

Rock County

Financial Statements and
Supplementary Information

December 31, 2022

Rock County

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Independent Auditors' Report

To the County Board of
Rock County

Report on the Audit of the Financial Statements

Opinions

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 (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 the County as of December 31, 2022 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the County adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 the 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 have also issued our report dated July 31, 2023 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Madison, Wisconsin
July 31, 2023

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2022

Rock County's (the County) 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 and discuss individual fund issues.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

Generally accepted accounting principles (GAAP) require the inclusion of separate sets of financial statements for governmental funds, proprietary (business-type) and fiduciary funds (see pages 3 through 12). 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, 2022

CONDENSED FINANCIAL INFORMATION

Net Position (in millions of dollars)

	Governmental Activities		Business-type Activities		Totals		Change
	2021	2022	2021	2022	2021	2022	
Current and other assets	\$ 198.4	214.5	\$ 15.1	11.7	\$ 213.4	226.2	12.8
Capital assets	179.4	207.1	44.9	44.8	224.3	251.9	27.6
Total Assets	<u>377.8</u>	<u>421.6</u>	<u>60.0</u>	<u>56.5</u>	<u>437.7</u>	<u>478.1</u>	<u>40.4</u>
Deferred Outflows of Resources	<u>48.4</u>	<u>68.8</u>	<u>9.9</u>	<u>13.9</u>	<u>58.3</u>	<u>82.7</u>	<u>24.4</u>
Current liabilities	30.4	44.6	1.4	2.1	31.8	46.7	14.9
Long-term liabilities	106.1	95.9	22.3	18.1	128.4	114.0	(14.4)
Total Liabilities	<u>136.5</u>	<u>140.5</u>	<u>23.7</u>	<u>20.2</u>	<u>160.2</u>	<u>160.7</u>	<u>0.5</u>
Deferred Inflows of Resources	<u>129.8</u>	<u>162.6</u>	<u>19.5</u>	<u>22.5</u>	<u>149.3</u>	<u>185.1</u>	<u>36.1</u>
NET POSITION							
Net investment in capital assets	128.4	160.6	29.3	33.0	157.7	193.6	35.9
Restricted	37.7	46.6	5.0	6.0	42.7	52.6	9.9
Unrestricted (deficit)	<u>(6.3)</u>	<u>(19.9)</u>	<u>(7.6)</u>	<u>(11.6)</u>	<u>(13.8)</u>	<u>(31.5)</u>	<u>(17.7)</u>
Total Net Position	<u>\$ 159.8</u>	<u>187.3</u>	<u>\$ 26.7</u>	<u>27.4</u>	<u>\$ 186.6</u>	<u>214.7</u>	<u>28.1</u>

NOTE: Totals may not foot due to rounding.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2022

CONDENSED FINANCIAL INFORMATION (cont.)

Changes in Net Position (in millions of dollars)							
	Governmental Activities		Business-type Activities		Totals		Change
	2021	2022	2021	2022	2021	2022	
Revenues							
Program Revenues							
Charges for services	\$ 12.0	11.1	\$ 16.6	16.2	\$ 28.6	27.3	(1.3)
Grants and contributions	54.8	76.6	6.6	7.0	61.4	83.6	22.2
General Revenues							
Property taxes	62.6	63.3	10.1	10.9	72.7	74.2	1.5
Intergovernmental	7.5	7.5	-	-	7.5	7.5	-
Other	19.6	19.4	1.4	3.5	20.9	22.9	2.0
Total Revenues	<u>156.3</u>	<u>177.9</u>	<u>34.7</u>	<u>37.6</u>	<u>191.0</u>	<u>215.5</u>	<u>24.5</u>
Expenses							
General government	9.3	12.8	-	-	9.3	12.8	3.5
Public safety	45.8	43.6	-	-	45.8	43.6	(2.2)
Health and Social Services	80.4	87.4	-	-	80.4	87.4	7.0
Public works	2.5	3.2	-	-	2.5	3.2	0.7
Culture, recreation, and education	3.7	4.9	-	-	3.7	4.9	1.2
Conservation and Development	2.0	1.7	-	-	2.0	1.7	(0.3)
Interest and fiscal charges	1.0	1.0	-	-	1.0	1.0	-
Rock Haven	-	-	15.7	17.4	15.7	17.4	1.7
Highway	-	-	13.8	15.3	13.8	15.3	1.5
Total Expenses	<u>144.8</u>	<u>154.6</u>	<u>29.5</u>	<u>32.7</u>	<u>174.3</u>	<u>187.3</u>	<u>13.0</u>
Excess (Deficiency) Before Transfers	11.5	23.3	5.1	4.9	16.8	28.1	23.2
Transfers	0.1	4.3	(0.1)	(4.3)	-	-	-
Increase (Decrease) in Net Position	11.7	27.5	5.1	0.6	16.8	28.1	11.3
Net Position - Beginning of Year	<u>148.1</u>	<u>159.8</u>	<u>21.7</u>	<u>26.7</u>	<u>169.8</u>	<u>186.6</u>	<u>16.8</u>
 Net Position - End of Year	 <u>\$ 159.8</u>	 <u>187.3</u>	 <u>\$ 26.7</u>	 <u>27.4</u>	 <u>\$ 186.6</u>	 <u>214.7</u>	 <u>28.1</u>

NOTE: Totals may not foot due to rounding.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2022

NET POSITION AND FUND BALANCE ANALYSIS

NET POSITION

The County's net position increased \$28.1 million for 2022. The governmental activities net position increased by \$27.5 million and the business-type activities net position increased by \$0.6 million.

GOVERNMENTAL FUNDS

At December 31, 2022, the County governmental funds had combined ending fund balances of \$45.5 million, a decrease of \$16.9 million, or 27%, from the prior year. The overall decrease was due to capital expenditures taking place in 2022 with borrowing to fund the expenditures not taking place until 2023.

GENERAL FUND

The General Fund's unassigned fund balance increased from FY2021 to FY2022 by \$5.3 million. The increase is primarily due to the Human Services Department lapsing \$4 million to the General Fund. The unassigned General Fund Balance is approximately 29% of the combined General Fund, Human Services Fund and Airport Fund expenditures and the enterprise funds' operating expenses. This is above the 20%-25% range targeted in the County's Fund Balance policy. The increase in unassigned fund balance was anticipated when preparing the 2023 budget. Therefore, the 2023 budget includes using \$3.7 million in General Fund fund balance to decrease the debt levy.

The General Fund operations includes Administration, Corporation Counsel, Finance, Human Resources, 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.

CAPITAL PROJECTS FUND

The General Capital Projects fund is a capital projects fund used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of capital assets. This fund had a deficit fund balance of \$22.9 million at year end. This was due to not issuing debt to fund some 2022 expenditures until 2023

SPECIAL REVENUE FUNDS

The Human Services Department is included in the financial statements as a Special Revenue Fund. Any unassigned budgetary appropriations remaining at the end of the fiscal year lapse to the General Fund. For 2022, \$4 million was lapsed to the General Fund from the Human Services Department due mainly to an increase in intergovernmental revenue and position vacancies.

The American Rescue Plan Act is included in the financial statements as a Special Revenue Fund. It was created to account for the Fiscal Recovery Funds awarded to the County in 2021. These funds are legally restricted to eligible uses allowed for in the grant fund legislation. Of the \$31.2 million received, \$7.4 million was expended in 2022, for a total of \$7.9 million spent since awarded.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2022

NET POSITION AND FUND BALANCE ANALYSIS (cont.)

PROPRIETARY FUNDS

Rock Haven Nursing Home

At December 31, 2022, Rock Haven's net position increased by \$3.2 million due to a decrease in debt liability. The net position at year-end was \$12.5 million.

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 \$2.2 million to \$14.5 million from \$16.7 million due to higher than anticipated maintenance and construction costs as well as debt for 2022 projects not being issued until 2023.

GENERAL FUND BUDGET VARIATIONS

As detailed in the Budgetary Comparison schedule on Page 58, the results of general fund operations for 2022 resulted in a net increase in the general fund balance of \$2.7 million.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2022, the County had \$251.9 million (net of depreciation) invested in a broad range of capital assets, including land, land improvements, buildings, roads, bridges and the Airport water and sewer system as detailed in the Notes to the Financial Statements (pages 31-32) and summarized below:

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

	Governmental Activities		Business-type Activities		Totals	
	2021	2022	2021	2022	2021	2022
Land	\$ 8.4	11.7	\$ 0.4	0.4	\$ 8.8	12.1
Easements	4.0	4.0	-	-	4.0	4.0
Intangibles-Software	0.4	0.2	-	-	0.4	0.2
Land improvements	12.3	13.9	2.0	1.9	14.3	15.8
Buildings	65.7	62.8	21.2	20.6	86.9	83.4
Machinery and equipment	5.0	4.5	20.5	21.3	25.5	25.8
Infrastructure	79.4	82.4	-	-	79.4	82.4
Construction in progress	4.1	27.6	0.9	0.6	5.0	28.2
Totals	<u>\$ 179.4</u>	<u>207.1</u>	<u>\$ 44.9</u>	<u>44.8</u>	<u>\$ 224.3</u>	<u>251.9</u>

NOTE: Totals may not foot due to rounding.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

DEBT ADMINISTRATION

At year-end, the County had \$56.3 million general obligation promissory notes and bonds outstanding versus \$64.8 million the prior year, a decrease of \$8.5 million. obligation bonds.

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

	Governmental Activities		Business-type Activities		Totals	
	2021	2022	2021	2022	2021	2022
General Obligation Notes and Bonds	\$ 49.2	\$ 44.4	\$ 15.6	\$ 11.9	\$ 64.8	\$ 56.3

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. The County's equalized value for 2022 was \$16,945,621,900 resulting in a statutory debt limit of \$847,281,095. The County's debt as of December 31, 2022 of \$56.3 million is 6.6% of the County's legal debt capacity.

2023 DEBT ISSUANCES

The County issued the following debt in 2023:

- \$2,000,000 for the Human Services building remodel
- \$3,710,000 for highway construction projects
- \$11,515,000 for the IT/911 building addition
- \$44,360,000 for the Jail/LES project. The County Board authorized the issuance of \$82,800,000 in debt for this project. \$38,440,000 remains to be issued at a future date to be determined.

OTHER POST EMPLOYMENT BENEFITS

GASB 75 significantly changed the way other post-employment benefits (OPEB) are reported in the financial statements. Previously the County reported a liability only for health insurance and only for the difference between the County's annual contributions and an actuarial estimate of the annual OPEB costs. Beginning with FY 2018, the total health insurance OPEB liability is now recorded as a liability. For FY 2022, this amount is \$37.5 million.

In addition, GASB 75 requires the County record its share of the net OPEB liability for retirees' life insurance under the WI State plan. The amount reported in FY 2022 is \$7.6 million.

ROCK COUNTY, WISCONSIN

MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2022

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 2022 total tax levy for the 2023 budget was \$70,493,059 and made up of the following amounts:

- \$66,223,802 for operations and subject to the tax levy limit
- \$2,858,191 for debt service
- \$1,411,066 for the Prairie Lakes Library System

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 2023 budget includes \$19 million from this revenue source. Of this amount, \$10.3 million is earmarked for capital projects to help lower the need for debt and \$8.7 million is budgeted to offset the 2022 property taxes for the 2023 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 CountyStatement of Net Position
December 31, 2022

	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and investments	\$ 75,492,903	\$ 2,000	\$ 75,494,903
Taxes receivable	65,111,069	5,382,440	70,493,509
Delinquent taxes receivable	3,729,501	-	3,729,501
Accounts receivable (net)	6,944,184	1,062,150	8,006,334
Lease receivable	6,751,492	-	6,751,492
Due from other governments	14,391,888	2,516,630	16,908,518
Loans receivable (net)	3,071,704	-	3,071,704
Internal balances	5,484,667	(5,484,667)	-
Inventories	-	1,961,893	1,961,893
Prepaid items	349,096	119,917	469,013
Restricted assets:			
Cash and investments	-	27,390	27,390
Net pension asset	31,454,715	6,026,015	37,480,730
Deposit with Wisconsin Mutual Insurance Company	1,741,000	-	1,741,000
Capital assets:			
Land and land improvements	18,357,333	369,775	18,727,108
Construction in progress	27,603,176	591,850	28,195,026
Easements	4,036,955	-	4,036,955
Other capital assets, net of depreciation/amortization	157,106,368	43,886,749	200,993,117
Total assets	<u>421,626,051</u>	<u>56,462,142</u>	<u>478,088,193</u>
Deferred Outflows of Resources			
Pension related amounts	60,679,785	12,643,764	73,323,549
Other post-employment benefit related amounts	8,129,809	1,248,225	9,378,034
Total deferred outflows of resources	<u>68,809,594</u>	<u>13,891,989</u>	<u>82,701,583</u>
Liabilities			
Accounts payable	11,328,608	1,123,947	12,452,555
Accrued liabilities	6,085,030	612,872	6,697,902
Deposits	11,910	28,290	40,200
Due to other governments	3,243,654	298,417	3,542,071
Unearned revenues	23,918,115	-	23,918,115
Noncurrent liabilities:			
Due within one year	9,599,077	4,587,954	14,187,031
Due in more than one year	45,870,491	8,866,901	54,737,392
Other post-employment benefit	40,461,899	4,657,915	45,119,814
Total liabilities	<u>140,518,784</u>	<u>20,176,296</u>	<u>160,695,080</u>
Deferred Inflows of Resources			
Unearned revenue	65,377,848	5,443,373	70,821,221
Lease related amounts	6,751,492	-	6,751,492
Pension related amounts	72,920,786	15,297,845	88,218,631
Other post-employment benefit related amounts	17,552,587	1,791,357	19,343,944
Total deferred inflows of resources	<u>162,602,713</u>	<u>22,532,575</u>	<u>185,135,288</u>
Net Position			
Net investment in capital assets	160,600,267	32,991,564	193,591,831
Restricted for grants and loan programs	4,675,417	-	4,675,417
Restricted for other grant activities	1,727,575	-	1,727,575
Restricted for land records	575,978	-	575,978
Restricted for debt service	3,107,051	-	3,107,051
Restricted for library activities	341,114	-	341,114
Restricted for bridge aid projects	1,076,779	-	1,076,779
Restricted for other activities	300,015	-	300,015
Restricted for ATC projects	1,237,995	-	1,237,995
Restricted for airport projects	731,350	-	731,350
Restricted for opioid settlement funds	1,392,458	-	1,392,458
Restricted for pensions	31,454,715	6,026,015	37,480,730
Unrestricted (deficit)	(19,906,566)	(11,667,360)	(31,573,926)
Total net position	<u>\$ 187,314,148</u>	<u>\$ 27,350,219</u>	<u>\$ 214,664,367</u>

