

In the opinion of Husch Blackwell LLP, Bond Counsel, under existing law, interest on the Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). See “TAX MATTERS” herein.

**\$70,000,000**  
**FOND DU LAC COUNTY, WISCONSIN**  
**TAXABLE REVENUE BONDS, SERIES 2021**  
**(BUG TUSSEL 1, LLC PROJECT) (SOCIAL BONDS)**

- DATED**..... Date of Issuance
- ISSUANCE**..... Fond du Lac County, Wisconsin, a political subdivision of the State of Wisconsin (the “*Issuer*”), will issue the above-referenced bonds (the “*Bonds*”) through a book-entry system under an Indenture of Trust, dated as of December 1, 2021 (the “*Indenture*”), between the Issuer and U.S. Bank National Association, as trustee (the “*Trustee*”).
- PRICING AND PAYMENT TERMS**..... Maturities, interest rates, prices and yields and certain other information is set forth on the inside front cover.
- INTEREST PAYMENT DATES**..... Interest on the Bonds is payable on May 1 and November 1 of each year, commencing May 1, 2022.
- REDEMPTION**..... The Bonds are subject to redemption prior to maturity under certain circumstances. See “*THE BONDS – Redemption*.”
- BOOK ENTRY ONLY**..... The Bonds will be in fully registered form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“*DTC*”). DTC will act as securities depository for the Bonds. Purchases of interests in the Bonds will be made only in book-entry form and purchasers will not receive certificates representing their interests in the Bonds. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the Bonds.
- DENOMINATIONS**..... The Bonds will be issued in minimum authorized denominations of \$100,000 or any multiple of \$5,000 in excess thereof.
- USE OF PROCEEDS**..... The Issuer will lend the proceeds from the sale of the Bonds to Bug Tussel 1, LLC, a Wisconsin limited liability company (the “*Borrower*”), which plans to use the proceeds to finance a project consisting of the acquisition, construction, installation, and equipping of certain telecommunications infrastructure that includes, among other things (i) acquisition of tower sites by purchase or lease of land and equipping such sites with towers and electronics to provide broadband, high speed cellular, emergency communications and point to point (P2P) data communications; (ii) constructing fiberoptic data transmission facilities (cable and electronics) between towers, key community facilities, businesses and residential aggregation points; (iii) where appropriate, connecting individual premises into the broadband network including the cost of consumer premise equipment; (iv) payment of capitalized interest; (v) funding of a debt service reserve fund for the Bonds; (vi) payment of certain project costs located in the counties of Fond du Lac, Calumet, Jackson, Marathon, and Waushara, each a political subdivision of the State of Wisconsin (each a “*Participating County*” and together, the “*Participating Counties*”); and (vii) payment of certain costs of issuance related to the issuance of the Bonds (collectively, the “*Project*”), all of which will be for the purpose of providing fiberoptic transmissions, wireless internet and telephone communications services and infrastructure to businesses, governmental units and residents of rural communities where such service is currently unavailable, unreliable, or is prohibitively expensive. See “*PLAN OF FINANCE*”.
- GUARANTY AGREEMENTS**..... The Participating Counties (each Participating County being a “*Guarantor*” and, together the “*Guarantors*”) have agreed to guarantee the replenishment of the Series 2021 Debt Service Reserve Account (as defined in the Indenture) related to the Bonds in an amount equal to such Guarantor’s pro rata share of allocated principal of and interest on the Bonds, each pursuant to a separate Guaranty Agreement, each dated as of December 1, 2021 (each, a “*Guaranty Agreement*” and, collectively, the “*Guaranty Agreements*”), by and between each Guarantor and the Trustee. The obligations of each Guarantor under its Guaranty Agreement are an absolute and unconditional general obligation of the Guarantor to the payment of which the full faith and credit taxing power of such Guarantor is pledged, and remain in full force and effect and are not affected, modified, or impaired upon, among other things, an event of default by the Borrower or Hilbert under any Reimbursement Agreement or Hilbert Guaranty or any agreement securing the Borrower’s or Hilbert’s obligations pursuant to any Reimbursement Agreement or Hilbert Guaranty. **Each Guarantor’s obligations under its respective Guaranty Agreement is several and NOT joint with any other Guarantor’s obligations under its respective Guaranty Agreement.** See “*GUARANTY AGREEMENTS*”.
- REIMBURSEMENT AGREEMENTS**..... The Borrower has agreed to reimburse certain amounts to each Guarantor pursuant to separate Reimbursement Agreements, each dated as of December 1, 2021 (each, a “*Reimbursement Agreement*” and collectively, the “*Reimbursement Agreements*”). As further security for the Borrower’s obligations under the Reimbursement Agreements, Hilbert Communications, LLC, a Wisconsin limited liability company (“*Hilbert*”), and the sole member of the Borrower, will provide guaranties to each of the Guarantors (each a “*Hilbert Guaranty*” and, collectively, the “*Hilbert Guaranties*”) whereby Hilbert will guarantee the payment of all obligations and liabilities of the Borrower under each of the Reimbursement Agreements and the documents securing the obligations thereunder. As further consideration for each Guarantor’s Guaranty Agreement, the Borrower has agreed to provide the applicable Guarantor access to use any telecommunications towers and certain strands of a fiber optic cables constructed in such Guarantor’s county with the proceeds of the Bonds. **The Reimbursement Agreements, the Hilbert Guaranties, and the agreements securing and providing other rights to the Guarantors in connection with the Reimbursement Agreements are NOT security for the Borrower’s obligations under the Loan Agreement and are NOT available as security for the Trustee or holders of the Bonds. Performance or nonperformance by the Company or Hilbert in respect to their obligations under the Reimbursement Agreements or the Hilbert Guaranties does not reduce the Guarantors’ obligations under their respective Guaranty Agreement.**
- BONDS ARE LIMITED OBLIGATIONS**... THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER AND ARE NOT A DEBT OR LIABILITY OF THE ISSUER, THE STATE OF WISCONSIN, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF. THE SOURCE OF PAYMENT AND SECURITY FOR THE BONDS IS MORE FULLY DESCRIBED HEREIN.
- SOCIAL BONDS SELF-DESIGNATION**... The Borrower will self-designate the Bonds as “social” bonds. In support of such self-designation, the Borrower will covenant in the Loan Agreement that it will use certain proceeds of the Bonds for “Social Projects” as defined by the International Capital Market Association and will provide, or cause to be provided, to the Municipal Securities Rulemaking Board (the “*MSRB*”) annual information relating to such self-designation. The failure of the Borrower to comply with the requirements relating to such self-designation will not be considered an Event of Default under the Loan Agreement. See “*SOCIAL BONDS SELF-DESIGNATION*.”
- TRANSFER RESTRICTIONS**..... INVESTMENT IN THE BONDS INVOLVES A SUBSTANTIAL DEGREE OF RISK AND EACH PROSPECTIVE INVESTOR SHOULD CONSIDER ITS FINANCIAL CONDITION AND THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE BONDS. THE BONDS ARE BEING OFFERED AND SOLD ONLY TO “QUALIFIED INSTITUTIONAL BUYERS” WITHIN THE MEANING OF RULE 144A (“*RULE 144A*”) OF THE SECURITIES AND EXCHANGE COMMISSION, AS PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “*SECURITIES ACT*”). EACH INITIAL BENEFICIAL OWNER OF A BOND SHALL PROVIDE AN INVESTOR LETTER SUBSTANTIALLY IN THE FORM ATTACHED HERETO AS APPENDIX F – FORM OF INVESTOR LETTER. NO INVESTOR LETTER SHALL BE REQUIRED TO BE DELIVERED IN CONNECTION WITH SUBSEQUENT TRANSFERS OF THE BONDS. THE BONDS ARE CONSIDERED “RESTRICTED SECURITIES” WITHIN THE MEANING OF RULE 144 UNDER THE SECURITIES ACT. See “*Notice to Investors*” herein.

The Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modifications of the offer without any notice, and to the approval of legality of the Bonds by Husch Blackwell LLP, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Quarles & Brady LLP; for the Borrower by its counsel, Husch Blackwell LLP; for each Guarantor by its special counsel, Quarles & Brady LLP; and for the Underwriters by their counsel, Ballard Spahr LLP. It is expected that the Bonds will be available for delivery via The Depository Trust Company, New York, New York on or about December 16, 2021.



**\$70,000,000**  
**Fond du Lac County, Wisconsin**  
**Taxable Revenue Bonds, Series 2021**  
**(Bug Tussel 1, LLC Project) (SOCIAL BONDS)**

**Pricing and Payment Terms**

**Serial Bonds**

<b>Maturity Rate</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP† Number</b>
2027	\$1,925,000	2.165%	2.165%	100.000	34446AAA6
2028	\$1,970,000	2.265%	2.265%	100.000	34446AAB4
2029	\$2,010,000	2.428%	2.428%	100.000	34446AAC2
2030	\$2,060,000	2.528%	2.528%	100.000	34446AAD0
2031	\$2,110,000	2.628%	2.628%	100.000	34446AAE8
2032	\$2,165,000	2.778%	2.778%	100.000	34446AAF5
2033	\$2,225,000	2.928%	2.928%	100.000	34446AAG3
2034	\$2,295,000	3.028%	3.028%	100.000	34446AAH1
2035	\$2,360,000	3.128%	3.128%	100.000	34446AAJ7
2036	\$2,440,000	3.228%	3.228%	100.000	34446AAK4

**Term Bonds**

**\$13,455,000**  
**3.432% TERM BONDS MATURING NOVEMBER 1, 2041**  
**Yield: 3.432%, Price: 100.000**  
**CUSIP: 34446AAL2**

**\$34,985,000**  
**3.532% TERM BONDS MATURING NOVEMBER 1, 2051**  
**Yield: 3.532%, Price: 100.000**  
**CUSIP: 34446AAM0**

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## **REGARDING USE OF THIS LIMITED OFFERING MEMORANDUM**

No dealer, broker, sales representative, or other person has been authorized by the Issuer, the Borrower, or UBS Financial Services, Inc. and Robert W. Baird & Co. Incorporated (together, the “*Underwriters*”) to give information or to make any representations with respect to the Bonds except as expressly set forth in this Limited Offering Memorandum, and if given or made, any such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction, in which it is unlawful for such person to make such offer, solicitation, or sale. Certain information contained herein has been obtained from the Underwriters, the Guarantors, The Depository Trust Company, and other sources which are believed to be reliable, but is not guaranteed as to adequacy, accuracy, or completeness by, and is not to be construed to be the representations of, the Issuer or the Borrower. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change since the date hereof in the business affairs or financial condition of the parties referred to herein.

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## **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM**

This Limited Offering Memorandum, including the information incorporated into this Limited Offering Memorandum by reference, contains “forward-looking statements,” which involve risks and uncertainties. All statements, other than statements of historical facts, that are included in or incorporated by reference into this Limited Offering Memorandum, or made in presentations, in response to questions or otherwise, that address activities, events or developments that the Borrower expects or anticipates to occur in the future, including such matters as projections, capital allocation, future capital expenditures, business strategy, competitive strengths, goals, future acquisitions or dispositions, development or operation of assets, market and industry developments and the growth of its business and operations (often, but not always, through the use of words or phrases such as “believes,” “plans,” “intends,” “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimated,” “projection,” “target,” “goal,” “objective,” “outlook” and similar expressions), are forward-looking statements. Although the Borrower believes that in making any such forward-looking statement its expectations are based on reasonable assumptions, any such forward-looking statement involves uncertainties and is qualified in its entirety by reference to the discussion of risk factors under “**BONDOWNERS’ RISKS**” contained elsewhere in this Limited Offering Memorandum.

