

**COMPREHENSIVE**

**ANNUAL**

**FINANCIAL**

**REPORT**

**Winnebago County, Wisconsin**

**Year ended December 31, 2006**

**Department of Finance**

**Charles L. Orenstein, C.P.A.  
Finance Director**

**WINNEBAGO COUNTY, WISCONSIN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Year ended December 31, 2006

**TABLE OF CONTENTS**

		<u>Page</u>
I.	<b><u>INTRODUCTORY SECTION</u></b>	
	A. Letter of transmittal	1-4
	B. County Board of Supervisors	5
	C. List of principal officials	6
	D. Organization of Winnebago County Government	7
II.	<b><u>FINANCIAL SECTION</u></b>	
	A. Independent auditor's report	8-9
	B. Management's Discussion and Analysis	10-28
	C. Basic Financial Statements	
	<b>Government-Wide Financial Statements:</b>	
	1. Statement of Net Assets	29-30
	2. Statement of Activities	31
	<b>Governmental Fund Financial Statements:</b>	
	1. Balance Sheet- Governmental Funds	32
	2. Reconciliation of Balance Sheet to the Statement of Net Assets – Governmental Funds	33
	3. Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds	34
	4. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
	<b>Proprietary Fund Financial Statements:</b>	
	1. Statement of Net Assets- Proprietary Funds	36-37
	2. Statement of Revenues, Expenses and Changes in Fund Net Assets- Proprietary Funds	38
	3. Statement of Cash Flows- Proprietary Funds	39-40
	<b>Fiduciary Fund Financial Statements:</b>	
	Statement of Fiduciary Net Assets	41
	<b>Notes to the Financial Statements</b>	42-83

D. Required Supplementary Information Other Than MD&A:

<b>Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual General and Major Special Revenue Funds:</b>	<u>Page</u>
1. Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual –General Fund	86
2. Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual –Human Services Fund	88
3. Notes to Required Supplementary Information	89

E. Supplemental Information:

**Statements and Schedules - Major Funds:**

1. Balance Sheet- General Fund	92
2. Schedule of Revenues and Other Financing Sources- Budget and Actual –General Fund	93-95
3. Schedule of Expenditures and Other Financing Uses Budget and Actual –General Fund	96-101
4. Balance Sheet- Human Services Fund	103

**Combining Statements of Nonmajor Governmental Funds:**

1. Balance Sheet- Nonmajor Governmental Funds	105
2. Statement of Revenues, Expenditures and Changes in Fund Balances- Nonmajor Governmental Funds	106
3. Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual – Nonmajor Governmental Funds	106A

**Statements of Non-major Governmental Funds:**

1. Balance Sheet- Nonmajor Debt Service Fund	110
2. Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual – Nonmajor Debt Service Fund	111
3. Combined Balance Sheet- Nonmajor Capital Project Funds	115
4. Combined Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual – Nonmajor Capital Project Funds	116
5. Combining Balance Sheet- Non-major Capital Project Funds	117-120
6. Combining Statement of Revenues, Expenditures and Changes in Fund Balances- Non-major Capital Project Funds	121-124

**Enterprise Funds**

1. Comparative Statements of Net Assets-Airport Fund	126
2. Comparative Statements of Revenues, Expenses, and Changes in Net Assets- Airport Fund	127
3. Comparative Statements of Cash Flows- Airport Fund	128
4. Comparative Statements of Net Assets- Solid Waste Management Fund	129
5. Comparative Statements of Revenues, Expenses, and Changes in Net Assets- Solid Waste Management Fund	130
6. Comparative Statements of Cash Flows- Solid Waste Management Fund	131-132
7. Comparative Statements of Net Assets- Park View Health Center	133
8. Comparative Statements of Revenues, Expenses, and Changes in Net Assets- Park View Health Center	134

<b>Enterprise Funds (cont)</b>	<u>Page</u>
9. Comparative Statements of Cash Flows- Park View Health Center	135
10. Comparative Statements of Net Assets- Highway Fund	136
11. Comparative Statements of Revenues, Expenses, and Changes in Net Assets- Highway Fund	137
12. Comparative Statements of Cash Flows- Highway Fund	138

