

WINNEBAGO COUNTY, WISCONSIN

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WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Winnebago County, Wisconsin have been prepared to conform with generally accepted accounting principles (GAAP) 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). The significant accounting principles and policies utilized by the County are described below:

A. REPORTING ENTITY

This report includes all of the funds of Winnebago County. The reporting entity for the County consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity 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 is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government. This report does not contain any blended component units.

DISCRETELY PRESENTED COMPONENT UNIT

Winnebago County Housing Authority

The government-wide financial statements include the Winnebago County Housing Authority ("Housing Authority") as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the county board. Wisconsin Statutes provide for circumstances whereby the county can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the county. See Note III J. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. Separately issued financial statements of the Winnebago County Housing Authority may be obtained from the Housing Authority's office.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities report information on all of the nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activities has been removed from these statements. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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. 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 is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred outflows/inflows of resources, fund equity/net position, revenues, and expenditures/expenses.

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.

Funds are organized as major funds or non-major funds within the governmental, proprietary, and fiduciary funds 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 and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

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

FUND FINANCIAL STATEMENTS (cont.)

- B.** The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent 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.

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 and report all financial resources not accounted and reported in another fund.
- Human Services Special Revenue Fund – accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditures of the Human Services programs. Financing is generally provided by federal and state grants, charges for services and the local tax levy.

The County reports the following major enterprise funds:

Major Enterprise Funds

- Airport – accounts for operations of the regional airport.
- Solid Waste Management – accounts for operations of the landfill and recycling operations.
- Park View Health Center – accounts for operations of the County nursing home.
- Highway – accounts for highway maintenance operations.

The County reports the following non-major governmental funds:

Non-Major Governmental Funds

- Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than enterprise fund debt.
- Capital Projects Fund – accounts for resources accumulated and payments for the following projects:
- Mental Health Crisis Center
 - Courthouse Window Replacement
 - Sheriff Lobby Window Replacement
 - Courthouse Elevator Upgrade
 - Orrin King Masonry Work
 - Coughlin Roof Repair
 - DHS Oshkosh Parking Lot
 - Parks Soccer Complex Lighting
 - 2019 Building Demolition
 - UWO-FC Child Care Center
 - UWO-FC South Parking Lot
 - CAD RMS Replacement

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

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

FUND FINANCIAL STATEMENTS (cont.)

Capital Projects Funds (cont.)

Parks Dump Truck w/plow

Parks Front Endloader

Road Construction and Resurfacing:

County Highway A – Indian Point to CTH GG

County Highway CB – Shady Lane to CTH BB

County Highway CB – Oakridge Intersection

County Highway CB – CTH JJ Roundabout

County Highway FF – STH 21 to STH 91

County Highway G – CTH A to Woodenshoe Rd

County Highway N – STH 26 to CTH FF

County Highway O – STH 41 to CTH II

County Highway R – Beam Guard Upgrades

County Highway T – CTH II to Grandview Rd

County Highway Y – CTH T to STH 41

Butler Ave

County Highway O – Stormwater Retention

County Highway CB – Bridge – North

County Highway II – Box Culvert Upgrade

In addition, Winnebago County reports the following fund types:

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

Self-Insurance – accounts for the risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees.

General Services - accounts for the central printing, mailroom and microfilming services to all County departments.

Fiduciary funds are used to account for assets held by Winnebago County in a custodial capacity for individuals, private organizations, and/or other governmental units.

Litigant's Deposit- accounts for the receipt and disbursement of funds held by the County for individuals who are scheduled for court appearances.

Inmates's Deposit - accounts for the receipt and disbursement of monies held for the benefit of inmates at the County Jail.

Patient's Deposit - accounts for the receipt and disbursement of monies held for the benefit of patients at Park View Health Center

MEG Unit – accounts for the receipts and disbursements of funds for the Lake Winnebago Area Metropolitan Enforcement Group.

Post Retirement Health – accounts for the receipt and disbursements of funds for the retirees sick leave converted to be used to pay for health insurance premiums.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

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

FUND FINANCIAL STATEMENTS (cont.)

Other Custodial - accounts for the receipt and disbursement of funds for other items such as real estate transfer fees, drainage districts, etc.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, and liabilities, and deferred inflows of resources 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 deferred inflows. 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. Exceptions to this general rule are charges between the Winnebago County's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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, Winnebago County considers revenues including property taxes to be available if they are collected within 60 days of the end of the current fiscal period, except for the human service fund in which grant revenue is considered available if it is 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 deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period Winnebago County is entitled to the resources and the amounts are available. Amounts owed to Winnebago County which are not available are recorded as receivables and unearned revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

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

FUND FINANCIAL STATEMENTS (cont.)

Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments 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.

Winnebago County reports unearned revenues on its governmental funds balance sheet. For governmental fund financial statements, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received before Winnebago County has a legal claim to them, as when grant monies are received prior to the meeting all eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when Winnebago County has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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

The proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 proprietary 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 non-operating 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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/ INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. DEPOSITS AND INVESTMENTS

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

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

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

Winnebago County has adopted an investment policy. That policy contains the following guidelines for allowable investments.

Custodial Credit Risk

The County requires that investments in excess of \$500,000 in any bank as a County depository may be subject to collateralization (i.e., a surety bond or other security being required for the amount of the deposit) unless minimum standards are met. These standards include certain capitalization and deposit ratios, earnings and quality of assets criteria. At December 31, 2020 the County was in compliance with the custodial credit risk policy.

Credit Risk

The County has no formal credit risk policy.

Concentration of Credit Risk

The County has no formal concentration of credit risk policy.

Interest Rate Risk

The County has no formal interest rate risk policy.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

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

1. DEPOSITS AND INVESTMENTS (cont.)

Investments are stated at fair value, which is the price that would be received for selling an asset in an orderly transaction between market participants at the measurement date. Fair values are based on quoted market prices. 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 of county accounting funds is allocated based on average cash balance in each fund or program. 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, 2020, the fair value of the Winnebago County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. RECEIVABLES

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for Winnebago County, taxes are collected for and remitted to the state as well as the local school district and technical college district. Taxes for the County billed in the current year for the succeeding year are reflected as receivables and deferred inflows of resources on the accompanying fund balance sheet and in the governmental activities column on the statement of net position.

Property tax calendar – 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale – 2020 delinquent real estate taxes	October 2023

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

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

2. RECEIVABLES (cont.)

Property taxes are due, in the year subsequent to levy, on the last day of January, and collected by local treasurers through that date, at which time unpaid taxes are assigned to the County and appropriate receivables and payables are recorded. Tax collections become the responsibility of the County and taxes receivable include unpaid taxes levied for all taxing entities within the County. The County makes restitution to local districts in August for payables recorded at the settlement date without regard to collected funds. A lien is placed on all properties for which a portion of the current tax levy remains unpaid as of September 1. The interest and penalties on taxes not paid within 60 days of the end of the current fiscal period is shown as deferred revenue until it is received in cash. Accounts receivable have been shown net of an allowance for uncollectible accounts. No allowance for uncollectible delinquent taxes has been provided because of the County's demonstrated ability to recover any losses through the sale of the applicable 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".

Winnebago County has received federal and state grant funds for economic development loan programs (CDBG) to various businesses and individuals. Winnebago County records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development loans receivable has been reduced by an allowance for uncollectible accounts of \$0.

It is Winnebago County's policy to record revenue when the initial loan is made from the federal and state grant funds. The net amount of the loan receivable balance is offset by a restricted fund balance for economic development.