The Borrower does not plan to issue any updates or revisions to those forward-looking statements if or when expectations, events, conditions, or circumstances change.

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In connection with this offering, the Underwriters may over allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Bonds have not been registered under the Securities Act and the Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such federal laws. In making an investment decision, investors must rely upon their own examination of the Bonds and the security therefor, including an analysis of the risks involved. The Bonds have not been recommended by any federal or state securities commission or regulatory authority. The registration, qualification, or exemption of the Bonds in accordance with applicable provisions of securities laws of the various jurisdictions in which the Bonds have been registered, qualified, or exempted cannot be regarded as a recommendation thereof. Neither such jurisdictions nor any of their agencies have passed upon the merits of the Bonds or the adequacy, accuracy, or completeness of this Limited Offering Memorandum. Any representation to the contrary may be a criminal offense.

THE BONDS ARE CONSIDERED “RESTRICTED SECURITIES” WITHIN THE MEANING OF RULE 144 UNDER THE SECURITIES ACT. THIS LIMITED OFFERING MEMORANDUM IS BEING PROVIDED ONLY TO INVESTORS THAT ARE REASONABLY BELIEVED TO BE “QUALIFIED INSTITUTIONAL

BUYERS” WITHIN THE MEANING OF RULE 144A (“RULE 144A”) OF THE SECURITIES AND EXCHANGE COMMISSION, AS PROMULGATED UNDER THE SECURITIES ACT, WHO ARE WILLING AND ABLE TO CONDUCT AN INDEPENDENT INVESTIGATION OF THE RISKS INVOLVED WITH OWNERSHIP OF THE BONDS AND TO FAMILIARIZE THEMSELVES WITH THE AFFAIRS OF THE BORROWER.

IN MAKING AN INVESTMENT DECISION REGARDING THE BONDS OFFERED HEREBY, PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BORROWER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE CONTENTS OF THIS LIMITED OFFERING MEMORANDUM ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN COUNSEL, ACCOUNTANT AND OTHER ADVISORS AS TO LEGAL, TAX, BUSINESS, FINANCIAL AND RELATED ASPECTS OF A PURCHASE OF THE BONDS.

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### NOTICE TO INVESTORS

Purchasers of the Bonds, which are being issued as “taxable bonds,” will receive restricted securities under Rule 144A. By its acquisition of a Bond or a beneficial interest therein, each purchaser will be deemed to have represented and agreed for the benefit of the Issuer, the Borrower, the Trustee and the Underwriters, that in addition to the representations and agreements in the Investor Letter, the purchaser:

(a) is (1) a Qualified Institutional Buyer as defined in Section 144A of the Securities Act, (2) aware that the sale to it is being made in reliance on Rule 144A and (3) acquiring the Bonds for its own account or for the account of a Qualified Institutional Buyer;

(b) understands and acknowledges that the Bonds have not been registered under the Securities Act or any other applicable securities laws, are being offered for resale in transactions not requiring registration under the Securities Act, and may not be offered, sold or otherwise transferred except in compliance with an exemption to the registration requirements of the Securities Act and any other applicable securities laws, and in each case in compliance with the conditions to transfer set forth in clause (c) below;

(c) agrees, and each subsequent holder of a Bond by its acceptance thereof will be deemed to have agreed, that it will not offer, sell, pledge or otherwise transfer the Bonds, prior to the expiration of the applicable holding period with respect to restricted securities set forth in Rule 144A, except where:

(1) (A) the security is eligible for resale pursuant to Rule 144A, to a person who the seller reasonably believes is a Qualified Institutional Buyer that purchases for its own account or for the account of a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A, (B) in a transaction meeting the requirements of Rule 144 under the Securities Act, or (C) in accordance with another exemption from the registration requirements of the Securities Act;

(2) to the Borrower or any subsidiary thereof; or

(3) pursuant to an effective registration statement under the Securities Act and, in each case described in this clause (c), in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction;

(d) agrees that it will, and each subsequent holder is required to, notify any purchaser from it of the resale restrictions set forth in clause (c) above; and

(e) the purchaser acknowledges that the Issuer, the Borrower, the Trustee, the Underwriters and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or warranties deemed to have been made by it are no longer accurate, it shall promptly notify the Borrower and the Underwriters and if it is acquiring any Bonds as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such

account and that it has full power to, and does, make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resale of the Bonds.

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The CUSIP numbers included in this Limited Offering Memorandum are for the convenience of the Owners of the Bonds. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of the Bonds.

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## LIMITED OFFERING MEMORANDUM

**\$70,000,000**

**FOND DU LAC COUNTY, WISCONSIN  
TAXABLE REVENUE BONDS, SERIES 2021  
(BUG TUSSEL 1, LLC PROJECT) (SOCIAL BONDS)**

### INTRODUCTION

This Limited Offering Memorandum is provided to furnish information in connection with the sale by Fond du Lac County, Wisconsin, a political subdivision of the State of Wisconsin (the “*Issuer*”), of \$70,000,000 in aggregate principal amount of its Taxable Revenue Bonds, Series 2021 (Bug Tussel 1, LLC Project) (Social Bonds) (the “*Bonds*”) to be issued under an Indenture of Trust, dated as of December 1, 2021 (the “*Indenture*”), from the Issuer to U.S. Bank National Association, as trustee (the “*Trustee*”).

Capitalized terms used and not defined herein are defined in *Appendix C* hereto. If any conflict exists among the definitions set forth in the forms of agreement included in *Appendix C*, the definitions in the Indenture shall control. The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of its terms and conditions. All statements herein relating to such documents are qualified in their entirety by reference to each such document. Copies of such documents will be available through the Date of Issuance at the office of UBS Financial Services, Inc. and thereafter at the principal corporate trust office of the Trustee.

#### **The Borrower and Hilbert**

Concurrently with the issuance of the Bonds, Bug Tussel 1, LLC, a Wisconsin limited liability company (the “*Borrower*”), and the Issuer will enter into a Loan Agreement, dated as of December 1, 2021 (the “*Loan Agreement*”), under which the proceeds to be received by the Issuer from the sale of the Bonds will be lent to the Borrower. The Borrower is a special purpose entity formed solely to undertake the Project and is wholly owned by Hilbert Communications, LLC, a Wisconsin limited liability company (“*Hilbert*”). See “*THE BORROWER, HILBERT AND THE PROJECT*” and *Appendix A* hereto for a more detailed description of the Borrower, Hilbert, and their operations.

#### **Purposes of the Bonds and the Project**

The proceeds of the Bonds, together with the earnings thereon and other moneys of the Borrower will be used to finance a project consisting of the acquisition, construction, installation, and equipping of certain telecommunications infrastructure that includes, among other things (i) acquisition of tower sites by purchase or lease of land and equipping such sites with towers and electronics to provide broadband, high speed cellular, emergency communications and point to point (P2P) data communications; (ii) constructing fiberoptic data transmission facilities (cable and electronics) between towers, key community facilities, businesses and residential aggregation points; (iii) where appropriate, connecting individual premises into the broadband network including the cost of Consumer Premise Equipment (CPE); (iv) payment of capitalized interest; (v) funding of a debt service reserve fund for the Bonds; (vi) payment of certain project costs located in the following counties: Fond du Lac, Calumet, Jackson, Marathon, and Waushara (the “*Participating Counties*” and, each a “*Participating County*”); and (vii) payment of certain costs of issuance related to the issuance of the Bonds (collectively, the “*Project*”), all of which will be for the purpose of owning and operating the Project to provide fiberoptic transmissions, wireless internet and telephone communications services and infrastructure to businesses, governmental units and residents of rural communities where such service is currently unavailable, unreliable, or is prohibitively expensive. See “*THE BORROWER, HILBERT AND THE PROJECT*,” “*PLAN OF FINANCE*,” and “*ESTIMATED SOURCES AND USES OF FUNDS*.”

#### **Security for the Bonds**

The Bonds will be limited obligations of the Issuer, payable solely from revenues received by the Trustee for the account of the Issuer under the Loan Agreement and the Indenture. The Bonds will be secured by all revenues and income derived by or for the account of the Issuer from or for the account of the Borrower pursuant to the terms of

the Loan Agreement, the Promissory Note (as hereinafter defined), and the Indenture, including, without limitation (i) all payments and prepayments by the Borrower on the Promissory Note or pursuant to the Loan Agreement (except for the Issuer's fees and expenses and its right to indemnification in certain circumstances), and (ii) other money and securities held by the Trustee under the Indenture and the investment earnings thereon (collectively, the "*Pledged Revenues*"). See "*SECURITY AND SOURCE OF PAYMENT FOR THE BONDS.*"

As evidence of the borrowing under the Loan Agreement, the Borrower will issue its Promissory Note related to the Bonds (the "*Promissory Note*") in an aggregate principal amount equal to the principal amount of the Bonds. The terms of the Promissory Note will require payments by the Borrower that in the aggregate will be sufficient to provide for the timely payment of the principal of, and interest on, the Bonds. The Promissory Note will be a direct obligation of the Borrower. The Issuer will pledge and assign the Promissory Note and certain of its rights under the Loan Agreement to the Trustee as security for the Bonds.

Concurrently with the issuance of the Bonds, Fond du Lac County, Wisconsin ("*Fond du Lac County*"), in its capacity as guarantor, Calumet County, Wisconsin ("*Calumet County*"), Jackson County, Wisconsin ("*Jackson County*"), Marathon County, Wisconsin ("*Marathon County*"), and Waushara County, Wisconsin ("*Waushara County*"), each a political subdivision of the State of Wisconsin (each, a "*Guarantor*" and collectively, the "*Guarantors*"), will guarantee the replenishment of the Series 2021 Debt Service Reserve Account related to the Bonds in an amount equal to such Guarantor's pro rata share of allocated principal of and interest on the Bonds, each pursuant to a separate Guaranty Agreement, each dated as of December 1, 2021 (each, a "*Guaranty Agreement*" and collectively, the "*Guaranty Agreements*"), by and between each Guarantor and the Trustee. The obligations of each Guarantor under its applicable Guaranty Agreement will be absolute and unconditional and a general obligation of such Guarantor to the payment of which the full faith and credit taxing power of such Guarantor is pledged. Each Guaranty Agreement **does not** guarantee the principal of, or interest on, the Bonds coming due by reason of acceleration, redemption (other than mandatory sinking fund redemption), prepayment or other early payment, to which the Guarantor does not consent. See "*GUARANTY AGREEMENTS*" and *Appendix B* and *Appendix C* hereto for a more detailed description of the Guaranty Agreements and each Guarantor. The Indenture grants each Guarantor certain approval, consent, and waiver rights with respect to certain actions that the Bondowners are otherwise authorized to take under the Indenture. See "*GUARANTY AGREEMENTS - Rights of the Guarantor with Respect to the Bonds*" and *Appendix C* for the form of such Guaranty Agreements.

