

WINNEBAGO COUNTY, WISCONSIN

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WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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 FINANCIAL STATEMENTS

December 31, 2012

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, 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, liabilities, 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 FINANCIAL STATEMENTS
December 31, 2012

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 report the proceeds of specific revenue sources that are restricted or committed to expenditures of the Human Services programs.

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:

Communication Arts Center- UWFV

University Ave Building- UWFV

Chiller Upgrade – Jail

Demolition Park View Buildings

HVAC System Expo Center

Roof Replacement Project

Asphalt Replacement Project

Financial Software Replacement

Radio System Upgrade

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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

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

FUND FINANCIAL STATEMENTS (cont.)

Capital Projects Funds (cont.)

Computer Aided Dispatch

Courthouse Window Replacement

Facility Tuckpointing

Road Construction and Resurfacing:

County Highway A – Indian Point Rd to Neenah

County Highway A – CTH Y to Indian Point Rd

County Highway E – STH 116 – South County Line

County Highway F – CTH D – City of Omro

County Highway FF – CTH K to STH 21

County Highway G Bridge Replacement

County Highway H – CTH AH to West County Line

County Highway I – CTH N to City of Oshkosh

County Highway T – CTH G to STH 45

County Highway Y

County Highway K Bridge– Eureka

County Highway M – CTH II to STH 116

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.

Agency funds are used to account for assets held by Winnebago County in a trustee capacity or as an agent 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.

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

Burial Trust - accounts for collections and payment of funds deposited with the county treasurer for burial expense.

Other Trust - accounts for the receipt and disbursement of funds for small items such as drainage districts, etc.

WINNEBAGO COUNTY, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

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

FUND FINANCIAL STATEMENTS (cont.)

MEG Unit- accounts for the receipt and disbursement of funds for the Lake Winnebago Area Metropolitan Enforcement Group.

**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 revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. 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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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

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

FUND FINANCIAL STATEMENTS (cont.)

Property taxes are recorded in the year levied as receivables and deferred revenues. 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 the resources and the amounts are available. Amounts owed to Winnebago County which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Delinquent special assessments being held for collection by the county are reported as receivables and unspendable 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 deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred 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 incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when Winnebago County has a legal claim to the resources, the liability for deferred 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. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

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

FUND FINANCIAL STATEMENTS (cont.)

ALL FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

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, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

1. DEPOSITS AND INVESTMENTS (cont.)

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, 2012 the County was not 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.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on 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, 2012, 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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

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 all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying fund balance sheet and in the governmental activities column on the statement of net position.

Property tax calendar – 2012 tax roll:

Lien date and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	July 31, 2013
Personal property taxes in full	January 31, 2013
Tax sale – 2012 delinquent real estate taxes	October 2015

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 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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

GOVERNMENT--WIDE STATEMENTS (cont.)

2. RECEIVABLES

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 reserve for economic development. As loans are repaid, the reserve is reduced and the assigned fund balance is increased. When new loans are made from loan repayments, the reserve for economic development is increased and the assigned fund balance is decreased. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as an assigned fund balance in the governmental fund balance sheet.

3. INVENTORIES AND PREPAID ITEMS

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the consumption method of accounting. Year-end inventory was not significant. Proprietary fund inventories 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.

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 initial 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 fair value at the date of donation.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

GOVERNMENT-WIDE STATEMENTS (cont.)

5. CAPITAL ASSETS (cont.)

Prior to January 2002, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34, governmental units are 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.

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.

6. OTHER ASSETS

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

7. 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 and sick leave liabilities at December 31, 2012 are determined on the basis of current salary rates and include salary-related payments, except for non represented employees the liabilities are calculated based on rates of pay and sick leave balances at December 31, 2005.

8. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The County implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position for the year ended December 31, 2012. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The County currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County currently has no items that qualify for reporting in this category.

The County plans to implement GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended December 31, 2013. At that time, the County will determine the items that qualify for reporting as deferred outflows or inflows of resources.

9. 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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

GOVERNMENT-WIDE STATEMENTS

9. LONG-TERM OBLIGATIONS / CONDUIT DEBT (cont.)

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.

10. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all 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.

11. EQUITY CLASSIFICATIONS

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances 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. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflow of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position as the unspent amount.
- 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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

GOVERNMENT-WIDE STATEMENTS

11. EQUITY CLASSIFICATIONS (cont.)

- 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:

FUND STATEMENTS

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.
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, 2012 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.

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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

GOVERNMENT-WIDE STATEMENTS

12. COMPARATIVE DATA / RECLASSIFICATIONS

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, 2011, from which the summarized information was derived.

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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

A. BUDGETARY INFORMATION (cont.)

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 \$3,000 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 2012, aggregating \$120,407 at December 31, 2011, have been classified on the governmental funds balance sheet as fund balance assigned for prior year's appropriations.