Winnebago County has also funded an economic development loan program (IDB) through transfers from the general fund. The amount of this program is considered assigned until a loan is made then the loan amount is transferred to restricted fund balance. As the loan is repaid the restricted amount is reduced and the assigned amount is increased. At any point the County has the ability to close the amounts not loaned back to the general fund.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

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

3. PREPAID SUPPLIES AND PREPAID ITEMS

Governmental fund prepaid supplies, if material, are recorded at cost based on the FIFO method using the consumption method of accounting. Year-end prepaid supplies were not significant. Proprietary fund prepaid supplies are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction, operation and maintenance expense when used.

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.

Prepaid supplies and prepaid items of governmental fund in the fund financial statements are offset by non-spendable fund balance to indicate that they do not represent spendable available financial resources.

4. RESTRICTED ASSETS

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities that are payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. CAPITAL ASSETS

GOVERNMENT-WIDE STATEMENTS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type column in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of more than \$5,000 and a useful life of more than one year for general capital assets and \$100,000 for road and \$25,000 for bridge infrastructure assets. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Upon implementing GASB 34 in January 2002, governmental units were required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Winnebago County has retroactively reported all network infrastructure acquired by its governmental fund types.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

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

5. CAPITAL ASSETS (cont.)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$0 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	10-60 Years
Land Improvements	3-60 Years
Machinery and Equipment	3-35 Years
Leachate system	20 Years
Infrastructure	40-100 Years

FUND FINANCIAL STATEMENTS

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

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

6. COMPENSATED ABSENCES

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or 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 liabilities at December 31, 2020 are determined on the basis of current salary rates and include salary-related payments. Accumulated sick leave liabilities at December 31, 2020 are determined for non-represented employees and the liabilities are calculated based on rates of pay and sick leave balances at December 31, 2005, for other employees the liabilities are calculated based on rates of pay and sick leave balances at December 31, 2013.

7. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The County reports unavailable revenues for property taxes, loans receivable and grants and other receivables. These inflows are recognized as revenues in the government-wide financial statements.

8. PENSIONS

For purposes of measuring the net pension liability, 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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

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

9. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

a. SINGLE-EMPLOYER DEFINED POSTEMPLOYMENT BENEFIT PLAN

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Winnebago County's Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

b. LOCAL RETIREE LIFE INSURANCE FUND (WRS Life Liability)

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 LRLIF's 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.

10. LONG-TERM OBLIGATIONS / CONDUIT DEBT

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 obligations consist 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 values of debt (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

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

The County does not engage in conduit debt transactions.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

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

11. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all of the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

12. NET POSITION / FUND BALANCE CLASSIFICATIONS

Net position is classified and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- 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 positions that do not meet the definition of “restricted” or “net investment in capital assets.”

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

FUND STATEMENTS

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Nonspendable fund balance - Amounts that cannot be spent because they are 1) not in spendable form, or 2) legally or contractually required to be maintained intact. The County reports nonspendable inventories, advance payments and delinquent personal property taxes.
2. Restricted fund balance - Amount constraints requiring use for a specific purpose and are either: 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. Fund balance restrictions are legally enforceable when a third party can enforce the resources to be used appropriately.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

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

12. NET POSITION / FUND BALANCE CLASSIFICATIONS (CONT.)

3. Committed fund balance - Amounts used for specific purposes based on constraints imposed by formal action of the County Board. The commitment purposes must be made during the County's fiscal year ended December 31, 2020 and can only be amended by the same formal legal action creating the original commitments such as resolution or ordinance.
4. Assigned fund balance - Funds that are constrained by the county executive as established by county ordinance with the intent for the amount to be used for specific purposes, but it is neither restricted nor committed.
5. Unassigned fund balance – Funds that are amounts in excess (surplus) of the categories described above in the General Fund only. By their nature, other funds are established to account for revenues that are expended for specific purposes, and therefore, do not have unassigned fund balances. However, if other governmental funds have a deficit fund balances they are shown as unassigned.

The County has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

13. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

14. COMPARATIVE DATA

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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 I. C.

A budget has been adopted for the general fund, special revenue fund, debt service fund, capital projects funds, enterprise funds (except Solid Waste Fund) and internal service funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The County uses the following procedures when establishing budgetary data reflected in the financial statements:

1. Prior to September 1, the department heads submit to the County Executive a proposed operating budget for the fiscal year which commences the following January. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are held concerning the proposed budget.
3. Prior to November 15, the budget is legally enacted through approval by the County Board.

County policy requires that budgeted revenues and appropriations for the ensuing year be established on a modified accrual basis of accounting and approved by the County Board of Supervisors. Budget is defined as the originally approved budget plus or minus approved revisions and/or carryforwards of revenues and expenditures. Individual amendments throughout the year were not material in relation to the original appropriation. A cost center can be a fund, program, department or other activity for which control of expenditures is considered desirable.

The governing body has established four broad expenditure categories including labor and fringes, travel and meetings, capital outlay and other operating expenses. Management has the authority to make budget transfers between line items as long as they remain within the same category. All transfers between categories, regardless of the amount, require approval of the governing body.

The Personnel and Finance Committee must approve transfers between categories or transfers of \$15,000 or less from the contingency fund. All other budget transfers require two-thirds approval by the County Board.

Formal budgetary integration is employed as a management control device for the general fund, special revenue funds, debt service fund and capital projects funds. Management control of the budgetary process has been established through the use of cost centers. A cost center is a department listed in the schedule of expenditures and other financing uses in the general fund and an individual fund in the special revenue, debt service, and capital projects funds.

A comparison of budget and actual is included in the accompanying financial statements for the aforementioned governmental fund types with budgets. The budgeted amounts presented include any amendments made. Unexpended appropriations, net of anticipated revenues, carried forward to 2021, aggregating \$1,157,535 at December 31, 2020, have been classified on the governmental funds balance sheet as fund balance assigned for prior year's appropriations.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Winnebago County had no non-major funds with an excess of actual expenditures over appropriations for the year ended December 31, 2020.

Winnebago County controls expenditures at the category level. No individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the Notes to Required Supplementary Information.

C. LIMITATIONS ON THE COUNTY'S TAX LEVY RATE AND ITS ABILITY TO ISSUE NEW DEBT

As part of Wisconsin's State Budget Bill (1993 Act 16), legislation was passed that limits the county's future tax levy rates. Generally, the county is limited to its 1992 tax levy rate based upon current legislation. However, this limitation does not affect debt authorized prior to August 12, 1993 or refunding bonds.

The county may also exceed the limitation by holding a referendum (according to state statutes) authorizing the county board to approve a higher rate. The county may also exceed the rate if it increases the services it provides due to a transfer of these services from another governmental unit.

The State Budget Bill also imposes restrictions on the county's ability to issue new debt. Generally, referendum approval is required to issue unlimited tax general obligation debt, with the following exceptions:

- Refunding debt issues
- 75% approval by the county board
- A reasonable expectation that the new debt can be accommodated within the existing tax rate
- Other exceptions as listed in State Statutes Section 67.045

The county is in compliance with the limitation.