Concurrently with the issuance of the Bonds, the Borrower has agreed to reimburse certain amounts to each Guarantor pursuant to separate Reimbursement Agreements, each dated as of December 1, 2021 (each, a "*Reimbursement Agreement*" and collectively, the "*Reimbursement Agreements*"). In return for the payments each Guarantor makes pursuant to a Guaranty Agreement, the Borrower has agreed to pay to each Guarantor (i) an annual guaranty fee of 40 basis points of the pro rata principal amount of the Bonds subject to each Guarantor's Guaranty Agreement, as may be paid in a lump sum, as agreed to by the applicable Guarantor and the Borrower as an operating expense of the Borrower, and (ii) all costs and expenses incurred by each Guarantor related to the issuance of the Bonds. As further security for the Borrower's obligations, Hilbert will provide guaranties to each of the Guarantors (each a "*Hilbert Guaranty*" and collectively, the "*Hilbert Guaranties*") whereby Hilbert will guarantee payment of all obligations and liabilities of the Borrower under the Reimbursement Agreement. As further consideration for each Guarantor's Guaranty Agreement, the Borrower has agreed to provide the applicable Guarantor access to use any telecommunications towers and certain strands of a fiber optic cables constructed in such Guarantor's county with the proceeds of the Bonds. See *Appendix C* for the form of Reimbursement Agreements. Performance or nonperformance by the Company or Hilbert in respect to their obligations under the Reimbursement Agreements or the Hilbert Guaranties does not reduce the Guarantors' obligations under their respective Guaranty Agreement. Further, the obligations of each Guarantor under its Guaranty Agreement are an absolute and unconditional general obligation of the Guarantor to the payment of which the full faith and credit taxing power of such Guarantor is pledged, and remain in full force and effect and are not affected, modified, or impaired upon, among other things, an event of default by the Borrower or Hilbert under any Reimbursement Agreement or Hilbert Guaranty or any agreement securing the Borrower's or Hilbert's obligations pursuant to any Reimbursement Agreement or Hilbert Guaranty. The Reimbursement Agreements, the Hilbert Guaranties, and the agreements securing and providing other rights to the Guarantors in connection with the Reimbursement Agreements are **NOT** security for the Borrower's obligations under the Loan Agreement and are **NOT** available as security for the Trustee or holders of the Bonds. See "*BONDOWNERS' RISKS*" herein.



## **Limited Offering and Transfer Restrictions**

**Pursuant to the Indenture, the Bonds may only be sold or transferred in Authorized Denominations to “Qualified Institutional Buyers” as defined in Rule 144A under the Securities Act. Each initial Beneficial Owner of a Bond shall provide an investor letter substantially in the form attached hereto as “APPENDIX F – FORM OF INVESTOR LETTER.” No investor letter shall be required to be delivered in connection with subsequent transfers of the Bonds. See “Notice to Investors” herein.**

## **Bondowners’ Risks**

There are risks associated with the purchase of the Bonds. See the information under the heading “*BONDOWNERS’ RISKS*” for a discussion of certain of these risks.

## **THE ISSUER**

### **Introduction**

The Issuer encompasses an area of 725 square miles in southeast Wisconsin, approximately 70 miles northwest of Milwaukee, Wisconsin. The Issuer includes the cities of Fond du Lac and Ripon and a portion of the City of Waupun, nine villages and twenty-one townships. The 2019 population estimate for the Issuer is 103,403. The Issuer’s offices are located at 160 S. Macy Street, Fond du Lac, Wisconsin 54935; telephone (920) 929-3124. Audited financial statements of the Issuer for the year ended December 31, 2020 can be found in *Appendix B-1 – “Audited Financial Statements of Fond du Lac County, Wisconsin.”*

All of the Participating Counties will enter into an Intergovernmental Agreement, dated the date of issuance of the Bonds, in which, among other things, the Participating Counties agree to cooperate and exercise their municipal powers jointly for the purpose of appointing Fond du Lac County to act as the Issuer for purposes of acting as the conduit issuer for the Bonds.

No Participating County makes any representation regarding the security for the Bonds or the suitability of the Bonds for investment. No Participating County undertakes any obligation to administer or monitor the development or operation of the Project or the production of income therefrom.

### **The Bonds are Limited Obligations of the Issuer**

The Bonds are limited obligations of the Issuer payable solely from the Trust Estate pledged for their payment under the Indenture. The Bonds are not a debt or liability of the Issuer, the State or of any political subdivision thereof. The Bonds do not, directly, indirectly or contingently, obligate, in any manner, the Issuer, the State or any political subdivision thereof to levy any tax or to make any appropriation for payment of the Bonds. Neither the faith and credit nor the taxing power of the Issuer, the State nor any political subdivision thereof shall be pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

The Issuer expects to sell and deliver obligations other than the Bonds, which other obligations are and will be secured by instruments separate and apart from the Indenture and the Bonds. The holders of such obligations of the Issuer will have no claim on the security for the Bonds, and the owners of the Bonds will have no claim on the security for such other obligations issued by the Issuer.

### **Limited Involvement of the Issuer**

The Issuer has not participated in or reviewed this Limited Offering Memorandum and is not responsible for any information contained herein, except for the information in this section and under the caption “*ABSENCE OF MATERIAL LITIGATION - Issuer*” as such information applies to the Issuer.

## Limited Involvement of the Guarantors

Each Guarantor has not participated in or reviewed this Limited Offering Memorandum and is not responsible for any information contained herein, except for the information under the captions “*THE GUARANTORS*,” “*ABSENCE OF MATERIAL LITIGATION – Guarantors*,” and “*CONTINUING DISCLOSURE*” as such information applies to such Guarantor and its audited financial statements included as appendices hereto.

## THE BORROWER, HILBERT AND THE PROJECT

### The Borrower

The Borrower, a Wisconsin limited liability company, is a wholly-owned subsidiary of Hilbert. The Borrower was created as a special purpose entity for the sole purpose of owning and operating the Project to provide fiberoptic transmissions, wireless internet and telephone communications services and infrastructure to businesses, governmental units and residents of rural communities where such service is currently unavailable, unreliable, or is prohibitively expensive. See *Appendix A* hereto for a more detailed description of the Borrower.

In the Loan Agreement, the Borrower covenants, among other things, to provide the Trustee with annual audited financial statements and to maintain its limited liability company existence. In certain circumstances, the Borrower may be permitted to consolidate with or merge into another entity or to transfer of all or substantially all assets, provided that it complies with the provisions of the Loan Agreement relating to such transactions. See *Appendix D – “FORMS OF THE INDENTURE OF TRUST, THE LOAN AGREEMENT, THE GUARANTY AGREEMENTS, AND THE REIMBURSEMENT AGREEMENTS.”*

### Hilbert

Hilbert, a Wisconsin limited liability company, is the sole-owner of the Borrower. Hilbert is a regional provider of telecommunications products, services and infrastructure to residential and commercial customers in the Upper Midwest. The products, services and infrastructure Hilbert provides (either directly or through its subsidiaries and affiliates) include wholesale data transmissions, tower construction and leasing, fiberoptic construction and leasing and the provision of retail and wholesale wireless and fiberoptic broadband data and voice services. Hilbert and its subsidiaries operate wireless communications services under licenses granted by the Federal Communications Commission (“FCC”) and are subject to the applicable rules and regulations of the FCC. See *Appendix A* hereto for a more detailed description of Hilbert and its operations. **The Reimbursement Agreements, the Hilbert Guaranties, and the agreements securing and providing other rights to the Guarantors in connection with the Reimbursement Agreements are NOT security for the Borrower’s obligations under the Loan Agreement and are NOT available as security for the Trustee or holders of the Bonds. Hilbert, its subsidiaries, and other holdings (other than the Borrower) are NOT obligated to make payments or otherwise provide security for the Borrower’s obligations under the Loan Agreement and are NOT available as security for the Trustee or holders of the Bonds.** See “*BONDOWNERS’ RISKS*” herein.

### The Project

The proceeds of the Bonds will be used to finance the Project, which will be used for the purpose of building out of protected fiberoptic transport facilities, wireless communication towers, wireless broadband equipment and other infrastructure to provide and promote broadband services to businesses, governmental units and residents of rural communities where such service is currently unavailable, unreliable, has inadequate speeds or is prohibitively expensive.

In the Loan Agreement, the Borrower covenants to (i) cause the facilities financed, in whole or in part, with the proceeds of the Bonds (as further described in the Loan Agreement, the “*Facilities*”) to be maintained, preserved and kept in good repair, working order and condition and from time to time to cause to be made all necessary and proper repairs, replacements, and renewals to the Facilities and (ii) to maintain or cause to be maintained insurance on the property comprising the Project (the “*Project Property*”) in such amounts as are customarily carried, and against such risks as are customarily insured against, by other utility companies of like size and character with respect to

similar facilities. The Borrower is permitted to sell or transfer the Project Property, provided that it complies with the provisions of the Loan Agreement relating to such sale or transfer.

The Borrower intends to include additional projects in additional counties in the State of Wisconsin that are expected to be funded from proceeds of Additional Bonds pursuant to the Indenture. See “*SECURITY AND SOURCE OF PAYMENT FOR THE BONDS — Additional Bonds.*”

### **Outstanding Debt Incurred by Hilbert and the Borrower**

Hilbert and certain of its affiliates (collectively, the “*Hilbert Co-borrowers*”) have entered into a Loan Agreement, dated as of June 11, 2021 (as amended to the date hereof, the “*Hilbert Loan Agreement*”), with American National Bank-Fox Cities (the “*Hilbert Lender*”), which is secured by all-assets grants of security interests pursuant to a Security Agreement, of equal date (the “*Hilbert Security Agreement*” and, together with the Hilbert Loan Agreement, and each other document, instrument, or agreement related thereto, each a “*Hilbert Loan Document*” and, collectively, the “*Hilbert Loan Documents*”), by each of the Hilbert Co-borrowers, including, without limitation, the pledge of Hilbert’s equity ownership interest in the Borrower. Pursuant to the Hilbert Loan Documents, the Borrower will be joined as a party thereto on or prior to the date of the Bond Purchase Agreement, and will be subject to the covenants and agreements thereunder, including, without limitation, granting an all-assets security interest for the benefit of the Hilbert Lender. The Borrower’s joinder to the Hilbert Loan Documents and compliance with covenants thereunder may adversely affect the ability of the Borrower to operate its business, including the Project.

In connection with the Borrower’s joinder to the Hilbert Loan Documents, the Hilbert Lender will enter into a subordination agreement on or prior to the date of the Bond Purchase Agreement (the “*ANB Subordination Agreement*”), whereby the Hilbert Lender will agree, among other agreements thereunder, to subordinate its security interest, liens, and other rights on or with respect to the assets of the Borrower and Hilbert’s equity ownership interest in the Borrower to the security interests, liens, and rights of the Guarantors under the Reimbursement Agreements, the Hilbert Guaranties, the County Mortgages, and the other agreements securing and providing other rights to the Guarantors in connection with the Reimbursement Agreements. In addition, the ANB Subordination Agreement requires the Hilbert Lender to forego its exercise of remedies and other rights under the Hilbert Loan Documents, for the benefit of the Guarantors and the Trustee, until the liens of the Guarantors under the Transaction Documents are satisfied.