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, 2012.

Winnebago County controls expenditures at the object level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in Winnebago County's year-end budget to actual report.

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2012, the following fund held a deficit balance:

Internal Service Fund	
General Services	<u>\$58,697</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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

D. 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.

E. LIMITATIONS ON THE COUNTY'S TAX LEVY

As part of Wisconsin's Act 10 (2010-2012 biennium budget), new 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 2012 levy collected in 2013. Act 10 has also suspended the rate limit for 2011 and 2012. 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 2012 levy.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Institution Balance	Associated Risk
Demand deposits and cash on hand	\$ 27,746,104	\$ 29,136,642	Custodial
Money Markets	18,119,486	18,119,486	Custodial
U.S. Government securities	5,707,015	5,670,302	Interest rate, custodial
U.S. Agencies- explicitly guaranteed	29,749,514	29,480,968	Interest rate, custodial
Repurchase agreements	11,908,922	11,908,922	Credit, interest rate, custodial, concentration of credit
LGIP	3,130	3,130	Interest rate, credit
Mutual Funds	251,208	250,938	Interest rate, credit
Municipal General Obligation Pension Promissory Notes	364,539	350,000	Interest rate, custodial, concentration of credit
Municipal General Obligation Bonds	9,793,396	9,768,720	Interest rate, custodial, concentration of credit
Negotiable CD's	2,009,805	2,000,000	Interest rate, custodial, concentration of credit
Total Cash and Investments	<u>\$ 105,653,119</u>	<u>\$ 106,689,108</u>	

Reconciliation to the financial statements

Per statement of net position-	
Unrestricted Cash and Investments	\$ 89,009,317
Restricted Cash and Investments-	
Noncurrent	15,272,044
Per statement of net position –	
Fiduciary Funds	<u>1,371,758</u>
Total	<u>\$ 105,653,119</u>

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. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 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 recovery of insured losses may not be available. This coverage has been considered in computing custodial credit risk.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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 is the risk that in the event of a financial institution failure, the County's deposits may not be returned to the County.

As of December 31, 2012, the County's bank balance of \$29,136,642 and \$18,119,486 of money market balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 954,250</u>
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Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2012, the County's investments were exposed to custodial credit risk as follows:

U. S. Government Treasury Securities

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 5,670,302</u>
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U. S. Agency Explicitly Guaranteed Securities

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 29,480,968</u>
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Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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

As of December 31, 2012, 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
Repurchase Agreements	AAA	AAA
Negotiable Certificates of Deposit	AAA	AAA

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

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, 2012, 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	3,130	\$ 3,130	\$ -	\$ -	\$ -
U.S. Government securities	5,707,015	1,431,936	4,014,010	261,069	-
U.S. Agencies - explicitly guaranteed	29,749,514	257,678	16,801,941	6,736,333	5,953,562
Mutual Funds	251,208	251,208	-	-	-
Pension Obligation Bonds	364,539	364,539	-	-	-
Municipal Bonds	9,793,396	650,013	9,143,383	-	-
Repurchase Agreements	11,908,922	11,908,922	-	-	-
Certificates of Deposit - Negotiable	2,009,805	-	2,009,805	-	-
Totals	\$ 59,787,529	\$ 14,867,426	\$ 31,969,139	\$ 6,997,402	\$ 5,953,562

Concentration of Credit Risk

The County places no limit on the amount the County may invest in any one issuer. At December 31, 2012 the County had more than 5 percent of the County's investments in Federal Home Loan Mortgage Association – 6.0%, Federal National Mortgage Association – 14.8%, Municipal Bonds – 9.6%.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

B. RECEIVABLES

Receivables as of year end for the government's individual major funds, nonmajor funds, and internal service funds 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	\$ 67,288,060	\$ -	\$ -	\$ -	\$ 67,288,060
Delinquent taxes	8,049,741	-	-	-	8,049,741
Taxes levied for other governments	1,958,984	-	-	-	1,958,984
Accounts	223,340	211,204	10,790	-	445,334
Interest	86,080	-	-	17,389	103,469
Loan receivable	2,195,112	-	1,135,116	-	3,330,228
Intergovernmental	1,366,182	1,269,285	-	1,956	2,637,423
Total receivables	81,167,499	1,480,489	1,145,906	19,345	83,813,239
Allowance for doubtful accounts	(135,225)	(48,671)	-	-	(183,896)
Govt. activity receivables	<u>\$ 81,032,274</u>	<u>\$ 1,431,818</u>	<u>\$ 1,145,906</u>	<u>\$ 19,345</u>	<u>\$ 83,629,343</u>
Amount not expected to be collected in one year	<u>\$ 10,049,741</u>	<u>\$ -</u>	<u>\$ 1,066,371</u>	<u>\$ -</u>	<u>\$ 11,116,112</u>