**Internal Service Funds:**

1. Combining Statement of Net Assets- All Internal Service Funds	140
2. Combining Statement of Revenues, Expenses and Changes in Net Assets- All Internal Service Funds	141
3. Combining Statement of Cash Flow- All Internal Service Funds	142
4. Comparative Statements of Net Assets- General Services Fund	143
5. Comparative Statements of Revenues, Expenses and Changes in Net Assets- General Services Fund	144
6. Comparative Statements of Cash Flows- General Services Fund	145
7. Comparative Statements of Net Assets- Self Insurance Fund	146
8. Comparative Statements of Revenues, Expenses and Changes in Net Assets- Self Insurance Fund	147
9. Comparative Statements of Cash Flows- Self Insurance Fund	148

**Agency Funds:**

1. Combining Balance Sheet- All Agency Funds	150
2. Combining Statement of Changes in Assets and Liabilities- All Agency Funds	151-153

**Capital Assets Used in the Operation of Governmental Funds:**

1. Comparative Schedules By Source	155
2. Schedule by Function and Activity	156-157
3. Schedule of Changes by Function and Activity	158-159

III. **STATISTICAL SECTION**

1. Net Assets By Component - for the last five fiscal years	161
2. Changes in Net Assets - for the last five fiscal years	162
3. Fund Balances Governmental Funds- for the last ten fiscal years	163-164
4. Changes in Fund Balances Governmental Funds - for the last ten fiscal years	165-166
5. Equalized Value of Taxable Property - for the last ten fiscal years	167

III.	<b><u>STATISTICAL SECTION</u></b> (cont.)	<u>Page</u>
6.	Direct and Overlapping Property tax rates - for the last ten fiscal years	168-169
7.	Principal Taxpayer – December 31, 2006 and nine years prior	170
8.	Property Taxes Levied and Collections- for the last ten fiscal years	171
9.	Ratio of Outstanding Debt to Equalized Valuation and Debt Per Capital - for the last ten fiscal years	172
10.	Legal Debt Margin Information - for the last ten fiscal years	173-174
11.	Computation of Direct and Overlapping Debt - December 31, 2006	175
12.	Demographic and Economic Statistics - for the last ten fiscal years	176
13.	Ten Largest Employers – December 31, 2006 and nine years prior	177
14.	Full-Time Budgeted County Positions by Functional Area- for the last ten fiscal years	178
15.	Miscellaneous Operating Indicators - for the last ten fiscal years	179-180
16.	Capital Asset Statistics by Functional Area - for the last ten fiscal years	181-182



**Winnebago County**  
Office of the County Executive

*The Wave of the Future*

April 5, 2007

To the Honorable County Board of Supervisors and Citizens of Winnebago County, Wisconsin:

State law requires that all general-purpose local governments with a population over 25,000 publish within seven months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Winnebago County, Wisconsin for the fiscal year ended December 31, 2006.

This report consists of management's representations concerning the finances of Winnebago County, Wisconsin. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Winnebago County, Wisconsin has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Winnebago County, Wisconsin financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Winnebago County, Wisconsin comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Winnebago County, Wisconsin financial statements have been audited by Virchow, Krause, & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Winnebago County, Wisconsin for the fiscal year ended December 31, 2006, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in financial statements, assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Winnebago County, Wisconsin financial statements for the fiscal year ended December 31, 2006, are fairly presented as the first component of the financial section of this report.

The independent audit of the financial statements of Winnebago County, Wisconsin was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Winnebago County, Wisconsin separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Winnebago County, Wisconsin MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

Winnebago County, Wisconsin, incorporated in 1843, is situated in east central Wisconsin, bordered on the east and including parts of Lake Winnebago. Winnebago County, Wisconsin anchors the southern half of the Fox River Valley -- one of the largest metropolitan areas in Wisconsin. Winnebago County, Wisconsin occupies a land area of 286,912 acres and serves a population of 163,867. The County is empowered to levy a property tax on both real and personal property located within its boundaries.

Winnebago County, Wisconsin operates under a County Board - Executive form of government. Policy-making and legislative authority are vested in a governing board consisting of 38 elected supervisors. The County Board of Supervisors is responsible, among other things, for passing resolutions, adopting the budget, and appointing committees. The Executive is responsible for carrying out the policies of the Board, overseeing the day-to-day operations of the County, and for appointment of heads to non-elected departments. The Board is elected on a non-partisan basis, and supervisors are elected to districts to serve two-year terms. The Executive is elected to serve a four-year term.