See notes to financial statements

Rock County

Statement of Activities

Year Ended December 31, 2022

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	Total
Governmental Activities							
General government	\$ 12,775,754	\$ 2,536,744	\$ 7,878,852	\$ -	\$ (2,360,158)	\$ -	\$ (2,360,158)
Public safety	43,611,885	3,370,552	2,175,807	-	(38,065,526)	-	(38,065,526)
Health and social services	87,356,049	4,031,100	62,695,529	-	(20,629,420)	-	(20,629,420)
Public works	3,193,592	526,070	52,200	2,640,481	25,159	-	25,159
Culture, recreation and education	4,868,212	291,792	631,524	-	(3,944,896)	-	(3,944,896)
Conservation and development	1,718,171	294,736	538,324	-	(885,111)	-	(885,111)
Interest and fiscal charges	1,070,076	-	-	-	(1,070,076)	-	(1,070,076)
Total governmental activities	154,593,739	11,050,994	73,972,236	2,640,481	(66,930,028)	-	(66,930,028)
Business-Type Activities							
Rock Haven, skilled nursing facility	17,377,477	9,615,179	2,810,468	-	-	(4,951,830)	(4,951,830)
Highway	15,351,150	6,575,918	4,232,810	-	-	(4,542,422)	(4,542,422)
Total business-type activities	32,728,627	16,191,097	7,043,278	-	-	(9,494,252)	(9,494,252)
Total	\$ 187,322,366	\$ 27,242,091	\$ 81,015,514	\$ 2,640,481	(66,930,028)	(9,494,252)	(76,424,280)
General Revenues							
Taxes:							
Property taxes					63,258,937	10,859,655	74,118,592
Sales taxes					16,382,322	3,087,500	19,469,822
Other taxes					62,150	-	62,150
Interest on taxes					1,664,612	-	1,664,612
Intergovernmental revenues not restricted to specific programs					7,501,918	-	7,501,918
Investment income (loss)					(572,387)	-	(572,387)
Miscellaneous					1,827,226	461,397	2,288,623
Transfers					4,310,099	(4,310,099)	-
Total general revenues and transfers					94,434,877	10,098,453	104,533,330
Change in net position					27,504,849	604,201	28,109,050
Net Position, Beginning					159,809,299	26,746,018	186,555,317
Net Position, Ending					\$ 187,314,148	\$ 27,350,219	\$ 214,664,367

See notes to financial statements

Rock County

Balance Sheet -
 Governmental Funds
 December 31, 2022

	General Fund	Human Services	American Rescue Plan Act	General Capital Projects	Nonmajor Governmental Funds	Total
Assets						
Assets						
Cash and investments	\$ 42,856,077	\$ 43,075	\$ 31,222,775	\$ -	\$ 1,346,510	\$ 75,468,437
Receivables:						
Taxes	30,340,241	23,228,286	-	-	6,903,108	60,471,635
Delinquent taxes	3,729,501	-	-	-	-	3,729,501
Accounts	1,224,956	141	9,649	336	5,248,887	6,483,969
Loans (net)	-	-	-	-	3,071,704	3,071,704
Lease	1,517,807	-	-	-	5,233,685	6,751,492
Due from other funds	40,106,750	-	-	400,242	12,698,436	53,205,428
Due from other governments	3,858,728	9,773,125	-	-	760,035	14,391,888
Prepaid items	167,183	2,000	-	-	2,052	171,235
	<u>\$ 123,801,243</u>	<u>\$ 33,046,627</u>	<u>\$ 31,232,424</u>	<u>\$ 400,578</u>	<u>\$ 35,264,417</u>	<u>\$ 223,745,289</u>
Total assets						
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 2,030,257	\$ 1,492,268	\$ 3,530	\$ 4,925,827	\$ 900,899	\$ 9,352,781
Deposits	-	-	-	-	11,910	11,910
Accrued liabilities	5,700,994	61,582	-	-	-	5,762,576
Due to other governments	549,387	2,694,267	-	-	-	3,243,654
Due to other funds	28,755,271	5,044,591	7,331,143	18,375,106	-	59,506,111
Unearned revenue	-	-	23,918,115	-	-	23,918,115
	<u>37,035,909</u>	<u>9,292,708</u>	<u>31,252,788</u>	<u>23,300,933</u>	<u>912,809</u>	<u>101,795,147</u>
Total liabilities						
Deferred Inflows of Resources						
Unearned revenue	30,368,265	23,255,805	-	-	7,089,048	60,713,118
Unavailable revenue	688,215	-	-	-	8,300,494	8,988,709
Lease related items	1,517,807	-	-	-	5,233,685	6,751,492
	<u>32,574,287</u>	<u>23,255,805</u>	<u>-</u>	<u>-</u>	<u>20,623,227</u>	<u>76,453,319</u>
Total deferred inflows of resources						
Fund Balances						
Nonspendable	2,573,871	2,000	-	-	2,052	2,577,923
Restricted	-	-	-	-	12,416,482	12,416,482
Committed	-	-	-	-	1,021,229	1,021,229
Assigned	5,557,943	496,114	-	-	288,618	6,342,675
Unassigned (deficit)	46,059,233	-	(20,364)	(22,900,355)	-	23,138,514
	<u>54,191,047</u>	<u>498,114</u>	<u>(20,364)</u>	<u>(22,900,355)</u>	<u>13,728,381</u>	<u>45,496,823</u>
Total fund balances						
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 123,801,243</u>	<u>\$ 33,046,627</u>	<u>\$ 31,232,424</u>	<u>\$ 400,578</u>	<u>\$ 35,264,417</u>	<u>\$ 223,745,289</u>

See notes to financial statements

Rock CountyReconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2022

Total Fund Balances, Governmental Funds	\$ 45,496,823
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 2).	203,077,993
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.	8,988,709
The net pension asset does not relate to current financial resources and is not reported in the governmental funds	30,373,895
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.	(11,914,914)
The deferred outflows of resources and deferred inflows of resources related to other post-employment benefits do not relate to current financial resources and are not reported in the governmental funds.	(9,319,697)
Some liabilities, including long-term debt, are not due and payable in the current period, and, therefore, are not reported in the funds (Note 2).	(94,569,735)
Internal service funds are used by management to charge the costs of various services to of resources individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of the internal service funds which primarily serve governmental activities are included as governmental activities.	<u>15,181,074</u>
Total Net Position, Governmental Activities	<u>\$ 187,314,148</u>

See notes to financial statements

Rock County

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2022

	General	Human Services	American Rescue Plan Act	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 42,315,267	\$ 22,999,159	\$ -	\$ 2,205,000	\$ 9,546,336	\$ 77,065,762
Intergovernmental	12,679,177	38,043,579	7,338,043	-	10,471,655	68,532,454
Regulation and compliance	1,454,853	-	-	-	-	1,454,853
Public charges for services	3,441,042	721,760	-	-	1,446,478	5,609,280
Intergovernmental charges for services	1,235,105	9,732,582	-	-	522,443	11,490,130
Other	412,856	25,648	8,027	239,426	632,164	1,318,121
Total revenues	61,538,300	71,522,728	7,346,070	2,444,426	22,619,076	165,470,600
Expenditures						
Current:						
General government	8,699,120	-	1,404,282	-	952,392	11,055,794
Public safety	41,233,801	-	667,374	-	635,723	42,536,898
Health and social services	7,858,735	67,915,626	1,833,554	-	9,524,328	87,132,243
Public works	-	-	-	-	1,071,412	1,071,412
Culture, recreation and education	275,441	-	-	-	2,927,811	3,203,252
Conservation and development	1,333,241	-	60,964	-	470,366	1,864,571
Capital outlay	-	-	3,400,260	23,548,400	441,327	27,389,987
Debt service:						
Principal retirement	41,929	-	-	-	4,650,004	4,691,933
Interest and fiscal charges	-	-	-	-	1,324,492	1,324,492
Total expenditures	59,442,267	67,915,626	7,366,434	23,548,400	21,997,855	180,270,582
Excess (Deficiency) of Revenues Over Expenditures	2,096,033	3,607,102	(20,364)	(21,103,974)	621,221	(14,799,982)
Other Financing Sources (Uses)						
Financed purchase issued	-	-	-	-	152,580	152,580
Sale of fixed assets	-	-	-	93,550	28,282	121,832
Transfers in	4,212,942	125,730	-	628,670	659,536	5,626,878
Transfers out	(3,601,835)	(4,000,475)	-	-	(394,981)	(7,997,291)
Total other financing sources (uses)	611,107	(3,874,745)	-	722,220	445,417	(2,096,001)
Net change in fund balances	2,707,140	(267,643)	(20,364)	(20,381,754)	1,066,638	(16,895,983)
Fund Balances (Deficit), Beginning	51,483,907	765,757	-	(2,518,601)	12,661,743	62,392,806
Fund Balances (Deficit), Ending	\$ 54,191,047	\$ 498,114	\$ (20,364)	\$ (22,900,355)	\$ 13,728,381	\$ 45,496,823

See 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 Year Ended December 31, 2021

Net Change in Fund Balances, Total Governmental Funds \$ (16,895,983)

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	27,389,987
Some items capitalized were reported as operating expenditures in the fund financial statements but are capitalized in the government-wide financial statements	840,568
Some items capitalized were contributed capital assets	2,640,481
Assets transferred from business-type activities to governmental activities	6,575,099
Depreciation is reported in the government-wide statements	(6,808,846)
Net book value of capital assets disposed of during the year	(3,049,686)

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	18,626
Opioid settlement	5,228,790
County-levied delinquent taxes	(175,547)

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	4,691,933
Debt issued	(152,580)

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	(501,598)
Other postemployment benefits	6,096,490
Net pension asset/liability	7,407,518
Deferred outflows of resources related to pensions	20,567,326
Deferred inflows of resources related to pensions	(20,433,448)
Deferred outflows of resources related to post-employment benefits	(835,550)
Deferred inflows of resources related to post-employment benefits	(6,620,570)
Accrued interest on debt	118,292
Unamortized debt premium	148,112