D. LIMITATIONS ON THE COUNTY'S TAX LEVY

As part of Wisconsin's Act 10, legislation was passed that 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 percentage change in the county's equalized value due to new construction, for the 2019 levy collected in 2020. Act 10 has also suspended the rate limit for 2013 and 2014. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2020 levy.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Total cash and investments of the County consist of the following:

	<u>Carrying Value</u>	<u>Institution Balance</u>	<u>Associated Risk</u>
Demand deposits and cash on hand	\$ 30,400,960	\$ 30,840,537	Custodial
Money Markets	15,606,877	15,606,877	Custodial
U.S. Government securities	1,827,370	1,775,413	Interest rate, custodial
U.S. Agencies- explicitly guaranteed	26,169,871	25,770,718	Interest rate, custodial, concentration of credit
LGIP	817,702	817,702	Interest rate, credit
Mutual Funds	163,178	163,178	Interest rate, credit
Corporate Bonds	9,823,383	9,386,132	Interest rate, credit, custodial, concentration of credit
Municipal General Obligation Bonds	51,797,738	50,211,350	Interest rate, credit, custodial, concentration of credit
Negotiable CD's	1,982,121	1,943,992	Interest rate, custodial, concentration of credit
Total Cash and Investments	<u>\$ 138,589,200</u>	<u>\$ 136,515,899</u>	

Reconciliation to the financial statements

Per Statement of Net Position-

Unrestricted Cash and Investments

Current \$ 120,642,609

Restricted Cash and Investments-

Current 4,681,502

Restricted Cash and Investments-

Noncurrent 11,350,884

Per Statement of Fiduciary Net Position –

Fiduciary Funds 1,914,205

Total \$ 138,589,200

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIP) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,00 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

recovery of insured losses may not be available. This coverage has been considered in computing custodial credit risk.

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

A. DEPOSITS AND INVESTMENTS (cont.)

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).

Custodial Credit Risk

Deposits – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

As of December 31, 2020, the County's bank balance of \$30,840,537 and \$15,606,877 of money market balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized \$ 17,638,365

Investments – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities.

As of December 31, 2020, \$32,243,981 of the County's deposits with financial institutions were in excess of federal depository insurance limits and State Guarantee Fund, but were collateralized with securities held by the pledging financial institution or its trust department or agent or the Federal Reserve in the County's name or were secured with a letter of credit.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by the nationally recognized statistical rating organizations.

As of December 31, 2020, the County's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor Service
U.S. Agencies - Explicitly guaranteed	AAA	AAA
Mutual Funds	AAA	AAA
Municipal G.O. Bonds	AAA	AAA

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

A. DEPOSITS AND INVESTMENTS (cont.)

The County also had an investment in the following external pool that was not rated:

Local Government Investment Pool

The County also had certificates of deposit – negotiable which were not rated but were covered by FDIC insurance.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment.

As of December 31, 2020, the County's investments were rated as follows:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
LGIP	\$ 817,702	\$ 817,702	\$ -	\$ -	\$ -
U.S. Government securities	1,827,370	1,057,601	769,769	-	-
U.S. Agencies - explicitly guaranteed	26,169,871	7,629,542	13,207,767	412,282	4,920,280
Mutual Funds	163,178	163,178	-	-	-
Municipal Bonds	51,797,738	10,180,625	27,673,114	13,943,999	-
Corporate Bonds	9,823,383	-	258,733	9,564,650	-
Certificates of Deposit - Negotiable	1,982,121	507,897	1,474,224	-	-
Totals	<u>\$ 92,581,363</u>	<u>\$ 20,356,545</u>	<u>\$ 43,383,607</u>	<u>\$ 23,920,931</u>	<u>\$ 4,920,280</u>

Concentration of Credit Risk

The County places no limit on the amount the County may invest in any one issuer. At December 31, 2020 the County had more than 5 percent of the County's investments in the following issuer: Federal Home Loan Bank - 8%.

Fair Value Measurements

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 value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE III- DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

The County has the following fair value measurements as of December 31, 2020:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
LGIP	\$ 817,702	\$ -	\$ -
U.S. Government securities	-	1,827,370	-
U.S. Agencies - explicitly guaranteed	-	26,169,871	-
Mutual Funds	163,178	-	-
Municipal Bonds	-	51,797,738	-
Corporate Bonds	-	9,823,383	-
Certificates of Deposit - Negotiable	-	1,982,121	-
Total investments by fair value level	<u>\$ 980,880</u>	<u>\$ 91,600,483</u>	<u>\$ -</u>

B. RECEIVABLES

Receivables as of year end for the governmental activities, by fund, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Human Services	Non Major and other Funds	Internal Services Funds	Total
Receivables:					
Property taxes	\$ 70,213,271	\$ -	\$ -	\$ -	\$ 70,213,271
Delinquent taxes	5,313,844	-	-	-	5,313,844
Accounts	270,678	290,831	-	385,200	946,709
Interest	484,576	-	47,342	99,121	631,039
Loan and note receivable	135,547	-	474,040	-	609,587
Due from other governmental agencies	3,552,718	2,562,795	-	618	6,116,131
Total receivables	79,970,634	2,853,626	521,382	484,939	83,830,581
Allowance for doubtful accounts	(87,448)	(569)	-	-	(88,017)
Govt. activity receivables	<u>\$ 79,883,186</u>	<u>\$ 2,853,057</u>	<u>\$ 521,382</u>	<u>\$ 484,939</u>	<u>\$ 83,742,564</u>
Amount not expected to be collected in one year	\$ 5,463,844	\$ -	\$ 376,060	\$ -	\$ 5,839,904

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

B. RECEIVABLES (cont.)

Revenues of the enterprise funds are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to Airport Fund	\$	353
Uncollectibles related to Solid Waste Fund		50,559
Uncollectibles related to Park View Health Center		6,661
Total Uncollectibles for the Current Fiscal Year	\$	57,573

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available 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 unearned and unavailable revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Property Taxes	\$ 71,351,685	\$ -	\$ 71,351,685
Loans Receivable	474,040	-	474,040
Grants and other receivables	954,142	-	954,142
Total Unavailable and Unearned revenue for Governmental funds	\$ 72,779,867	\$ -	\$ 72,779,867

Delinquent property taxes purchased from other taxing authorities are reflected as nonspendable fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available for current expenditures and are therefore excluded from the nonspendable portion of fund balances. For the year ended December 31, 2020, such collections aggregated \$817,634 of which \$191,576 was levied by the County. Delinquent property taxes levied by the County are reflected as deferred inflows of resources and are excluded from the fund balance until collected. At December 31, 2020, delinquent property taxes by year levied consists of the following:

	Total	County Levied	County Purchased
Tax Certificates			
2019	\$ 2,577,653	\$ 596,211	\$ 1,981,442
2018	1,324,513	311,658	1,012,855
2017	404,706	94,216	310,490
2016	593,494	137,453	456,041
2015	61,483	14,362	47,121
2014 and prior	128,436	26,037	78,396
Tax Deeds	223,559	52,565	170,994
Total Delinquent Property Taxes Receivable	\$ 5,313,844	\$ 1,232,503	\$ 4,057,338

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

B. RECEIVABLES (cont.)

For economic development loans, the Wisconsin Department of Commerce limits Winnebago County to the amount of program income from economic development loans that it may retain and loan to other businesses. Program income includes the principal and interest received from economic development loan repayments. Based upon its current population, Winnebago County may retain \$750,000.

During 2020, Winnebago County has returned to the State the amount.

C. RESTRICTED ASSETS

Restricted assets of the Solid Waste Management fund as of December 31, 2020, were \$11,396,406, including accrued interest of \$45,522. Restricted amounts include cash and cash equivalents of \$140,894 and noncurrent investments of \$11,255,512 which represent escrow amounts required by the Wisconsin Department of Natural Resources as of December 31, 2020.

Restricted assets of the Airport Fund represents unspent bond funds of \$4,663,912.

Restricted assets of the Highway Fund represents unspent bond funds of \$17,590.