Winnebago County, Wisconsin provides a full range of services; including law enforcement, recreational and cultural activities; planning and zoning services; health and human services; solid waste disposal; education; airport and health care facilities; maintenance of highways; support for the state's judicial system and general administrative services. In addition, the County has established a housing authority.

The annual budget serves as the foundation for Winnebago County, Wisconsin's financial planning and control. All departments of the County are required to submit requests for appropriation to the County Executive in late July of each year. The County Executive uses these requests as the starting point for developing a proposed budget. The County Executive then presents this proposed budget to the County Board for review and adoption at its late October to early November budget meetings. The County Board is required to hold public hearings on the proposed budget and to adopt a final budget by late November of each year. The adopted budget is prepared by division, department, and category. The categories consist of labor, travel, capital, and other expenditures. Department heads may make transfers of appropriations within categories within their own department. Transfers of appropriations between categories or departments, however, require the special approval of the Personnel & Finance Committee. Transfers equaling or exceeding \$3,000 require the approval of the County Board.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget was adopted.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Winnebago County, Wisconsin operates.

**Local economy.** Winnebago County, Wisconsin currently enjoys a favorable economic environment and local indicators point to continued stability. The region is most noted for a stable industrialized base that centers on the paper and packaging industries. The County remains the home to one of the nation's largest paper companies. Other national paper companies have significant manufacturing operations here. Paper and allied products, lumber and wood products, printing, publishing and allied products, primary metal industries and transportation equipment are Winnebago County, Wisconsin's specialties.

Tourism also plays a large role in the economic health of Winnebago County. Families vacation here all year round to take advantage of the many outdoor recreational activities that are available. The County is also known worldwide for the Experimental Aviation Association, which hosts its international fly-in at Oshkosh Wisconsin's Wittman Regional Airport for ten days each summer. People from all over the world descend on Oshkosh during this convention.

**Long-term financial planning.** Winnebago County, Wisconsin has several road reconstruction and widening projects which will be taking place over the next several years. These projects are necessary partially because of the age of the roads but mostly due to the development of residential property and because of business expansion. These roads are necessary to handle the current and future expected traffic flows.

Winnebago County, Wisconsin will continue to look for cost saving opportunities through the consolidation of services with neighboring governments. We have had early successes with solid waste disposal and recycling and we recently completed the implementation of a multi-jurisdictional public safety system including Emergency 911 and Computer Aided Dispatch systems. Working jointly with neighboring governments helps eliminate the duplication of staff and equipment costs associated with delivering services.

Winnebago County, Wisconsin is also taking steps to update some of our older facilities by upgrading heating and cooling systems and looking at some facilities to determine if they should be remodeled or replacement facilities built. Remodeled or new facilities can be designed to work more efficiently both saving energy costs and staffing costs related to delivering services.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, demand deposits, federally backed adjustable rate mortgage pools, and the State of Wisconsin Local Government Investment Pool. The maturity of the investments range from 30 days to 5 years, with an average maturity of 8 months. The average yield on investments was 4.76% for the year. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

The County has adopted an investment policy, which establishes guidelines for investments but allows the Finance Director to function properly within the parameters of responsibility and authority. It also establishes a prudent set of basic procedures to insure that investment assets are adequately safeguarded.

**Risk Management.** The County has property and crime deductibles ranging from \$100 to \$5,000. Most of the County is insured by the Wisconsin County Mutual Insurance Corporation (WCMIC) for general, automobile, and public official's liability. The County has a \$50,000 per occurrence, \$250,000 annual aggregate deductible under the WCMIC policy. Park View Health Center has its own general and medical liability policies, and Wittman Regional Airport has its own airport liability policy. These policies do not have any deductibles. The Solid Waste Department has a pollution liability policy with a \$100,000 retention each loss and a \$5,000,000 each loss/\$10,000,000 total losses limit of liability. Winnebago County, Wisconsin is self-insured for automobile collision, worker's compensation, dental insurance, and health insurance. Portions of these self-insured programs are covered by stop loss protection or excess insurance policies.

Wausau Insurance Company is our third party administrator for our worker's compensation self-insurance program. The County also has an excess worker's compensation policy with statutory limits of indemnity for worker's compensation and a \$3,000,000 limit of indemnity for employer's liability, with a \$300,000 per

occurrence retention for both worker's compensation and employer's liability. Additional information on the County's risk management activity can be found in the notes to the basic financial statements later in this report.