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

1,255,435

Change in Net Position of Governmental Activities

\$ 27,504,849

Rock County

Statement of Net Position -
 Proprietary Funds
 December 31, 2022

	<u>Rock Haven</u>	<u>Highway</u>	<u>Total</u>	<u>Internal Service Funds</u>
Assets				
Current assets:				
Cash and investments	\$ 2,000	\$ -	\$ 2,000	\$ 24,466
Taxes receivable	5,064,564	317,876	5,382,440	4,639,434
Accounts receivable (net)	1,000,806	61,344	1,062,150	460,215
Due from other funds	2,751,741	-	2,751,741	12,904,852
Due from other governments	-	2,516,630	2,516,630	-
Inventories	127,659	1,834,234	1,961,893	-
Prepaid items	500	119,417	119,917	177,861
Total current assets	<u>8,947,270</u>	<u>4,849,501</u>	<u>13,796,771</u>	<u>18,206,828</u>
Noncurrent Assets				
Restricted assets:				
Cash and investments	27,390	-	27,390	-
Net pension asset	3,537,645	2,488,370	6,026,015	1,080,820
Deposit with Wisconsin Mutual Insurance Company	-	-	-	1,741,000
Capital assets:				
Land	-	369,775	369,775	575,710
Construction work in progress	-	591,850	591,850	-
Intangible assets, software	-	-	-	1,637,792
Other capital assets	33,267,948	44,388,082	77,656,030	6,214,962
Less accumulated depreciation/amortization	(10,597,096)	(23,172,185)	(33,769,281)	(4,402,625)
Total noncurrent assets	<u>26,235,887</u>	<u>24,665,892</u>	<u>50,901,779</u>	<u>6,847,659</u>
Total assets	<u>35,183,157</u>	<u>29,515,393</u>	<u>64,698,550</u>	<u>25,054,487</u>
Deferred Outflows of Resources				
Pension related amounts	7,673,393	4,970,371	12,643,764	2,009,804
Other post-employment benefit related amounts	710,052	538,173	1,248,225	174,758
Total deferred outflows of resources	<u>8,383,445</u>	<u>5,508,544</u>	<u>13,891,989</u>	<u>2,184,562</u>
Liabilities				
Current liabilities:				
Accounts payable	109,097	1,014,850	1,123,947	1,975,827
Accrued liabilities	612,872	-	612,872	-
Deposits	28,290	-	28,290	-
Accrued vacation and comp time	528,615	403,629	932,244	228,727
Due to other funds	-	8,673,535	8,673,535	682,375
Due to other governments	-	298,417	298,417	-
Unearned revenue	-	295,041	295,041	-
Current portion of long-term debt	3,655,710	-	3,655,710	192,000
Total current liabilities	<u>4,934,584</u>	<u>10,685,472</u>	<u>15,620,056</u>	<u>3,078,929</u>
Noncurrent Liabilities				
General obligation debt	8,201,100	-	8,201,100	418,783
Unamortized premium on debt	-	-	-	10,184
Accrued sick leave	231,504	434,297	665,801	174,685
Other post-employment benefits	2,436,200	2,221,715	4,657,915	659,807
Total noncurrent liabilities	<u>10,868,804</u>	<u>2,656,012</u>	<u>13,524,816</u>	<u>1,263,459</u>
Total liabilities	<u>15,803,388</u>	<u>13,341,484</u>	<u>29,144,872</u>	<u>4,342,388</u>
Deferred Inflows of Resources				
Unearned revenues	5,125,497	317,876	5,443,373	4,664,730
Pension related amounts	9,294,688	6,003,157	15,297,845	2,335,891
Other post-employment benefit related amounts	888,340	903,017	1,791,357	277,839
Total deferred inflows of resources	<u>15,308,525</u>	<u>7,224,050</u>	<u>22,532,575</u>	<u>7,278,460</u>
Net Position				
Net investment in capital assets	10,814,042	22,177,522	32,991,564	3,404,872
Restricted for pensions	3,537,645	2,488,370	6,026,015	1,080,820
Unrestricted (deficit)	(1,896,998)	(10,207,489)	(12,104,487)	11,132,509
Total net position	<u>\$ 12,454,689</u>	<u>\$ 14,458,403</u>	<u>26,913,092</u>	<u>\$ 15,618,201</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>437,127</u>	
Net position of business-type activities			<u>\$ 27,350,219</u>	

See notes to financial statements

Rock CountyStatement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
Year Ended December 31, 2022

	<u>Rock Haven</u>	<u>Highway</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating Revenues				
Charges for services	\$ 9,615,179	\$ 6,575,918	\$ 16,191,097	\$ 31,311,933
Total operating revenues	<u>9,615,179</u>	<u>6,575,918</u>	<u>16,191,097</u>	<u>31,311,933</u>
Operating Expenses				
Operation and maintenance	16,272,108	12,699,491	28,971,599	34,128,212
Depreciation/amortization	<u>1,039,510</u>	<u>2,199,981</u>	<u>3,239,491</u>	<u>647,400</u>
Total operating expenses	<u>17,311,618</u>	<u>14,899,472</u>	<u>32,211,090</u>	<u>34,775,612</u>
Operating loss	<u>(7,696,439)</u>	<u>(8,323,554)</u>	<u>(16,019,993)</u>	<u>(3,463,679)</u>
Nonoperating Revenues (Expenses)				
General property taxes	8,125,847	2,733,808	10,859,655	2,892,676
Sales taxes	-	3,087,500	3,087,500	1,196,692
Intergovernmental grants	2,810,468	4,232,810	7,043,278	-
Miscellaneous revenues	95,853	365,544	461,397	62,480
Investment income	-	-	-	46,939
Interest expense	<u>(90,635)</u>	<u>-</u>	<u>(90,635)</u>	<u>(11,988)</u>
Total nonoperating revenues (expenses)	<u>10,941,533</u>	<u>10,419,662</u>	<u>21,361,195</u>	<u>4,186,799</u>
Income before transfers	<u>3,245,094</u>	<u>2,096,108</u>	<u>5,341,202</u>	<u>723,120</u>
Transfers				
Transfers in	-	2,265,000	2,265,000	110,413
Transfers out	<u>-</u>	<u>(6,575,099)</u>	<u>(6,575,099)</u>	<u>(5,000)</u>
Total transfers	<u>-</u>	<u>(4,310,099)</u>	<u>(4,310,099)</u>	<u>105,413</u>
Change in net position	3,245,094	(2,213,991)	1,031,103	828,533
Net Position, Beginning	<u>9,209,595</u>	<u>16,672,394</u>		<u>14,789,668</u>
Net Position, Ending	<u>\$ 12,454,689</u>	<u>\$ 14,458,403</u>		<u>\$ 15,618,201</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(426,902)</u>	
Change in net position of business-type activities			<u>\$ 604,201</u>	

See notes to financial statements

Rock CountyStatement of Cash Flows -
Proprietary Funds
Year Ended December 31, 2022

	Rock Haven	Highway	Total	Internal Service Funds
Cash Flows From Operating Activities				
Cash received from customers	\$ 9,580,478	\$ 6,691,129	\$ 16,271,607	\$ 29,547,450
Cash paid to suppliers for goods and services	(3,794,714)	(2,191,628)	(5,986,342)	(29,957,836)
Cash paid to employees for payroll	(12,896,669)	(7,049,334)	(19,946,003)	(3,286,683)
Net cash flows from operating activities	(7,110,905)	(2,549,833)	(9,660,738)	(3,697,069)
Cash Flows From Noncapital Financing Activities				
General property tax revenues	8,125,847	2,733,808	10,859,655	4,089,368
Other tax revenues	-	3,087,500	3,087,500	61,162
Transfers in (out)	-	(4,310,099)	(4,310,099)	105,413
Intergovernmental grants	2,810,468	4,232,810	7,043,278	-
Net cash flows from noncapital financing activities	10,936,315	5,744,019	16,680,334	4,255,943
Cash Flows From Investing Activities				
Investment income	-	-	-	46,939
Net cash flows from investing activities	-	-	-	46,939
Cash Flows From Capital and Related Financing Activities				
Debt principal paid	(3,728,190)	-	(3,728,190)	(186,000)
Interest paid	(101,714)	-	(101,714)	(15,384)
Acquisition and construction of capital assets	-	(3,194,186)	(3,194,186)	(403,937)
Net cash flows from capital and related financing activities	(3,829,904)	(3,194,186)	(7,024,090)	(605,321)
Net change in cash and cash equivalents	(4,494)	-	(4,494)	492
Cash and Cash Equivalents, Beginning	<u>33,884</u>	<u>-</u>	<u>33,884</u>	<u>23,974</u>
Cash and Cash Equivalents, Ending	<u>\$ 29,390</u>	<u>\$ -</u>	<u>\$ 29,390</u>	<u>\$ 24,466</u>

See notes to financial statements

Rock County

Statement of Cash Flows -

Proprietary Funds

Year Ended December 31, 2022

	<u>Rock Haven</u>	<u>Highway</u>	<u>Total</u>	<u>Internal Service Funds</u>
Reconciliation of Operating Loss to Net Cash Flows From Operating Activities				
Operating loss	\$ (7,696,439)	\$ (8,323,554)	\$ (16,019,993)	\$ (3,463,679)
Adjustments to reconcile operating loss to net cash flows from operating activities:				
Nonoperating revenues (expenses)	95,853	365,544	461,397	-
Noncash items included in operating loss				
Depreciation/amortization	1,039,510	2,199,981	3,239,491	647,400
Change in assets, liabilities, deferred outflows of resources and deferred inflows of resources:				
Accounts receivable	(722,343)	1,870,558	1,148,215	(2,018,842)
Due to/from other funds	(273,703)	204,049	(69,654)	(1,524,613)
Inventories	(11,322)	(172,729)	(184,051)	-
Prepaid items	(500)	-	(500)	58,423
Deposits	(4,494)	-	(4,494)	-
Accounts payable	(56,534)	486,162	429,628	1,062,256
Due to other governments	-	3,348,790	3,348,790	-
Other current liabilities	30,852	(15,303)	15,549	(1,754)
Compensated absences	-	-	-	13,294
Pension and OPEB related amounts	(329,690)	(392,440)	(722,130)	(241,578)
Unearned revenues	817,905	(2,120,891)	(1,302,986)	1,772,024
	<u>817,905</u>	<u>(2,120,891)</u>	<u>(1,302,986)</u>	<u>1,772,024</u>
 Net cash flows from operating activities	 <u>\$ (7,110,905)</u>	 <u>\$ (2,549,833)</u>	 <u>\$ (9,660,738)</u>	 <u>\$ (3,697,069)</u>
 Noncash Investing, Capital and Related Financing Activities				
Premium on debt amortized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,396</u>

See notes to financial statements

Rock County

Statement of Fiduciary Net Position -
Fiduciary Funds
December 31, 2022

	<u>Custodial Funds</u>
Assets	
Cash and investments	\$ 18,999,530
Delinquent special assessments receivable	<u>890,742</u>
Total assets	<u>19,890,272</u>
Liabilities	
Accounts payable	448,507
Due to other governmental units	<u>16,250,876</u>
Total liabilities	<u>16,699,383</u>
Net Position	
Restricted	<u>3,190,889</u>
Total net position	<u>\$ 3,190,889</u>

See notes to financial statements

Rock County

Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
Year Ended December 31, 2022

	Custodial Funds
Additions	
Property tax collections	\$ 188,216,005
Delinquent special collections	1,426,459
Drainage District collections	14,327
Dog license collections	24,691
Deposits for human services clients	883,476
Victim deposits	245,929
Inmate deposits	3,127,574
Clerk of courts deposits	3,479,766
	<hr/>
Total additions	197,418,227
	<hr/>
Deductions	
Property taxes paid to overlying districts	188,216,005
Delinquent special disbursements	1,426,459
Drainage District disbursements	2,122
Dog license distributions	44,163
Payments for human services clients	883,476
Distributions to inmates	2,981,398
Distributions for court cases	3,183,404
Distributions for victims	30,328
	<hr/>
Total deductions	196,767,355
	<hr/>
Change in net position	650,872
	<hr/>
Net Position, Beginning	2,540,017
	<hr/>
Net Position, Ending	<u><u>\$ 3,190,889</u></u>

See notes to financial statements

Rock County

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December 31, 2022

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Rock County

Notes to Financial Statements
December 31, 2022

1. 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).

Reporting Entity

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

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. Generally, component units should be discreetly 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.

Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the County's leasing activities. This standard was implemented January 1, 2022.

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.

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 - Used to 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.

Rock County

Notes to Financial Statements
December 31, 2022

American Rescue Plan Act Special Revenue Fund - Used to account for and report resources legally restricted to eligible uses allowed in the grant fund legislation.

General Capital Projects Fund - 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.

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:

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	Opioid settlement

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 Fund - 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.

Airport Projects

In addition, the County reports the following fund types:

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

The County's internal service funds are:

Motor Pool
Information Technology
Self Insurance
Job Center
Health Insurance

Rock County

Notes to Financial Statements
December 31, 2022

Custodial funds are used to account for and report assets controlled by the County and the assets are for the benefit of individuals, private organizations and/or other governmental units. The County's custodial funds include tax collections for municipalities, delinquent special assessments, clerk of courts, dog licenses, human services trust, sheriff trust and drainage districts.

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.

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 take 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.

Rock County

Notes to Financial Statements

December 31, 2022

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

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.

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

- Time deposits in any credit union, bank, savings bank or trust company.
- 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.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

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

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

Rock County

Notes to Financial Statements
December 31, 2022

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

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

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

No policy exists for concentration of credit risk.

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 4. 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, 2022, 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 4 for further information.

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 purchased 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.

Rock County

Notes to Financial Statements
December 31, 2022

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

Property tax calendar - 2022 tax roll:

Levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Final installment due	July 31, 2023
	January 31, 2023 (except improvements on leased land due January 31, 2023 and July 31, 2023)
Personal property taxes in full	September 1, 2022
Tax certificate date	September 1, 2022
Tax sale - 2022 delinquent real estate taxes	October 2025

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 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, 2022, 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.

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.

Rock County

Notes to Financial Statements
December 31, 2022

Capital Assets

Government-Wide Statements

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. 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	Years
Land improvements	10-20
Machinery and equipment	4-25
Infrastructure	15-75

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.

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.

Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2022 are determined on the basis of current salary rates and include salary related payments.