Hilbert has also granted all-assets security interest to certain of its former and current unitholders and affiliated parties thereto (collectively, the “*Hilbert Unitholders*”), including, without limitation, pledges of Hilbert’s equity ownership interest in the Borrower. Pursuant to one or more subordination agreements with the Hilbert Unitholders, the Hilbert Unitholders will subordinate their interests in the equity of the Borrower to the Guarantors.

### **THE BORROWER’S PROJECTED DEBT SERVICE COVERAGE AND KEY OPERATING STATISTICS**

The following table illustrates the Borrower’s projected debt service coverage and key operating statistics for the years 2021 through 2030 (the “*Financial Projections*”). In providing the Financial Projections, the Borrower has utilized the assumptions described below.

The Financial Projections below reflects the Borrower’s judgment as of the date of this Limited Offering Memorandum of the conditions the Borrower expects to exist and the course of action it expects to take through 2030. There can be no assurances that the Borrower’s forecasted results will be achieved. The assumptions and estimates underlying the Financial Projections are unaudited and inherently uncertain and, although the Borrower considers them reasonable as of the date of this Limited Offering Memorandum, they are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from forecasted results, including, but not limited to, the risks and uncertainties described in “*BONDOWNERS’ RISKS*” herein.

Accordingly, there can be no assurances that the Financial Projections will be indicative of the Borrower’s future performance or that actual results will not differ materially from those presented in the Financial Projections. Inclusion of the Financial Projections in this Limited Offering Memorandum should not be regarded as a representation by the Borrower, the Underwriters, or any other person that the results contained in the Financial

Projections will be achieved. The Financial Projections were not prepared with a view toward compliance with published guidelines of the U.S. Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation or presentation of the Financial Projections. The Financial Projections included in this Limited Offering Memorandum has been prepared by, and is the responsibility of, the Borrower's management.

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**BUG TUSSEL 1 LLC**  
**PROJECTED KEY OPERATING STATISTICS**  
**YEARS ENDING DECEMBER 31, 2021 THROUGH 2030**

	EOY 2021	EOY 2022	EOY 2023	EOY 2024	EOY 2025	EOY 2026	EOY 2027	EOY 2028	EOY 2029	EOY 2030
<b>REVENUE</b>	-	4,067,400	9,201,552	13,469,604	16,182,384	17,782,663	18,347,593	16,187,230	16,636,204	17,320,193
<b>OPERATING EXPENSE</b>	(1,580,856)	(4,811,968)	(8,450,899)	(9,706,906)	(10,305,551)	(10,365,749)	(10,048,774)	(7,693,305)	(7,912,536)	(8,141,016)
<b>OPERATING MARGIN</b>	<b>(1,580,856)</b>	<b>(744,568)</b>	<b>750,653</b>	<b>3,762,698</b>	<b>5,876,833</b>	<b>7,416,914</b>	<b>8,298,819</b>	<b>8,493,924</b>	<b>8,723,668</b>	<b>9,179,176</b>
EBITDA	(1,580,856)	(744,568)	750,653	3,762,698	5,876,833	7,416,914	8,298,819	8,493,924	8,723,668	9,179,176
<b>DEBT SERVICE<sup>1</sup></b>	-	-	-	-	<b>2,287,441</b>	<b>2,287,441</b>	<b>4,212,441</b>	<b>4,215,765</b>	<b>4,211,145</b>	<b>4,212,342</b>
<b>DEBT SERVICE COVERAGE</b>	-	-	-	-	<b>2.6</b>	<b>3.2</b>	<b>2.0</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>
CAPITAL EXPENDITURES <sup>2</sup>	(3,935,000)	(41,112,000)	(14,922,514)	-	-	-	(2,400,000)	(3,950,000)	(3,800,000)	(3,800,000)
FIXED WIRELESS SUBSCRIBERS <sup>3</sup>	680	3,195	5,235	7,635	9,405	11,385	11,385	7,920	7,920	7,920
FIBEROPTIC SUBSCRIBERS	-	1,000	4,500	6,850	8,030	8,140	8,697	9,228	9,808	10,402
<b>TOTAL SUBSCRIBERS</b>	<b>680</b>	<b>4,195</b>	<b>9,735</b>	<b>14,485</b>	<b>17,435</b>	<b>19,525</b>	<b>20,082</b>	<b>17,148</b>	<b>17,728</b>	<b>18,322</b>
FIXED WIRELESS TOWERS	14	72	87	99	99	99	99	99	99	99
<b>TOTAL TOWERS</b>	<b>14</b>	<b>72</b>	<b>87</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>	<b>99</b>

(1) Interest is capitalized in a Capitalized Interest Fund from 2021 to 2024 followed by two years of interest only payments prior to principal amortization

(2) Capital Expenditures are expended from the Project Fund during 2021 to 2024. Projections include fiberoptic technology upgrades from 2027 forward which will be funded from continued operations

(3) The Company believes that its fixed wireless broadband business will provide services as a primary broadband provider through 2027 and then will begin converting to fiber with wireless as a feature only. The constructed towers will continue to generate considerable revenue and value as additional colocations are executed with cellular and satellite downlink providers.

Below are certain key assumptions used in connection with development of the Financial Projections above.

- National tower carrier leases assumed at \$1,900 per month with a 2% annual escalator. Dates and numbers based only on AT&T existing sites and planned sites.
- National carrier backhaul rate assumed at \$975 per month for 200 Mbps and increases of \$50 per 100 Mbps upspeed.
- RDOF Aggregation Rate is “end to end” backhaul for other providers who received funding from “Rural Digital Opportunity Fund” to connect certain census tracts and is assumed at \$2,500 per month.
- Fixed Wireless rates assumed at \$62.00 per month ARPU (Average Revenue per Unit) and decreases \$2.00 per year until it becomes a feature charge at \$8.00 per month. Financial Projections assume that eventually fixed wireless customers are converted to fiber.
- Fiberoptic customer rates are assumed to average \$70.00 per month ARPU and reduce annually by \$2.00 per month until ARPU reaches \$62.00.
- Content subscription is assumed at \$12.00 per month as an estimate of the commission to provide HBO Max and customer discretionary channels with a 45% average take rate.
- Managed services revenue is assumed at \$8.00 per month with a 15% take rate. Managed services is the ability of the Borrower to remotely manage the Wi-Fi and throughput needs of the customer.
- Capitalized expenses after initial project funds are spent begins in 2027 as technology upgrades for fiberoptic electronics. Initial network is designed at 10 Gbps to the home and 200 to 800 Gbps on the middle mile connectors.
- Fixed wireless subscribers vary from 40 subscribers per tower to 120 subscribers per tower based on population density. Current penetrations vary from 40 per tower to 220 per tower.
- Fiberoptic customer take rates begin at 40% of homes passed and ramp up over 10 years to 70%.
- Expense assumptions are set forth on an annualized basis below (first year only shown):

<b>Key Expense Assumptions</b>	<b>Annualized \$</b>
Tower Land Rent and Maintenance	\$109,200.00
Tower Leasing (with 2% escalation annually)	\$351,000.00
Subscriber Support Costs and Billing	\$69,360.00
Backhaul and Internet Access per tower	\$42,000.00
Site Maintenance/Field Services per tower	\$58,800.00
Customer Installation and Acquisition Expense per subscriber	\$231,200.00
Corporate Overhead per tower	\$92,400.00
Fiber Maintenance per subscriber	-
Selling and Marketing as a % of stabilized gross revenue	\$566,416.28
Property Taxes per tower	\$60,480.00
<b>Total Expenses</b>	<b>\$1,580,856.28</b>

Although the Borrower believes that the above assumptions are reasonable, such assumptions are qualified in their entirety by reference to the discussion of risk factors under the heading “*BONDOWNERS’ RISKS*,” and may additionally be impacted by the following important factors, among other relevant factors: general economic conditions such as inflation and interest rates, both nationally and in Wisconsin where the Project is located; unanticipated expenses; the capabilities of the Borrower’s management; the Borrower’s ability to operate the Project and the ability to generate revenues solely from the Project sufficient to pay all operating expenses and debt service; changes in available technology; changes to federal and state government regulations and decisions in regulatory proceedings; increased competition in the wireless industry; and other risks discussed in this Limited Offering Memorandum.

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\* Fiber Maintenance is zero for the first year because the Borrower does not anticipate any subscribers in the first year.

## THE GUARANTORS

The following is a brief description of each Guarantor. For more information on each Guarantor, see *Appendix B* hereto.

**Fond du Lac County.** See “*THE ISSUER – Introduction*” herein.

**Calumet County.** Calumet County was created in 1836 and organized in 1850, and encompasses an area of 397 square miles in eastern Wisconsin, approximately 90 miles northwest of Milwaukee, Wisconsin. Calumet County includes the cities of Appleton and Chilton, along with five other cities, five villages and nine townships. The 2019 population estimate for Calumet County is 50,089. Calumet County’s offices are located at 206 Court Street, Chilton, Wisconsin 53014; telephone (920) 849-2361. Audited financial statements of Calumet County for the year ended December 31, 2020 can be found in *Appendix B-2 – “Audited Financial Statements of Calumet County, Wisconsin.”*

**Jackson County.** Jackson County was founded in 1853, and encompasses an area of 1,000 square miles in western Wisconsin, approximately 54 miles southeast of Eau Claire, Wisconsin, and 136 miles southeast of Saint Paul, Minnesota. Jackson County includes the city of Black River Falls, five villages, and twenty-one townships. The 2019 population estimate for Jackson County is 20,643. Jackson County’s offices are located at 307 Main Street, Black River Falls, Wisconsin 54615; telephone (715) 284-0201. Audited financial statements of Jackson County for the year ended December 31, 2020 can be found in *Appendix B-3 – “Audited Financial Statements of Jackson County, Wisconsin.”*

**Marathon County.** Marathon County was founded in 1850, and encompasses an area of 1,576 square miles in central Wisconsin, approximately 184 miles northwest of Milwaukee, Wisconsin, and 171 miles east of Saint Paul, Minnesota. Marathon County includes the cities of Wausau and Schofield, along with four other cities, fifteen villages and forty villages. The 2019 population estimate for Marathon County is 135,692. Marathon County’s offices are located at 500 Forest Street, Wausau, Wisconsin 55403; telephone (715) 261-1000. Audited financial statements of Marathon County for the year ended December 31, 2020 can be found in *Appendix B-4 – “Audited Financial Statements of Marathon County, Wisconsin.”*

**Waushara County.** Waushara County was founded in 1852, and encompasses an area of 637 square miles in central Wisconsin, approximately 124 miles northwest of Milwaukee, Wisconsin. Waushara County includes the cities of Wautoma and Berlin, six villages, and eighteen townships. The 2019 population estimate for Waushara County is 24,443. Waushara County’s offices are located at 209 South Saint Marie Street, Wautoma, Wisconsin 54982; telephone (920) 787-0442. Audited financial statements of Waushara County for the year ended December 31, 2020 can be found in *Appendix B-5 – “Audited Financial Statements of Waushara County, Wisconsin.”*

The credit rating for each Guarantor is set forth in the table below:

County	Moody's Rating	S&P Rating	Fitch Rating
Fond du Lac	Aa2	NR	NR
Calumet	NR	AA+ (stable)	NR
Jackson	NR	AA (stable)	NR
Marathon	Aa1	NR	NR
Waushara	NR	AA- (stable)	NR

As of the date of issuance of the Bonds, each Guarantor’s pro rata share of the principal of, and interest on, the Bonds in an amount necessary to replenish the Series 2021 Debt Service Reserve Account in the event there is insufficient moneys in the Bond Fund to pay the regularly scheduled principal of and interest on the Bonds when due is set forth in the table below:

County	Aggregate Principal Amount Not to Exceed	% of the Aggregate Principal Amount of the Bonds
Fond du Lac	\$15,000,000	21.429%
Calumet	\$6,000,000	8.571%
Jackson	\$12,000,000	17.143%
Marathon	\$25,000,000	35.714%
Waushara	\$12,000,000	17.143%
<b>Totals:</b>	<b>\$70,000,000</b>	<b>100%</b>

The below map shows each of the Guarantors.