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	\$ 2,066
Uncollectibles related to Solid Waste Fund	17,848
Uncollectibles related to Park View Health Center	<u>8,589</u>
Total Uncollectibles of the Current Fiscal Year	<u>\$ 28,503</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

B. RECEIVABLES (cont.)

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable	\$ -	\$ 67,288,060
Delinquent property taxes receivable	1,689,276	-
Deferred revenue	1,135,116	-
Grant and other receivables	792,967	-
	<u> </u>	<u> </u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 3,617,359</u>	<u>\$ 67,288,060</u>

Delinquent property taxes purchased from other taxing authorities are reflected as unspendable 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 unspendable of fund balances. For the year ended December 31, 2012, such collections aggregated \$1,243,319 of which \$308,025 was levied by the County. Delinquent property taxes levied by the County are reflected as deferred revenue and are excluded from the fund balance until collected. At December 31, 2012, delinquent property taxes by year levied consists of the following:

	<u>Total</u>	<u>County Levied</u>	<u>County Purchased</u>
Tax Certificates			
2011	\$ 4,016,666	\$ 985,288	\$ 3,031,378
2010	2,410,125	600,362	1,809,763
2009	1,067,160	270,739	796,421
2008	330,527	85,342	245,185
2007	21,319	5,513	15,806
2006 and prior	55,384	13,616	41,768
County Special Charges	-	-	-
Tax Deeds	148,559	36,441	112,118
	<u> </u>	<u> </u>	<u> </u>
Total Delinquent Property Taxes Receivable	<u>\$ 8,049,740</u>	<u>\$ 1,997,301</u>	<u>\$ 6,052,439</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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.

At December 31, 2012, Winnebago County has not exceeded its maximum retention cap. When it does, a liability to the state will be recorded.

C. RESTRICTED ASSETS

Restricted assets of the Solid Waste Management fund as of December 31, 2012, were \$15,221,896, including accrued interest of \$50,148, cash and cash equivalents of \$47,405 and noncurrent investments of \$15,224,639 which represent escrow amounts required by the Wisconsin Department of Natural Resources as of December 31, 2012.

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,957,902	\$ 874,959	\$ -	\$ 3,832,861
Construction in progress	13,637,455	11,419,784	4,503,191	20,554,048
Total Capital Assets, Not Being Depreciated	16,595,357	12,294,743	4,503,191	24,386,909
Capital Assets, Being Depreciated:				
Buildings	77,048,056	1,665,525	1,319,616	77,393,965
Improvements other than buildings	10,401,300	1,347,758	328,791	11,420,267
Machinery and equipment	25,744,910	1,553,292	1,631,423	25,666,779
Infrastructure	79,070,828	1,728,637	221,129	80,578,336
Total Capital Assets Being Depreciated	192,265,094	6,295,212	3,500,959	195,059,347

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
Less: Accumulated Depreciation for:				
Buildings	\$ (22,692,962)	\$ (1,433,436)	\$ (883,334)	\$ (23,243,064)
Improvements other than buildings	(5,657,328)	(432,995)	(282,885)	(5,807,438)
Machinery and equipment	(18,126,046)	(1,656,364)	(1,485,737)	(18,296,673)
Infrastructure	(6,588,750)	(672,707)	(52,428)	(7,209,029)
Total Accumulated Depreciation	(53,065,086)	(4,195,502)	(2,704,384)	(54,556,204)
Net Capital Assets Being Depreciated	139,200,008	2,099,710	796,575	140,503,143
Total Governmental Activities Capital Assets, Net of Depreciation	\$ 155,795,365	\$ 14,394,453	\$ 5,299,766	\$ 164,890,052

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 626,835
Public safety	1,832,564
Public works, which includes the depreciation of infrastructure	672,707
Health and Human Services	248,110
Culture, education and recreation	788,560
Conservation and development	26,726

Total Governmental Activities Depreciation Expense \$ 4,195,502

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 8,413,788	\$ 47,684	\$ -	\$ 8,460,472
Land				
Construction in progress	596,352	1,800,787	497,794	1,899,345
Construction in progress				
Total Capital Assets, Not Being Depreciated	9,010,140	1,848,471	497,794	10,359,817
Capital Assets, Being Depreciated:				
Buildings	48,144,976	406,545	424,003	48,127,518
Improvements other than buildings	56,947,616	61,565	3,795,184	53,213,997
Machinery and equipment	28,534,373	1,714,148	3,921,896	26,326,625
Total Capital Assets Being Depreciated	133,626,965	2,182,258	8,141,083	127,668,140

