9,888,336)</u>	<u>(9,888,336)</u>
Totals	<u>\$ 184,418,542</u>	<u>\$ 31,046,723</u>	<u>\$ 62,257,995</u>	<u>\$ 3,337,364</u>	<u>(77,888,124)</u>	<u>(9,888,336)</u>	<u>(87,776,460)</u>
General Revenues							
Taxes							
Property taxes					54,657,916	9,498,139	64,156,055
Sales taxes					13,151,409	204,578	13,355,987
Other taxes					30,012	-	30,012
Interest on taxes					1,382,881	-	1,382,881
Intergovernmental revenues not restricted to specific programs					5,856,298	-	5,856,298
Investment income					585,057	-	585,057
Miscellaneous					609,971	268,020	877,991
Transfers					<u>2,941,780</u>	<u>(2,941,780)</u>	<u>-</u>
Total General Revenues and Transfers					<u>79,215,324</u>	<u>7,028,957</u>	<u>86,244,281</u>
Change in Net Position					1,327,200	(2,859,379)	(1,532,179)
NET POSITION - Beginning of Year					<u>177,706,864</u>	<u>22,574,924</u>	<u>200,281,788</u>
NET POSITION - END OF YEAR					<u>\$ 179,034,064</u>	<u>\$ 19,715,545</u>	<u>\$ 198,749,609</u>

See accompanying notes to financial statements.

ROCK COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	General Fund	Human Services	DD Board	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 55,878,113	\$ 106,441	\$ -	\$ 1,178,230	\$ 57,162,784
Receivables					
Taxes	25,495,867	22,130,696	-	8,718,604	56,345,167
Delinquent taxes	5,823,979	-	-	-	5,823,979
Accounts	3,880,600	13,803	-	67,158	3,961,561
Loans (net)	-	-	-	3,333,913	3,333,913
Due from other funds	6,642,232	-	1,644,516	8,450,350	16,737,098
Due from other governments	-	7,192,516	4,655	579,424	7,776,595
Inventories	12,167	-	-	-	12,167
Prepaid items	208,421	42,400	-	70,787	321,608
TOTAL ASSETS	<u>\$ 97,941,379</u>	<u>\$ 29,485,856</u>	<u>\$ 1,649,171</u>	<u>\$ 22,398,466</u>	<u>\$ 151,474,872</u>

	General Fund	Human Services	DD Board	Nonmajor Governmental Funds	Totals
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,427,669	\$ 1,377,421	\$ 1,649,171	\$ 1,389,199	\$ 5,843,460
Deposits	-	-	-	19,595	19,595
Accrued liabilities	3,524,012	28,917	-	-	3,552,929
Due to other governments	1,850,055	2,791,347	-	-	4,641,402
Due to other funds	26,937,524	2,898,020	-	162,920	29,998,464
Total Liabilities	<u>33,739,260</u>	<u>7,095,705</u>	<u>1,649,171</u>	<u>1,571,714</u>	<u>44,055,850</u>
Deferred Inflows of Resources					
Unearned revenue	25,557,381	22,330,908	-	9,087,660	56,975,949
Unavailable revenue	827,933	-	-	3,333,922	4,161,855
Total Deferred Inflows of Resources	<u>26,385,314</u>	<u>22,330,908</u>		<u>12,421,582</u>	<u>61,137,804</u>
Fund Balances					
Nonspendable	2,736,148	59,243	-	70,787	2,866,178
Restricted	-	-	-	3,266,217	3,266,217
Committed	-	-	-	473,924	473,924
Assigned	3,755,686	-	-	4,594,242	8,349,928
Unassigned	31,324,971	-	-	-	31,324,971
Total Fund Balances	<u>37,816,805</u>	<u>59,243</u>	<u>-</u>	<u>8,405,170</u>	<u>46,281,218</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 97,941,379</u>	<u>\$ 29,485,856</u>	<u>\$ 1,649,171</u>	<u>\$ 22,398,466</u>	

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.).	132,432,756
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.).	4,161,855
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.	19,753,561
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.).	(37,119,732)
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>13,524,406</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 179,034,064</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, 2016

	General	Human Services	DD Board	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	\$ 34,956,017	\$ 20,097,819	\$ 3,981,298	\$ 7,634,972	\$ 66,670,106
Intergovernmental	10,041,301	30,244,807	14,972,691	7,149,799	62,408,598
Regulation and compliance	1,467,268	-	-	-	1,467,268
Public charges for services	3,255,018	672,787	2,456,571	1,505,239	7,889,615
Intergovernmental charges for services	1,168,750	4,005,596	1,558,373	467,151	7,199,870
Other	1,031,891	13,865	-	477,033	1,522,789
Total Revenues	<u>51,920,245</u>	<u>55,034,874</u>	<u>22,968,933</u>	<u>17,234,194</u>	<u>147,158,246</u>
EXPENDITURES					
Current					
General government	7,809,762	-	-	482,932	8,292,694
Public safety	34,906,796	-	-	647,681	35,554,477
Health and social services	6,675,489	55,049,668	21,349,531	6,522,319	89,597,007
Public works	-	-	-	980,557	980,557
Culture, recreation, and education	361,242	-	-	2,170,011	2,531,253
Conservation and development	1,123,019	-	-	638,882	1,761,901
Capital Outlay	-	-	-	3,588,880	3,588,880
Debt Service					
Principal retirement	64,978	-	-	2,276,708	2,341,686
Interest and fiscal charges	516	-	-	392,344	392,860
Total Expenditures	<u>50,941,802</u>	<u>55,049,668</u>	<u>21,349,531</u>	<u>17,700,314</u>	<u>145,041,315</u>
Excess (deficiency) of revenues over expenditures	<u>978,443</u>	<u>(14,794)</u>	<u>1,619,402</u>	<u>(466,120)</u>	<u>2,116,931</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,190,409	325,274	-	598,929	3,114,612
Transfers out	(1,327,885)	(261,703)	(1,619,402)	(824,878)	(4,033,868)
Total Other Financing Sources (Uses)	<u>862,524</u>	<u>63,571</u>	<u>(1,619,402)</u>	<u>(225,949)</u>	<u>(919,256)</u>
Net Change in Fund Balances	1,840,967	48,777	-	(692,069)	1,197,675
FUND BALANCES - Beginning of Year	<u>35,975,838</u>	<u>10,466</u>	<u>-</u>	<u>9,097,239</u>	<u>45,083,543</u>
FUND BALANCES - END OF YEAR	<u>\$ 37,816,805</u>	<u>\$ 59,243</u>	<u>\$ -</u>	<u>\$ 8,405,170</u>	<u>\$ 46,281,218</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, 2016

Net change in fund balances - total governmental funds	\$ 1,197,675
--	--------------

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	3,588,880
Some items reported as capital outlay were expensed in the government-wide financial statements	(386,660)
Some items capitalized were contributed capital assets	3,132,656
Assets transferred from business-type activities to governmental activities	3,816,368
Depreciation is reported in the government-wide statements	(6,452,526)
Net book value of capital assets disposed of during the year	(483,352)

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	(354,312)
Grants	(250,000)
County-levied delinquent taxes	(43,774)

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	2,276,708
Principal paid on capital lease	64,978
Contribution received to reduce airport land loan	204,708

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	139,319
Other post-employment benefits	(1,495,125)
Net pension liability (asset)	(14,352,509)
Deferred outflows of resources related to pensions	23,204,053
Deferred inflows of resources related to pensions	(12,227,283)
Accrued interest on debt	10,251

The net revenues of certain activities of internal service funds are reported within governmental activities.