**Pension.** Winnebago County, Wisconsin employees are covered for retirement purposes under the Wisconsin Retirement Fund, which is administered by the State of Wisconsin's Department of Employee Trust Funds. Employee contributions vary from 2.9% to 5.9% of salary, depending upon the type of position they hold. Winnebago County, Wisconsin pays the entire employee required contribution, as permitted by statute once the employee has passed their probationary period. An overall employer contribution rate is actuarially determined each year, and the County fully funds each year's required contribution. Winnebago County, Wisconsin previously had an unfunded past service pension liability. However, that liability was retired in early 2003. The State Trust Fund Loan was refinanced with General Obligation Bonds in April 2004.

### **Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Winnebago County, Wisconsin Board of Supervisors and to the Personnel & Finance Committee for their unfailing support for maintaining the highest standards of professionalism in the management of Winnebago County, Wisconsin's finances.

We also want to recognize the Virchow, Krause, & Company management team, for their dedication and expertise which contributed significantly to the report quality and adherence to professional accounting standards.

Respectfully submitted,



Mark L. Harris  
County Executive



Charles L. Orenstein, CPA  
Finance Director

COUNTY BOARD OF SUPERVISORS

WINNEBAGO COUNTY, WISCONSIN

SUPERVISORY DISTRICT

SUPERVISORS

1	Stanley Sevenich
2	Nancy L. Barker
3	Donald J. Griesbach
4	Joseph Hotynski
5	Shiloh Ramos
6	Joseph N. Maehl
7	James A. Koziczkowski
8	William Pollnow Jr.
9	Thomas W. Widener
10	Vacant
11	David W. Albrecht
12	Kenneth C. Anderson
13	Claud Thompson
14	Donna Lohry
15	Kathleen Lennon
16	Benjamin Farrell
17	Jef Hall
18	Bill Wingren
19	Alfred Jacobson
20	Michael Norton
21	Robert Warnke
22	Connie Drexler
23	Kenneth B. Robl
24	Arlene Schmuhl
25	Stan Kline
26	Susan Locke
27	Paul Eisen
28	John A. Schaidler
29	Jerold V. Finch
30	Chuck Farrey
31	Joanne Gorr Sievert
32	Steve Arne
33	Jeannette V. Diakoff
34	Patrick J. Brennand
35	Bernard M. Egan
36	W. Thomas Ellis
37	Harvey J. Rengstorf
38	Patrick O'Brien

LIST OF PRINCIPAL OFFICIALS  
WINNEBAGO COUNTY, WISCONSIN

ELECTED OFFICIALS

County Executive	Mark Harris
County Clerk	Susan Ertmer
County Treasurer	Mary Krueger
Clerk of Courts	Diane Fremgen
Coroner	Barry Busby
District Attorney	Christian Gosset
Register of Deeds	Julie Pagel
Sheriff	Michael Brooks
Circuit Court Branch I	Judge Thomas Gritton
Circuit Court Branch II	Judge Scott Woldt
Circuit Court Branch III	Judge Barbara Hart-Key
Circuit Court Branch IV	Judge Karen Seifert
Circuit Court Branch V	Judge William Carver
Circuit Court Branch VI	Judge Bruce Schmidt

APPOINTED OFFICIALS

Airport Manager	Peter Moll
Building Maintenance Supervisor	Michael Elder
Child Support Agency	Mary Kools
Community Resource Developmt. Agent	Christine Kniep
Corporation Counsel	John Bodnar
Court Commissioner	Dan Bissett
Emergency Government Director	Donald Wilmot
Family Court Commissioner	Joseph Yana
Family Court Counseling Director	Lillian Fahrenkrug
Finance Director	Charles Orenstein
Highway Commissioner	John Haese
Human Services	Mark Quam
Information Systems Manager	Patty Francour
Land/Water Conservation Director	Tom Davies
Parks Director	Robert Way
Park View Health Ctr. Administrator	Margie Rankin
Personnel Director	Fredrick Bau
Planning/Zoning Director	Jerry Bougie
Public Health Director	Douglas Gleryn
Solid Waste Manager	John Rabe
Veterans Services Officer	Larry Smerling

# WINNEBAGO COUNTY