Rock County

Notes to Financial Statements
December 31, 2022

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) is reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

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

Conduit Debt

Rock County (the County) has entered into an intergovernmental agreement dated December 16, 2021 along with other participating Wisconsin counties involving the issuance of industrial revenue bonds (IRB) for the benefit of a private business enterprise known as Bug Tussel 1, LLC (the Borrower). IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the County. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The intergovernmental agreement appointed Fond du Lac County, Wisconsin (the Issuer), as conduit issuer for the \$92,000,000 Taxable Revenue Bonds, Series 2022A. The Series 2022A Bonds were issued for the purpose of financing the construction of wireless communication towers, wires broadband equipment, fiber optic transport facilities and other infrastructure (the Project) to provide broadband services to governmental units, businesses, and citizens.

The Issuer and the Borrower entered into a Loan Agreement dated December 1, 2021 to deliver the proceeds of the Series 2022A Bonds to U.S. Bank National Associated (the Trustee). The Borrower has the primary obligation to make all scheduled principal and interest payments on the Series 2021 Bonds when due. The Issuer and Trustee also executed a Trust Indenture which establishes separate debt service reserve and bond issuance cost accounts. The Borrower has agreed that it shall deposit with the Trustee sufficient resources to cure any deficit in the debt service reserve account.

As a participating county, Rock County entered into a Guaranty Agreement with the Trustee to guarantee the payment of its pro rata share of principal and interest of the Series 2022A Bonds in the aggregate principal amount of \$10,900,000. The County has guaranteed replenishment of its pro rata share of the Series 2022A Bonds if pledged revenues are insufficient and the Borrower fails to replenish a deficiency in the debt service reserve account. To secure its interest, the County has also entered into a Reimbursement Agreement with the Borrower dated August 1, 2022 which requires the Borrower to reimburse the County within five business days of the County making payment under the Guaranty Agreement. The County also executed a Guaranty Agreement dated August 1, 2022 with Hilbert Communications, LLC, sole owner of the Borrower (the Guarantor), for the full and prompt payment to the County of all amounts when due from the Borrower pursuant to, and the performance of all other obligations, covenants and agreements of the Borrower under the Reimbursement Agreement or other security interests filed on assets acquired using proceeds of the Series 2022A Bonds.

Rock County

Notes to Financial Statements
December 31, 2022

Leases

The County is a lessor because it leases capital assets to other entities. As a lessor, the County reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The County continues to report and depreciate the capital assets being leased as capital assets of the primary government.

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.

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.

Fund Statements

Governmental balances are displayed as follows:

- a) **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b) **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c) **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action (resolution) of the County. This formal action must occur prior to the end of the reporting period, but the amount of the commitment which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the County that originally created the commitment.

- d) **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following: 1) the County has adopted a financial policy authorizing the finance director to assign amounts; 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e) **Unassigned** - Includes residual positive fund balance within the general fund, which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

The County has a formal fund balance policy. The policy is to maintain an unassigned general fund balance of 20% to 25% of the total general, human services, airport and enterprise fund expenditures/expenses. The unassigned general fund balance at year-end was \$46,059,233 or 29% of the expenditures/expenses of the funds listed above.

Postemployment Benefit Plans Other Than Pensions (OPEB)

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

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

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.

Rock County

Notes to Financial Statements
December 31, 2022

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

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

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

Land and land improvements	\$ 18,357,333
Construction in progress	27,603,176
Easements	4,036,955
Other capital assets, net of depreciation/amortization	157,106,368
Less internal service fund capital assets included above, net of depreciation/amortization	<u>(4,025,839)</u>
Adjustment for capital assets	<u>\$ 203,077,993</u>

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

General obligation debt payable	\$ 43,802,407
Financed purchase payable	450,084
Unamortized debt premium	1,630,107
Compensated absences	8,562,591
Other postemployment benefits	39,802,092
Accrued interest	<u>322,454</u>
Combined adjustment for long-term liabilities	<u>\$ 94,569,735</u>

Rock County

Notes to Financial Statements

December 31, 2022

3. Stewardship, Compliance and Accountability

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 net 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.

4. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 21,452,604	\$ 25,900,921	Custodial credit risk
U.S. agencies, implicitly guaranteed	1,456,320	1,456,320	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
U.S. treasuries	22,575,854	22,575,854	Custodial credit risk, interest rate risk
State and local bonds	149,240	149,240	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
Corporate bonds	11,622,998	11,622,998	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
Other debt securities	2,485,128	2,485,128	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
LGIP	34,766,519	34,766,519	Credit risk
Petty cash	13,160	-	N/A
Total cash and investments	<u>\$ 94,521,823</u>	<u>\$ 98,956,980</u>	

Rock County

Notes to Financial Statements

December 31, 2022

	<u>Carrying Value</u>
Reconciliation to financial statements	
Per statement of net position:	
Cash and investments	\$ 75,494,903
Restricted cash and investments	27,390
Per statement of fiduciary net position:	
Custodial funds	<u>18,999,530</u>
 Total cash and investments	 <u>\$ 94,521,823</u>

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

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

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

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

The County maintains collateral agreements with its banks. At December 31, 2022, the banks had pledged various government securities in the amount of \$31,000,000 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

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
State and local bonds	\$ -	\$ 149,240	\$ -	\$ 149,240
U.S. agencies, implicitly guaranteed	-	1,456,320	-	1,456,320
U.S. treasuries	22,575,854	-	-	22,575,854
Corporate bonds	-	11,622,998	-	11,622,998
Other debt securities	-	<u>2,485,128</u>	-	<u>2,485,128</u>
 Total	 <u>\$ 22,575,854</u>	 <u>\$ 15,713,686</u>	 <u>\$ -</u>	 <u>\$ 38,289,540</u>

Rock County

Notes to Financial Statements
December 31, 2022

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.

The County does not have any deposits exposed to custodial credit risk.

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

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

Credit Risk

As of December 31, 2022, the County's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>
U.S. agencies, implicitly guaranteed	AA+
Corporate bonds	AAA, AA+, AA, AA-, A+, A, A-
State and local bonds	Not rated
Other debt securities	AAA, not rated

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

Local Government Investment Pool

Interest Rate Risk

As of December 31, 2022, the County's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>More Than 5</u>
State and local bonds	\$ 149,240	\$ -	\$ 149,240	\$ -
U.S. agencies, implicitly guaranteed	1,456,320	1,456,320	-	-
U.S. treasuries	22,575,854	8,571,622	14,004,232	-
Corporate bonds	11,622,998	2,103,396	8,318,162	1,201,440
Other debt securities	2,485,128	-	2,485,128	-
Total fair value	<u>\$ 38,289,540</u>	<u>\$ 12,131,338</u>	<u>\$ 24,956,762</u>	<u>\$ 1,201,440</u>

Rock County

Notes to Financial Statements
December 31, 2022

Receivables

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>
Amounts not expected to be collected within one year	\$ 4,953,215	\$ 8,210,767

Receivables in the Rock Haven and nonmajor governmental funds have been recorded net of allowances. The allowances as of December 31, 2022, in these funds, respectively, are \$347,420 and \$164,840.

At December 31, 2022, delinquent taxes receivable are as follows:

Tax certificates:		
2021	\$ 2,140,122	
2020	975,120	
2019	372,125	
2018	45,391	
2017 and prior	<u>134,939</u>	
Total	3,667,697	
Other miscellaneous taxes	<u>61,804</u>	
Total delinquent taxes receivable	<u>\$ 3,729,501</u>	

Rock County

Notes to Financial Statements
December 31, 2022

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:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable	\$ -	\$ 60,471,635
Delinquent property taxes receivable	688,215	-
Loans receivable	3,071,704	-
Opioid receivable	5,228,790	-
Lease receivable	-	6,751,492
Grants	-	24,159,598
	<hr/>	<hr/>
Total unavailable/unearned revenue for governmental funds	<u>\$ 8,988,709</u>	<u>\$ 91,382,725</u>
Unearned revenue included in liabilities		\$ 23,918,115
Unearned revenue included in deferred inflows of resources		60,713,118
Unearned revenue related to leases		<hr/> 6,751,492
		<hr/>
Total unavailable/unearned revenue for governmental funds		<u>91,382,725</u>
Internal service fund:		
Property taxes receivable		4,639,434
Subsequent period prepayments		<hr/> 25,296
		<hr/>
Governmental activities unearned revenue		<u>\$ 96,047,455</u>

Rock County

Notes to Financial Statements
December 31, 2022

Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 8,386,556	\$ 3,400,260	\$ 93,550	\$ 11,693,266
Construction in progress	4,114,370	22,169,659	679,590	25,604,439
Easements	4,036,955	-	-	4,036,955
Infrastructure construction in progress	26,414	1,972,323	-	1,998,737
Infrastructure and land improvements	6,621,135	42,932	-	6,664,067
Total capital assets not being depreciated/amortized	<u>23,185,430</u>	<u>27,585,174</u>	<u>773,140</u>	<u>49,997,464</u>
Capital assets being depreciated/amortized:				
Intangible assets, software	1,805,960	-	168,168	1,637,792
Land improvements	35,437,048	2,985,748	7,752,551	30,670,245
Buildings and improvements	144,561,128	1,803,632	1,655,838	144,708,922
Machinery and equipment	12,552,194	1,345,650	4,754,569	9,143,275
Roads	61,506,864	4,559,844	1,923,985	64,142,723
Bridges	15,521,763	-	-	15,521,763
Stop lights	515,846	-	-	515,846
Airport water and sewer system	1,557,502	-	-	1,557,502
Snowmobile bridges	247,574	-	-	247,574
Total capital assets being depreciated/amortized	<u>273,705,879</u>	<u>10,694,874</u>	<u>16,255,111</u>	<u>268,145,642</u>
Less accumulated depreciation/amortization for:				
Intangible assets, software	(1,425,537)	(184,729)	162,022	(1,448,244)
Land improvements	(23,169,067)	(1,031,558)	7,415,838	(16,784,787)
Buildings and improvements	(78,838,336)	(3,951,738)	877,149	(81,912,925)
Machinery and equipment	(7,506,883)	(608,052)	3,428,056	(4,686,879)
Roads	(3,139,393)	(1,282,854)	1,923,985	(2,498,262)
Bridges	(2,669,716)	(255,200)	-	(2,924,916)
Stop lights	(94,129)	(10,317)	-	(104,446)
Airport water and sewer system	(539,942)	(20,767)	-	(560,709)
Snowmobile bridges	(113,154)	(4,952)	-	(118,106)
Total accumulated depreciation/amortization	<u>(117,496,157)</u>	<u>(7,350,167)</u>	<u>13,807,050</u>	<u>(111,039,274)</u>
Net capital assets being depreciated/amortized	<u>156,209,722</u>	<u>3,344,707</u>	<u>2,448,061</u>	<u>157,106,368</u>
Total governmental activities capital assets, net of depreciation/amortization	<u>\$ 179,395,152</u>	<u>\$ 30,929,881</u>	<u>\$ 3,221,201</u>	<u>\$ 207,103,832</u>

Rock County

Notes to Financial Statements
December 31, 2022

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 374,876
Public safety	2,049,256
Health and social services	963,726
Public works	2,825,297
Culture, recreation and education	<u>595,691</u>
Subtotal	6,808,846
Capital assets held by internal service funds are charged to the various functions based on their usage of the assets	<u>541,321*</u>
Total governmental activities depreciation expenses	<u><u>\$ 7,350,167</u></u>

*Depreciation expense differs from Statement of Revenues, Expenditures and Changes in Fund Balances due to adjustments ran through the balance sheet in 2022.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 369,775	\$ -	\$ -	\$ 369,775
Construction in progress	<u>881,499</u>	<u>582,953</u>	<u>872,602</u>	<u>591,850</u>
Total capital assets not being depreciated	<u>1,251,274</u>	<u>582,953</u>	<u>872,602</u>	<u>961,625</u>
Capital assets being depreciated:				
Land improvements	2,857,237	21,782	-	2,879,019
Buildings	29,454,266	351,441	-	29,805,707
Machinery and equipment	<u>42,765,600</u>	<u>3,512,414</u>	<u>1,306,710</u>	<u>44,971,304</u>
Total capital assets being depreciated	<u>75,077,103</u>	<u>3,885,637</u>	<u>1,306,710</u>	<u>77,656,030</u>
Less accumulated depreciation/amortization for:				
Land improvements	(871,860)	(82,070)	-	(953,930)
Buildings	(8,270,534)	(947,950)	-	(9,218,484)
Machinery and equipment	<u>(22,292,304)</u>	<u>(2,209,471)</u>	<u>904,908</u>	<u>(23,596,867)</u>
Total accumulated depreciation	<u>(31,434,698)</u>	<u>(3,239,491)</u>	<u>904,908</u>	<u>(33,769,281)</u>
Net capital assets being depreciated	<u>43,642,405</u>	<u>646,146</u>	<u>401,802</u>	<u>43,886,749</u>
Total business-type activities capital assets, net of depreciation	<u><u>\$ 44,893,679</u></u>	<u><u>\$ 1,229,099</u></u>	<u><u>\$ 1,274,404</u></u>	<u><u>\$ 44,848,374</u></u>

Rock County

Notes to Financial Statements
December 31, 2022

Depreciation expense was charged to functions as follows:

Business-type activities:		
Rock Haven	\$	1,039,510
Highway		<u>2,199,981</u>
Total business-type activities depreciation expense	\$	<u>3,239,491</u>

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

Interfund Receivables/Payables and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
General Fund	Special revenue, Human Services	\$ 5,044,591
	Special revenue, American Rescue Plan Act	7,331,143
	Capital projects, general	18,375,106
	Enterprise, highway	8,673,535
	Internal service, motor pool	682,375
Special Revenue Funds		
Parks	General	4,820
Other grants	General	1,193,876
Revolving loans	General	545,601
Land records	General	576,362
Veterans' relief	General	8,338
Income maintenance consortium	General	423,726
Other special revenue funds	General	2,364,104
Arrowhead library system	General	341,410
County bridge aid	General	1,076,779
Opioid Settlement	General	1,392,458
Other activities	General	300,015
Airport		752,824
Debt Service Fund	General	3,429,505
Capital Projects Fund		
Airport projects	General	288,618
General capital projects	General	400,242
Enterprise Fund		
Rock Haven	General	2,751,741
Internal Service Funds		
Information technology	General	963,468
Self-insurance	General	2,284,893
Job center	General	109,328
Health insurance	General	<u>9,547,163</u>
Subtotal, fund financial statements		68,862,021
Less fund eliminations		(43,849,518)
Less government-wide eliminations		(30,060,043)
Less interfund receivables, IT, self-insurance created with internal service and fund eliminations		<u>(437,127)</u>
Total government-wide financial statements		<u>\$ (5,484,667)</u>

Rock County

Notes to Financial Statements
December 31, 2022

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:

Fund Transferred to	Fund Transferred From	Amount
General	Human services	\$ 3,962,461
General	Nonmajor governmental funds	245,481
General	Internal service funds	5,000
Human services	General	125,730
Nonmajor governmental funds	Human services	38,014
General capital projects	General	628,670
Nonmajor governmental funds	General	472,022
Nonmajor governmental funds	Nonmajor governmental funds	149,500
Internal service funds	General	110,413
Highway	General	<u>2,265,000</u>
Subtotal, fund financial statements		8,002,291
Add governmental activities' infrastructure paid by Highway		6,575,099
Less fund eliminations		(5,732,291)
Less government-wide eliminations		<u>(4,535,000)</u>
Total transfers, government-wide statement of activities		<u>\$ 4,310,099</u>
Fund Transferred to	Fund Transferred From	Amount
Governmental activities	Business-type activities	\$ 6,575,099
Business-type activities	Governmental activities	<u>(2,265,000)</u>
Total government-wide financial statements		<u>\$ 4,310,099</u>

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

Rock County

Notes to Financial Statements
December 31, 2022

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt:					
General	\$ 48,428,217	\$ -	\$ 4,625,810	\$ 43,802,407	\$ 4,679,490
Internal service	796,783	-	186,000	610,783	194,800
Add deferred amounts for premiums:					
Premium on long-term debt:					
General	1,778,219	-	148,112	1,630,107	-
Internal service	13,580	-	3,396	10,184	-
Financed purchases:					
General	-	516,207*	66,123	450,084	64,599
Total notes payable	<u>51,016,799</u>	<u>516,207</u>	<u>5,029,441</u>	<u>46,503,565</u>	<u>4,938,889</u>
Other liabilities:					
Vested compensated absences:					
General	8,060,993	4,753,051	4,251,453	8,562,591	4,431,461
Internal services	391,872	242,021	230,481	403,412	228,727
Total other liabilities	<u>8,452,865</u>	<u>4,995,072</u>	<u>4,481,934</u>	<u>8,966,003</u>	<u>4,660,188</u>
Total governmental activities long-term liabilities	<u>\$ 59,469,664</u>	<u>\$ 5,511,279</u>	<u>\$ 9,511,375</u>	<u>\$ 55,469,568</u>	<u>\$ 9,599,077</u>
	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 15,585,000	\$ -	\$ 3,728,190	\$ 11,856,810	\$ 3,655,710
Total bonds and notes payable	<u>15,585,000</u>	<u>-</u>	<u>3,728,190</u>	<u>11,856,810</u>	<u>3,655,710</u>
Other liabilities:					
Vested compensated absences	1,634,577	1,002,330	1,020,806	1,598,045	932,244
Total other liabilities	<u>1,634,577</u>	<u>1,029,834</u>	<u>993,302</u>	<u>1,598,045</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 17,219,577</u>	<u>\$ 1,029,834</u>	<u>\$ 4,721,492</u>	<u>\$ 13,454,855</u>	<u>\$ 4,587,954</u>

*Amount does not tie to financed purchase proceeds on the Statement of Revenues, Expenditures and Changes in Fund Balances as \$363,627 pertains to prior year principal payments and was ran through the government-wide balance sheet in 2022.

Rock County

Notes to Financial Statements
December 31, 2022

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, 2022 was \$847,281,095. Total general obligation debt outstanding at year-end was \$56,270,000.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance, December 31, 2022</u>
General obligation debt:					
Promissory notes	2015	2025	1.00-2.00 %	\$ 7,890,000	\$ 2,430,000
Promissory notes	2017	2027	1.50-2.20	8,785,000	5,460,000
Promissory notes	2019	2029	2.00-4.00	11,655,000	8,005,000
Promissory notes	2021	2030	1.50-2.50	6,485,000	5,685,000
Bonds	2021	2040	2.00-3.00	22,610,000	21,610,000
Refunding bonds	2021	2026	0.15-0.40	17,195,000	13,080,000
Total general obligation debt					<u>\$ 56,270,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-Type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 4,874,290	\$ 979,025	\$ 3,655,710	\$ 57,397
2024	5,203,750	892,292	2,831,250	50,086
2025	5,258,410	777,517	2,731,590	38,761
2026	4,656,740	655,366	2,638,260	22,371
2027	4,570,000	526,145	-	-
2028-2032	10,350,000	1,448,125	-	-
2033-2037	5,950,000	712,000	-	-
2038-2040	3,550,000	141,800	-	-
Total	<u>\$ 44,413,190</u>	<u>\$ 6,132,270</u>	<u>\$ 11,856,810</u>	<u>\$ 168,615</u>

Prior-Year Defeasance of Debt

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At December 31, 2022, \$800,000 of bonds outstanding are considered defeased. The bonds are callable on September 1, 2023.

Rock County

Notes to Financial Statements
December 31, 2022

Financed Purchases

Financed purchases at December 31, 2022 consist of the following:

Governmental Activities

Financed Purchases	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance
Jail equipment	08/31/2018	05/01/2028	3.61 %	\$ 505,350	\$ 321,698
Telehandler	02/24/2022	04/05/2028	4.26	152,580	128,386
Total governmental activities financed purchases					<u>\$ 450,084</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities Financed Purchases	
	Principal	Interest
2023	\$ 64,599	\$ 17,083
2024	69,050	14,626
2025	73,737	12,003
2026	78,671	9,205
2027	83,865	6,223
2028	80,162	3,048
Total	<u>\$ 450,084</u>	<u>\$ 62,188</u>

Lease Disclosures

Lessor - Lease Receivables

Governmental Activities

Lease Receivables Description	Date of Inception	Final Maturity	Interest Rates	Receivable Balance December 31, 2022
Rock Ridge Golf Course	07/01/1999	06/30/2050	1.95%	\$ 985,957
Whilden Hughes Farm	11/22/2011	12/31/2023	1.95	21,632
GRP Towers (American Tower)	11/28/2008	12/31/2068	1.95	2,062,218
Crown Castle	09/11/2009	12/31/2038	1.95	673,671
Scott Fleming Farm	01/01/2019	12/31/2023	1.95	89,420
AT&T W County Tower	08/01/2003	12/31/2038	1.95	280,374
State of WI DWD	09/01/2021	12/31/2026	1.95	493,686
Forward Services	09/01/2021	12/31/2038	1.95	191,831
Southwest Development Board	09/01/2021	12/31/2028	1.95	462,496
Wisconsin Power and Light	02/23/2022	12/31/2061	1.95	1,490,207
Total governmental activities				<u>\$ 6,751,492</u>

The County recognized \$278,256 of lease revenue during the fiscal year.

The County recognized \$226,254 of interest revenue during the fiscal year.

Rock County

Notes to Financial Statements
December 31, 2022

Regulated Leases

The County maintains certain regulated leases that, in accordance with GASB No. 87, do not recognize a lease receivable or a deferred inflow of resources. Regulated leases are subject to external laws, regulations, or legal rulings. These GASB No. 87 regulated leases are summarized as follows:

Hangars

On various dates, the County entered into twenty-one T-hangar lease agreements with tenants for the use of the airport's hangars. The lessees are required to make monthly lease payments. The County recognized lease revenue of \$119,212 during the fiscal year.

Airline Use and Lease Agreement Signatory Airlines

The rights, services and privileges, including the lease of preferentially-assigned gates, an airline has in connection with the use of the airport and its facilities is addressed in the Airline Use and Lease Agreement (ULA). By definition, a ULA is considered a regulated lease and does not recognize a receivable and corresponding deferred inflow of resources.

On various dates, the County entered into two fixed base operator lease agreements with tenants for the use of the airport's facilities. The lessee is required to make varying annual lease payments. The County recognized lease revenue of \$24,412 during the fiscal year.

Governmental Activities Net Position/Fund Balances

Governmental activities net position reported on the government wide statement of net position at December 31, 2022 includes the following:

Governmental Activities

Net investment in capital assets:	
Land and land improvements	\$ 18,357,333
Construction in progress	27,603,176
Easements	4,036,955
Other capital assets, net of accumulated depreciation	157,106,368
Less long-term debt outstanding	(44,413,190)
Less financed purchase	(450,084)
Less unamortized debt premium	<u>(1,640,291)</u>
Total net investment in capital assets	<u>\$ 160,600,267</u>

Rock County

Notes to Financial Statements
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Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

Nonspendable

Major funds:

General fund:

Delinquent taxes	\$ 2,406,688
Prepaid items	167,183

Subtotal	2,573,871
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Human Services:

Prepaid items	2,000
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Nonmajor funds:

Special revenue funds, prepaid items	2,052
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Total	<u>\$ 2,577,923</u>
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Restricted

Nonmajor funds, special revenue funds:

Revolving loans	\$ 1,603,713
Other grants	1,727,575
Land records	575,978
Arrowhead library system	341,114
County bridge aid	1,076,779
Other activities	300,015
Other special revenue funds	1,237,995
Airport	731,350
Opioid settlement	1,392,458

Subtotal	8,986,977
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Nonmajor fund, debt service fund	3,429,505
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Total	<u>\$ 12,416,482</u>
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Committed

Nonmajor funds, special revenue funds:

Veterans' relief	\$ 8,338
Other special revenue funds	1,012,891

Total	<u>\$ 1,021,229</u>
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Rock County

Notes to Financial Statements
December 31, 2022

Assigned

Major funds:

General fund:

Sales taxes for future expenditures	\$ 1,000,387
Subsequent budget	3,666,423
Carryforward appropriations	<u>891,133</u>

Total general fund 5,557,943

Human Services fund:

Human Service programs	496,114
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Nonmajor fund:

Airport projects	<u>288,618</u>
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Total \$ 6,342,675

Unassigned (Deficit)

Major funds:

General fund	\$ 46,059,233
American rescue plan act	(20,364)
General capital projects	<u>(22,900,355)</u>

Total \$ 23,138,514

Business-Type Activities Net Position

Business-type activities net position reported on the government-wide statement of net position at December 31, 2022 includes the following:

Business-Type Activities

Net investment in capital assets:

Land	\$ 369,775
Construction in progress	591,850
Other capital assets, net of depreciation	43,886,749
Less related long-term debt outstanding	<u>(11,856,810)</u>

Total net investment in capital assets \$ 32,991,564

5. Other Information

Employees' Retirement System

Plan Description

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/about-etf/reports--and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Vesting

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

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

Rock County

Notes to Financial Statements

December 31, 2022

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:

<u>Years</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2012	(7.0) %	(7.0)%
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee-required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$5,504,002 in contributions from the County.

Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives and Elected Officials)	6.75 %	6.75 %
Protective with Social Security	6.75	11.75
Protective without Social Security	6.75	16.35

Rock County

Notes to Financial Statements
December 31, 2022

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

At December 31, 2022, the County reported an asset of \$37,480,730 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the County's proportion was 0.46501085%, which was an increase of 0.00370851% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the County recognized pension expense of \$(3,263,461).