(262,855)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 1,327,200

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2016

	Rock Haven	Highway	Totals	Internal Service Funds
ASSETS				
Current Assets				
Cash and investments	\$ 1,100	\$ -	\$ 1,100	\$ 81,040
Taxes receivable	4,062,808	3,243,948	7,306,756	1,455,767
Accounts receivable	1,095,451	11,021	1,106,472	660,680
Due from other funds	3,891,252	-	3,891,252	12,951,406
Due from other governments	-	2,889,756	2,889,756	-
Inventories	71,579	1,370,470	1,442,049	-
Prepaid items	-	676	676	133,737
Total Current Assets	<u>9,122,190</u>	<u>7,515,871</u>	<u>16,638,061</u>	<u>15,282,630</u>
Noncurrent Assets				
Restricted Assets				
Cash and investments	35,609	-	35,609	-
Deposit with Wisconsin Mutual Insurance Company	-	-	-	1,741,000
Capital Assets				
Land	-	104,153	104,153	575,710
Construction work in progress	-	132,577	132,577	151,048
Intangible assets - software	-	-	-	846,858
Other capital assets	33,129,428	30,346,457	63,475,885	8,358,931
Less: Accumulated depreciation	<u>(4,225,634)</u>	<u>(16,716,858)</u>	<u>(20,942,492)</u>	<u>(5,387,068)</u>
Total Assets	<u>38,061,593</u>	<u>21,382,200</u>	<u>59,443,793</u>	<u>21,569,109</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	<u>4,874,691</u>	<u>2,909,295</u>	<u>7,783,986</u>	<u>1,169,875</u>
LIABILITIES				
Current Liabilities				
Accounts payable	160,348	608,658	769,006	3,103,090
Accrued liabilities	648,833	-	648,833	-
Deposits	35,609	-	35,609	-
Accrued vacation and comp time	618,052	489,490	1,107,542	208,241
Due to other funds	-	3,462,680	3,462,680	118,612
Due to other governments	-	2,339,748	2,339,748	-
Current portion of long-term debt	1,663,943	-	1,663,943	249,679
Total Current Liabilities	<u>3,126,785</u>	<u>6,900,576</u>	<u>10,027,361</u>	<u>3,679,622</u>
Noncurrent Liabilities				
General obligation debt	24,745,444	-	24,745,444	1,746,740
Unamortized premium on debt	-	-	-	30,560
Other postemployment benefits	1,238,182	517,039	1,755,221	-
Accrued sick leave	275,719	456,019	731,738	162,103
Net pension liability	878,692	523,180	1,401,872	211,469
Total Noncurrent Liabilities	<u>27,138,037</u>	<u>1,496,238</u>	<u>28,634,275</u>	<u>2,150,872</u>
Total Liabilities	<u>30,264,822</u>	<u>8,396,814</u>	<u>38,661,636</u>	<u>5,830,494</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	4,112,165	3,243,948	7,356,113	1,457,991
Pension related amounts	1,863,296	1,109,430	2,972,726	447,852
Total Deferred Inflows of Resources	<u>5,975,461</u>	<u>4,353,378</u>	<u>10,328,839</u>	<u>1,905,843</u>
NET POSITION				
Net investment in capital assets	2,797,068	13,866,329	16,663,397	2,518,500
Unrestricted	<u>3,898,933</u>	<u>(2,325,026)</u>	<u>1,573,907</u>	<u>12,484,147</u>
TOTAL NET POSITION	<u>\$ 6,696,001</u>	<u>\$ 11,541,303</u>	<u>18,237,304</u>	<u>\$ 15,002,647</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>1,478,241</u>	
Net Position of Business-type Activities			<u>\$ 19,715,545</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, 2016

	Rock Haven	Highway	Totals	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 8,904,956	\$ 7,346,989	\$ 16,251,945	\$ 25,566,830
Total Operating Revenues	<u>8,904,956</u>	<u>7,346,989</u>	<u>16,251,945</u>	<u>25,566,830</u>
OPERATING EXPENSES				
Operation and maintenance	15,463,386	10,775,232	26,238,618	28,078,926
Depreciation	<u>1,075,485</u>	<u>1,401,897</u>	<u>2,477,382</u>	<u>613,812</u>
Total Operating Expenses	<u>16,538,871</u>	<u>12,177,129</u>	<u>28,716,000</u>	<u>28,692,738</u>
Operating Loss	<u>(7,633,915)</u>	<u>(4,830,140)</u>	<u>(12,464,055)</u>	<u>(3,125,908)</u>
NONOPERATING REVENUES (EXPENSES)				
General property taxes	6,511,929	2,986,210	9,498,139	1,378,510
Sales taxes	-	204,578	204,578	1,217,376
Intergovernmental grants	1,291,100	2,306,387	3,597,487	-
Miscellaneous revenues	268,020	-	268,020	3,709
Interest expense	<u>(765,426)</u>	<u>-</u>	<u>(765,426)</u>	<u>(37,552)</u>
Total Nonoperating Revenues (Expenses)	<u>7,305,623</u>	<u>5,497,175</u>	<u>12,802,798</u>	<u>2,562,043</u>
Income (Loss) Before Transfers	<u>(328,292)</u>	<u>667,035</u>	<u>338,743</u>	<u>(563,865)</u>
TRANSFERS				
Transfers in	-	874,588	874,588	49,668
Transfers out	<u>-</u>	<u>(3,816,368)</u>	<u>(3,816,368)</u>	<u>(5,000)</u>
Total Transfers	<u>-</u>	<u>(2,941,780)</u>	<u>(2,941,780)</u>	<u>44,668</u>
Change in Net Position	(328,292)	(2,274,745)	(2,603,037)	(519,197)
NET POSITION - Beginning of Year	<u>7,024,293</u>	<u>13,816,048</u>		<u>15,521,844</u>
NET POSITION - END OF YEAR	<u>\$ 6,696,001</u>	<u>\$ 11,541,303</u>		<u>\$ 15,002,647</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(256,342)</u>	
Change in Net Position of Business-type Activities			<u>\$ (2,859,379)</u>	

See accompanying notes to financial statements.

ROCK COUNTY

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2016

	Rock Haven	Highway	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 9,912,666	\$ 7,041,714	\$ 16,954,380	\$ 25,556,856
Cash paid to suppliers for goods and services	(2,400,387)	(3,357,858)	(5,758,245)	(24,430,022)
Cash paid to employees for payroll	<u>(12,435,068)</u>	<u>(6,914,845)</u>	<u>(19,349,913)</u>	<u>(2,731,393)</u>
Net Cash Flows From Operating Activities	<u>(4,922,789)</u>	<u>(3,230,989)</u>	<u>(8,153,778)</u>	<u>(1,604,559)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
General property tax revenues	6,511,929	2,986,210	9,498,139	1,378,510
Other tax revenues	-	204,578	204,578	1,217,376
Transfers in (out)	-	-	-	44,668
Intergovernmental grants	<u>1,291,100</u>	<u>2,306,387</u>	<u>3,597,487</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>7,803,029</u>	<u>5,497,175</u>	<u>13,300,204</u>	<u>2,640,554</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt principal paid	(1,723,267)	-	(1,723,267)	(260,025)
Interest paid	(868,361)	-	(868,361)	(40,948)
Transfers in	-	874,588	874,588	-
Acquisition and construction of capital assets	<u>(253,003)</u>	<u>(3,141,349)</u>	<u>(3,394,352)</u>	<u>(725,243)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(2,844,631)</u>	<u>(2,266,761)</u>	<u>(5,111,392)</u>	<u>(1,026,216)</u>
Net Change in Cash and Cash Equivalents	35,609	(575)	35,034	9,779
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,100</u>	<u>575</u>	<u>1,675</u>	<u>71,261</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 36,709</u>	<u>\$ -</u>	<u>\$ 36,709</u>	<u>\$ 81,040</u>