**PLAN OF FINANCE**

The proceeds of the Bonds will be used, together with earnings thereon and other moneys of the Borrower, to provide financing for the Project. The Project consists of the acquisition, construction, installation, and equipping of certain telecommunications infrastructure that includes, among other things (i) acquisition of tower sites by purchase or lease of land and equipping such sites with towers and electronics to provide broadband, high speed



cellular, emergency communications and point to point (P2P) data communications; (ii) constructing fiberoptic data transmission facilities (cable and electronics) between towers, key community facilities, businesses and residential aggregation points; (iii) where appropriate, connecting individual premises into the broadband network including the cost of Consumer Premise Equipment (CPE); (iv) payment of capitalized interest; (v) funding of a debt service reserve fund for the Bonds; (vi) payment of certain project costs located in the Participating Counties; and (vii) payment of certain costs of issuance related to the issuance of the Bonds (collectively, the “*Project*”), all of which will be for the purpose of owning and operating the Project to provide fiberoptic transmissions, wireless internet and telephone communications services and infrastructure to businesses, governmental units and residents of rural communities where such service is currently unavailable, unreliable, or is prohibitively expensive. See “*THE BORROWER, HILBERT AND THE PROJECT*” hereto for a more detailed description of the Project.

### **ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds required in connection with the Project are as follows:

Sources:		
Par Amount of the Bonds	\$70,000,000.00	
<u>Total Sources</u>	<u>\$70,000,000.00</u>	
Uses:		
Deposit to the Project Fund	\$58,061,225.90	
Deposit to Series 2021 Capitalized Interest Account <sup>(1)</sup>	\$6,576,393.67	
Deposit to 2021 Debt Service Reserve Account	\$4,216,223.80	
Deposit to Costs of Issuance Fund <sup>(2)</sup>	<u>\$1,146,156.63</u>	
<u>Total Uses</u>	<u>\$70,000,000.00</u>	

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(1) Included in this amount is interest due on the Bonds to and including November 1, 2024.

(2) Included in this amount are the estimated fees and expenses of the Underwriters, the Trustee, Bond Counsel, Counsel to the Borrower, Counsel to the Underwriters, Counsel to the Guarantors and the Issuer, the cost of printing the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, rating agency fees and other costs incurred in connection with the issuance of the Bonds.

### **THE BONDS**

The following is a summary of certain provisions of the Bonds. Reference is made to the form of Indenture included in *Appendix C* hereto for a more complete description of the Bonds. Reference is also made to *Appendix C – “FORMS OF THE INDENTURE OF TRUST, THE LOAN AGREEMENT, THE GUARANTY AGREEMENTS, AND THE REIMBURSEMENT AGREEMENTS”* for the definitions of certain terms used in the following summary. If any conflict exists among the definitions set forth in the forms of agreement included in *Appendix C*, the definitions in Indenture shall control. The discussion herein is qualified in all respects by those references.

#### **General**

The Bonds will be dated the Date of Issuance and will bear interest at the rates and mature (subject to the redemption provisions described below) in the amounts and on the dates set forth on the inside cover of this Limited Offering Memorandum. Interest on the Bonds will be payable each May 1 and November 1 of each year, commencing on May 1, 2022. Interest on the Bonds shall be calculated on a 360-day year on the basis of twelve 30-day months. The Bonds will be issued in minimum authorized denominations of \$100,000 or any multiple of \$5,000 in excess thereof.

The principal of, and interest on, the Bonds shall be payable by the Issuer solely from the Pledged Revenues. The Pledged Revenues are pledged by the Issuer, and a security interest in the Pledged Revenues is granted under the Indenture, to the Trustee to secure the payment of the principal of, and interest on, the Bonds.

## **Transfer and Exchange of the Bonds**

So long as the Bonds are in book-entry only form, Cede & Co., as nominee of DTC, will be the sole registered owner of the Bonds. Transfers of beneficial interests in the Bonds will be made as described below under “Bonds in Book-Entry Form.”

**Pursuant to the Indenture, the Bonds may only be sold or transferred in Authorized Denominations to Qualified Institutional Buyers. Each initial Beneficial Owner of a Bond shall provide an investor letter substantially in the form attached hereto as “APPENDIX F – FORM OF INVESTOR LETTER.” No investor letter shall be required to be delivered in connection with subsequent transfers of the Bonds. See “Notice to Investors” herein.**

## **Bonds in Book-Entry Form**

Beneficial ownership in the Bonds will be available to Beneficial Owners (as described below) only by or through DTC Participants via a book-entry system (the “*Book-Entry System*”) maintained by The Depository Trust Company (“*DTC*”), New York, NY. If the Bonds are taken out of the Book-Entry System and delivered to owners in physical form, as contemplated hereinafter under “*Discontinuance of DTC Services*,” the following discussion will not apply to the Bonds. Information concerning DTC and the Book-Entry System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuer, the Underwriters, the Trustee, or the Borrower.

## **DTC and its Participants**

DTC acts as securities depository for the Bonds. The Bonds have been issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“*Direct Participants*”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“*DTCC*”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting

on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Transaction Documents (as defined in the Indenture). For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee on payment dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

### **Discontinuance of DTC Services**

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. For a description of the method of payment of principal of, and interest on, the Bonds in the event the Book-Entry System is discontinued, as well as the provisions relating to registration, transfer, and exchange of the Bonds in such event, see *Appendix C*.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

## Use of Certain Terms in Other Sections of the Limited Offering Memorandum

While the Bonds are in the Book-Entry System, reference in other sections of this Limited Offering Memorandum to owners of such Bonds should be read to include any person for whom a Participant acquires an interest in Bonds, but (i) all rights of ownership, as described herein, must be exercised through DTC and the Book-Entry System and (ii) notices that are to be given to registered owners by the Trustee will be given only to DTC. DTC is required to forward (or cause to be forwarded) the notices to the Participants by its usual procedures, which should allow Participants to forward (or cause to be forwarded) such notices to the Beneficial Owners.

## Disclaimer

None of the Issuer, the Borrower, the Underwriters, or the Trustee have any responsibility or obligation to any DTC Participant, Indirect Participant, or any Beneficial Owner or any other person with respect to: (i) the accuracy of any records maintained by DTC or any DTC Participant or Indirect Participant, (ii) the payment by DTC or any DTC Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds, (iii) the delivery by DTC or any DTC Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to Owners of Bonds, (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds, or (v) any consent given or other action taken by DTC as an Owner of the Bonds.

The Issuer, the Borrower, the Underwriters, and the Trustee cannot and do not give any assurances that DTC, the DTC Participants, or the Indirect Participants will distribute to the Beneficial Owners of the Bonds (i) payments of principal or redemption price of or interest on the Bonds, (ii) certificates representing an ownership interest or other confirmation of Beneficial Ownership interests in Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Participants, or Indirect Participants will serve and act in the manner described in this Limited Offering Memorandum. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

## Redemption

*Optional Redemption.* The Bonds maturing after November 1, 2031 are subject to redemption by the Issuer, in whole or in part, at the option of the Borrower, which may be exercised upon the written direction of the Borrower, on or after November 1, 2031, at the redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date. Payment of the redemption price of the Bonds shall be made with Eligible Funds.

*Extraordinary Optional Redemption- Damage, Destruction, Eminent Domain, Court Order or Legislative Change.* Upon the occurrence of an event described in the Indenture relating to damage, destruction, delays to the construction of the facilities, and other extraordinary events, the Bonds are subject to redemption in whole, or in part, at the option of the Borrower, on any Business Day, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date. Payment of the redemption price of the Bonds shall be made with Eligible Funds. See *Appendix C – "FORMS OF THE INDENTURE OF TRUST, THE LOAN AGREEMENT, THE GUARANTY AGREEMENTS, AND THE REIMBURSEMENT AGREEMENTS."*

*Extraordinary Optional Redemption- At the Option of the Guarantors.* Upon the occurrence of each of the following conditions: (i) an Event of Default has occurred and is continuing, (ii) the Bonds have been accelerated pursuant to the terms of the Indenture and (iii) all of the Guarantors have unanimously agreed to exercise their option to redeem the Bonds, the Bonds are subject to redemption in whole, but not in part, at the option of the Guarantors, so long as the Guarantors are not in default under the Guaranty Agreements, on any Business Day, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date. Payment of the redemption price of the Bonds shall be made with Eligible Funds. See *Appendix C – "FORMS OF THE INDENTURE OF TRUST, THE LOAN AGREEMENT, THE GUARANTY AGREEMENTS, AND THE REIMBURSEMENT AGREEMENTS."*

*Mandatory Redemption of the Bonds from Unused Proceeds.* The Bonds are subject to redemption from moneys remaining in the Project Fund upon the closing thereof under the Loan Agreement, at a redemption price equal to 100% of the principal amount of the Bonds or portions thereof so redeemed, plus accrued interest to the redemption date. Payment of the redemption price of the Bonds shall be made with Eligible Funds. See *Appendix C – “FORMS OF THE INDENTURE OF TRUST, THE LOAN AGREEMENT, THE GUARANTY AGREEMENTS, AND THE REIMBURSEMENT AGREEMENTS.”*

*Mandatory Sinking Fund Redemption of the Bonds.* The Bonds maturing on November 1, 2041 and November 1, 2051 are subject to mandatory sinking fund redemption prior to maturing on November 1 of the years and in the principal amounts shown in the following table at a redemption price equal to 100% of the principal amount being redeemed, plus interest accrued thereon to the date fixed for redemption:

Term Bonds Maturing on November 1, 2041

<u>Payment Dates (November 1)</u>	<u>Principal Amount</u>
2037	\$2,515,000
2038	\$2,600,000
2039	\$2,685,000
2040	\$2,780,000
2041*	\$2,875,000

\* Final maturity

Term Bonds Maturing on November 1, 2051

<u>Payment Dates (November 1)</u>	<u>Principal Amount</u>
2042	\$2,980,000
2043	\$3,085,000
2044	\$3,190,000
2045	\$3,305,000
2046	\$3,420,000
2047	\$3,540,000
2048	\$3,670,000
2049	\$3,795,000
2050	\$3,930,000
2051*	\$4,070,000

\* Final maturity

*Procedure for Redemption.* In the event of optional redemption, extraordinary optional redemption, or mandatory redemption with respect to less than all the Bonds, the Borrower or the Issuer on behalf of all of the Guarantors, as applicable, shall select the Stated Maturity or Stated Maturities of the Bonds to be redeemed. If less than all the Bonds of a particular Stated Maturity shall be called for redemption, the Bonds to be redeemed shall be selected by the Trustee from the Bonds which have not previously been called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for partial redemption (in Authorized Denominations) of Bonds in accordance with the operational arrangements of the Securities Depository then in effect; provided that no partial redemption shall leave Outstanding a Bond that is not in an Authorized Denomination, unless such amount is the only amount Outstanding, then such final Bond of that series may be in that amount; and provided, further, that such selection shall be made by the Securities Depository for Bonds held in a Book-Entry System.