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
Less: Accumulated Depreciation for:				
Buildings	\$ (14,553,086)	\$ (995,909)	\$ (424,003)	\$ (15,124,992)
Improve other than buildings	(39,307,741)	(1,841,907)	(1,847,321)	(39,302,327)
Machinery and equipment	(18,441,769)	(1,302,014)	(3,119,008)	(16,624,775)
Total accumulated depreciation	(72,302,596)	(4,139,830)	(5,390,332)	(71,052,094)
Net Capital Assets, Being Depreciated	61,324,369	(1,957,572)	2,750,751	56,616,046
Total Business-type Activities Capital Assets, Net of Depreciation	\$ 70,334,509	\$ (109,101)	\$ 3,248,545	\$ 66,975,863

Depreciation expense was charged to functions as follows:

Business-Type Activities

Airport	\$ 1,631,702
Solid Waste Management	851,377
Park View Health Care Center	658,652
Highway	998,099
Total Business-Type Activities Depreciation Expense	<u>\$ 4,139,830</u>

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	Special Revenue Fund		
	Human Services	\$ 10,000	\$ -
	Total	<u>\$ 10,000</u>	<u>\$ -</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

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

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. In the current year, all but the \$2,055,064 was eliminated because they were all governmental activities. The internal balance amount of \$67,518 is the amount of internal service funds allocated to the business-type activities.

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>
General Fund	Highway Fund	\$ 456,933	Operating Transfer
Human Services	General Fund	17,058,308	Tax Levy Allocation
Nonmajor Funds	General Fund	8,558,000	Tax Levy Allocation
	Nonmajor Funds	1,132,018	Operating Transfer
Airport Fund	General Fund	232,416	Tax Levy Allocation
Park View Health Center Fund	General Fund	7,104,112	Tax Levy Allocation
Total Transfers		\$ 34,541,787	
Elimination of interfund governmental activities		(26,748,326)	
Total transfers after eliminations		\$ 7,793,461	
	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Net Transfers – Statement of Activities</u>
Governmental activities	\$ 456,933	\$ (7,336,528)	\$ (6,879,595)
Business-type activities	7,336,528	(456,933)	6,879,595
Totals	\$ 7,793,461	\$ (7,793,461)	\$ -

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

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

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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental activities:					
Bonds and Notes Payable:					
General obligation debt	\$ 36,803,563	\$ 21,351,262	12,100,900	\$ 46,053,925	\$ 8,667,307
Add (subtract) Deferred amounts for: (Discounts)/Premiums	(36,124)	424,526	27,556	360,846	48,944
Total bonds and notes payable	36,767,439	21,775,788	12,128,456	46,414,771	8,716,251
OPEB Liability	1,910,723	456,622	291,608	2,075,737	-
Vested Compensated absences	5,864,038	4,293,420	3,560,936	6,596,522	4,199,194
Govt. activity long term obligations	\$ 44,542,200	\$ 26,525,830	\$ 15,981,000	\$ 55,087,030	\$ 12,915,445
	Ending Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Business-type activities					
Bonds and Notes Payable:					
General obligation debt	\$ 15,606,088	\$ 8,963,738	\$ 10,969,652	\$ 13,600,174	\$ 3,450,898
Add (subtract) Deferred amounts for: (Discounts)/Premiums	79,171	464,332	89,283	454,220	137,595
Total bonds and notes payable	15,685,259	9,428,070	11,058,935	14,054,394	3,588,493
Vested Compensated absences	2,167,353	1,205,887	1,330,960	2,042,280	1,306,711
OPEB Liability	383,699	166,531	224,888	325,342	-
Landfill closure and long-term care	21,355,603	1,650,906	-	23,006,509	-
Business-type activity long term obligations	\$ 39,591,914	\$ 12,451,394	\$ 12,614,783	\$ 39,428,525	\$ 4,895,204

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

GENERAL OBLIGATION DEBT (cont.)

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 has borrowed \$1,057,500 for the Winnebago County Housing Authority and \$125,000 for the East Central Regional Planning Commission. These entities will be making the principal and interest payments to Winnebago County. The County will then make the payments to the State Trust Fund.

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, 2012, was \$586,464,300. Total general obligation debt outstanding at year end was \$59,654,099.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12/31/2012
Governmental Activities					
General Obligation Debt					
Series 2003 B	2003	2013	2.875% - 5.5%	868,637	\$ 59,305
Series 2004 B	2004	2014	3.5% - 5.0%	3,544,316	512,810
Series 2006 A	2006	2013	4.55% - 4.85%	1,721,000	163,638
Series 2007 A	2007	2017	3.75%	4,195,000	2,105,000
Series 2008 A	2008	2018	2.50% - 3.75%	6,375,000	3,702,404
Series 2009 B	2009	2019	1.00% - 4.45%	3,810,000	2,764,118
Series 2009 C	2009	2019	4.50%	1,643,000	1,317,544
Series 2010 B	2010	2020	0.70% - 3.40%	11,575,000	9,974,728
Series 2010 C	2010	2020	5.25%	1,057,500	1,020,104
Series 2010 D	2010	2020	5.00%	125,000	115,012
Series 2011 A	2011	2021	2.00% - 2.50%	3,267,000	2,968,000
Series 2012 A	2012	2020	0.40% - 2.15%	2,703,588	2,703,588
Series 2012 B	2012	2016	2.00% - 3.00%	1,710,674	1,710,674
Series 2012 C	2012	2022	2.00% - 2.00%	16,937,000	16,937,000
Total Governmental Activities -- General Obligation Debt					<u>\$ 46,053,925</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