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,242,962	\$ -	\$ -	\$ 4,242,962
Construction in progress	8,422,098	10,162,931	10,806,880	7,778,149
Total Capital Assets, Not Being Depreciated	<u>12,665,060</u>	<u>10,162,931</u>	<u>10,806,880</u>	<u>12,021,111</u>
Capital Assets, Being Depreciated:				
Buildings	75,536,352	3,816,787	239,556	79,113,583
Improvements other than buildings	23,096,491	627,285	106,708	23,617,068
Machinery and equipment	39,794,607	2,056,655	947,671	40,903,591
Infrastructure	110,635,771	5,700,738	715,642	115,620,867
Total Capital Assets Being Depreciated	<u>249,063,221</u>	<u>12,201,465</u>	<u>2,009,577</u>	<u>259,255,109</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

A. CAPITAL ASSETS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
Less: Accumulated Depreciation for:				
Buildings	\$ (31,458,929)	\$ (1,369,250)	\$ (215,888)	\$ (32,612,291)
Improvements other than buildings	(9,624,865)	(666,411)	(106,584)	(10,184,692)
Machinery and equipment	(25,087,585)	(2,793,450)	(929,175)	(26,951,860)
Infrastructure	(12,701,821)	(1,259,724)	(135,735)	(13,825,810)
Total Accumulated Depreciation	<u>(78,873,200)</u>	<u>(6,088,835)</u>	<u>(1,387,382)</u>	<u>(83,574,653)</u>
Net Capital Assets Being Depreciated	<u>170,190,021</u>	<u>6,112,630</u>	<u>622,195</u>	<u>175,680,456</u>
Total Governmental Activities Capital Assets, Net of Depreciation	<u>\$ 182,855,081</u>	<u>\$ 16,275,561</u>	<u>\$ 11,429,075</u>	<u>\$ 187,701,567</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 1,160,716
Public safety	2,464,006
Public works, which includes the depreciation of infrastructure	1,259,724
Health and Human Services	213,891
Culture, education and recreation	956,136
Conservation and development	<u>34,362</u>
Total Governmental Activities Depreciation Expense	<u>\$ 6,088,835</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 9,833,461	\$ -	\$ -	\$ 9,833,461
Construction in progress	6,356,858	2,383,446	1,225,699	7,514,605
Total Capital Assets, Not Being Depreciated	<u>16,190,319</u>	<u>2,383,446</u>	<u>1,225,699</u>	<u>17,348,066</u>
Capital Assets, Being Depreciated:				
Buildings	50,147,568	-	-	50,147,568
Improvements other than buildings	57,710,260	398,855	-	58,109,115
Machinery and equipment	29,273,814	2,203,747	250,329	31,227,232
Total Capital Assets Being Depreciated	<u>137,131,642</u>	<u>2,602,602</u>	<u>250,329</u>	<u>139,483,915</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
Less: Accumulated Depreciation for:				
Buildings	\$ (21,788,334)	\$ (1,050,745)	\$ -	\$ (22,839,079)
Improve other than buildings	(45,395,091)	(1,221,753)	-	(46,616,844)
Machinery and equipment	(17,642,033)	(1,864,618)	(203,284)	(19,303,367)
	<u>(84,825,458)</u>	<u>(4,137,116)</u>	<u>(203,284)</u>	<u>(88,759,290)</u>
Net Capital Assets, Being Depreciated	<u>52,306,183</u>	<u>(1,534,514)</u>	<u>49,045</u>	<u>50,722,625</u>
Total Business-type Activities Capital Assets, Net of Depreciation	<u>\$ 68,496,502</u>	<u>\$ 848,932</u>	<u>\$ 1,274,744</u>	<u>\$ 68,070,691</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities

Airport	\$ 1,382,190
Solid Waste Management	909,807
Park View Health Care Center	599,132
Highway	<u>1,245,987</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 4,137,116</u>

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The principal purpose of these interfunds is to fund negative cash balances. All remaining balances 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. The internal balance amount of \$2,247,916 is the total amount of internal service funds allocated to the business-type activities.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

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

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Human Services	General Fund	\$ 12,982,032	Tax Levy Allocation
Human Services	General Fund	171,179	Operating Transfer
Nonmajor Funds	General Fund	8,442,000	Tax Levy Allocation
	Nonmajor Funds	2,280,875	Operating Transfer
Airport Fund	General Fund	895,188	Tax Levy Allocation
Park View Health Center Fund	General Fund	<u>767,796</u>	Tax Levy Allocation
Total Transfers		\$ 25,539,070	
Elimination of interfund governmental activities		<u>(23,876,086)</u>	
Total transfers after eliminations		<u>\$ 1,662,984</u>	
			Net Transfers- Statement of Activities
	<u>Transfer In</u>	<u>Transfer Out</u>	
Governmental activities	\$ -	\$ (1,662,984)	\$ (1,662,984)
Business-type activities	<u>1,662,984</u>	<u>-</u>	<u>1,662,984</u>
Totals	<u>\$ 1,662,984</u>	<u>\$ (1,662,984)</u>	<u>\$ -</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental activities:					
Bonds and Notes Payable:					
General obligation debt	\$ 32,934,003	\$ 8,900,000	\$ 7,889,146	\$ 33,944,857	\$ 10,087,199
General obligation debt for other entities	572,021	-	97,980	474,041	97,980
Add (subtract) Deferred amounts for:					
Premiums	872,239	332,078	149,329	1,054,988	-
Total bonds and notes payable	34,378,263	9,232,078	8,136,455	35,473,886	10,185,179
Vested Compensated absences	5,971,988	4,702,810	4,409,057	6,265,741	4,907,302
Govt. activity long term obligations	\$ 40,350,251	\$ 13,934,888	\$ 12,545,512	\$ 41,739,627	\$ 15,092,481
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Business-type activities:					
Bonds and Notes Payable:					
General obligation debt	\$ 1,666,004	\$ 2,600,000	\$ 510,854	\$ 3,755,150	\$ 1,020,196
Vested Compensated absences	1,583,131	1,354,263	1,293,417	1,643,977	1,424,358
Landfill closure and long-term care	15,883,324	-	771,665	15,111,659	-
Business-type activity long term obligations	\$ 19,132,459	\$ 3,954,263	\$ 2,575,936	\$ 20,510,786	\$ 2,444,554

All general obligation notes and bonds payable are backed by the full faith and credit of Winnebago County. Notes and bonds in the governmental funds will be retired by future property tax levies 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.

During 2010 the County borrowed \$1,057,500 for the Winnebago County Housing Authority. This entity makes the principal and interest payments to Winnebago County. The County will then make the payments to the State Trust Fund. The current balances on these loans are \$474,041.

In accordance with Wisconsin Statutes, total general obligation indebtedness of Winnebago County may not exceed five percent of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2020, was \$744,661,325. Total general obligation debt outstanding at year end was \$38,174,048.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

F. LONG-TERM OBLIGATIONS (cont.)

GENERAL OBLIGATION DEBT (cont.)