	Rock Haven	Highway	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating loss	\$ (7,633,915)	\$ (4,830,140)	\$ (12,464,055)	\$ (3,125,908)
Adjustments to reconcile operating loss to net cash flows from operating activities				
Nonoperating revenues	268,020	-	268,020	-
Noncash items included in operating loss				
Depreciation	1,075,484	1,401,897	2,477,381	613,812
Change in Assets, Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources				
Accounts receivable	1,375	334,414	335,789	(347,419)
Other accounts receivable	(68,393)	(257,738)	(326,131)	-
Due to/from other funds	514,821	(639,689)	(124,868)	356,186
Inventories	6,108	(4,972)	1,136	-
Prepaid items	-	-	-	28,888
Deposits	35,609	-	35,609	-
Accounts payable	25,654	50,185	75,839	666,003
Other current liabilities	47,049	126,667	173,716	6,833
Compensated absences	-	-	-	(4,231)
Other postemployment benefits	253,597	-	253,597	-
Pension related amounts	551,801	330,649	882,450	129,437
Unearned revenues	-	257,738	257,738	71,840
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (4,922,790)	\$ (3,230,989)	\$ (8,153,779)	\$ (1,604,559)
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets transferred to governmental activities	<u>\$ -</u>	<u>\$ 3,816,368</u>	<u>\$ 3,816,368</u>	<u>\$ -</u>
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, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 30,717,208
Taxes receivable	1,744,497
Accounts receivable	<u>44,430</u>
TOTAL ASSETS	<u>\$ 32,506,135</u>
LIABILITIES	
Liabilities	
Due to other governments	\$ 29,325,052
Other liabilities	<u>3,181,083</u>
TOTAL LIABILITIES	<u>\$ 32,506,135</u>

See accompanying notes to financial statements.

ROCK COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE	Page
I. Summary of Significant Accounting Policies	13
A. Reporting Entity	13
B. Government-Wide and Fund Financial Statements	13
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	16
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	17
1. Deposits and Investments	17
2. Receivables	19
3. Inventories and Prepaid Items	20
4. Capital Assets	20
5. Deferred Outflows of Resources	21
6. Compensated Absences	21
7. Long-Term Obligations	22
8. Deferred Inflows of Resources	22
9. Equity Classifications	22
10. Pension	24
II. Reconciliation of Government-Wide and Fund Financial Statements	24
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	24
III. Stewardship, Compliance, and Accountability	25
A. Limitations on the County's Tax Levy	25
IV. Detailed Notes on All Funds	25
A. Deposits and Investments	25
B. Receivables	28
C. Capital Assets	30
D. Interfund Receivables/Payables and Transfers	32
E. Long-Term Obligations	34
F. Governmental Activities Net Position/Fund Balances	37
G. Business-type Activities Net Position	38
V. Other Information	39
A. Employees' Retirement System	39
B. Risk Management	45
C. Commitments and Contingencies	47
D. Other Postemployment Benefits	47
E. Effect of New Accounting Standards on Current-Period Financial Statements	50

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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 February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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, 2016

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.
- DD Board Special Revenue Fund – Account for and report resources legally restricted or committed for services provided to developmentally disabled individuals.

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	Arrowhead Library System
Parks	County Bridge Aid
Other Grants	Other Activities
Land Records	Other Special Revenue Funds
Veterans’ Relief	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
- Sheriff’s Vehicles
- Airport Projects

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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, the health care center patient trust, 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, 2016

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, 2016

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, 2016, 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, 2016

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 – 2016 tax roll:

Levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Final installment due	July 31, 2017
Personal property taxes in full	January 31, 2017 (except improvements on leased land due January 31, 2017 and July 31, 2017)
Tax certificate date	September 1, 2017
Tax sale – 2016 delinquent real estate taxes	October 2019

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.

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

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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.)

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, 2016, 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 \$5,000 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 fair value at the date of donation.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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 75 Years
Land Improvements	15 to 30 Years
Machinery and Equipment	3 to 15 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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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.)

6. Compensated Absences (cont.)

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, 2016 are determined on the basis of current salary rates and include salary related payments.

7. Long-Term Obligations

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses, as applicable, is shown as a deferred outflow/inflow in 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, 2016

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 a minimum unassigned General fund balance, total Special Revenue fund balances, and working capital in the Enterprise funds equal to 10% to 17% of the total General, Special Revenue, and Enterprise Fund expenditures/expenses. This calculated balance at year end was \$33,766,927, or 20% of the expenditures/expenses of the funds listed above.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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. 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.

One element of that reconciliation states that “capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.”

Land	\$ 6,714,611
Construction in progress	1,716,749
Easements	1,608,105
Infrastructure construction in progress	2,936,707
Infrastructure and land improvements	6,125,933
Other capital assets, net of depreciation/ amortization	117,876,130
Less: Internal service fund capital assets included above, net of depreciation	<u>(4,545,479)</u>
Adjustment for Capital Assets	<u>\$ 132,432,756</u>

One element of that reconciliation states that “some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.”

General obligation debt payable	\$ 14,560,921
Compensated absences	7,056,254
Other postemployment benefits	9,606,579
Accrued interest	120,531
Net pension liability	<u>5,775,447</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 37,119,732</u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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.

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	\$ 36,872,760	\$ 38,796,934	Custodial credit risk
U.S. agencies – explicitly guaranteed	10,611,296	10,611,296	Custodial credit risk, interest rate risk
U.S. agencies – implicitly guaranteed	8,153,247	8,153,247	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
U.S. Treasuries	3,250,870	3,250,870	Custodial credit risk, interest rate risk
Corporate bonds	2,224,450	2,224,450	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
LGIP	26,861,792	26,861,792	Credit risk
Petty cash	23,326	-	N/A
Total Cash and Investments	\$ 87,997,741	\$ 89,898,589	
Reconciliation to financial statements			
Per statement of net position			
Cash and investments	\$ 57,244,924		
Restricted cash and investments	35,609		
Per statement of assets and liabilities			
Agency fund	30,717,208		
Total Cash and Investments	\$ 87,997,741		

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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2016, the banks had pledged various government securities in the amount of \$11,000,000 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
U.S. agencies – explicitly guaranteed	\$ -	\$ 10,611,296	\$ -	\$ 10,611,296
U.S. agencies – implicitly guaranteed	-	8,153,247	-	8,153,247
U.S. Treasuries	3,250,870	-	-	3,250,870
Corporate bonds	-	2,224,450	-	2,224,450
Totals	\$ 3,250,870	\$ 20,988,993	\$ -	\$ 24,239,863

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.

As of December 31, 2016, \$20,818,678 of the county's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>20,818,678</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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

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, 2016, the county's investments were rated as follows:

<u>Investment Type</u>	<u>Moody's</u>
U.S. Agencies – Implicitly guaranteed	Aaa
Corporate bonds	Aaa, Aa1, Aa2

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.

Concentration of Credit Risk

The county's investment policy states that no more than 5% of the county's total investment portfolio can be invested in any one issuer. Of the total county investment portfolio of \$51,101,655, \$5,175,156 is invested in FFCB and \$2,978,091 is invested in FHLB, which are over the 5% threshold making up 10% and 6% of the portfolio, respectively.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

As of December 31, 2016, the county's investments were as follows:

Investment Type	Fair Value	Maturity (in Years)	
		Less Than 1	1-3
U.S. agencies – explicitly guaranteed	\$ 10,611,296	\$ 4,502,489	\$ 6,108,807
U.S. agencies – implicitly guaranteed	8,153,247	5,176,357	2,976,890
U.S. treasuries	3,250,870	2,752,315	498,555
Corporate bonds	2,224,450	-	2,224,450
Total Fair Value	<u>\$ 24,239,863</u>	<u>\$ 12,431,161</u>	<u>\$ 11,808,702</u>

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	<u>\$ 5,823,979</u>	<u>\$ 3,333,913</u>

Receivables in the Rock Haven and nonmajor governmental funds have been recorded net of allowances. The allowances as of December 31, 2016, in these funds respectively, are \$181,298 and \$663,732.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

B. RECEIVABLES (cont.)

At December 31, 2016, delinquent taxes receivable are as follows:

Tax Certificates –	
2015	\$ 2,359,584
2014	1,123,212
2013	402,760
2012	66,105
2011	46,114
2010 and prior	<u>60,234</u>
Totals	4,058,009
Special assessment tax certificates and deeds (payable to other governments)	1,676,734
Other miscellaneous taxes	<u>89,236</u>
Total Delinquent Taxes Receivable	<u><u>\$ 5,823,979</u></u>

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

	Unavailable	Unearned
Property taxes receivable	\$ -	\$ 56,345,167
Delinquent property taxes receivable	827,933	-
Loans receivable	3,333,922	-
Grants	<u>-</u>	<u>630,782</u>
Total Unavailable/Unearned Revenue For Governmental Funds	<u><u>\$ 4,161,855</u></u>	56,975,949
Internal Service Fund Taxes receivable		1,455,767
Subsequent period prepayments		<u>2,224</u>
Governmental Activities Unearned Revenue		<u><u>\$ 58,433,940</u></u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 7,171,811	\$ -	\$ 457,200	\$ 6,714,611
Construction in progress	410,595	1,496,888	190,734	1,716,749
Easements	1,414,000	194,105	-	1,608,105
Infrastructure construction in progress	111,926	2,824,781	-	2,936,707
Infrastructure and land improvements	5,752,696	373,237	-	6,125,933
Total Capital Assets Not Being Depreciated/Amortized	14,861,028	4,889,011	647,934	19,102,105
Capital assets being depreciated/amortized				
Intangible assets – software	855,060	67,168	-	922,228
Land improvements	35,455,019	562,843	-	36,017,862
Buildings and improvements	102,540,210	841,666	-	103,381,876
Machinery and equipment	20,562,408	1,031,628	3,401,079	18,192,957
Roads	43,351,662	3,359,133	-	46,710,795
Bridges	15,113,114	-	-	15,113,114
Stop lights	123,973	391,873	-	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	219,806,522	6,254,310	3,401,079	222,659,754
Less: Accumulated depreciation/amortization for				
Intangible assets – software	(280,473)	(177,229)	-	(457,702)
Land improvements	(17,971,698)	(1,230,842)	-	(19,202,540)
Buildings and improvements	(56,836,452)	(3,548,120)	-	(60,384,572)
Machinery and equipment	(16,688,356)	(890,098)	3,322,256	(14,256,198)
Roads	(7,572,832)	(934,216)	-	(8,507,048)
Bridges	(1,158,722)	(249,797)	-	(1,408,519)
Stop lights	(32,227)	(10,317)	-	(42,544)
Airport water and sewer system	(415,340)	(20,767)	-	(436,107)
Snowmobile bridges	(83,442)	(4,952)	-	(88,394)
Total Accumulated Depreciation/ Amortization	(101,039,542)	(7,066,338)	3,322,256	(104,783,624)
Net Capital Assets Being Depreciated/Amortized	118,766,980	(812,028)	78,823	117,876,130
Total Governmental Activities Capital Assets, Net of Depreciation/Amortization	\$133,628,008	\$ 4,076,983	\$ 726,757	\$136,978,235

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 497,724
Public safety	2,433,528
Health and social services	317,827
Public works	2,622,901
Culture, recreation and education	577,313
Conservation and development	3,233
Sub-total	6,452,526
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	613,812
Total Governmental Activities Depreciation Expense	\$ 7,066,338

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 104,153	\$ -	\$ -	\$ 104,153
Construction in progress	669,892	74,375	611,690	132,577
Total Capital Assets Not Being Depreciated	774,045	74,375	611,690	236,730
Capital assets being depreciated				
Land improvements	2,844,087	-	-	2,844,087
Buildings	23,398,481	481,883	-	23,880,364
Machinery and equipment	34,151,789	2,792,559	192,914	36,751,434
Total Capital Assets Being Depreciated	60,394,357	3,274,442	192,914	63,475,885
Less: Accumulated depreciation for				
Land improvements	(368,670)	(82,337)	-	(451,007)
Buildings	(4,049,880)	(662,790)	-	(4,712,670)
Machinery and equipment	(14,213,149)	(1,732,255)	166,589	(15,778,815)
Total Accumulated Depreciation	(18,631,699)	(2,477,382)	166,589	(20,942,492)
Net Capital Assets Being Depreciated	41,762,658	797,060	26,325	42,533,393
Total Business-type Capital Assets, Net of Depreciation	\$ 42,536,703	\$ 871,435	\$ 638,015	\$ 42,770,123

Depreciation expense was charged to functions as follows:

Business-type Activities

Rock Haven	\$ 1,075,485
Highway	1,401,897
Total Business-type Activities Depreciation Expense	\$ 2,477,382

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
General Fund	Special revenue – Other grants	\$ 162,920
	Internal service – Motor pool	118,612
	Human services	2,898,020
	Highway	3,462,680
Special Revenue Funds		
Income maintenance consortium	General	836,991
Revolving loans	General	441,770
Airport	General	101,246
Land records	General	172,764
Veterans' relief	General	7,516
Arrowhead library system	General	452,754
County bridge aid	General	35,018
Other activities	General	243,086
Other special revenue funds	General	569,656
DD board	General	1,644,516
Parks	General	1,534
Debt Service Fund	General	682,802
Capital Projects Funds		
Sheriff vehicles	General	26,613
Airport projects	General	518,170
General capital projects	General	4,360,430
Enterprise Funds		
Rock Haven	General	3,891,252
Internal Service Funds		
Information technology	General	2,614,831
Self insurance	General	9,792,473
Job Center	General	544,102
		544,102
Sub-Total – Fund Financial Statements		33,579,756
Less: Fund eliminations		(34,008,328)
Less: Interfund receivables, IT, self-insurance created with internal service and fund eliminations		(1,478,241)
		\$ (1,906,813)

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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	\$ 261,703
General	Special revenue – DD Board	1,619,402
General	Internal service funds	5,000
General	Nonmajor governmental funds	304,304
Special revenue – Human Services	General	325,274
Highway	General	500,000
Highway	Nonmajor governmental funds	374,588
Internal service funds	Nonmajor governmental funds	49,668
Nonmajor governmental funds	General	502,611
Nonmajor governmental funds	Nonmajor governmental funds	<u>96,318</u>
Subtotal - Fund Financial Statements		4,038,868
Add: Governmental activities' infrastructure paid by Highway		3,816,368
Less: Fund eliminations		(3,109,612)
Less: Government-wide eliminations		<u>(1,803,844)</u>
Total Transfers - Government-Wide Statement of Activities		<u>\$ 2,941,780</u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Transfers (cont.)

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	\$ 3,816,368
Business-type Activities	Governmental Activities	(874,588)
Total		<u>\$ 2,941,780</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.

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Notes Payable:					
General Obligation Debt					
General	\$ 16,837,629	\$ -	\$ 2,276,708	\$ 14,560,921	\$ 2,326,378
Internal service	2,256,444	-	260,025	1,996,419	249,679
Add deferred amounts for premiums:					
Premium on long-term debt –					
Internal service	33,956	-	3,396	30,560	-
Land loan – due to state	204,708	-	204,708	-	-
Total Notes Payable	<u>19,332,737</u>	<u>-</u>	<u>2,744,837</u>	<u>16,587,900</u>	<u>2,576,057</u>
Other Liabilities:					
Vested compensated absences					
General	7,195,573	3,556,371	3,695,690	7,056,254	3,651,046
Internal service	367,742	204,010	201,408	370,344	208,241
Other postemployment benefits	8,111,454	2,359,157	864,032	9,606,579	-
Net pension liability (asset)					
General	(8,577,062)	14,352,509	-	5,775,447	-
Internal service	(313,924)	525,393	-	211,469	-
Capital lease	64,978	-	64,978	-	-
Total Other Liabilities	<u>6,848,761</u>	<u>20,997,440</u>	<u>4,826,108</u>	<u>23,020,093</u>	<u>3,859,287</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 26,181,498</u>	<u>\$20,997,440</u>	<u>\$ 7,570,945</u>	<u>\$ 39,607,993</u>	<u>\$ 6,435,344</u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

E. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Debt	\$ 27,535,927	\$ -	\$ 1,723,267	\$ 25,812,660	\$ 1,663,943
Add deferred amounts for premiums:					
Premium on long-term debt	670,839	-	74,112	596,727	-
Total Bonds and Notes Payable	28,206,766	-	1,797,379	26,409,387	1,663,943
Other Liabilities:					
Vested compensated absences	1,778,901	1,076,503	1,016,124	1,839,280	1,107,542
Other postemployment benefits	1,482,046	431,043	157,868	1,755,221	-
Net pension liability (asset)	(2,130,800)	3,532,672	-	1,401,872	-
Total Other Liabilities	1,130,147	5,040,218	1,173,992	4,996,373	1,107,542
Total Business-type Activities Long-Term Liabilities	\$ 29,336,913	\$ 5,040,218	\$ 2,971,371	\$ 31,405,760	\$ 2,771,485

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, 2016 was \$513,976,225. Total general obligation debt outstanding at year end was \$42,370,000.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-16
General Obligation Debt					
Promissory notes	2010	2019	1.35 - 4.30%	\$ 5,815,000	\$ 2,325,000
Promissory notes	2011	2020	2.00 - 2.50%	4,500,000	2,700,000
Promissory bonds	2011	2026	2.00 - 4.00%	22,000,000	19,925,000
Promissory bonds	2012	2021	1.25 - 4.00%	7,300,000	5,075,000
Promissory notes	2013	2023	2.00 - 3.05%	6,040,000	5,290,000
Promissory notes	2015	2025	1.00 - 2.00%	7,890,000	7,055,000
Total General Obligation Debt					\$ 42,370,000

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Balance 12-31-16
Governmental Activities	
General	\$ 14,560,921
Internal service	1,996,419
Sub-Total	16,557,340
Business-type Activities	
Enterprise	25,812,660
Total General Obligation Debt	\$ 42,370,000

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2017	\$ 2,576,057	\$ 401,804	\$ 1,663,943	\$ 839,753
2018	2,696,613	344,719	1,638,387	809,013
2019	2,746,891	277,387	1,658,109	776,021
2020	2,122,779	201,306	2,382,221	719,451
2021	1,610,000	150,162	2,970,000	663,495
2022 - 2026	4,805,000	233,900	15,500,000	1,829,000
Totals	\$ 16,557,340	\$ 1,609,278	\$ 25,812,660	\$ 5,636,733

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

F. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2016 includes the following:

Governmental Activities

Net investment in capital assets	
Land and land improvements	\$ 12,840,544
Construction in progress	4,653,456
Easements	1,608,105
Other capital assets, net of accumulated depreciation	117,876,130
Less: Related long-term debt outstanding	<u>(16,301,325)</u>
Total Net Investment in Capital Assets	<u>\$ 120,676,910</u>

Governmental fund balances reported on the fund financial statements at December 31, 2016 include the following:

Nonspendable

Major Funds

General Fund

Delinquent taxes	\$ 2,515,560
Inventories	12,167
Prepaid items	<u>208,421</u>
Total	<u>\$ 2,736,148</u>

Human Services

Prepaid items	<u>\$ 59,243</u>
---------------	------------------

Nonmajor Funds

Special revenue funds – prepaid items	<u>\$ 70,787</u>
---------------------------------------	------------------

Restricted

Nonmajor Funds – Special Revenue Funds

Revolving loans	\$ 973,140
Other grants	230,108
Land records	174,854
Arrowhead library system	133,527
County bridge aid	35,018
Other activities	243,086
Other special revenue funds	691,901
Airport	<u>101,781</u>
Sub-total	2,583,415

Nonmajor Fund – Debt Service Fund

	<u>682,802</u>
Total	<u>\$ 3,266,217</u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

Governmental Activities (cont.)

Committed

Nonmajor Funds – Special Revenue Funds

Veterans' relief	\$ 7,516
Other special revenue funds	<u>466,408</u>
Total	<u>\$ 473,924</u>

Assigned

Major Fund

General Fund

Sales taxes for future expenditures	\$ 3,362,966
Carryforward appropriations	<u>392,720</u>

Total General Fund \$ 3,755,686

Nonmajor Funds – Capital Projects Funds

General capital projects	\$ 4,049,459
Sheriff's vehicles	26,613
Airport projects	<u>518,170</u>

Total \$ 4,594,242

Unassigned

Major Fund

General Fund \$ 31,324,971

G. BUSINESS-TYPE ACTIVITIES NET POSITION

Business-type activities net position reported on the government-wide statement of net position at December 31, 2016 includes the following:

Business-type Activities

Net investment in capital assets

Land	\$ 104,153
Construction in progress	132,577
Other capital assets, net of depreciation	42,533,393
Less: Related long-term debt outstanding	<u>(26,106,726)</u>
Total Net Investment in Capital Assets	<u>\$ 16,663,397</u>

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Accounting Policies

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.

General Information About the Pension Plan

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) 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.

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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Summary of Significant Accounting Policies

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0	10
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

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. 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 \$4,511,721 in contributions from the county.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2016, the county reported a liability of \$7,388,788 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The county's proportion of the net pension liability was based on the county's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the county's proportion was 0.45470008%, which was a decrease of 0.005980290% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the county recognized pension expense of \$8,763,933.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2016, 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	\$ 1,249,974	\$ 15,549,578
Changes in assumptions	5,169,518	-
Net differences between projected and actual earnings on pension plan investments	30,251,813	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	118,265
Employer contributions subsequent to the measurement date	4,283,382	-
Totals	\$ 40,954,687	\$ 15,667,843

\$4,283,382 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 9,521,303	\$ 3,792,463
2018	9,521,303	3,792,463
2019	9,521,301	3,792,463
2020	7,942,011	3,789,691
2021	165,387	500,763

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market 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 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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 %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
US Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
Variable Fund Asset Class				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	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, 2016

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 3.56%. 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)	\$ 51,825,101	\$ 7,388,788	\$ (27,316,764)

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 3, 2016, the county reported a payable to the pension plan of \$955,979, 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, 2016

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, 2016 was \$9,361,102 and is reflected in an internal service fund in these statements. Total contributions to the program during the year were \$21,503,297.

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, 2016, WMMIC was owned by seventeen 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, 2016

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

	Prior Year	Current Year
Unpaid claims – Beginning of Year	\$ 2,531,526	\$ 2,192,247
Current year claims and administration	21,576,320	23,338,757
Claims and administration payments	(21,915,599)	(22,581,096)
Unpaid Claims – End of Year	\$ 2,192,247	\$ 2,949,908

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, 2016. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures/expenses.

D. OTHER POSTEMPLOYMENT BENEFITS

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.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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. For fiscal year 2016, the county contributed \$1,021,900 to the plan. Administrative costs of the plan are financed through investment earnings.

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

Annual required contribution	\$ 2,739,700
Interest on net OPEB obligation	431,700
Adjustment to annual required contribution	<u>(381,200)</u>
Annual OPEB cost	2,790,200
Contributions made	<u>(1,021,900)</u>
Increase in Net OPEB Obligation	1,768,300
Net OPEB Obligation – Beginning of Year	<u>9,593,500</u>
Net OPEB Obligation – End of Year	<u>\$ 11,361,800</u>

The county's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 2,790,200	37%	\$ 11,361,800
2015	2,661,500	42%	9,593,500
2014	2,208,500	55%	8,056,000

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The most recent actuarial valuation date of the plan was as of January 1, 2015. The funded status of the plan as of December 31, 2016 was as follows:

Actuarial accrued liability (AAL)	\$ 29,003,800
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 29,003,800</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 68,413,200
UAAL as a percentage of covered payroll	42%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

In the actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.5% investment rate of return and an annual healthcare cost trend of 8% initially, reducing by decrements of 0.5% to an ultimate rate of 4.5%. Both rates include a 3% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2016 was 30 years.