At December 31, 2022, 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 projected actual experience	\$ 60,548,225	\$ 4,366,180
Changes of assumptions	6,992,622	
Net differences between projected and actual earnings on pension plan investments	-	83,847,510
Changes in proportion and differences between employer contributions and proportionate share of contributions	59,249	4,941
Employer contributions subsequent to the measurement date	5,723,453	-
Total	<u>\$ 73,323,549</u>	<u>\$ 88,218,631</u>

Rock County

Notes to Financial Statements
December 31, 2022

\$5,723,453 reported as deferred outflows of resources 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Years Ending December 31</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources</u>
2023	\$ (1,721,735)
2024	(10,153,203)
2025	(4,460,296)
2026	<u>(4,283,301)</u>
Total	<u>\$ (20,618,535)</u>

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 – December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post Retirement Adjustments*:	1.7%

- * No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

Rock County

Notes to Financial Statements
December 31, 2022

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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns* as of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund***	115	6.6	4.0
Variable Fund Asset			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

* Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

** New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

*** The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

Rock County

Notes to Financial Statements

December 31, 2022

Single Discount Date

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 municipal bond 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 6.80%, 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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease to Discount Rate (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase to Discount Rate (7.80%)</u>
County's proportionate share of the net pension liability (asset)	\$ 26,595,235	\$ (37,480,730)	\$ (83,603,502)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reportsand-statements>.

At December 31, 2022, the County reported a payable to the pension plan of \$1,411,636, which represents contractually required contributions outstanding as of the end of the year.

Risk Management

Commercial Insurance

As of January 1, 2020, the County is now using commercial health insurance. The County is exposed to various risks of loss related to health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in the last two years. There were no significant reductions in coverage compared to the prior year.

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; and worker's compensation. 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 any outstanding claims related to health care of employees under the County's previous self-insured health plan, are accounted for and financed through self-insurance activities recorded in the self-insurance internal service fund.

The County has self-funded insurance programs for worker's compensation. Claims for worker's compensation and any outstanding health claims incurred prior to January 1, 2020 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 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, 2022 was \$3,072,385 and is reflected in an internal service fund in these statements. Total contributions to the program during the year were \$2,390,020.

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 claim's liability.

Public Entity Risk Pool

Wisconsin Municipal Mutual Insurance Company (WMMIC) was organized in 1987 by municipal members in the State of Wisconsin under Wisconsin Insurance Laws as a non-assessable municipal mutual insurance company. WMMIC provides general liability (including law enforcement professionals), auto and other public officials' errors and omissions liability coverages, workers compensation claims administrative services (as a third-party administrator), a worker's compensation excess program and a cyber-liability program for participating members in the State of Wisconsin on terms calling for recognition of premium upon the effective date of the policy. Responsibility for the operations and management of WMMIC is vested in its executive director and Board of Directors, which is comprised of various municipal officials. At December 31, 2022, WMMIC was owned by twenty members.

WMMIC limits the maximum net loss that can arise from larger risks or risks in concentrated areas of exposure by reinsuring (ceding) certain levels of risks with other insurers or reinsurers. Ceded reinsurance is treated as the risk and liability of the assuming companies. Such reinsurance includes all lines of insurance.

WMMIC had a general, automobile and other liability reinsurance contract in force for the year ended December 31, 2022. This is a quota share reinsurance agreement with General Reinsurance Corporation (60.0%) and Governmental Entities Mutual (GEM) Insurance Company (40.0%) for excess of loss reinsurance. The contract covered losses (in excess of the self-insured retention of each member), which exceeded \$1,500,000 per occurrence up to the maximum loss of \$12,000,000 per occurrence. WMMIC retains the first \$1,500,000 of the loss excess of each member's self-insured retention. The members retain all losses greater than \$12,000,000 per occurrence.

Rock County

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WMMIC has contracted with Safety National to provide 100% reinsurance coverage for workers compensation insurance in excess of the members' self-insured retention limits, which are \$550,000 for all but one member that has a retention of \$650,000.

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

Claims Liability

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims, beginning	\$ 449,318	\$ 589,948
Current year claims and administration	161,806	1,074,939
Claims and administration payments	<u>(21,176)</u>	<u>(509,052)</u>
Unpaid claims, ending	<u>\$ 589,948</u>	<u>\$ 1,155,835</u>

Commitments and Contingencies

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, 2022. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures/expenses.

The County has encumbrances of \$76,058,849 outstanding at year-end related to the General Capital Projects fund, \$807,127 related to nonmajor governmental funds, and \$639,925 related to the Highway fund, which are expected to be honored upon performance by the vendor.

Other Postemployment Benefits (OPEB)

General Information About the OPEB Plan

Plan Description

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

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

Rock County

Notes to Financial Statements
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Benefits Provided

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

Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	95
Active plan members	1,190
	<hr/>
	1,285
	<hr/> <hr/>

Total OPEB Liability

The County's total OPEB liability of \$37,548,843 was measured as of December 31, 2022 and was determined by an actuarial valuation as of January 1, 2021.

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Salary increases	For general employees, 6.5% at less than 1 year service to 3.4% at 30+ years of service. For protective service employees, 7.8% at less than 1 year of service to 3.5% at 30+ years of service.
Healthcare cost trend rates	0.00% for 2022, 9% for 2023, 8.5% for 2024, 8% for 2025 reduced by 0.25% increments each year going forward to an ultimate rate of 4.25% in 2040.
Retirees' share of benefit-related costs	Deputy sheriffs and deputy sheriff supervisor, 0% and Other, 100%

Rock County

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

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, December 31, 2021	<u>\$ 44,823,428</u>
Changes for the year:	
Service cost	2,894,937
Interest	837,566
Changes of benefit terms	-
Differences between expected and actual experience	361,847
Changes in assumptions or other inputs	(9,655,222)
Benefit payments	<u>(1,713,713)</u>
Net changes	<u>(7,274,585)</u>
Balance, December 31, 2022	<u>\$ 37,548,843</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 1.84% in 2021 to 4.05% in 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the County, as well as what the County's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current discount rate:

	1% Decrease (3.05%)	Discount Rate (4.05%)	1% Increase (5.05%)
Total OPEB liability	\$ 41,547,666	\$ 37,548,843	\$ 34,063,124

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (-1.0% decreasing to 3.25%) or 1-percentage-point higher (1.0% increasing to 5.25%) than the current healthcare cost trend rates:

	1% Decrease (-1.0% Decreasing to 3.25%)	Healthcare Cost Trend Rates	1% Increase (1.0% Increasing to 5.25%)
Total OPEB liability	\$ 33,198,933	\$ 37,548,843	\$ 43,087,639

Rock County

Notes to Financial Statements
December 31, 2022

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

For the year ended December 31, 2022, the County recognized OPEB expense of \$2,501,720. At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected actual experience	\$ 819,508	\$ 2,137,765
Changes of assumptions or other inputs	5,955,076	16,390,474
Total	<u>\$ 6,774,584</u>	<u>\$ 18,528,239</u>

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

<u>Years Ending December 31</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources, Net</u>
2023	\$ (1,230,783)
2024	(1,230,783)
2025	(1,230,783)
2026	(1,230,783)
2027	(1,230,783)
Thereafter	(5,599,740)
Total	<u>\$ (11,753,655)</u>

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at the link above.

Rock County

Notes to Financial Statements
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Vesting

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

Benefits Provided

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

Contributions

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

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

Contribution rates for the plan year reported as of December 31, 2022 are:

Coverage Type	Employer Contribution
50% Post retirement coverage	40% of member contribution
25% Post retirement coverage	20% of member contribution

Rock County

Notes to Financial Statements
December 31, 2022

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

	Life Insurance Member Contribution Rates* for the Plan Year	
	Basic	Supplemental
Life insurance member contribution rates for the plan year:		
Attained Age:		
Under 30	\$ 0.05	\$ 0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$26,218 in contributions from the employer.

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

At December 31, 2022, the County reported a liability of \$7,570,971 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net OPEB liability was based on the County's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the County's proportion was 1.28096400%, which was an increase of 0.02955800% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the County recognized OPEB expense of \$930,903.

Rock County

Notes to Financial Statements
December 31, 2022

At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 385,132
Net differences between projected and investment earnings on plan investments	98,503	-
Changes in actuarial assumptions	2,287,452	366,968
Changes in proportion and differences between employer contributions and proportionate share of contributions	180,924	63,605
Employer contributions subsequent to the measurement date	36,571	-
Total	<u>\$ 2,603,450</u>	<u>\$ 815,705</u>

\$36,571 reported as deferred outflows of resources related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending December 31	Deferred Outflows of Resources and Deferred Inflows of Resources, Net
2023	\$ 389,278
2024	377,850
2025	341,417
2026	425,059
2027	200,864
Thereafter	16,706
Total	<u>\$ 1,751,174</u>

Rock County

Notes to Financial Statements
December 31, 2022

Actuarial Assumptions

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 – December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

Rock County

Notes to Financial Statements
December 31, 2022

State OPEB Life Insurance Asset Allocation Targets and Expected Returns as of December 31, 2021

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	45.00%	1.68%
U.S. Long Credit Bonds	Bloomberg U.S. Long Credit	5.00%	1.82%
U.S. Mortgages	Bloomberg U.S. MBS	50.00%	1.94%
Inflation			2.30%
Long-term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount Rate

A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Rock County

Notes to Financial Statements
December 31, 2022

Sensitivity of the County's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the County's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.17%, as well as what the County's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
County's proportionate share of the net OPEB liability	\$10,271,078	\$7,570,971	\$5,539,252

OPEB Plan Fiduciary Net Position

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

Subsequent Events

On May 25, 2023, the County issued \$3,710,000 in General Obligation Promissory Notes and \$57,875,000 in General Obligation Corporate Purpose Bonds at 4.00-5.00% and 4.00% interest respectively.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 38,546,755	\$ 38,546,755	\$ 42,315,267	\$ 3,768,512
Intergovernmental	12,777,282	12,786,082	12,679,177	(106,905)
Regulation and compliance	1,437,005	1,437,005	1,454,853	17,848
Public charges for services	3,174,540	3,174,540	3,441,042	266,502
Intergovernmental charges for services	1,067,442	1,067,442	1,235,105	167,663
Other	1,815,930	2,248,551	412,856	(1,835,695)
Total revenues	<u>58,818,954</u>	<u>59,260,375</u>	<u>61,538,300</u>	<u>2,277,925</u>
Expenditures				
Current:				
General government	8,596,630	8,586,484	8,699,120	(112,636)
Public safety	41,681,889	41,489,711	41,233,801	255,910
Health and social services	6,859,070	6,837,070	7,858,735	(1,021,665)
Culture, recreation and education	355,853	355,853	275,441	80,412
Conservation and development	1,580,512	1,585,512	1,333,241	252,271
Debt service:				
Principal retirement	-	-	41,929	(41,929)
Total expenditures	<u>59,073,954</u>	<u>58,854,630</u>	<u>59,442,267</u>	<u>(587,637)</u>
Excess (deficiency) of revenues over expenditures	<u>(255,000)</u>	<u>405,745</u>	<u>2,096,033</u>	<u>1,690,288</u>
Other Financing Sources (Uses)				
Transfers in	255,000	255,000	4,212,942	3,957,942
Transfers out	-	(120,413)	(3,601,835)	(3,481,422)
Total other financing sources (uses)	<u>255,000</u>	<u>134,587</u>	<u>611,107</u>	<u>476,520</u>
Net change in fund balance	-	540,332	2,707,140	2,166,808
Fund Balance, Beginning	<u>51,483,907</u>	<u>51,483,907</u>	<u>51,483,907</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 51,483,907</u>	<u>\$ 52,024,239</u>	<u>\$ 54,191,047</u>	<u>\$ 2,166,808</u>

See notes to required supplementary information

Rock County

Required Supplementary Information
Budgetary Comparison Schedule -
Human Services Fund
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 22,999,159	\$ 22,999,159	\$ 22,999,159	\$ -
Intergovernmental	36,308,815	39,925,607	38,043,579	(1,882,028)
Public charges for services	758,519	761,519	721,760	(39,759)
Intergovernmental charges for services	10,954,678	10,954,678	9,732,582	(1,222,096)
Other	7,500	(607,349)	25,648	632,997
Total revenues	<u>71,028,671</u>	<u>74,033,614</u>	<u>71,522,728</u>	<u>(2,510,886)</u>
Expenditures				
Current:				
Health and social services	<u>71,028,671</u>	<u>74,121,331</u>	<u>67,915,626</u>	<u>6,205,705</u>
Total expenditures	<u>71,028,671</u>	<u>74,121,331</u>	<u>67,915,626</u>	<u>6,205,705</u>
Excess of revenues over expenditures	<u>-</u>	<u>(87,717)</u>	<u>3,607,102</u>	<u>3,694,819</u>
Other Financing Sources (Uses)				
Transfers in	-	125,730	125,730	-
Transfers out	-	(38,013)	(4,000,475)	(3,962,462)
Total other financial uses	<u>-</u>	<u>87,717</u>	<u>(3,874,745)</u>	<u>(3,962,462)</u>
Net change in fund balance	-	-	(267,643)	(267,643)
Fund Balance, Beginning	<u>765,757</u>	<u>765,757</u>	<u>765,757</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 765,757</u>	<u>\$ 765,757</u>	<u>\$ 498,114</u>	<u>\$ (267,643)</u>