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

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12/31/2012
Business-Type Activities General Obligation Debt					
Airport Fund					
2003 Series B Notes	2003	2019	2.875%- 5.5%	9,586	655
Solid Waste Management Fund					
2003 Series B Notes	2003	2019	2.875%- 5.5%	28,510	1,946
Park View Health Center Fund					
2003 Series B Notes	2003	2019	2.875%- 5.5%	255,848	17,468
Highway Fund					
2003 Series B Notes	2003	2019	2.875%- 5.5%	82,419	5,628
Airport Fund					
2004 Series B Notes	2004	2020	3.5%- 5.0%	39,116	5,660
Solid Waste Management Fund					
2004 Series B Notes	2004	2020	3.5%- 5.0%	116,332	16,830
Park View Health Center Fund					
2004 Series B Notes	2004	2020	3.5%- 5.0%	1,043,940	151,043
Highway Fund					
2004 Series B Notes	2004	2020	3.5%- 5.0%	336,296	48,658
Park View Health Center Fund					
2006 Series A Notes	2006	2015	3.0%- 3.4%	22,889,000	2,176,362
Airport Fund					
2008 Series A Notes	2008	2018	3.0% - 4.375%	125,000	72,596
Highway Fund					
2009 Series B Note	2009	2019	1.00%- 4.45%	15,000	10,882
Airport Fund					
2009 Series C Notes	2009	2019	4.50%	750,000	601,435
Park View Health Center Fund					
2010 Series B Notes	2010	2020	0.70%- 3.40%	1,300,000	1,120,274
Airport Fund					
2011 Series A Notes	2011	2021	2.00%- 2.50%	160,000	145,357
Highway Fund					
2011 Series A Note	2011	2021	2.00%- 2.50%	288,000	261,642
Airport Fund					
2012 Series A Notes	2012	2020	0.400%- 2.105%	29,838	29,838
Solid Waste Management Fund					
2012 Series A Notes	2012	2020	0.400%- 2.105%	88,737	88,738
Park View Health Center Fund					
2012 Series A Notes	2012	2020	0.400%- 2.105%	796,313	796,313
Highway Fund					
2012 Series A Notes	2012	2020	0.400%- 2.105%	256,523	256,523
Park View Health Center Fund					
2012 Series B Note	2012	2016	1.00%- 4.45%	7,204,326	7,204,326
Airport Fund					
2012 Series C Notes	2012	2022	2.875%- 5.5%	372,000	372,000
Park View Health Center Fund					
2012 Series C Notes	2012	2022	2.875%- 5.5%	216,000	216,000
Total Business-Type Activities General Obligation Debt					\$ 13,600,174

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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
2013	\$ 8,667,307	\$ 740,213	\$ 3,450,898	\$ 283,611
2014	5,215,326	646,115	2,667,755	199,240
2015	5,384,034	547,995	2,749,267	143,040
2016	5,488,356	444,306	2,610,311	78,667
2017	5,147,031	336,779	542,781	38,505
2018-2022	15,853,049	488,955	1,579,162	52,053
2023-2025	298,822	52,346	-	-
Totals	<u>\$ 46,053,925</u>	<u>\$ 3,256,709</u>	<u>\$ 13,600,174</u>	<u>\$ 795,116</u>

OTHER DEBT INFORMATION

Estimated payments of compensated absences, landfill closure and long-term care, and the OPEB liability are not included in the debt service requirement schedules. The compensated absences and OPEB liabilities 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.

CURRENT REFUNDING

During 2012, the County currently refunded general obligation bond issues from 2003, 2004, 2005, and 2006. The County issued \$12,790,000 of general obligation refunding bonds to call the refunded debt. This current refunding was undertaken to reduce the total debt service payments of the next six years by \$788,516 to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$35,008.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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 2013 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 \$14,260,810, \$6,718,426 and \$7,542,384, respectively.