ROCK COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

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

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

- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement No. 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- > Statement No. 79, *Certain External Investment Pools and Pool Participants*
- > Statement No. 80, *Blending Requirements for Certain Component Units*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues an amendment of GASB Statements 67, 68, and 73*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 33,297,951	\$ 33,297,951	\$ 34,956,017	\$ 1,658,066
Intergovernmental	10,376,630	10,595,823	10,041,301	(554,522)
Regulation and compliance	1,561,340	1,561,340	1,467,268	(94,072)
Public charges for services	3,145,935	3,241,147	3,255,018	13,871
Intergovernmental charges for services	1,352,798	1,393,488	1,168,750	(224,738)
Other	828,143	1,111,457	1,031,891	(79,566)
Total Revenues	<u>50,562,797</u>	<u>51,201,206</u>	<u>51,920,245</u>	<u>719,039</u>
EXPENDITURES				
Current				
General government	7,749,235	8,314,228	7,809,762	504,466
Public safety	34,161,500	35,063,580	34,906,796	156,784
Health and social services	7,258,698	7,465,636	6,675,489	790,147
Culture, recreation, and education	351,475	361,933	361,242	691
Conservation and development	1,255,866	1,286,982	1,123,019	163,963
Debt Service				
Principal retirement	-	-	64,978	(64,978)
Interest and fiscal charges	-	-	516	(516)
Total Expenditures	<u>50,776,774</u>	<u>52,492,359</u>	<u>50,941,802</u>	<u>1,550,557</u>
Excess (deficiency) of revenues over expenditures	<u>(213,977)</u>	<u>(1,291,153)</u>	<u>978,443</u>	<u>2,269,596</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	213,977	1,760,985	2,190,409	429,424
Transfers out	-	(469,832)	(1,327,885)	(858,053)
Total Other Financing Sources (Uses)	<u>213,977</u>	<u>1,291,153</u>	<u>862,524</u>	<u>(428,629)</u>
Net change in fund balance	-	-	1,840,967	1,840,967
FUND BALANCE - Beginning of Year	<u>35,975,838</u>	<u>35,975,838</u>	<u>35,975,838</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 35,975,838</u>	<u>\$ 35,975,838</u>	<u>\$ 37,816,805</u>	<u>\$ 1,840,967</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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget
REVENUES				
Taxes	\$ 20,097,819	\$ 20,097,819	\$ 20,097,819	\$ -
Intergovernmental	32,700,637	34,045,060	30,244,807	(3,800,253)
Public charges for services	709,526	709,526	672,787	(36,739)
Intergovernmental charges for services	3,792,226	3,914,432	4,005,596	91,164
Other	8,000	(289,364)	13,865	303,229
Total Revenues	<u>57,308,208</u>	<u>58,477,473</u>	<u>55,034,874</u>	<u>(3,442,599)</u>
EXPENDITURES				
Current				
Health and social services	<u>57,308,208</u>	<u>58,794,230</u>	<u>55,049,668</u>	<u>3,744,562</u>
Total Expenditures	<u>57,308,208</u>	<u>58,794,230</u>	<u>55,049,668</u>	<u>3,744,562</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(316,757)</u>	<u>(14,794)</u>	<u>301,963</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	316,757	325,274	8,517
Transfers out	<u>-</u>	<u>-</u>	<u>(261,703)</u>	<u>(261,703)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>316,757</u>	<u>63,571</u>	<u>(253,186)</u>
Net change in fund balance	-	-	48,777	48,777
FUND BALANCE - Beginning of Year	<u>10,466</u>	<u>10,466</u>	<u>10,466</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 10,466</u>	<u>\$ 10,466</u>	<u>\$ 59,243</u>	<u>\$ 48,777</u>

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

ROCK COUNTY

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE DD BOARD FUND For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,981,298	\$ 3,981,298	\$ 3,981,298	\$ -
Intergovernmental	22,193,974	22,193,974	14,972,691	(7,221,283)
Public charges for services	3,820,929	3,820,929	2,456,571	(1,364,358)
Intergovernmental charges for services	<u>3,485,000</u>	<u>3,485,000</u>	<u>1,558,373</u>	<u>(1,926,627)</u>
Total Revenues	<u>33,481,201</u>	<u>33,481,201</u>	<u>22,968,933</u>	<u>(10,512,268)</u>
EXPENDITURES				
Current				
Health and social services	<u>33,481,201</u>	<u>33,566,130</u>	<u>21,349,531</u>	<u>12,216,599</u>
Total Expenditures	<u>33,481,201</u>	<u>33,566,130</u>	<u>21,349,531</u>	<u>12,216,599</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(84,929)</u>	<u>1,619,402</u>	<u>1,704,331</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	84,929	-	(84,929)
Transfers out	<u>-</u>	<u>-</u>	<u>(1,619,402)</u>	<u>(1,619,402)</u>
Total Other Financing Uses	<u>-</u>	<u>84,929</u>	<u>(1,619,402)</u>	<u>(1,704,331)</u>
Net change in fund balance	-	-	-	-
FUND BALANCE - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

ROCK COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
December 31, 2016

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age Normal Cost</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2015	\$ -	\$ 27,205,500	\$ 27,205,500	0%	\$ 66,291,900	41%
January 1, 2013	-	23,579,600	23,579,600	0%	51,586,200	46%
January 1, 2011	-	26,124,900	26,124,900	0%	51,071,600	51%

The most recent actuarial valuation date of the plan was as of January 1, 2015.

ROCK COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
 WISCONSIN RETIREMENT SYSTEM
 For the Year Ended December 31, 2016

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
12/31/16	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, 2016

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
12/31/16	\$ 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%

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

ROCK COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2016

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 \$392,720 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.

SUPPLEMENTARY INFORMATION

ROCK COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Special Revenue Funds					
	Revolving Loans	Parks	Other Grants	Land Records	Veterans' Relief	Arrowhead Library System
ASSETS						
Cash and investments	\$ 531,379	\$ -	\$ 11,871	\$ -	\$ -	\$ 150
Taxes receivable	-	510,831	981,670	-	1,754	1,031,441
Accounts receivable	-	-	2,460	2,090	-	18,079
Loans receivable (net)	3,333,913	-	-	-	-	-
Due from other funds	441,770	1,534	-	172,764	7,516	452,754
Due from other governments	-	-	579,424	-	-	-
Prepaid items	-	-	-	-	-	70,787
TOTAL ASSETS	\$ 4,307,062	\$ 512,365	\$ 1,575,425	\$ 174,854	\$ 9,270	\$ 1,573,211
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 1,534	\$ 198,222	\$ -	\$ -	\$ 8,502
Deposits	-	-	-	-	-	-
Due to other funds	-	-	162,920	-	-	-
Total Liabilities	-	1,534	361,142	-	-	8,502
Deferred Inflows of Resources						
Unearned revenues	-	510,831	984,175	-	1,754	1,360,395
Unavailable revenues	3,333,922	-	-	-	-	-
Total Deferred Inflows of Resources	3,333,922	510,831	984,175	-	1,754	1,360,395
Fund Balances						
Nonspendable	-	-	-	-	-	70,787
Restricted	973,140	-	230,108	174,854	-	133,527
Committed	-	-	-	-	7,516	-
Assigned	-	-	-	-	-	-
Total Fund Balances	973,140	-	230,108	174,854	7,516	204,314
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,307,062	\$ 512,365	\$ 1,575,425	\$ 174,854	\$ 9,270	\$ 1,573,211