See notes to required supplementary information

Rock County

Required Supplementary Information
Budgetary Comparison Schedule -
American Rescue Plan Act Fund
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 3,268,060	\$ 27,752,028	\$ 7,338,043	\$ (20,413,985)
Other	-	(445,049)	8,027	453,076
Total revenues	<u>3,268,060</u>	<u>27,306,979</u>	<u>7,346,070</u>	<u>(19,960,909)</u>
Expenditures				
Current:				
General government	1,206,693	20,591,644	1,404,282	19,187,362
Public safety	1,026,392	1,026,392	667,374	359,018
Health and human services	963,867	2,217,335	1,833,554	383,781
Conservation and development	71,108	71,108	60,964	10,144
Capital outlay	-	3,400,500	3,400,260	240
Total expenditures	<u>3,268,060</u>	<u>27,306,979</u>	<u>7,366,434</u>	<u>19,940,545</u>
Net change in fund balance	-	-	(20,364)	(20,364)
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (deficit), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,364)</u>	<u>\$ (20,364)</u>

See notes to required supplementary information

Rock County

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System

Year Ended December 31, 2022

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/22	0.46501085 %	\$ (37,480,730)	\$ 72,385,861	51.78 %	106.02 %
12/31/21	0.46130234 %	(28,799,745)	69,036,386	-41.72 %	105.26 %
12/31/20	0.45859342 %	(14,787,145)	65,711,335	-22.50 %	102.96 %
12/31/19	0.45606992 %	16,225,538	63,975,578	25.36 %	96.45 %
12/31/18	0.45758515 %	(13,586,246)	61,432,280	-22.12 %	102.93 %
12/31/17	0.45374505 %	3,739,943	59,894,237	6.24 %	99.12 %
12/31/16	0.45470008 %	7,388,788	61,691,490	11.98 %	98.20 %
12/31/15	0.44871979 %	(11,021,786)	57,733,976	-19.09 %	102.74 %

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2022

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/22	\$ 5,723,453	\$ 5,723,453	\$ -	\$ 76,284,682	7.50 %
12/31/21	5,600,923	5,600,923	-	72,390,882	7.74 %
12/31/20	5,294,993	5,294,993	-	69,036,386	7.67 %
12/31/19	4,821,039	4,821,039	-	65,675,939	7.34 %
12/31/18	4,762,978	4,762,978	-	63,972,191	7.45 %
12/31/17	4,635,457	4,635,457	-	61,432,281	7.55 %
12/31/16	4,283,383	4,283,383	-	59,894,237	7.15 %
12/31/15	4,349,693	4,349,693	-	61,691,490	7.05 %

Schedule of Proportionate Share of the Net Life Insurance OPEB Liability - Local Retiree Life Insurance Fund

Year Ended December 31, 2022

<u>Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
12/31/22	1.28096400 %	\$ 7,570,971	\$ 60,373,000	12.54 %	29.57 %
12/31/21	1.25140600 %	6,883,637	57,998,000	11.87 %	31.36 %
12/31/20	1.22092700 %	5,198,945	56,047,000	9.28 %	37.58 %
12/31/19	1.24892800 %	3,222,656	55,169,000	5.84 %	48.69 %
12/31/18	1.26204300 %	3,796,957	53,072,518	7.15 %	44.81 %

See notes to required supplementary information

Rock County

Required Supplementary Information

Schedule of Changes in Employer's Total OPEB Liability and Related Ratios - Health Insurance

Year Ended December 31, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB Liability					
Service cost	\$ 2,319,710	\$ 2,249,458	\$ 2,654,711	\$ 2,871,598	\$ 2,894,937
Interest	1,330,117	1,428,166	1,266,601	850,922	837,566
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	180,437	(1,266,584)	566,115	(1,703,831)	361,847
Changes of assumptions	(1,925,523)	4,311,319	4,764,232	(8,285,590)	(9,655,222)
Benefit payments	<u>(1,461,657)</u>	<u>(1,583,192)</u>	<u>(1,830,604)</u>	<u>(1,582,766)</u>	<u>(1,713,713)</u>
Net change in total OPEB liability	443,084	5,139,167	7,421,055	(7,849,667)	(7,274,585)
Total OPEB Liability, Beginning	<u>39,669,789</u>	<u>40,112,873</u>	<u>45,252,040</u>	<u>52,673,095</u>	<u>44,823,428</u>
Total OPEB Liability, Ending	<u>\$ 40,112,873</u>	<u>\$ 45,252,040</u>	<u>\$ 52,673,095</u>	<u>\$ 44,823,428</u>	<u>\$ 37,548,843</u>
Covered Payroll	\$ 61,987,476	\$ 67,204,706	\$ 69,220,847	\$ 66,879,599	\$ 68,885,987
Total OPEB liability as a percentage of covered payroll	64.71 %	67.33 %	76.09 %	67.02 %	54.51 %

Notes to Schedule:

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

Benefit changes - There were no changes to the benefits.

Changes in assumptions - There was a change in the discount rate used from 1.84% to 4.05%.

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

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

See notes to required supplementary information

Rock County

Notes to Required Supplementary Information
Year Ended December 31, 2022

1. 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.

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 \$891,133 in the general fund.

2. 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. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

Rock County

Notes to Required Supplementary Information
Year Ended December 31, 2022

3. Local Retiree Life Insurance Funds

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

Changes in assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

Rock County

Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2022

	Special Revenue Funds					
	Revolving Loans	Parks	Other Grants	Land Records	Veterans' Relief	Arrowhead Library System
Assets						
Cash and investments	\$ 1,058,651	\$ -	\$ 287,708	\$ -	\$ -	\$ 151
Taxes receivable	-	936,388	1,178,553	-	454	1,411,066
Accounts receivable	-	-	510	-	-	-
Loans receivable (net)	3,071,704	-	-	-	-	-
Lease receivable	-	-	1,490,207	-	-	-
Due from other funds	545,601	4,820	1,193,876	576,362	8,338	341,410
Due from other governments	-	-	760,035	-	-	-
Prepaid items	-	-	-	-	-	2,052
Total assets	\$ 4,675,956	\$ 941,208	\$ 4,910,889	\$ 576,362	\$ 8,792	\$ 1,754,679
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 539	\$ 4,820	\$ 381,963	\$ 384	\$ -	\$ 447
Deposits	-	-	-	-	-	-
Total liabilities	539	4,820	381,963	384	-	447
Deferred Inflows of Resources						
Unearned revenues	-	936,388	1,311,144	-	454	1,411,066
Unavailable revenues	3,071,704	-	-	-	-	-
Lease related amounts	-	-	1,490,207	-	-	-
Total deferred inflows of resources	3,071,704	936,388	2,801,351	-	454	1,411,066
Fund Balances						
Nonspendable	-	-	-	-	-	2,052
Restricted	1,603,713	-	1,727,575	575,978	-	341,114
Committed	-	-	-	-	8,338	-
Assigned	-	-	-	-	-	-
Total fund balances	1,603,713	-	1,727,575	575,978	8,338	343,166
Total liabilities, deferred inflows of resources and fund balances	\$ 4,675,956	\$ 941,208	\$ 4,910,889	\$ 576,362	\$ 8,792	\$ 1,754,679

Special Revenue Funds						Debt Service Fund	Capital Project Fund	
County Bridge Aid	Other Activities	Other Special Revenue Funds	Income Maintenance Consortium	Airport	Opioid Settlement	Debt Service	Airport Projects	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,346,510
-	-	111,292	-	407,164	-	2,858,191	-	6,903,108
-	-	550	-	19,037	5,228,790	-	-	5,248,887
-	-	-	-	-	-	-	-	3,071,704
-	-	2,735,889	-	1,007,589	-	-	-	5,233,685
1,076,779	300,015	2,364,104	423,726	752,824	1,392,458	3,429,505	288,618	12,698,436
-	-	-	-	-	-	-	-	760,035
-	-	-	-	-	-	-	-	2,052
<u>\$ 1,076,779</u>	<u>\$ 300,015</u>	<u>\$ 5,211,835</u>	<u>\$ 423,726</u>	<u>\$ 2,186,614</u>	<u>\$ 6,621,248</u>	<u>\$ 6,287,696</u>	<u>\$ 288,618</u>	<u>\$ 35,264,417</u>
\$ -	\$ -	\$ 73,391	\$ 423,726	\$ 15,629	\$ -	\$ -	\$ -	\$ 900,899
-	-	2,500	-	9,410	-	-	-	11,910
-	-	75,891	423,726	25,039	-	-	-	912,809
-	-	149,169	-	422,636	-	2,858,191	-	7,089,048
-	-	-	-	-	5,228,790	-	-	8,300,494
-	-	2,735,889	-	1,007,589	-	-	-	5,233,685
-	-	2,885,058	-	1,430,225	5,228,790	2,858,191	-	20,623,227
-	-	-	-	-	-	-	-	2,052
1,076,779	300,015	1,237,995	-	731,350	1,392,458	3,429,505	-	12,416,482
-	-	1,012,891	-	-	-	-	-	1,021,229
-	-	-	-	-	-	-	288,618	288,618
<u>1,076,779</u>	<u>300,015</u>	<u>2,250,886</u>	<u>-</u>	<u>731,350</u>	<u>1,392,458</u>	<u>3,429,505</u>	<u>288,618</u>	<u>13,728,381</u>
<u>\$ 1,076,779</u>	<u>\$ 300,015</u>	<u>\$ 5,211,835</u>	<u>\$ 423,726</u>	<u>\$ 2,186,614</u>	<u>\$ 6,621,248</u>	<u>\$ 6,287,696</u>	<u>\$ 288,618</u>	<u>\$ 35,264,417</u>

Rock County

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Nonmajor Governmental Funds
 Year Ended December 31, 2022

	Special Revenue Funds					
	Revolving Loans	Parks	Other Grants	Land Records	Veterans' Relief	Arrowhead Library System
Revenues						
Taxes	\$ -	\$ 663,344	\$ 1,823,921	\$ -	\$ 754	\$ 1,321,753
Intergovernmental	-	14,340	4,118,393	1,000	-	540,857
Public charges for services	86,546	69,991	208,674	404,925	-	3,435
Intergovernmental charges for services	-	-	237,995	-	-	284,448
Other	81,165	6,432	172,806	173	-	2,000
Total revenues	167,711	754,107	6,561,789	406,098	754	2,152,493
Expenditures						
Current:						
General government	-	-	35,976	351,040	-	-
Public safety	-	-	557,938	-	-	-
Health and social services	-	-	5,136,774	-	4,125	-
Public works	-	-	44,568	-	-	-
Culture, recreation and education	-	830,477	-	-	-	2,096,714
Conservation and development	122,821	-	340,783	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	122,821	830,477	6,116,039	351,040	4,125	2,096,714
Excess (deficiency) of revenues over expenditures	44,890	(76,370)	445,750	55,058	(3,371)	55,779
Other Financing Sources (Uses)						
Financed purchase issued	-	-	-	-	-	-
Sale of fixed assets	-	-	3,300	-	-	-
Transfers in	-	215,500	310,014	-	-	-
Transfers out	-	(139,130)	-	-	-	-
Total other financing sources (uses)	-	76,370	313,314	-	-	-
Net changes in fund balance	44,890	-	759,064	55,058	(3,371)	55,779
Fund Balances, Beginning	1,558,823	-	968,511	520,920	11,709	287,387
Fund Balances, Ending	\$ 1,603,713	\$ -	\$ 1,727,575	\$ 575,978	\$ 8,338	\$ 343,166

County Bridge Aid	Other Activities	Special Revenue Funds				Debt Service Fund	Capital Project Fund	Total
		Other Special Revenue Funds	Income Maintenance Consortium	Airport	Opioid Settlement	Debt Service	Airport Projects	
\$ -	\$ -	\$ 184,597	\$ -	\$ 572,531	\$ -	\$ 4,649,436	\$ 330,000	\$ 9,546,336
-	-	21,178	4,383,429	-	1,392,458	-	-	10,471,655
-	-	205,858	-	467,049	-	-	-	1,446,478
-	-	-	-	-	-	-	-	522,443
-	184,000	170,926	-	14,662	-	-	-	632,164
-	184,000	582,559	4,383,429	1,054,242	1,392,458	4,649,436	330,000	22,619,076
-	216,951	348,425	-	-	-	-	-	952,392
-	-	77,785	-	-	-	-	-	635,723
-	-	-	4,383,429	-	-	-	-	9,524,328
97,199	-	-	-	929,645	-	-	-	1,071,412
-	-	620	-	-	-	-	-	2,927,811
-	-	6,762	-	-	-	-	-	470,366
-	-	-	-	-	-	-	441,327	441,327
-	-	-	-	-	-	4,625,810	24,194	4,650,004
-	-	-	-	-	-	1,324,492	-	1,324,492
97,199	216,951	433,592	4,383,429	929,645	-	5,950,302	465,521	21,997,855
(97,199)	(32,951)	148,967	-	124,597	1,392,458	(1,300,866)	(135,521)	621,221
-	-	-	-	-	-	-	152,580	152,580
-	-	-	-	-	-	-	24,982	28,282
-	19,522	10,000	-	-	-	-	104,500	659,536
-	(6,351)	(145,000)	-	(104,500)	-	-	-	(394,981)
-	13,171	(135,000)	-	(104,500)	-	-	282,062	445,417
(97,199)	(19,780)	13,967	-	20,097	1,392,458	(1,300,866)	146,541	1,066,638
1,173,978	319,795	2,236,919	-	711,253	-	4,730,371	142,077	12,661,743
\$ 1,076,779	\$ 300,015	\$ 2,250,886	\$ -	\$ 731,350	\$ 1,392,458	\$ 3,429,505	\$ 288,618	\$ 13,728,381