Non-cancelable operating leases at December 31, 2012, provide for the following future minimum lease revenues (excluding any contingent rentals):

2013	\$ 524,642	2043-2047	\$ 137,220
2014	463,292	2048-2052	137,220
2015	447,359	2053-2057	137,220
2016	423,334	2058-2062	137,220
2017	406,519	2063-2067	137,220
2018-2022	1,046,260	2068-2072	137,220
2023-2027	536,266	2073-2077	137,220
2028-2032	245,065	2078-2082	137,220
2033-2037	230,645	2083-2087	137,220
2038-2042	174,870	2088-2090	82,332
		Total	<u>\$ 5,815,564</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 operating agreements with the Wisconsin Housing Authority for periods ranging from 2013 through 2015. Expenditures for these leases are recorded in the human services fund. These expenditures amount to \$159,516. Future minimum lease payments for these leases are as follows:

2013	\$ 159,516	2016	\$ 34,800
2014	157,156	2017	2,900
2015	107,441		
		Total	<u>\$ 461,813</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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 expects to be closed in the year 2020. Although postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$23.01 million reported as landfill postclosure care liability at December 31, 2012, represents the cumulative amount reported to date based on the use of 96.14 percent of the estimated capacity of the Sunnyview landfill site and 100 percent of the capacity at the Snell Road landfill site. The County will recognize the remaining estimated cost of postclosure care of \$6.3 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is 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, 2012, cash and investments and accrued interest of \$15,272,044 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, 2012 include the following:

GOVERNMENTAL ACTIVITIES

Net investment in capital assets

Land	\$ 3,832,861
Construction in progress	20,554,048
Other capital assets, net of accumulated depreciation	140,503,143
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	36,726,159

Total Net Invested in Capital Assets	128,163,893
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Restricted

Externally imposed by creditors	5,232,343
Debt service	3,943,576

Unrestricted

Total Governmental Activities Net Position	\$ 160,577,317
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WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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, 2012 include the following:

Nonspendable

Major Funds

General Fund

Delinquent property taxes	\$ 5,117,146
Advance payments	97,668
Inventories	249

Special Revenue Fund

Advance payments	105,435
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Total	<u>\$ 5,215,063</u>
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Restricted for:

Major Funds

General Fund

Capital outlay	\$ 104,301
Economic development	2,936,817
Public safety	418,725
Scholarship program	32,795

Nonmajor Funds

Unspent bond proceeds - capital improvements	1,904,828
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Total	<u>\$ 5,397,466</u>
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Committed for:

Major Funds

General Fund

Prior year commitments- Parks	\$ 144,388
Prior year commitments- UW Fox Valley	62,450
Prior year commitments- Information Systems	101,203
Prior year commitments- Other	7,018

Nonmajor Funds

Debt service	4,182,415
Prior year commitments- Capital Projects Fund	1,528,947

Total	<u>\$ 6,026,421</u>
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WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

I. NET POSITION/FUND BALANCES (cont.)

Assigned for:

Major Funds

General fund

Prior year appropriations - Facilities	\$	52,000
Prior year appropriations - UW Fox Valley		34,000
Prior year appropriations - Human Resources		10,000
Prior year appropriations - Other		17,234
Subsequent years expenditures - Public Health		200,000
Economic development		692,755
Special projects		1,636,465

Special Revenue Fund

Human services		27,783
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Total	\$	<u>2,670,237</u>
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Unassigned :

Major Funds

General fund	\$	<u>23,237,505</u>
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BUSINESS-TYPE ACTIVITIES

Net investment in capital assets

Land	\$	8,460,472
Construction in progress		1,899,345
Other capital assets, net of accumulated depreciation		56,616,046
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)		12,255,304

Total Net Invested in Capital Assets		<u>54,720,559</u>
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Restricted- Purchase orders		225,228
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Unrestricted		36,073,733
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Total Business-Type Activities Net Position	\$	<u>91,019,520</u>
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WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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	\$ 1,351,380
Cash and investments - restricted	<u>961,696</u>
Total	<u>\$ 2,313,076</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 FINANCIAL STATEMENTS December 31, 2012

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

J. COMPONENT UNIT (cont.)

4. CAPITAL ASSETS

	Beginning Balance	Increases	Adjustment	Decreases	Ending Balance	Useful Lives (Years)
Land	\$ 727,042	\$ -	\$ 7,766	\$ 15,900	\$ 718,908	N/A
Construction in progress	1,368,149	167,420	(1,353,711)	10,863	170,995	N/A
Buildings & equipment	9,690,562	1,084,841	3,724,747	710,999	13,789,151	5-40
Total Capital Assets	11,785,753	1,084,841	3,724,747	737,762	14,679,054	
Less: Accumulated Depreciation	(5,970,926)	(482,051)	1,815,260	103,472	(4,534,245)	
Net Capital Assets	\$ 5,814,827	\$ 602,790	\$ 5,540,007	\$ 634,290	\$ 10,144,809	

Depreciation expense was charged to functions as follows:

Low Rent Public Housing	\$ 305,465
N/C S/R Section 8	152,631
Business Activities	23,955
Total Depreciation Expense	\$ 482,051