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12/31/2020</u>
Governmental Activities					
General Obligation Debt					
Series 2010 C	2010	2025	5.25%	\$ 1,057,500	\$ 474,041
Series 2011 A	2011	2021	2.00%- 2.50%	3,267,000	369,350
Series 2012 C	2012	2022	2.00%- 2.00%	16,937,000	2,889,681
Series 2014 A	2014	2024	2.00%- 2.50%	4,395,000	1,785,000
Series 2015 A	2015	2025	2.00%	4,150,000	2,230,000
Series 2016 A	2016	2026	2.00%- 2.50%	2,165,000	511,028
Series 2017 A	2017	2027	2.00%- 4.00%	9,550,000	5,419,092
Series 2018 A	2018	2028	2.00%- 4.00%	7,975,000	5,263,996
Series 2019 A	2019	2029	2.00%- 3.00%	9,100,000	6,576,710
Series 2020 A	2020	2030	2.00%	8,900,000	8,900,000
Total Governmental Activities – General Obligation Debt					<u>\$ 34,418,898</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

F. LONG-TERM OBLIGATIONS (cont.)
GENERAL OBLIGATION DEBT (cont.)

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12/31/2020</u>
Business-Type Activities					
General Obligation Debt					
Airport Fund					
2011 Series A Notes	2011	2021	2.00%- 2.50%	\$ 160,000	\$ 18,089
Highway Fund					
2011 Series A Note	2011	2021	2.00%- 2.50%	288,000	32,562
Airport Fund					
2012 Series C Notes	2012	2022	2.875%- 5.5%	372,000	63,468
Park View Health Center Fund					
2012 Series C Notes	2012	2022	2.875%- 5.5%	216,000	36,856
Airport Fund					
2016 Series A Notes	2016	2026	2.00%- 2.50%	840,000	198,274
Highway Fund					
2016 Series A Note	2016	2026	2.00%- 2.50%	935,000	220,697
Airport Fund					
2017 Series A Notes	2017	2027	2.00%- 4.00%	310,000	175,908
Highway Fund					
2018 Series A Note	2018	2028	2.00%- 2.50%	100,000	66,006
Airport Fund					
2019 Series A Notes	2019	2029	2.00%- 3.00%	475,000	343,290
Highway Fund					
2020 Series A Note	2020	2030	2.00%	350,000	350,000
Airport Fund					
2020 Series A Notes	2020	2030	2.00%	2,250,000	2,250,000
Total Business-Type Activities General Obligation Debt					<u>\$ 3,755,150</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

F. LONG-TERM OBLIGATIONS (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-Type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2021	\$ 10,185,179	\$ 774,169	\$ 1,020,196	\$ 66,256
2022	3,359,843	620,972	355,006	56,548
2023	3,325,236	516,822	329,331	48,794
2024	3,410,980	415,230	333,522	41,301
2025	3,522,219	314,312	342,537	33,652
2026-2030	10,615,441	515,896	1,374,558	67,196
Totals	<u>\$ 34,418,898</u>	<u>\$ 3,157,401</u>	<u>\$ 3,755,150</u>	<u>\$ 313,747</u>

OTHER DEBT INFORMATION

Estimated payments of compensated absences, landfill closure and long-term care are not included in the debt service requirement schedules. The compensated absences attributable to governmental activities will be liquidated primarily by the general or special revenue fund. The landfill closure and long-term care cost will be liquidated primarily with the restricted cash and investments in the solid waste management fund.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

G. LEASE DISCLOSURES

LESSOR – OPERATING LEASES

The County is the lessor of hangar, parking, office and related building space at its airport under various operating leases for periods ranging from 2021 through 2090. Revenues and related expenses for these leases are recorded in the Airport fund. The cost, accumulated depreciation and book value of leased property are \$23,863,034, \$17,220,340 and \$6,642,694, respectively.

Non-cancelable operating leases at December 31, 2020, provide for the following future minimum lease revenues (excluding any contingent rentals):

2021	\$ 653,652	2051-2055	\$ 166,285
2022	593,825	2056-2060	166,285
2023	567,556	2061-2065	166,285
2024	552,716	2066-2070	166,285
2025	534,915	2071-2075	166,285
2026-2030	939,192	2076-2080	166,285
2031-2035	662,519	2081-2085	166,285
2036-2040	228,203	2086-2090	155,200
2041-2045	166,285		
2046-2050	166,285		
		Total	<u>\$ 6,384,343</u>

LESSOR/ LESSEE – CAPITAL LEASES

The County has no material outstanding sales-type or direct financing leases.

LESSEE – OPERATING LEASES

The County leases several group homes under annual operating agreements with the Winnebago Housing Authority. Expenditures for these leases are recorded in the human services fund. These expenditures amount to \$49,452.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

H. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the Snell Road landfill site and the Sunnyview landfill site for the years after closure. The Snell Road landfill site was closed in 1991 and the Sunnyview landfill site was closed in 2014. Postclosure care costs are paid after the date that the landfill stops accepting waste, the County reports a portion of these postclosure care costs as an operating expense. The \$15.11 million reported as landfill postclosure care liability at December 31, 2020, represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the Sunnyview landfill site and 100 percent of the capacity at the Snell Road landfill site. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County was required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and, at December 31, 2020, cash and investments and accrued interest of \$11,350,884, and \$45,522, respectively are held for these purposes. These are reported as restricted assets on the statement of net position. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from tax revenue.

I. NET POSITION/FUND BALANCES

Net position reported on the government-wide statement of net position at December 31, 2020 includes the following:

GOVERNMENTAL ACTIVITIES

Net investment in capital assets	
Land	\$ 4,242,962
Construction in progress	7,778,149
Other capital assets, net of accumulated depreciation	175,680,456
Less: related long-term debt outstanding	34,999,842
Less: related accounts payable	<u>707,857</u>
Total Net Investment in Capital Assets	151,993,868
Restricted	
Externally imposed by creditors	1,407,100
Pension	10,014,083
Debt service	3,247,980
Unrestricted	<u>49,253,877</u>
Total Governmental Activities Net Position	<u>\$ 215,916,908</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

I. NET POSITION/FUND BALANCES (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2020 include the following:

Nonspendable

Major Funds

General Fund

Delinquent property taxes \$ 3,750,441

Advance payments 309,578

Inventories 274

Special Revenue Fund

Advance payments 75,770

Total \$ 4,136,063

Restricted for:

Major Funds

General Fund

Economic development \$ 135,547

Public safety 217,653

Scholarship program 43,292

Nonmajor Funds

Debt service 3,452,223

Unspent bond proceeds - capital improvements 1,740,577

Total \$ 5,589,292

Committed for:

Major Funds

General Fund

Prior year commitments- Facilities \$ 92,097

Prior year commitments- UW- Extension 13,187

Prior year commitments- Sheriff 262,250

Prior year commitments- Parks 33,387

Prior year commitments- Other 5,790

Nonmajor Funds

Prior year commitments- Capital Projects Fund 593,897

Total \$ 1,000,608

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

NET POSITION/FUND BALANCES (cont.)

Assigned for:

Major Funds

General fund

Prior year appropriations - Facilities	\$	104,685
Prior year appropriations - County Road Maintenance		379,311
Prior year appropriations - Information Systems		155,413
Prior year appropriations - Land and Water		169,814
Prior year appropriations - Parks		170,285
Prior year appropriations - Clerk of Courts		22,400
Prior year appropriations - UWO - Fox Cities		76,000
Prior year appropriations - UW - Extension		23,450
Prior year appropriations - Other		34,050
Subsequent years expenditures		1,799,602
Economic development		2,292,743
Special projects		4,027,289

Special Revenue Fund

Prior year appropriations		22,127
Human services		805,093

Total \$ 10,082,262

Unassigned :

Major Funds

General fund \$ 43,524,459

Non Major Fund

Capital project fund (deficit) \$ (622,156)

BUSINESS-TYPE ACTIVITIES

Net investment in capital assets

Land	\$	9,833,461
Construction in progress		7,514,605
Other capital assets, net of accumulated depreciation		50,722,625
Less: related long-term debt outstanding		1,948,978
Less: related accounts payable		72,279

Total Net Investment in Capital Assets 66,049,434

Restricted- Purchase orders 1,147,907

Restricted- Pensions 2,814,162

Unrestricted 46,560,451

Total Business-Type Activities Net Position \$ 116,571,954

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

J. COMPONENT UNIT

This report contains the Winnebago County Housing Authority (Authority), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

1. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The housing authority follows the full accrual basis of accounting and the flow of economic resources measurement focus.