Rock County

Combining Statement of Net Position -
Internal Service Funds
December 31, 2022

	Motor Pool	Information Technology	Self Insurance	Job Center	Health Insurance	Total
Assets and Deferred Outflows of Resources						
Current Assets						
Cash and investments	\$ -	\$ -	\$ 24,466	\$ -	\$ -	\$ 24,466
Taxes receivable	-	4,555,927	83,507	-	-	4,639,434
Accounts receivable	-	396,370	-	-	63,845	460,215
Due from other funds	-	963,468	2,284,893	109,328	9,547,163	12,904,852
Prepaid items	-	-	177,861	-	-	177,861
Total current assets	-	5,915,765	2,570,727	109,328	9,611,008	18,206,828
Noncurrent Assets						
Restricted assets:						
Net pension asset	-	1,080,820	-	-	-	1,080,820
Deposit with Wisconsin Mutual Insurance Company	-	-	1,741,000	-	-	1,741,000
Capital assets:						
Land	-	-	-	575,710	-	575,710
Intangible assets, software	-	1,637,792	-	-	-	1,637,792
Other capital assets	1,637,571	594,992	-	3,982,399	-	6,214,962
Less accumulated depreciation/amortization	(886,841)	(1,595,656)	-	(1,920,128)	-	(4,402,625)
Net capital assets	750,730	637,128	-	2,637,981	-	4,025,839
Total assets	750,730	7,633,713	4,311,727	2,747,309	9,611,008	25,054,487
Deferred Outflows of Resources						
Pension related amounts	-	2,009,804	-	-	-	2,009,804
OPEB related amounts	-	174,758	-	-	-	174,758
Total deferred outflows of resources	-	2,184,562	-	-	-	2,184,562
Liabilities, Deferred Inflows of Resources and Net Position						
Current Liabilities						
Accounts payable	118	809,308	1,155,835	292	10,274	1,975,827
Accrued vacation and comp time	-	228,727	-	-	-	228,727
Due to other funds	682,375	-	-	-	-	682,375
Current portion of debt	-	-	-	192,000	-	192,000
Total current liabilities	682,493	1,038,035	1,155,835	192,292	10,274	3,078,929
Noncurrent Liabilities						
General obligation debt	-	-	-	418,783	-	418,783
Unamortized premium	-	-	-	10,184	-	10,184
Accrued sick leave	-	174,685	-	-	-	174,685
Other post employment benefits liability	-	659,807	-	-	-	659,807
Total noncurrent liabilities	-	834,492	-	428,967	-	1,263,459
Total liabilities	682,493	1,872,527	1,155,835	621,259	10,274	4,342,388
Deferred Inflows of Resources						
Unearned revenues	-	4,555,927	83,507	-	25,296	4,664,730
Pension related amounts	-	2,335,891	-	-	-	2,335,891
OPEB related amounts	-	277,839	-	-	-	277,839
Total deferred inflows of resources	-	7,169,657	83,507	-	25,296	7,278,460
Net Position						
Net investment in capital assets	750,730	637,128	-	2,017,014	-	3,404,872
Restricted for pensions	-	1,080,820	-	-	-	1,080,820
Unrestricted (deficit)	(682,493)	(941,857)	3,072,385	109,036	9,575,438	11,132,509
Total net pension	\$ 68,237	\$ 776,091	\$ 3,072,385	\$ 2,126,050	\$ 9,575,438	\$ 15,618,201

Rock County

Combining Statement of Revenues, Expenses and Changes in Net Position -
 Internal Service Funds
 Year Ended December 31, 2022

	Motor Pool	Information Technology	Self Insurance	Job Center	Health Insurance	Total
Operating Revenues						
Charges for services	\$ 266,985	\$ 4,447,138	\$ 2,390,020	\$ (33,835)	\$ 24,241,625	\$ 31,311,933
Total operating revenues	266,985	4,447,138	2,390,020	(33,835)	24,241,625	31,311,933
Operating Expenses						
Operation and maintenance	45,935	8,296,791	3,620,513	13,683	22,151,290	34,128,212
Depreciation/amortization	200,767	272,386	-	174,247	-	647,400
Total operating expenses	246,702	8,569,177	3,620,513	187,930	22,151,290	34,775,612
Operating income (loss)	20,283	(4,122,039)	(1,230,493)	(221,765)	2,090,335	(3,463,679)
Nonoperating Revenues						
General property taxes	-	2,892,676	-	-	-	2,892,676
Sales taxes	-	1,196,692	-	-	-	1,196,692
Investment income	-	-	46,939	-	-	46,939
Miscellaneous revenues	28,558	32,604	-	1,318	-	62,480
Interest expense	-	-	-	(11,988)	-	(11,988)
Total nonoperating revenues (expenses)	28,558	4,121,972	46,939	(10,670)	-	4,186,799
Increase (decrease) before transfers	48,841	(67)	(1,183,554)	(232,435)	2,090,335	723,120
Transfers						
Transfers in	-	110,413	-	-	-	110,413
Transfers out	-	-	-	-	(5,000)	(5,000)
Total transfers	-	110,413	-	-	(5,000)	105,413
Increase (decrease) in net position	48,841	110,346	(1,183,554)	(232,435)	2,085,335	828,533
Net Position, Beginning	19,396	665,745	4,255,939	2,358,485	7,490,103	14,789,668
Net Position, Ending	\$ 68,237	\$ 776,091	\$ 3,072,385	\$ 2,126,050	\$ 9,575,438	\$ 15,618,201

Rock County

Combining Statement of Cash Flows -
Internal Service Funds
Year Ended December 31, 2022

	Motor Pool	Information Technology	Self Insurance	Job Center	Health Insurance	Total
Cash Flows From Operating Activities						
Cash received from customers	\$ 266,985	\$ 3,913,376	\$ 2,989,289	\$ 218,619	\$ 22,159,181	\$ 29,547,450
Cash paid to suppliers for goods and services	(44,939)	(4,704,427)	(3,035,736)	(18,553)	(22,154,181)	(29,957,836)
Cash paid to employees for payroll	(7,944)	(3,278,739)	-	-	-	(3,286,683)
Net cash flows from operating activities	214,102	(4,069,790)	(46,447)	200,066	5,000	(3,697,069)
Cash Flows From Noncapital Financing Activities						
General property taxes	-	4,089,368	-	-	-	4,089,368
Other miscellaneous	28,558	32,604	-	-	-	61,162
Transfers in (out)	-	110,413	-	-	(5,000)	105,413
Net cash flows from noncapital financing activities	28,558	4,232,385	-	-	(5,000)	4,255,943
Cash Flows From Capital and Related Financing activities						
Debt principal paid	-	-	-	(186,000)	-	(186,000)
Interest paid	-	-	-	(15,384)	-	(15,384)
Acquisition and construction of capital assets	(242,660)	(162,595)	-	1,318	-	(403,937)
Net cash flows from capital and related financing activities	(242,660)	(162,595)	-	(200,066)	-	(605,321)
Cash Flows From Investing Activities						
Investment income	-	-	46,939	-	-	46,939
Net cash flows from investing activities	-	-	46,939	-	-	46,939
Net change in cash and cash equivalents	-	-	492	-	-	492
Cash and Cash Equivalents, Beginning	-	-	23,974	-	-	23,974
Cash and Cash Equivalents, Ending	\$ -	\$ -	\$ 24,466	\$ -	\$ -	\$ 24,466
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities						
Operating income (loss)	\$ 20,283	\$ (4,122,039)	\$ (1,230,493)	\$ (221,765)	\$ 2,090,335	\$ (3,463,679)
Adjustments to reconcile operating loss to net cash flows from operating activities:						
Noncash items included in operating loss:						
Depreciation/amortization	200,767	272,386	-	174,247	-	647,400
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:						
Accounts receivable	-	(1,950,091)	(83,507)	36,435	(21,679)	(2,018,842)
Due to/from other funds	(6,948)	(246,922)	599,269	216,019	(2,086,031)	(1,524,613)
Prepaid items	-	39,533	18,890	-	-	58,423
Compensated absences	-	13,294	-	-	-	13,294
Accounts payable	-	498,968	565,887	292	(2,891)	1,062,256
Other current liabilities	-	(1,754)	-	-	-	(1,754)
Unearned revenues	-	1,663,251	83,507	-	25,266	1,772,024
Pension and OPEB related amounts	-	(236,416)	-	(5,162)	-	(241,578)
Net cash flows from operating activities	\$ 214,102	\$ (4,069,790)	\$ (46,447)	\$ 200,066	\$ 5,000	\$ (3,697,069)
Noncash Investing, Capital and Related Financing Activities						
Premium on debt amortized	\$ -	\$ -	\$ -	\$ 3,396	\$ -	\$ 3,396

Rock County

Combining Statement of Fiduciary Net Position -
Fiduciary Funds
December 31, 2022

	Custodial Funds		
	Property Tax	Human Services Trust	Sheriff Trust
Assets			
Cash and investments	\$ 15,344,907	\$ 315,578	\$ 725,970
Delinquent special assessments receivable	-	-	-
Total assets	<u>15,344,907</u>	<u>315,578</u>	<u>725,970</u>
Liabilities			
Accounts payable	-	315,578	132,929
Due to other governmental units	<u>15,344,907</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>15,344,907</u>	<u>315,578</u>	<u>132,929</u>
Net Position			
Restricted for:			
Dog licenses	-	-	-
Drainage district	-	-	-
Jail inmates	-	-	593,041
Victims	-	-	-
Court cases	-	-	-
Net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 593,041</u>

Custodial Funds

Clerk of Circuit Courts	Delinquent Special Assessments	Drainage District	Dog Licenses	Total
\$ 2,562,234	\$ -	\$ 34,614	\$ 16,227	\$ 18,999,530
-	890,742	-	-	890,742
<u>2,562,234</u>	<u>890,742</u>	<u>34,614</u>	<u>16,227</u>	<u>19,890,272</u>
-	-	-	-	448,507
-	890,742	-	15,227	16,250,876
-	890,742	-	15,227	16,699,383
-	-	-	1,000	1,000
-	-	34,614	-	34,614
-	-	-	-	593,041
348,028	-	-	-	348,028
2,214,206	-	-	-	2,214,206
<u>\$ 2,562,234</u>	<u>\$ -</u>	<u>\$ 34,614</u>	<u>\$ 1,000</u>	<u>\$ 3,190,889</u>

Rock County

Combining Statement of Changes in Fiduciary Net Position -

Fiduciary Funds

Year Ended December 31, 2022

	Custodial Funds		
	Property Tax	Human Services Trust	Sheriff Trust
Additions			
Property tax collections	\$ 188,216,005	\$ -	\$ -
Delinquent special collections	-	-	-
Drainage District collections	-	-	-
Dog license collections	-	-	-
Deposits for human services clients	-	883,476	-
Inmate deposits	-	-	3,127,574
Victim deposits	-	-	-
Clerk of courts deposits	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total additions	<u>188,216,005</u>	<u>883,476</u>	<u>3,127,574</u>
Deductions			
Property taxes paid to overlying districts	188,216,005	-	-
Delinquent special disbursements	-	-	-
Drainage District disbursements	-	-	-
Dog license distributions	-	-	-
Payments for human services clients	-	883,476	-
Distributions to inmates	-	-	2,981,398
Distributions for court cases	-	-	-
Distributions for victims	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total deductions	<u>188,216,005</u>	<u>883,476</u>	<u>2,981,398</u>
Change in fiduciary net position	-	-	146,176
Net Position, Beginning	<u>-</u>	<u>-</u>	<u>446,865</u>
Net Position, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 593,041</u>

Custodial Funds

Clerk of Courts	Delinquent Special Assessments	Drainage District	Dog Licenses	Total
\$ -	\$ -	\$ -	\$ -	\$ 188,216,005
-	1,426,459	-	-	1,426,459
-	-	14,327	-	14,327
-	-	-	24,691	24,691
-	-	-	-	883,476
-	-	-	-	3,127,574
245,929	-	-	-	245,929
3,479,766	-	-	-	3,479,766
<u>3,725,695</u>	<u>1,426,459</u>	<u>14,327</u>	<u>24,691</u>	<u>197,418,227</u>
-	-	-	-	188,216,005
-	1,426,459	-	-	1,426,459
-	-	2,122	-	2,122
-	-	-	44,163	44,163
-	-	-	-	883,476
-	-	-	-	2,981,398
3,183,404	-	-	-	3,183,404
30,328	-	-	-	30,328
<u>3,213,732</u>	<u>1,426,459</u>	<u>2,122</u>	<u>44,163</u>	<u>196,767,355</u>
511,963	-	12,205	(19,472)	650,872
2,050,271	-	22,409	20,472	2,540,017
<u>\$ 2,562,234</u>	<u>\$ -</u>	<u>\$ 34,614</u>	<u>\$ 1,000</u>	<u>\$ 3,190,889</u>