Any Bonds selected for redemption which are deemed to be paid in accordance with the provisions of the Indenture will cease to bear interest on the date fixed for redemption.

On presentation and surrender of Bonds called for redemption at the place or places of payment, such Bonds shall be paid and redeemed. Notice of redemption shall be given in the manner set forth in the Indenture by mail at least 20 days prior to the redemption date, provided that the failure to duly give such notice, or defects therein, shall not affect the validity of the proceedings for redemption of any Bond not affected by such defect or failure.

With respect to notice of any optional or extraordinary optional redemption of Bonds, unless moneys or Government Obligations, or a combination thereof, shall be received by the Trustee prior to the giving of said notice sufficient to pay the redemption price on the Bonds to be redeemed, said notice shall state that said redemption shall be conditional upon the receipt of such moneys or Government Obligations by the Trustee on or prior to the date fixed for such redemption. If such moneys or Government Obligations shall not have been so received on or prior to the redemption date, said notice shall be of no force and effect, the Issuer shall not redeem such Bonds, and the Trustee shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

## **SOCIAL BONDS SELF DESIGNATION**

### **Social Bonds Self-Designation**

The Bonds are being self-designated by the Borrower as “Social Bonds” in accordance with the 2021 edition of the Social Bond Principles (“*SBP*”), published by the International Capital Markets Association (“*ICMA*”). The *SBP*, updated as of June 2021, are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Social Bond market. Holders of the Bonds will not possess any additional security and do not assume any specific risk with respect to any of the funded projects, as more fully described under this section.

The impacts from the Project are aligned with the principles set forth in the *ICMA* and also with four of the United Nations 17 Sustainable Development Goals (“*UNSDGs*”). By reference to the *ICMA* “Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals” (June 2020), the Project primarily aims to address Goal 8: “Decent Work and Economic Growth”, Goal 9: “Industry, Innovation, and Infrastructure”, Goal 10: “Reduced Inequalities”, and Goal 11: “Sustainable Cities and Communities”. The Borrower has covenanted in the Loan Agreement to comply with the guidelines published by *ICMA* as set forth under the *SBP* and the *UNSDGs*, in order to qualify the Bonds as self-designated Social Bonds.

### **Use of Bond Proceeds**

Proceeds from this financing will be used to build and install telecommunications infrastructure in five counties in Wisconsin with the aim of providing wireless internet and telephone communications services to rural communities where such services are currently unavailable or expensive. The Project aims to provide broadband quickly and install fiber infrastructure throughout the service area to provide ubiquitous cellular service to support economic development through community education. The Borrower plans to provide cellular access and 25Mbps download speed to its rural constituents and work towards providing fiber to community aggregation points and critical community facilities and quicker download speeds in the near future.

Specifically, the Borrower plans to use the proceeds of the Bonds to finance the Project, and will use certain proceeds of the Bonds for “Social Projects” as outlined by the International Capital Market Association by: (i) expanding affordable basic infrastructure, (ii) expanding access to essential services, (iii) generating additional employment opportunities, and (iv) promoting socioeconomic advancement and empowerment, all through providing or improving affordable access to essential broadband internet for residents of rural Wisconsin, which are an underserved population as it relates to access to broadband internet and the benefits conferred by broadband internet service, such as access to tele-health services and online education, greater connectivity with emergency responders, attracting or maintaining employees in local areas by providing remote work possibilities, and allowing local businesses to increase revenue through online ordering.

## Management of Proceeds

Pursuant to the bond documents, the proceeds of the Bonds (net of capitalized interest, debt service reserve fund and costs of issuance, as further set forth in the Indenture) will be deposited into the Project Fund and will be segregated and tracked by the Borrower. Bond proceeds segregation and tracking will consist of the net bond proceeds being placed in the Project Fund held by the Trustee and transferred upon construction requisitions to pay the costs of the Project. The Project is expected to be substantially completed by December 31, 2024 and totally completed by December 31, 2026.

## Voluntary Reporting

The Borrower will voluntarily file annual updates regarding the Project funded by the Bonds including the following information on the MSRB's Electronic Municipal Market Access system for the Bonds not later than ninety (90) days after the close of its Fiscal Year, beginning with the Fiscal Year ending December 31, 2022, and continuing for two Fiscal Years after the Fiscal Year in which the proceeds of the Bonds have been expended:

(a) a brief description of the projects completed in such Fiscal Year using proceeds of the Bonds, including a completion percentage of the Project;

(b) the amount of the proceeds of the Series 2021 Bonds that have been spent on the portions of the Project that are a "Social Project" as defined by the ICMA, which may be by percentage allocated to certain project categories;

(c) the expected impact of such proceeds, including (i) the number of new internet connections provided by projects financed with proceeds of the Bonds, (ii) how the Project has supported (1) affordable basic infrastructure, (2) access to essential services (e.g. health care, education and vocational training), and (3) socioeconomic advancement and empowerment and (iii) which targeted populations were impacted by the Project (e.g. those living below the poverty line, people with disabilities, underserved populations, undereducated populations, populations with lack of quality access to essential goods or services, the unemployed or communities impacted by natural disasters); and

(d) a statement to the effect that no changes have been made to the Project that would reasonably be expected to materially adversely affect the social benefits of the Project.

Such annual voluntary reports may be included in the Annual Report submitted by the Borrower pursuant to the Borrower Continuing Disclosure Agreement. The failure of the Borrower to comply with the requirements described above will not be considered an Event of Default under the Loan Agreement. No independent third party verification has been sought or obtained with respect to the "social bonds" designation for the Bonds.

## SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

The Bonds are limited obligations of the Issuer and are payable solely from the Trust Estate pledged for their payment under the Indenture. The "Trust Estate" is defined as all right, title and interest of the Issuer under: (i) (a) the Promissory Note; (b) the Loan Agreement (other than the Issuer's rights to receive fees and expenses and to indemnification in certain circumstances), the Pledged Revenues, and all other payments owing to the Issuer and paid by the Borrower under the Loan Agreement and the Promissory Note, and (c) all financing statements or other instruments or documents evidencing, securing, or otherwise relating to the loan of the proceeds of the Bonds; (ii) the money and investments held by or on behalf of the Trustee in the funds and accounts under the Indenture; (iii) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture; and (iv) any and all proceeds of, income from, and earnings on, any of the foregoing. See *Appendix C* for a complete form of Indenture. The Bonds are not a debt or liability of the Issuer, the State or of any political subdivision or agency thereof. The Bonds do not, directly, indirectly or contingently, obligate, in any manner, the Issuer, the State or any political subdivision thereof to levy any tax or to make any appropriation for payment of the Bonds. Neither the faith and credit

nor the taxing power of the Issuer, the State or any political subdivision thereof shall be pledged to the payment of the principal of or interest on the Bonds. For a more detailed discussion of the Issuer, see “*THE ISSUER*” herein.

The rights of the Issuer in and to the Promissory Note, and in, to, and under the Loan Agreement (other than the Issuer’s rights to receive fees and expenses and to indemnification in certain circumstances) will be assigned to the Trustee to secure the payment of principal of, and interest on, the Bonds. The Borrower agrees under the Loan Agreement to make its payments on the Promissory Note directly to the Trustee.

The Promissory Note will be issued in a principal amount equal to the principal amount of the Bonds. The Promissory Note will be delivered to the Issuer and assigned by the Issuer to the Trustee. The Loan Agreement provides that the Borrower is required to make designated payments to the Trustee in amounts sufficient to pay the principal of, and interest on, the Bonds when due. The Borrower’s obligation to make payments on the Promissory Note will be satisfied to the extent that payments are made by the Borrower under the Loan Agreement and the Borrower will receive similar credit under the Loan Agreement for payments made on the Promissory Note. The Promissory Note will be an unsecured, general obligation of the Borrower.

Under the Indenture, the Issuer and the Borrower have established a Debt Service Reserve Fund, including the Series 2021 Debt Service Reserve Account therein, for the purpose of funding amounts due in respect of the Bonds, which will be initially funded in the amount of the Series 2021 Debt Service Reserve Requirement. Moneys in the Debt Service Reserve Fund will be applied by the Trustee to make up any deficiencies in the Bond Fund established under the Indenture. The Series 2021 Debt Service Reserve Account is not available to secure any series of bonds under the Indenture other than the Bonds, and provisions or terms related to Debt Service Reserve Accounts for any series of Additional Bonds will be specified in the applicable supplemental indenture pursuant to which such Additional Bonds are issued. See *Appendix C – “FORMS OF THE INDENTURE OF TRUST, THE LOAN AGREEMENT, THE GUARANTY AGREEMENTS, AND THE REIMBURSEMENT AGREEMENTS.”*

The Issuer will cause each Guarantor to execute and deliver its respective Guaranty Agreement in favor of the Trustee which provides for the unconditional guaranty by each Guarantor of the replenishment of the Series 2021 Debt Service Reserve Account in an amount equal to such Guarantor’s pro rata share of allocated principal of and interest on the Bonds, each pursuant to a separate Guaranty Agreement. If notice is provided to each Guarantor by the Trustee that the Trustee has drawn upon the Series 2021 Debt Service Reserve Account to pay debt service on the Bonds, each Guarantor shall take the necessary steps to replenish its pro rata share of the Series 2021 Debt Service Reserve Account within the earlier of (i) one hundred fifty (150) days from the date of demand by the Trustee, or (ii) the next succeeding Interest Payment Date, to replenish such draw on the Series 2021 Debt Service Reserve Account all as provided in the Indenture and each Guaranty Agreement. **Each Guarantor’s obligations under its respective Guaranty Agreement is several and NOT joint with any other Guarantor’s obligations under its respective Guaranty Agreement.** See “*GUARANTY AGREEMENTS*” herein.