2. DEPOSITS AND INVESTMENTS

The Authority's investments are categorized as follows:

Per statement of net position-	
Cash and investments - unrestricted	\$ 984,636
Cash and investments - restricted	<u>1,000,401</u>
Total	<u>\$ 1,985,037</u>

3. CASH AND CASH EQUIVALENTS

The Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

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

J. COMPONENT UNIT (cont.)

4. CAPITAL ASSETS

	Restated Beginning Balance	Increases	Decreases	Ending Balance	Useful Lives (Years)
Land	\$ 1,060,837	\$ -	\$ -	\$ 1,060,837	N/A
Construction in progress	71,988	304,046	361,334	14,700	N/A
Buildings & Improvements	16,512,197	469,843	-	16,982,040	5-98
Furniture & equipment	635,518	-	90,262	545,256	5-10
Total Capital Assets	<u>18,280,540</u>	<u>773,889</u>	<u>451,596</u>	<u>18,602,833</u>	
Less: Accumulated Depreciation	<u>(8,175,075)</u>	<u>(624,853)</u>	<u>-</u>	<u>(8,799,928)</u>	
Net Capital Assets	<u>\$ 10,105,465</u>	<u>\$ 149,036</u>	<u>\$ 451,596</u>	<u>\$ 9,802,905</u>	

Depreciation expense was charged to functions as follows:

Low Rent Public Housing	\$ 407,576
N/C S/R Section 8	196,948
Business Activities	<u>20,329</u>
Total Depreciation Expense	<u>\$ 624,853</u>

5. LONG-TERM OBLIGATIONS

The Housing Authority notes payable are secured by a first pledge of the annual contributions payable to the Housing Authority, pursuant to an Annual Contributions Contract between the Housing Authority and United States and by a lien on all revenues of the Housing Authority's Low Income Housing Program. \$474,041 of the Housing Authority notes are general obligations of Winnebago County and they are ultimately guaranteed by Winnebago County.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

J. COMPONENT UNIT (cont.)

5. LONG-TERM OBLIGATIONS (cont.)

	Restated Balance 12/31/2019	Increases	Decreases	Balance 12/31/2020
Notes Payable				
WHEDA, interest at 4.00% due in installments through 2025.	\$ 52,626	\$ -	\$ 9,526	\$ 43,100
Winnebago County, interest at 5.25% due in installments through 2025.	555,073	-	81,032	474,041
Bank First N.A., interest at 4.51% due in installments through September 2024.	16,076	-	3,100	12,976
Wisconsin Department of Administration under the Home program, interest at 3% due in installments though 2041.	305,038	-	8,492	296,546
WHEDA, tax credit assistance program, annual payments equal to 25% of surplus cash of the River Cities property due 2040.	673,968	-	-	673,968
Housing Authority of the County of Winnebago (WCHA), the mananging member; non-recourse; under capital lease; interest at 4.40%; due August 31,2036	1,500,000	-	33,282	1,466,718
WCHA, non-recourse; non-interest bearing; due December 31, 2041.	834,357	-	-	834,357
WCHA, non-recourse; non-interest bearing; due September 1, 2040.	83,960	-	-	83,960
Non-interest bearing payable to the Oshkosh Housing Authority local fund.	<u>35,776</u>	-	-	<u>35,776</u>
	<u>\$ 4,056,874</u>	<u>\$ -</u>	<u>\$ 135,432</u>	3,921,442
Debt issue cost				<u>2,752</u>
				<u>\$ 3,918,690</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

J. COMPONENT UNIT (cont.)

5. LONG-TERM OBLIGATIONS (cont.)

Debt service requirements to maturity are as follows:

	Principal	Interest
2021	\$ 157,711	\$ 104,422
2022	167,107	97,094
2023	175,256	89,400
2024	182,392	81,350
2025	179,015	73,018
2026-2030	414,764	293,121
2031-2035	516,621	218,794
2036-2040	287,929	124,683
2041-2045	1,840,647	8,629
	<u>\$ 3,921,442</u>	<u>\$ 1,090,511</u>

6. CAPITAL LEASE

River Cities Redevelopment, LLC has entered into a capital lease agreement dated September 2, 2010 with the Authority to acquire, develop, rehabilitate and operate the existing buildings, common areas, improvements and underlying land.

Base rent under the capital lease was payable to the Authority in a single installment of \$1,875,000 on September 2, 2010. The balance of unpaid base rent accrues interest at 4.40%, compounded annually. The base rent and all accrued interest thereon is due August 31, 2036. The capital lease obligation is secured by a mortgage note. The lease expires August 9, 2108.

7. PRIOR PERIOD ADJUSTMENTS

During 2020, the Housing Authority's and discretely presented component unit's net position have been restated as of January 1, 2020 to reflect correction of errors identified as follow:

	Primary Government	Component Unit	Total
Net position, beginning of year, as previously stated	\$ 11,019,574	\$ -	\$ 11,019,574
Reclassification of blended component unit	(1,304,127)	1,304,127	-
Capitalized development fee previously eliminated	-	362,896	362,896
Capitalized gain on capital lease previously eliminated	-	1,356,378	1,356,378
Financing and tax credit fees not recognized	-	33,857	33,857
FSS grant restricted net position reclassified as unearned revenue	(68,846)	-	(68,846)
Net position, beginning of year, restated	<u>\$ 9,646,601</u>	<u>\$ 3,057,258</u>	<u>\$ 12,703,859</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

NOTE IV – OTHER INFORMATION

A. PENSION PLAN

a. Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 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 issued a standalone WRS Financial Report, which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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.

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled a retirement benefit, based on a formula factor, their final average earnings, creditable service.

Final average earnings is the average of the participant's three highest earnings periods. 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 contribution plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after 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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

NOTE IV – OTHER INFORMATION

A. PENSION PLAN (cont.)

b. 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>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2010	-1.3%	22.0%
2011	-1.2%	11.0%
2012	-7.0%	-7.0%
2013	-9.6%	9.0%
2014	4.7%	25.0%
2015	2.9%	2.0%
2016	5.0%	-5.0%
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	0.0%	-10.0%

c. 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, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the year ending December 31, 2020, the WRS recognized \$4,686,339 in contributions from the County.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.75%	6.75%
Executive & Elected Officials	6.75%	6.75%
Protective with Social Security	6.75%	11.65%

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

NOTE IV – OTHER INFORMATION

A. PENSION PLAN (cont.)

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

At December 31, 2020, the County reported an asset of \$12,828,245 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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, 2019, the County's proportion was .39784208%, which was an increase of .000322437% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the County recognized pension expense of \$9,485,847.

At December 31, 2020, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 24,350,941	\$ 12,186,016
Net differences between projected and actual earnings on pension plan investments	-	26,225,492
Changes in actuarial assumptions	999,661	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,903	9,267
Employer contributions subsequent to the measurement date	4,686,339	-
	\$ 30,063,844	\$ 38,420,775

The \$4,686,339 reported as deferred outflows related to pension resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

NOTE IV – OTHER INFORMATION

A. PENSION PLAN (cont.)

d. Pension Assets, Pension Expense, and Deferred Outflows of Resources Related to Pensions (cont.)