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. \$1,020,104 of the Housing Authority notes are general obligations of Winnebago County and they are ultimately guaranteed by Winnebago County.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

J. COMPONENT UNIT (cont.)

5. LONG-TERM OBLIGATIONS (cont.)

	Balance 12/31/2011	Adjustment	Increases	Decreases	Balance 12/31/2011
First Mortgage Revenue Bond					
Series 1992A, interest at 5.0 - 7.125% due in installments through 2022.	\$ 410,000	\$ -	\$ -	\$ 25,000	\$ 385,000
Notes Payable					
WHEDA, interest at 4.00% due in installments through 2025.	116,568	-	-	6,921	109,647
Winnebago County, interest at 5.25% due in installments through 2025.	1,057,500	-	-	37,396	1,020,104
Wisconsin Department of Administration under the Home program, interest at 3% due in installments through 2041.	-	348,480	-	-	348,480
WHEDA, tax credit assistance program, annual payments equal to 25% of surplus cash of the River Cities property due 2040.	-	673,968	-	-	673,968
Non-interest bearing payable to the Oshkosh Housing Authority local fund.	35,776	-	-	-	35,776
	<u>\$ 1,619,844</u>	<u>\$ 1,022,448</u>	<u>\$ -</u>	<u>\$ 69,317</u>	<u>\$ 2,572,975</u>

Debt service requirements to maturity are as follows:

	Principal	Interest		Principal	Interest
2013	\$ 93,902	\$ 95,512	2018-2022	\$ 679,249	\$ 266,516
2014	97,172	90,448	2023-2027	321,690	114,239
2015	100,611	85,229	2028-2032	-	94,435
2016	109,105	79,784	2033-2037	-	109,697
2017	113,022	73,751	2038-2041	1,058,224	82,783
				<u>\$ 2,572,975</u>	<u>\$ 1,092,394</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

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

J. COMPONENT UNIT (cont.)

6. Prior period adjustment

River Cities Redevelopment, LLC was not consolidated as a blended component unit within the Authority's previously reported financial statements for the year ended December 31, 2011.

The Authority is the sole managing member of River Cities Redevelopment, LLC with .01% ownership. In accordance with U.S. GAAP, the presumption of control was not overcome by the rights of the investor member, and therefore, the Authority is required to present River Cities Redevelopment, LLC as a blended component unit.

In addition, the prior year financial statements of the Authority included fixed assets and deferred revenue related to the capital lease with River Cities Redevelopment, LLC. In accordance with U.S. GAAP, the fixed assets are to be recorded on the books of River Cities Redevelopment, LLC and deferred revenue should not have been recorded by the Authority as there is a capital lease note receivable with River Cities Redevelopment, LLC.

The effects of these prior period adjustments on the Authority's previously reported December 31, 2011, net position balance are summarized below:

Net position balance of the Authority, as previously reported		\$ 7,985,254
Capital lease fixed positions and deferred revenue adjustment	\$ 1,364,630	
Ending net position as of December 31, 2011, for River Cities Redevelopment, LLC	1,801,236	
Journal entries requiring elimination within River Cities Redevelopment, LLC ending net position as of December 31, 2011:		
Total elimination entries required	(1,932,210)	
Total prior period adjustments		1,233,656
Net position balance of the Authority as restated		<u>\$ 9,218,910</u>

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible Winnebago County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees hired before July 1, 2011 and expected to work over 600 hours a year or hired on or after July 1, 2011 and expected to work over 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 5.9% of their salary (7.05% for Executives and Elected Officials, 5.9% for Protective Occupations with Social Security, and 5.9% for Protective Occupations without Social Security) to the plan. Prior to June 29, 2011 employers generally made these contributions to the plan on behalf of employees. After July 1, 2011, Wisconsin Act 10 requires employees not covered by a bargaining unit contract to fund their portion of the required contribution. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

	2012	
	Employee	Employer
General (including Teachers)	5.9%	5.9%
Executive & Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%

The payroll for Winnebago County employees covered by the system for the year ended December 31, 2012 was \$48,176,193; the employer's total payroll was \$49,302,502. The total required contribution for the year ended December 31, 2012 was \$6,377,859 or 13.2 percent of covered payroll. Of this amount, \$2,846,965 percent was contributed by the employee for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$6,061,807 and \$5,554,585, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings are the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report, which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE IV – OTHER INFORMATION (cont.)

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.

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.

SELF INSURANCE

The uninsured risk of loss for worker's compensation is \$400,000 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 health insurance is \$75,000 per covered person or an aggregate of \$4,529,000 or 100% of the first monthly aggregate deductible for a benefit year multiplied by 12. The County has purchased commercial insurance for claims in excess of those amounts.

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 \$6,999,345, 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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

PUBLIC ENTITY RISK POOL (cont.)