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	Sheriff's Vehicles	Airport Projects		
\$ -	\$ -	\$ 634,780	\$ -	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,178,230
175,000	-	66,836	-	503,946	5,424,422	22,704	-	-	-	8,718,604
-	-	18	-	39,712	-	4,799	-	-	-	67,158
-	-	-	-	-	-	-	-	-	-	3,333,913
35,018	243,086	569,656	836,991	101,246	682,802	4,360,430	26,613	518,170	-	8,450,350
-	-	-	-	-	-	-	-	-	-	579,424
-	-	-	-	-	-	-	-	-	-	70,787
<u>\$ 210,018</u>	<u>\$ 243,086</u>	<u>\$ 1,271,290</u>	<u>\$ 836,991</u>	<u>\$ 644,954</u>	<u>\$ 6,107,224</u>	<u>\$ 4,387,933</u>	<u>\$ 26,613</u>	<u>\$ 518,170</u>		<u>\$ 22,398,466</u>
\$ -	\$ -	\$ 15,332	\$ 836,991	\$ 12,848	\$ -	\$ 315,770	\$ -	\$ -	\$ -	\$ 1,389,199
-	-	-	-	19,595	-	-	-	-	-	19,595
-	-	-	-	-	-	-	-	-	-	162,920
-	-	15,332	836,991	32,443	-	315,770	-	-	-	1,571,714
175,000	-	97,649	-	510,730	5,424,422	22,704	-	-	-	9,087,660
-	-	-	-	-	-	-	-	-	-	3,333,922
<u>175,000</u>	<u>-</u>	<u>97,649</u>	<u>-</u>	<u>510,730</u>	<u>5,424,422</u>	<u>22,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,421,582</u>
-	-	-	-	-	-	-	-	-	-	70,787
35,018	243,086	691,901	-	101,781	682,802	-	-	-	-	3,266,217
-	-	466,408	-	-	-	-	-	-	-	473,924
-	-	-	-	-	-	4,049,459	26,613	518,170	-	4,594,242
<u>35,018</u>	<u>243,086</u>	<u>1,158,309</u>	<u>-</u>	<u>101,781</u>	<u>682,802</u>	<u>4,049,459</u>	<u>26,613</u>	<u>518,170</u>		<u>8,405,170</u>
<u>\$ 210,018</u>	<u>\$ 243,086</u>	<u>\$ 1,271,290</u>	<u>\$ 836,991</u>	<u>\$ 644,954</u>	<u>\$ 6,107,224</u>	<u>\$ 4,387,933</u>	<u>\$ 26,613</u>	<u>\$ 518,170</u>		<u>\$ 22,398,466</u>

ROCK COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Special Revenue Funds					
	Revolving Loans	Parks	Other Grants	Land Records	Veterans' Relief	Arrowhead Library System
REVENUES						
Taxes	\$ -	\$ 510,444	\$ 440,748	\$ -	\$ 3,754	\$ 995,376
Intergovernmental	-	-	2,970,835	1,000	-	456,685
Public charges for services	283,432	42,594	225,848	350,889	-	6,104
Intergovernmental charges for services	-	-	90,782	8,772	-	216,460
Other	1,490	4,159	107,880	2,628	-	2,000
Total Revenues	<u>284,922</u>	<u>557,197</u>	<u>3,836,093</u>	<u>363,289</u>	<u>3,754</u>	<u>1,676,625</u>
EXPENDITURES						
Current						
General government	-	-	67,882	341,175	-	-
Public safety	-	-	606,309	-	-	-
Health and social services	-	-	2,871,194	-	1,393	-
Public works	-	-	14,793	-	-	-
Culture, recreation, and education	-	585,290	-	-	-	1,584,721
Conservation and development	25,274	-	445,516	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>25,274</u>	<u>585,290</u>	<u>4,005,694</u>	<u>341,175</u>	<u>1,393</u>	<u>1,584,721</u>
Excess (deficiency) of revenues over expenditures	<u>259,648</u>	<u>(28,093)</u>	<u>(169,601)</u>	<u>22,114</u>	<u>2,361</u>	<u>91,904</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	28,093	36,835	-	-	-
Transfers out	-	-	(10,257)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>28,093</u>	<u>26,578</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	259,648	-	(143,023)	22,114	2,361	91,904
FUND BALANCES - Beginning of Year	<u>713,492</u>	<u>-</u>	<u>373,131</u>	<u>152,740</u>	<u>5,155</u>	<u>112,410</u>
FUND BALANCES - END OF YEAR	<u>\$ 973,140</u>	<u>\$ -</u>	<u>\$ 230,108</u>	<u>\$ 174,854</u>	<u>\$ 7,516</u>	<u>\$ 204,314</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	Sheriff's Vehicles	Airport Projects		
\$ 60,000	\$ -	\$ 78,734	\$ 7,000	\$ 522,031	\$ 2,898,384	\$ 2,118,501	\$ -	\$ -	\$ 7,634,972	
-	-	21,413	3,649,732	-	50,134	-	-	-	7,149,799	
-	-	260	-	386,082	-	210,030	-	-	1,505,239	
-	-	151,137	-	-	-	-	-	-	467,151	
-	7,124	278,831	-	6,473	-	66,448	-	-	477,033	
<u>60,000</u>	<u>7,124</u>	<u>530,375</u>	<u>3,656,732</u>	<u>914,586</u>	<u>2,948,518</u>	<u>2,394,979</u>	<u>-</u>	<u>-</u>	<u>17,234,194</u>	
-	28,186	45,689	-	-	-	-	-	-	482,932	
-	-	41,372	-	-	-	-	-	-	647,681	
-	-	-	3,649,732	-	-	-	-	-	6,522,319	
51,025	-	-	-	914,739	-	-	-	-	980,557	
-	-	-	-	-	-	-	-	-	2,170,011	
-	-	168,092	-	-	-	-	-	-	638,882	
-	-	-	-	-	-	3,512,649	-	76,231	3,588,880	
-	-	-	-	-	2,276,708	-	-	-	2,276,708	
-	-	-	-	-	392,344	-	-	-	392,344	
<u>51,025</u>	<u>28,186</u>	<u>255,153</u>	<u>3,649,732</u>	<u>914,739</u>	<u>2,669,052</u>	<u>3,512,649</u>	<u>-</u>	<u>76,231</u>	<u>17,700,314</u>	
<u>8,975</u>	<u>(21,062)</u>	<u>275,222</u>	<u>7,000</u>	<u>(153)</u>	<u>279,466</u>	<u>(1,117,670)</u>	<u>-</u>	<u>(76,231)</u>	<u>(466,120)</u>	
-	8,592	29,774	-	39,500	-	456,135	-	-	598,929	
-	-	(194,388)	(7,000)	-	-	(574,256)	(38,977)	-	(824,878)	
-	8,592	(164,614)	(7,000)	39,500	-	(118,121)	(38,977)	-	(225,949)	
8,975	(12,470)	110,608	-	39,347	279,466	(1,235,791)	(38,977)	(76,231)	(692,069)	
<u>26,043</u>	<u>255,556</u>	<u>1,047,701</u>	<u>-</u>	<u>62,434</u>	<u>403,336</u>	<u>5,285,250</u>	<u>65,590</u>	<u>594,401</u>	<u>9,097,239</u>	
<u>\$ 35,018</u>	<u>\$ 243,086</u>	<u>\$ 1,158,309</u>	<u>\$ -</u>	<u>\$ 101,781</u>	<u>\$ 682,802</u>	<u>\$ 4,049,459</u>	<u>\$ 26,613</u>	<u>\$ 518,170</u>	<u>\$ 8,405,170</u>	