### **Additional Bonds**

Pursuant to the Indenture, the Issuer shall not issue any other bonds or obligations having a lien on the Trust Estate except for Additional Bonds. Additional Bonds may be issued under the Indenture for any legal purpose permitted by Wisconsin Statutes, Section 66.1103 as amended from time to time (the “Act”), and must be issued by January 1, 2025. The terms and provisions relating to a series of Additional Bonds shall be as set forth in a Supplemental Indenture providing for the issuance of such series of Additional Bonds. Each series of Additional Bonds, upon execution on behalf of the Issuer, shall be deposited with the Trustee for authentication and delivery, and the Trustee shall authenticate and deliver such Additional Bonds upon receipt by the Trustee of the following:

- (i) a copy, certified by an Issuer Representative, of a resolution and/or evidence of any other official actions taken by the Issuer authorizing, or an opinion of Bond Counsel to the effect that no additional official action is required to authorize, (i) the execution and delivery of the Supplemental Indenture providing for the issuance of the Additional Bonds of such series and setting forth the terms of such Additional Bonds, (ii) the execution and delivery of any amendments or supplements to each of the Transaction Documents required by the issuance of such series of Additional Bonds (or an opinion of counsel that no such amendment is required), and (iii) issuance, sale, execution and delivery of such series of Additional Bonds;



- (ii) an original executed counterpart or a copy, certified by an Issuer Representative, of the Indenture, together with original executed counterparts or certified copies of all Supplemental Indentures executed and delivered since the date of issuance of the Bonds;
- (iii) an original executed counterpart or a copy, certified by an Issuer Representative, of the Supplemental Indenture providing for the issuance of the Additional Bonds of such series and setting forth terms of such Additional Bonds;
- (iv) an original executed counterpart or a copy, certified by the Issuer Representative and Borrower Representative, as applicable, of any amendments or supplements to the Transaction Documents to which each is a party;
- (v) an opinion or opinions of counsel to the Borrower, addressed to the Issuer and the Trustee, to the effect that amendments and supplements, if any, to the Transaction Documents to which it is a party have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Borrower enforceable against the Borrower; provided, that such opinion or opinions of counsel may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and that no opinion is being rendered with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions under the financing documents;
- (vi) a request and authorization of the Issuer, signed by an Issuer Representative, to the Trustee to authenticate and, upon receipt of the purchase price, to deliver such series of Additional Bonds to or upon the order of the purchasers of such series of Additional Bonds;
- (vii) a certificate of the Borrower signed by a Borrower Representative stating that (i) no Event of Default, nor any event or condition that with notice or the passage of time or both would constitute an Event of Default, has occurred and is continuing under the Transaction Documents as of the date of issuance of such series of Additional Bonds and (ii) the issuance of such series of Additional Bonds, in and of itself, will not cause an Event of Default or default under the Transaction Documents;
- (viii) a final approving opinion of Bond Counsel addressed to the Trustee, duly executed;
- (ix) an Opinion of Counsel to the Borrower that the conditions of the Indenture for the issuance of such Additional Bonds have been satisfied;
- (x) the agreement of the Borrower to pay the administrative fees and expense of the Issuer and the Trustee in connection with the issuance of a series of Additional Bonds; and
- (xi) evidence from a Rating Agency that such Additional Bonds will carry an investment grade rating of at least BBB - / Baa3 or the equivalent.

See *Appendix C – “FORMS OF THE INDENTURE OF TRUST, THE LOAN AGREEMENT, THE GUARANTY AGREEMENTS, AND THE REIMBURSEMENT AGREEMENTS”* in this Limited Offering Memorandum.

### **GUARANTY AGREEMENTS**

Concurrently with the issuance of the Bonds, each Guarantor will execute its respective Guaranty Agreement with respect to the Bonds in favor of the Trustee. Each Guaranty Agreement provides for the unconditional guaranty by each Guarantor of the payment when due of its pro rata share of the principal of, and interest on, the Bonds in an amount necessary to replenish the Series 2021 Debt Service Reserve Account in the event there is insufficient moneys

in the Bond Fund to pay the regularly scheduled principal of and interest on the Bonds when due. Fond du Lac County's pro rata share as of the date of issuance of the Bonds shall be in an aggregate principal amount of the Bonds not to exceed \$15,000,000 (or 21.429% of the aggregate principal amount of the Bonds); Calumet County's pro rata share as of the date of issuance of the Bonds shall be in an aggregate principal amount of the Bonds not to exceed \$6,000,000 (or 8.571% of the aggregate principal amount of the Bonds); Jackson County's pro rata share as of the date of issuance of the Bonds shall be in an aggregate principal amount of the Bonds not to exceed \$12,000,000 (or 17.143% of the aggregate principal amount of the Bonds); Marathon County's pro rata share as of the date of issuance of the Bonds shall be in an aggregate principal amount of the Bonds not to exceed \$25,000,000 (or 35.714% of the aggregate principal amount of the Bonds); and Waushara County's pro rata share as of the date of issuance of the Bonds shall be in an aggregate principal amount of the Bonds not to exceed \$12,000,000 (or 17.143% of the aggregate principal amount of the Bonds).

If notice is provided to each Guarantor by the Trustee that the Trustee has drawn upon the Series 2021 Debt Service Reserve Account to pay debt service on the Bonds, each Guarantor shall take the necessary steps to replenish its pro rata share of the Series 2021 Debt Service Reserve Account within the earlier of (i) one hundred fifty (150) days from the date of demand by the Trustee, or (ii) the next succeeding Interest Payment Date, to replenish such draw on the Series 2021 Debt Service Reserve Account all as provided in the Indenture and each Guaranty Agreement. Each Participating County's pro rata share shall be calculated on the date of issuance of the Bonds, on each principal and interest payment date, and on any date the pro rata share of any Participating County is reduced upon a redemption of all or a portion of the Bonds pursuant to the terms of its Guaranty Agreement. Performance or nonperformance by the Company or Hilbert in respect to their obligations under the Reimbursement Agreements or the Hilbert Guaranties does not reduce the Guarantors' obligations under their respective Guaranty Agreement. Further, the obligations of each Guarantor under its Guaranty Agreement are an absolute and unconditional general obligation of the Guarantor to the payment of which the full faith and credit taxing power of such Guarantor is pledged, and remain in full force and effect and are not affected, modified, or impaired upon, among other things, an event of default by the Borrower or Hilbert under any Reimbursement Agreement or Hilbert Guaranty or any agreement securing the Borrower's or Hilbert's obligations pursuant to any Reimbursement Agreement or Hilbert Guaranty. Each Guarantor's obligations under its respective Guaranty Agreement is several and **NOT** joint with any other Guarantor's obligations under its respective Guaranty Agreement. See "*GUARANTY AGREEMENTS*" and *Appendix B* and *Appendix C* hereto for a more detailed description of the Guaranty Agreements and each Guarantor.

### **Rights of the Guarantor with Respect to the Bonds**

The Indenture and the Loan Agreement grants each Guarantor certain approval, consent, and waiver rights. In certain circumstances, the Trustee and the Issuer, without the consent of, or notice to, the Bondowners or the Guarantors, may amend the Indenture, provided the consent of each Guarantor has been obtained if required under the Indenture. Further, in certain circumstances, the Trustee may consent to the amendment of the Loan Agreement without the consent of the Bondowners, provided the consent of each Guarantor has been obtained if required under the Indenture. Specifically, any provision of the Indenture expressly recognizing or granting rights in or to the Guarantors may not be amended in any manner which affects the rights of the Guarantors thereunder, including (i) the principal amount of any series of Bonds (for the avoidance of doubt, excluding any Additional Bonds not subject to the Guaranty Agreements guarantying obligations of the respective Bonds), (ii) the interest rate payable thereon, and (iii) the payment and maturity dates of the applicable Bonds, without the prior written consent of all of the Guarantors, and no Supplemental Indenture amending such provisions expressly recognizing or granting rights in or to the Guarantors shall become effective without the prior written consent of all of the Guarantors. See *Appendix C – "FORMS OF THE INDENTURE OF TRUST, THE LOAN AGREEMENT, THE GUARANTY AGREEMENTS, AND THE REIMBURSEMENT AGREEMENTS."*

In the event the Bonds are accelerated pursuant to the Indenture, the Indenture also grants the Guarantors the right (but only if all of the Guarantors shall so elect and are not in default under their respective Guaranty Agreement), in their sole discretion, to redeem the Bonds. The Indenture also requires that the Guarantors receive notice of certain events including defaults, redemptions, resignations of the Trustee or Paying Agent, and copies of all reports, notices, and correspondence delivered under the Indenture or Loan Agreement. Furthermore, the Indenture provides that certain Events of Default arising from the failure of the Borrower to pay principal and interests on the Bonds after such amounts become due and payable thereunder cannot be waived by the Trustee or Bondowners without the consent of each Guarantor (to the extent such Guarantor is not in default under its Guaranty Agreement). See "*THE BONDS*

– *Redemption*,” and *Appendix C – “FORMS OF THE INDENTURE OF TRUST, THE LOAN AGREEMENT, THE GUARANTY AGREEMENTS, AND THE REIMBURSEMENT AGREEMENTS.”*

### **Security for the Borrower’s Obligations under the Reimbursement Agreements**

As security for the Borrower’s Obligations under the Reimbursement Agreements, the Borrower will grant a mortgage and other liens under a Security Agreement to each Participating County consisting of all of the Borrower’s rights, title, and interest in the Project Property (including, without limitation, any and all mortgages and security agreements granted by the Borrower, collectively, the “*County Mortgages*”). The County Mortgages are **NOT** security for the Borrower’s obligations under the Loan Agreement and are **NOT** available as security for the Trustee or holders of the Bonds. The holders of the Bonds will **NOT** have any security interest in the Project Property or facilities comprising the Project other than what is pledged as the Trust Estate under the Indenture.

### **REIMBURSEMENT AGREEMENTS AND HILBERT GUARANTIES**

Concurrently with the issuance of the Bonds, the Borrower will execute the Reimbursement Agreements with each respective Guarantor. Each Reimbursement Agreement provides for the Borrower to pay to each Guarantor (i) an annual guaranty fee of 40 basis points of the pro rata principal amount of the Bonds subject to each Guarantor’s Guaranty Agreement, as may be paid in a lump sum, as agreed to by the applicable Guarantor and the Borrower as an operating expense of the Borrower, and (ii) all costs and expenses incurred by each Guarantor related to the issuance of the Bonds, in return for the payments each Guarantor makes pursuant to a Guaranty Agreement. As further security for the Borrower’s obligations, Hilbert is guaranteeing payment of all of the Borrower’s obligations and liabilities under the Reimbursement Agreements and other agreements securing the Reimbursement Agreement obligations of the Borrower pursuant to the Hilbert Guaranties. As further consideration for each Guarantor’s Guaranty Agreement, the Borrower has agreed to provide the applicable Guarantor access to use any telecommunications towers and certain strands of a fiber optic cables constructed in each Guarantor’s county with the proceeds of the Bonds, and the Guarantor has pledged 100% of the membership interest of the Borrower to the Issuer, acting as agent, on behalf of each Guarantor. Performance or nonperformance by the Company or Hilbert in respect to their obligations under the Reimbursement Agreements or the Hilbert Guaranties does not reduce the Guarantors’ obligations under their respective Guaranty Agreement. The Reimbursement Agreements, the Hilbert Guaranties, and the agreements securing and providing other rights to the Guarantors in connection with the Reimbursement Agreements are NOT security for the Borrower’s obligations under the Loan Agreement and are NOT available as security for the Trustee or holders of the Bonds. The holders of the Bonds will NOT have any security interest in the equity of the Borrower.