Year ending December 31,	Expense
2021	\$ (3,870,276)
2022	(2,889,514)
2023	459,942
2024	(6,743,422)
Total	\$ (13,043,270)

e. Actuarial Assumption

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

Actuarial Valuation Date:	December 31, 2018
Measurement date of net pension liability (asset):	December 31, 2019
Actuarial Cost Method:	Normal Entry Age
Actuarial Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases	
Inflation:	2.0% - 2.7%
Seniority/Merit:	3.2% - 8.8% including inflation
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covers a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

NOTE IV – OTHER INFORMATION

A. PENSION PLAN (cont.)

e. Actuarial Assumption (cont.)

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

Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global Equities	49%	8.00%	5.10%
Fixed Income	24.5%	4.90%	2.10%
Inflation Sensitive Assets	15.5%	4.00%	1.20%
Real Estate	9%	6.30%	3.50%
Private Equity/ Debt	8%	10.60%	7.60%
Multi-Asset	4%	6.90%	4.00%
Cash	-10%	0.90%	NA
Total Core Fund	100%	7.50%	4.60%
<u>Variable Fund Asset Class</u>			
U. S. Equities	70%	7.50%	4.60%
International Equities	30%	8.20%	5.30%
Total Variable Fund	100%	7.80%	4.90%

New England Pension Consultants Long Term US CPI (inflation) Forecast: 2.75%.

Asset allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single Discount Rate. A single discount rate of 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

benefit payments to determine the total pension liability.

NOTE IV – OTHER INFORMATION

A. PENSION PLAN (cont.)

e. Actuarial Assumption (cont.)

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

	1% Decrease to Discount Rate <u>(6.0%)</u>	Current Discount Rate <u>(7.0%)</u>	1% Increase to Discount Rate <u>(8.0%)</u>
County's proportion share of the net pension liability (asset)	\$ 33,035,023	\$ (12,828,245)	\$ (47,116,312)

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

f. Payable to the WRS

At December 31, 2020 the County reported a payable of \$946,085 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2020.

B. RISK MANAGEMENT

Winnebago County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. Winnebago County purchases commercial insurance to provide coverage for losses from: property, equipment, landfill pollution, airport liability and employee healthcare hospital liability. There have been no claims in excess of coverage in the past three years.

PUBLIC ENTITY RISK POOL

Winnebago County participates in a public entity risk pool called Wisconsin County Mutual Insurance Company (WCMIC) to provide coverage for losses from liability, bodily and personal injury, and errors and omissions coverage.

However, other risks, such as workers compensation, health care, and dental care of its employees are accounted for and financed by Winnebago County in an internal service fund – the self insurance internal service fund.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

SELF INSURANCE

The uninsured risk of loss for worker’s compensation is \$500,000 per incident with no aggregate coverage for a policy year. The County has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

The uninsured risk of loss for dental insurance is \$1,000 per person per coverage year with no aggregate coverage for a policy year. The County has purchased commercial insurance for claims in excess of those amounts.

All funds of Winnebago County participate in the risk management program. Amounts payable to the self insurance fund is based on budgeted estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. The reserve at year end was \$9,253,709, this amount was designated for that reserve at year end, and is included in unrestricted net position of the internal service fund.

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. Liabilities include an amount for claims that have been incurred but not reported. The County does not allocate overhead costs or other nonincremental costs to the claims liability.

CLAIMS LIABILITY- 12/31/2020

	<u>Workers Compensation</u>	<u>Property & Liability</u>	<u>Health</u>	<u>Dental</u>	<u>Total</u>
Unpaid claims – Beginning of Year	\$ 1,560,247	\$ 333,051	\$ 1,544,943	\$ 39,605	\$ 3,477,846
Current year claims and changes in estimates	515,449	271,355	15,774,998	702,903	17,264,705
Claim payments	<u>(468,642)</u>	<u>(251,372)</u>	<u>(15,713,199)</u>	<u>(701,319)</u>	<u>(17,134,532)</u>
Unpaid claims – End of Year	<u>\$ 1,607,054</u>	<u>\$ 353,034</u>	<u>\$ 1,606,742</u>	<u>\$ 41,189</u>	<u>\$ 3,608,019</u>

CLAIMS LIABILITY- 12/31/2019

	<u>Workers Compensation</u>	<u>Property & Liability</u>	<u>Health</u>	<u>Dental</u>	<u>Total</u>
Unpaid claims – Beginning of Year	\$ 1,192,120	\$ 314,199	\$ 1,509,896	\$ 42,510	\$ 3,058,725
Current year claims and changes in estimates	836,122	739,448	15,854,062	736,929	18,166,561
Claim payments	<u>(467,995)</u>	<u>(720,596)</u>	<u>(15,819,015)</u>	<u>(739,834)</u>	<u>(17,747,440)</u>
Unpaid claims – End of Year	<u>\$ 1,560,247</u>	<u>\$ 333,051</u>	<u>\$ 1,544,943</u>	<u>\$ 39,605</u>	<u>\$ 3,477,846</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

SELF INSURANCE (cont.)

WISCONSIN COUNTY MUTUAL INSURANCE COMPANY (WCMIC)

During 1987, the County, together with other counties in the State of Wisconsin, created the Wisconsin County Mutual Insurance Company (WCMIC) to provide liability insurance to its members. WCMIC also provides bodily and personal injury and errors and omissions coverage for the County. WCMIC is governed by one entity-one vote and includes counties of varying size. Only member entities participate in governing WCMIC. The actuary for WCMIC determines the charge per \$1,000 of ratable governmental expenditures acquired to pay the expected losses and loss adjustment expenses on which premiums are based. The County's self-insured retention limit is \$100,000 for each occurrence, \$250,000 aggregate. Estimated claims payable at year-end are \$353,034 and IBNR's are estimated to be immaterial. These amounts are included in the claims liability table in the previous section.

C. COMMITMENTS AND CONTINGENCIES

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

Winnebago 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.

During 2020, Winnebago County borrowed \$11,500,000 for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the capital project funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The balance of contract amounts plus open purchase orders is \$593,897 at year end and will be paid out of the restricted and committed fund balance in the capital project funds.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (CONT.)

Funding for the operating budget of Winnebago County comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit Winnebago County. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of Winnebago County.

D. JOINT VENTURES

MEG UNIT

The Counties of Calumet, Fond du Lac, Outagamie, and Winnebago, the Town of Menasha, the Cities of Menasha, Appleton, Oshkosh, Neenah, Chilton, and Fond du Lac jointly operate the local drug enforcement unit, which is called the MEG Unit and provides drug enforcement services. The MEG Unit does not issue separate financial statements. The governing body is made up of the Chief of Police, Sheriff, or the designee of the participating agencies. Financial information of the MEG Unit as of year end is available directly from the Task Force Coordinator. The MEG Unit receives its funding from Federal and State Grants and contributions from participating agencies. The County maintains the financial records for the MEG Unit. The amounts are shown as a custodial fund. Each of the Counties provide personnel to staff the unit. The participating agencies made payments to the MEG Unit that totaled \$73,125. The County believes that the unit will continue to provide services in the future at similar rates.