ROCK COUNTY

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2016

	Motor Pool	Information Technology
ASSETS		
Current Assets		
Cash and investments	\$ -	\$ -
Taxes receivable	-	1,455,767
Accounts receivable	16,076	5,125
Due from other funds	-	2,614,831
Prepaid items	-	76,719
Total Current Assets	16,076	4,152,442
Noncurrent Assets		
Deposit with Wisconsin Mutual Insurance Company	-	-
Capital Assets		
Land	-	-
Construction work in progress	-	-
Intangible assets - software	-	846,858
Other capital assets	977,845	4,154,123
Less: Accumulated depreciation	(455,985)	(4,015,726)
Net Capital Assets	521,860	985,255
Total Assets	537,936	5,137,697
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	-	1,125,067
Total Deferred Outflows of Resources	-	1,125,067
LIABILITIES		
Current Liabilities		
Accounts payable	22,375	120,415
Accrued vacation and comp time	-	208,241
Due to other funds	118,612	-
Current portion of debt	-	67,079
Total Current Liabilities	140,987	395,735
Noncurrent Liabilities		
General obligation debt	-	208,557
Unamortized premium	-	-
Accrued sick leave	-	162,103
Net pension liability	-	203,348
Total Noncurrent Liabilities	-	574,008
Total Liabilities	140,987	969,743
DEFERRED INFLOWS OF RESOURCES		
Unearned revenues	-	1,457,991
Pension related amounts	-	430,653
Total Deferred Inflows of Resources	-	1,888,644
NET POSITION		
Net investment in capital assets	521,860	709,619
Unrestricted (deficit)	(124,911)	2,694,758
TOTAL NET POSITION	\$ 396,949	\$ 3,404,377

<u>Self Insurance</u>	<u>Job Center</u>	<u>Totals</u>
\$ 81,040	\$ -	\$ 81,040
-	-	1,455,767
639,479	-	660,680
9,792,473	544,102	12,951,406
<u>57,018</u>	<u>-</u>	<u>133,737</u>
<u>10,570,010</u>	<u>544,102</u>	<u>15,282,630</u>
1,741,000	-	1,741,000
-	575,710	575,710
-	151,048	151,048
-	-	846,858
-	3,226,963	8,358,931
<u>-</u>	<u>(915,357)</u>	<u>(5,387,068)</u>
<u>-</u>	<u>3,038,364</u>	<u>4,545,479</u>
<u>12,311,010</u>	<u>3,582,466</u>	<u>21,569,109</u>
-	44,808	1,169,875
<u>-</u>	<u>44,808</u>	<u>1,169,875</u>
2,949,908	10,392	3,103,090
-	-	208,241
-	-	118,612
<u>-</u>	<u>182,600</u>	<u>249,679</u>
<u>2,949,908</u>	<u>192,992</u>	<u>3,679,622</u>
-	1,538,183	1,746,740
-	30,560	30,560
-	-	162,103
<u>-</u>	<u>8,121</u>	<u>211,469</u>
<u>-</u>	<u>1,576,864</u>	<u>2,150,872</u>
<u>2,949,908</u>	<u>1,769,856</u>	<u>5,830,494</u>
-	-	1,457,991
<u>-</u>	<u>17,199</u>	<u>447,852</u>
<u>-</u>	<u>17,199</u>	<u>1,905,843</u>
-	1,287,021	2,518,500
<u>9,361,102</u>	<u>553,198</u>	<u>12,484,147</u>
<u>\$ 9,361,102</u>	<u>\$ 1,840,219</u>	<u>\$ 15,002,647</u>

ROCK COUNTY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS For the Year Ended December 31, 2016

	Motor Pool	Information Technology
OPERATING REVENUES		
Charges for services	\$ 271,576	\$ 3,157,795
Total Operating Revenues	<u>271,576</u>	<u>3,157,795</u>
OPERATING EXPENSES		
Operation and maintenance	105,784	4,985,951
Depreciation	<u>101,407</u>	<u>392,412</u>
Total Operating Expenses	<u>207,191</u>	<u>5,378,363</u>
Operating Income (Loss)	<u>64,385</u>	<u>(2,220,568)</u>
NONOPERATING REVENUES (EXPENSES)		
Property taxes	-	1,378,510
Sales taxes	-	927,376
Interest expense	-	(8,344)
Miscellaneous revenues	<u>-</u>	<u>3,709</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>2,301,251</u>
Increase (Decrease) Before Transfers	<u>64,385</u>	<u>80,683</u>
TRANSFERS		
Transfers in	-	49,668
Transfers out	<u>-</u>	<u>-</u>
Total Transfers	<u>-</u>	<u>49,668</u>
Increase (Decrease) in Net Position	64,385	130,351
NET POSITION - Beginning of Year	<u>332,564</u>	<u>3,274,026</u>
NET POSITION - END OF YEAR	<u>\$ 396,949</u>	<u>\$ 3,404,377</u>

Self Insurance	Job Center	Totals
\$ 21,503,297	\$ 634,162	\$ 25,566,830
<u>21,503,297</u>	<u>634,162</u>	<u>25,566,830</u>
22,581,096	406,095	28,078,926
-	119,993	613,812
<u>22,581,096</u>	<u>526,088</u>	<u>28,692,738</u>
<u>(1,077,799)</u>	<u>108,074</u>	<u>(3,125,908)</u>
-	-	1,378,510
-	290,000	1,217,376
-	(29,208)	(37,552)
<u>-</u>	<u>-</u>	<u>3,709</u>
<u>-</u>	<u>260,792</u>	<u>2,562,043</u>
<u>(1,077,799)</u>	<u>368,866</u>	<u>(563,865)</u>
-	-	49,668
<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
<u>(5,000)</u>	<u>-</u>	<u>44,668</u>
(1,082,799)	368,866	(519,197)
<u>10,443,901</u>	<u>1,471,353</u>	<u>15,521,844</u>
<u>\$ 9,361,102</u>	<u>\$ 1,840,219</u>	<u>\$ 15,002,647</u>

ROCK COUNTY

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2016

	<u>Motor Pool</u>	<u>Information Technology</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 271,576	\$ 2,944,048
Cash paid to suppliers for goods and services	(7,590)	(2,333,755)
Cash paid to employees for payroll	(7,613)	(2,628,425)
Net Cash Flows From Operating Activities	<u>256,373</u>	<u>(2,018,132)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
General property taxes	-	1,378,510
Other taxes	-	927,376
Transfers in (out)	-	49,668
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>2,355,554</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt principal paid	-	(59,625)
Interest paid	-	(8,344)
Acquisition and construction of capital assets	(256,373)	(269,453)
Net Cash Flows From Capital and Related Financing Activities	<u>(256,373)</u>	<u>(337,422)</u>
Net Change in Cash and Cash Equivalents	-	-
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

Self Insurance	Job Center	Totals
\$ 21,802,409	\$ 538,823	\$ 25,556,856
(21,787,630)	(301,047)	(24,430,022)
-	(95,355)	(2,731,393)
14,779	142,421	(1,604,559)
-	-	1,378,510
-	290,000	1,217,376
(5,000)	-	44,668
(5,000)	290,000	2,640,554
-	(200,400)	(260,025)
-	(32,604)	(40,948)
-	(199,417)	(725,243)
-	(432,421)	(1,026,216)
9,779	-	9,779
71,261	-	71,261
<u>\$ 81,040</u>	<u>\$ -</u>	<u>\$ 81,040</u>

ROCK COUNTY

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2015

	<u>Motor Pool</u>	<u>Information Technology</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 64,385	\$ (2,220,568)
Adjustments to reconcile operating loss to net cash flows from operating activities		
Noncash items included in operating loss		
Depreciation	101,407	392,412
Change in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources		
Accounts receivable	-	(67,600)
Due to/from other funds	90,581	(221,707)
Prepaid items	-	(6,917)
Compensated absences	-	(4,231)
Accounts payable	-	(91,658)
Other current liabilities	-	6,833
Unearned revenues	-	75,560
Pension related amounts	-	119,744
	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 256,373</u>	<u>\$ (2,018,132)</u>

NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES

None

<u>Self Insurance</u>	<u>Job Center</u>	<u>Totals</u>
\$ (1,077,799)	\$ 108,074	\$ (3,125,908)
-	119,993	613,812
(290,821)	11,002	(347,419)
593,653	(106,341)	356,186
35,805	-	28,888
-	-	(4,231)
757,661	-	666,003
-	-	6,833
(3,720)	-	71,840
-	9,693	129,437
<u>\$ 14,779</u>	<u>\$ 142,421</u>	<u>\$ (1,604,559)</u>