CLAIMS LIABILITY- 12/31/2012

	Workers Compensation	Property & Liability	Health	Dental	Total
Unpaid claims – Beginning of Year	\$ 1,490,080	\$ 230,251	\$ 664,928	\$ 39,747	\$ 2,425,006
Current year claims and changes in estimates	10,551	343,793	3,320,966	670,831	4,346,141
Claim payments	(380,649)	(334,584)	(3,678,567)	(669,241)	(5,063,041)
Unpaid claims – End of Year	<u>\$ 1,119,982</u>	<u>\$ 239,460</u>	<u>\$ 307,327</u>	<u>\$ 41,337</u>	<u>\$ 1,708,106</u>

CLAIMS LIABILITY- 12/31/2011

	Workers Compensation	Property & Liability	Health	Dental	Total
Unpaid claims – Beginning of Year	\$ 1,432,770	\$ 219,287	\$ 633,264	\$ 37,848	\$ 2,323,169
Current year claims and changes in estimates	481,517	187,004	4,528,759	629,549	5,826,829
Claim payments	(424,207)	(176,040)	(4,497,095)	(627,650)	(5,724,992)
Unpaid claims – End of Year	<u>\$ 1,490,080</u>	<u>\$ 230,251</u>	<u>\$ 664,928</u>	<u>\$ 39,747</u>	<u>\$ 2,425,006</u>

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 \$50,000 for each occurrence, \$250,000 aggregate. Estimated claims payable at year-end are \$239,460 and IBNR's are estimated to be immaterial. These amounts are included in the claims liability table in the previous section.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

NOTE IV – OTHER INFORMATION (cont.)

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 2012, Winnebago County borrowed \$17,525,000 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 \$1,904,828 at year end and will be paid out of the restricted and committed fund balance in the capital project funds.

During 2012, Winnebago County borrowed \$3,875,000 for the purpose of refunding the 2014 to 2019 principal and interest of the March 1, 2003 issue and refunding the 2015 to 2020 principal and interest of the April 15, 2004 issue.

During 2012, Winnebago County borrowed \$8,915,000 for the purpose of refunding the 2013 maturity of the December 1, 2003 issue and refunding the 2013 to 2015 maturities of the October 15, 2005 issue and refunding the 2014 to 2016 maturities of the September 5, 2006 issue.

During 2010, Winnebago County borrowed \$1,182,500 for the purpose of helping other entities fund expenditures. The borrowing consisted of \$1,057,500 for the Winnebago County Housing Authority and \$125,000 for the East Central Regional Planning Commission. These entities will be making the principal and interest payments to Winnebago County. The County will then make the payments to the State Trust Fund. The current balance of this issue is \$1,135,116.

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.

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE IV – OTHER INFORMATION (cont.)

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 an agency fund. Each of the Counties provides personnel to staff the unit. The participating agencies made payments to the MEG Unit that totaled \$74,056. 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.

E. OTHER POSTEMPLOYMENT BENEFITS

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 an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the county and the union. The county makes no monthly health insurance contribution on behalf of the retiree. For fiscal year 2012, total retirees contributions were \$443,470. Administrative costs of the plan are financed through investment earnings.

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

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

NOTE IV – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (CONT.)

Annual required contribution	\$ 603,540
Interest on net OPEB obligation	19,614
Annual OPEB cost (expense)	623,154
Contributions made	(516,496)
Increase in net OPEB obligation	106,658
Net OPEB Obligation - Beginning of Year	2,294,422
Net OPEB Obligation - End of Year	<u>\$ 2,401,080</u>

The county's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and prior years are as follow:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2007	\$ 1,511,000	58.70%	\$ 621,149
12/31/2008	1,593,626	47.31%	1,460,849
12/31/2009	681,836	51.23%	1,700,841
12/31/2010	733,735	62.66%	1,974,808
12/31/2011	763,084	58.12%	2,294,422
12/31/2012	623,154	82.88%	2,401,080

The funded status of the plan as of December 31, 2012, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 5,953,171
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 5,953,171</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$49,302,502
UAAL as a percentage of covered payroll	12.1%

WINNEBAGO COUNTY, WISCONSIN

NOTES TO FINANCIAL STATEMENTS December 31, 2012

NOTE IV – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS(CONT.)

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

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

In the actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3.25 percent investment rate of return and an annual healthcare cost trend rate of 8.1 percent initially, reduced by decrements to a rate of 4.7 percent after 71 years. Both rates include a 3 percent inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012, was 30 years.

F. ECONOMIC DEPENDENCY

SOLID WASTE MANAGEMENT FUND

The Solid Waste Management Fund has one significant customer who was responsible for 23% of operating revenues in 2012.

HIGHWAY FUND

The Highway Fund has one significant customer who was responsible for 29% of operating revenues in 2012.