SINGLE STREAM RECYCLING FACILITY

The Counties of Brown, Outagamie, and Winnebago have entered into a contract for the joint operation of a single stream recycling facility (SSRF). The SSRF does not issue separate financial statements. The governing body is made up of the members of the three counties.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE IV – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS

1. SINGLE-EMPLOYER DEFINED POSTEMPLOYMENT BENEFIT PLAN

The county's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in another postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

a. Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the County. Eligible retired employees have access to group medical coverage through the County's group plan. County paid medical benefits are paid for as indicated below. All employees of the County are eligible for the Plan if they meet the following age and service requirements below.

b. Benefits Provided

The County makes contributions to a fiduciary fund based upon sick leave balances upon retirement. The balance is to be used for eligible expenses such as continued coverage in the County's group medical plan. The retiree also can stay on the County's group medical plan until age 65.

At December 31, 2020, the following employees were covered by the benefit terms

Inactive employees or beneficiaries currently receiving benefit	45
Active employees	<u>867</u>
	912

c. Contributions

Contribution requirements are established by the Human Resources Department and approved by the County Board and may be amended by County Board action. The County makes no monthly health insurance contribution on behalf of the retirees. For fiscal year 2020, total retirees contributions were \$505,999. Administrative costs of the plan are financed through plan premiums.

d. Total OPEB Liability

The County's total OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of that date.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE IV – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

1. SINGLE-EMPLOYER DEFINED POSTEMPLOYMENT BENEFIT PLAN (cont.)

d. Total OPEB Liability (cont.)

Actuarial Assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.5 percent
Salary Increases:	Ranges from 3.1 percent to 7.8 percent
Investment Rate of Return:	2.75 percent
Healthcare cost trend rates:	6.50 percent decreasing by 0.10 percent per year down to 5.0 percent, and level thereafter

Mortality rates are the same as those used in the December 31, 2019 Wisconsin Retirement System’s annual report.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2017 - December 31 2017.

The long-term expected rate of return on OPEB plan investments was valued at 2.75%. The 20 year tax-exempt AA Municipal bond rate as of the measurement date was used for all years of benefit payments.

Discount rate. The discount rate used to measure the total OPEB liability was 2.75 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

e. Changes in the Total OPEB Liability

Balance at January 1,	\$	5,923,674
Service Costs		425,765
Interest on net OPEB obligation		235,310
Changes in assumptions and difference between estimated and actual		(675,328)
Benefit payments		(505,999)
Total OPEB Obligation - End of Year	<u>\$</u>	<u>5,403,422</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE IV – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

- 1. SINGLE-EMPLOYER DEFINED POSTEMPLOYMENT BENEFIT PLAN (cont.)

- f. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the County recognized OPEB expense of \$586,377. At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,434,589
Changes in assumptions	471,554	324,057
Retirees contributions subsequent to the measurement date	468,649	-
	\$ 940,203	\$ 1,758,646

\$468,649 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending December 31,	Expense
2021	\$ (196,284)
2022	(196,284)
2023	(196,284)
2024	(196,284)
2025	(196,284)
There after	(305,672)
Total	\$ (1,287,092)

- g. Payable to the OPEB Plan

At December 31, 2020, the County reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the year ended December 31, 2020.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

NOTE IV – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

1. SINGLE-EMPLOYER DEFINED POSTEMPLOYMENT BENEFIT PLAN (cont.)

- h. Sensitivity of Winnebago County's net OPEB liability (asset) to changes in discount rate and changes in the Healthcare Cost Trend rates.

The following presents Winnebago County's net OPEB liability using a discount rate of 2.75%, as well as if the rate would be 1.0% lower (1.75%) or 1.0% higher (3.75%) discount rate.

Sensitivity of Total OPEB Liability to Changes in Discount Rate

		1% Decrease to (1.75%)	Current Discount Rate (2.75%)	1% Increase to (3.75%)
Total OPEB Liability	12/31/2019	\$ 5,833,012	\$ 5,403,422	\$ 5,002,124

The following presents Winnebago County's net OPEB liability using Healthcare Cost Trend rate of 6.5%, as well as if the rate would be 1.0% lower (5.5%) or 1.0% higher (7.5%) rate.

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

		1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Total OPEB Liability	12/31/2019	\$ 4,813,643	\$ 5,403,422	\$ 6,100,028

2. LOCAL RETIREE LIFE INSURANCE FUND (WRS Life Liability)

a. Plan Description

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

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>

b. 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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE IV – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

2. LOCAL RETIREE LIFE INSURANCE FUND (cont.)

c. 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 contributions based on member 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 as of December 31, 2020 are:

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

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 employee contribution rates in effect for the year ended December 31, 2019 are as listed below:

Life Insurance Member Contribution Rates For the year ended December 31, 2019	
Attained Age	Basic
Under 30	\$0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE IV – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

2. LOCAL RETIREE LIFE INSURANCE FUND (cont.)

During the year ending December 31, 2020, the LRLIF recognized \$18,702 in contributions from the employer

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

At December 31, 2020, Winnebago County reported a liability (asset) of \$4,405,341 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. Winnebago County's proportion of the net OPEB liability (asset) was based on Winnebago County's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, Winnebago County's proportion was 1.0034556%, which was an increase of .007564% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, Winnebago County recognized OPEB expense of \$476,012.

At December 31, 2020, Winnebago County reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 197,354
Net differences between projected and investment earnings on plan investments	83,100	-
Changes in actuarial assumptions	1,625,150	484,554
Changes in proportion and differences between employer contributions and proportionate share of contributions	53,648	1,760
Total	<u>\$ 1,761,898</u>	<u>\$ 683,668</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE IV – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

2. LOCAL RETIREE LIFE INSURANCE FUND (cont.)

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

Year ended December 31:	Expense
2021	\$ 184,986
2022	184,986
2023	176,027
2024	166,797
2025	139,116
Thereafter	226,318
	<u>\$ 1,078,230</u>

e. Actuarial assumptions

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

Actuarial Valuation Date:	January 1, 2019
Measurement date of net OPEB liability (asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 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, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

NOTE IV – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

2. LOCAL RETIREE LIFE INSURANCE FUND (cont.)

f. 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.

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Credit Bonds	Barclays Credit	45%	2.12%
US Long Credit Bonds	Barclays Long Credit	5%	2.90%
US Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return decreased slightly from 5.0% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.3% in the prior year to 2.2% in the current year. 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.

g. Single Discount rate

A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE IV – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

2. LOCAL RETIREE LIFE INSURANCE FUND (cont.)

g. Single Discount rate (cont.)

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 contribution are made by plan member retiring prior to age 65.

h. Sensitivity of Winnebago County's proportionate share of the net OPEB liability (asset) to changes in the discount rate

The following presents Winnebago County's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what Winnebago 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 (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase To Discount Rate (3.87%)
	<hr/>	<hr/>	<hr/>
Winnebago County's proportionate share of the net OPEB liability (asset)	\$ 6,083,038	\$ 4,405,341	\$ 3,128,940
	<hr/>	<hr/>	<hr/>

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

F. ECONOMIC DEPENDENCY

SOLID WASTE MANAGEMENT FUND

The Solid Waste Management Fund has one significant customer who was responsible for 26% of operating revenues in 2020.

HIGHWAY FUND

The Highway Fund has one significant customer who was responsible for 21% of operating revenues in 2020.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2020

NOTE IV – OTHER INFORMATION (cont.)

G. SUBSEQUENT EVENTS

The Coronavirus Disease 2019 (COVID-19) is having significant effects on global markets, supply chains, businesses, employees of organizations, and communities. Specific to Winnebago County, COVID-19 may impacted various parts of its 2021 operations and financial results.

Management believes Winnebago County has taking appropriate actions to mitigate to negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of July 26, 2021.

H. RECLASSIFICATIONS

Certain amount in the prior years financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.