### **BONDOWNERS’ RISKS**

The following discussion of risk factors should be read in conjunction with all other parts of this Limited Offering Memorandum. This discussion of risk factors is not, and is not intended to be, exhaustive.

#### **Limited Obligations**

The Bonds and the interest thereon are limited obligations of the Issuer and will not constitute general obligations of the Issuer, the State of Wisconsin, or any political subdivision thereof within the meaning of any State of Wisconsin constitutional provision or statutory limitation and shall not be a charge against their general credit or taxing powers. The Issuer is obligated to make payments on the Bonds only to the extent of payments made by the Borrower on the Promissory Note or from any amounts received pursuant to the Guaranty Agreements. The Borrower’s ability to repay the Bonds will depend on the overall financial condition of the Borrower, and each Guarantor’s ability to make payments pursuant to the respective Guaranty Agreement will depend on the overall financial condition of each Guarantor.

#### **Risks Related to the Business of the Borrower Generally**

Timely payment of all indebtedness of the Borrower, including debt service owing on the Bonds, will depend on the Borrower’s ability to operate the Project and the ability to generate revenues solely from the Project sufficient to pay all operating expenses and debt service. The Borrower’s revenues depend upon its sales of wireless internet

and telephone communications services to businesses, governmental units and residents of rural communities. The Borrower cannot predict what effects any potential changes in retail competition or increased regulation may have on its business operations and financial condition, but the effects could be significant.

*The Borrower is a new company whose only expected revenue is from the Project.* The Borrower is in the early stages of developing its operations and has not yet attained operating cash flows to support its operations. Additionally, the Borrower will need to make significant investments in property and equipment and plans to continue material capital expenditures through December 31, 2024. No representation or assurance can be made that revenues will be realized by the Borrower in amounts sufficient to meet the obligations of the Borrower under the Loan Agreement. Realization of sufficient revenues over the term of the Bonds is subject, to among other things, the timely completion of the Project, the capabilities of the Borrower as an operator of the facilities, the profitability of the Borrower, future economic conditions, and the supply, demand and applicable prices for the Borrower's products and services, which are unpredictable and may affect revenues, operating and maintenance expenses, and payment of debt service on the Bonds.

*Construction and Site Acquisition Risk.* The Borrower is dependent upon certain contractors, suppliers, and their manufacturing and delivery capabilities which is being adversely affected by supply chain disruptions resulting from the COVID pandemic. While the Borrower is aggressively pursuing supply agreements and contracts that correlate to the Project, there is no guaranty that the Borrower will be able to meet its timelines if suppliers and contractors have supply chain disruptions or manufacturer shortages. The Borrower is also reliant on contractors for certain engineering and site acquisition activities that may delay or add cost to the project if land is not acquirable under anticipated terms or if rights of way are denied due to local zoning or regulatory proceedings.

*Ramp-up Risk.* The Borrower was formed in 2021, and will need to continue to ramp up operations to achieve the timelines of the Project. The ramp up is contingent upon access to additional labor, additional equipment, and continued development of management and operational structures, all of which may be impacted by execution, supply chain and labor availability.

*Permit Risks.* To construct and operate the Project, the Borrower must obtain certain permits and approvals that if not obtained as currently anticipated by the Borrower may delay or increase cost of the construction of the Project or limit the ability of the Borrower to operate the Project as planned. This could have a material adverse effect on the Borrower's anticipated financial performance and ability to generate revenues sufficient to pay debt service on the Bonds.

*Affiliate Relationships.* The Borrower depends on its construction affiliate, its data core affiliate, and the sales and marketing organization of its retail and wholesale wireless affiliate for many operational needs. The ongoing availability of those services and of labor for those affiliates could be impacted by certain economic conditions, by their own execution, or by other factors beyond the control of the Borrower.

*Achieving Revenue Assumptions.* The Borrower has assumed that 40% of homes passed with fiber will subscribe to its services and will additionally ramp up to 70% over ten years. Furthermore, the Borrower has assumed a minimum of 80 fixed broadband subscribers per tower constructed along with rents from at least one national carrier. While the estimated subscribers and revenues have been achieved in the past by affiliates of the Borrower, there is no guarantee that the Borrower will not encounter additional competition, general economic conditions or other issues that prevent it from achieving its estimated revenue streams.

*Changes in available technology could increase competition and capital costs.* The telecommunications industry has experienced rapid changes in the last several years. The development of wireless, cable and satellite technologies has significantly increased the commercial viability of alternatives to traditional data and voice services and enhanced the capabilities of networks. In order to remain competitive, the Borrower continues to deploy a more sophisticated and robust fiberoptic and wireless network, as well as research other new technologies. If the new technologies the Borrower is adopting or on which it has focused its research efforts fail to be cost-effective and accepted by customers, the Borrower's ability to remain competitive could be materially adversely affected.

*Changes to federal and state government regulations and decisions in regulatory proceedings could materially adversely affect the Borrower.* The Borrower is regulated by the Federal Communications Commission ("FCC") and

some state and local agencies. Adverse rulings by the FCC relating to broadband issues could impede the Borrower's ability to manage its networks and recover costs and lessen incentives to invest in its networks. The development of new technologies also has created or potentially could create conflicting regulation between the FCC and various state and local authorities, which may involve lengthy litigation to resolve and may result in outcomes unfavorable to the Borrower. The Borrower complies with Section 106 coordinations and the National Environmental Policy Act, as amended ("NEPA") requirements imposed by the FCC which can delay construction or render certain locations as unacceptable after considerable time and expense.

*Increasing competition in the telecommunications infrastructure industry could adversely affect the Borrower's operating results.* The Borrower has wireless and fiberoptic competitors in its service areas and competes for customers based principally on price, service/device offerings, transmission quality, coverage area and customer service. In addition, the Borrower is likely to experience growing competition from providers offering services using alternative technologies. The Borrower expects market saturation and differentiation to continue to cause the telecommunication industry's customer growth rate to moderate in comparison with historical growth rates, leading to increased competition for customers. This competition will continue to put pressure on pricing and margins as companies compete for potential customers. The Borrower's ability to respond will depend, among other things, on continued improvement in network quality and customer service and effective marketing of attractive products and services, and cost management. These efforts will involve significant expenses and require strategic management decisions on, and timely implementation of, equipment choices and deployment, and service offerings.

*Equipment failures, natural disasters and terrorist attacks may materially adversely affect the Borrower's operations.* Major equipment failures or natural disasters, including severe weather, terrorist acts or other breaches of network or IT security that affect the Borrower's wireless networks, including telephone switching offices, microwave links, third-party-owned local and long-distance networks on which the Borrower relies, the Borrower's cell sites or other equipment, could have a material adverse effect on the Borrower's operations. While the Borrower has insurance coverage for some of these events, the Borrower's inability to operate its wireless systems, even for a limited time period, may result in significant expenses, a loss of customers or impair the Borrower's ability to attract new customers, which could have a material adverse effect on the Borrower's business, results of operations and financial condition.

For a further description of factors that could affect the Borrower's financial standing and operations in the future, see "*Forward-Looking Statements*" in this Limited Offering Memorandum.

## **Guaranty Agreements**

The ability of each Guarantor to honor its obligations under its respective Guaranty Agreement may depend on, among other things, its access to the capital markets at the time it is called on to perform under its respective Guaranty Agreement. For information concerning the current financial status of each Guarantor, see "*Appendix B*" herein.

The obligations of each Guarantor under its respective Guaranty Agreement is limited to its pro rata share, which may be further reduced upon a redemption of all or a portion of the Bonds pursuant to the terms of the applicable Guaranty Agreement. See "*GUARANTY AGREEMENTS*."

There can be no assurance that the credit strength of each Guarantor will be maintained. A decline in the credit rating of any Guarantor could result in a decline in the rating assigned to the Bonds from time to time. Such a decline could in turn affect the market price and marketability of the Bonds. **Each Guarantor's obligations under its respective Guaranty Agreement is several and NOT joint with any other Guarantor's obligations under its respective Guaranty Agreement.** For more information concerning the Guarantors, see *Appendix B* hereto.

## **Risks Associated With County Mortgages and Other Security and Rights Granted to the Guarantors**

The County Mortgages are **NOT** security for the Borrower's obligations under the Loan Agreement and are **NOT** available as security for the Trustee or holders of the Bonds. The holders of the Bonds will **NOT** have any security interest in the Project Property or facilities comprising the Project. The Reimbursement Agreements, the

Hilbert Guaranties, and the agreements securing and providing other rights to the Guarantors in connection with the Reimbursement Agreements are **NOT** security for the Borrower's obligations under the Loan Agreement and are **NOT** available as security for the Trustee or holders of the Bonds. The holders of the Bonds will **NOT** have any security interest in the Hilbert's equity ownership interest in the Borrower.

The Reimbursement Agreements contain numerous conditions precedent to each disbursement of the proceeds of the Bonds to the Borrower, including, as applicable, the Borrower obtaining title insurance, surveys, Phase I environmental assessments, and other documents, certificates, and agreements as may be reasonably requested by the applicable Participating County. These conditions and others as set forth in the Reimbursement Agreement may affect the Borrower's business operations and the timing of the Project's implementation. See *Appendix C – "FORMS OF THE INDENTURE OF TRUST, THE LOAN AGREEMENT, THE GUARANTY AGREEMENTS, AND THE REIMBURSEMENT AGREEMENTS."*

### **Hilbert and Its Subsidiaries and Other Holdings (other than the Borrower) Are Not Obligated For The Borrower's Obligations Under the Loan Agreement**

Hilbert, its subsidiaries, and other holdings (other than the Borrower) are **NOT** obligated to make payments or otherwise provide security for the Borrower's obligations under the Loan Agreement and are **NOT** available as security for the Trustee or holders of the Bonds.

### **Guarantors' Extraordinary Optional Redemption**

Under certain circumstances, the Bonds are subject to acceleration at a price of par. In the event the Bonds are accelerated pursuant to the Indenture, upon the unanimous election of the Guarantors (provided no Guarantor is in default under its respective Guaranty Agreement), the Guarantors may elect, in their sole discretion, to redeem the Bonds. See *"THE BONDS – Redemption,"* and See *Appendix C – "FORMS OF THE INDENTURE OF TRUST, THE LOAN AGREEMENT, THE GUARANTY AGREEMENTS, AND THE REIMBURSEMENT AGREEMENTS."*

### **Enforceability of Remedies**

All legal opinions with respect to the enforceability of the Indenture, the Loan Agreement, and the other Transaction Documents, will be expressly subject to a qualification that enforceability thereof may be limited by bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or other similar laws affecting creditors' rights generally, and by applicable principles of equity if equitable remedies are sought. In addition, enforcement of any Transaction Document will be subject to certain defenses available to guarantors and security providers generally. If one or more of these laws or defenses are applicable, a party may have no liability or decreased liability under the Transaction Documents to which it is a party.

### **Bankruptcy**

Bankruptcy, receivership or other similar proceedings and equity principles may delay or otherwise adversely affect the Bondowners' rights to receive payment as well as the enforcement of Bondowners' rights in the property granted as security for the Bonds. The federal bankruptcy, state receivership or other similar laws may have an adverse effect on the ability of the Trustee and the Bondowners to enforce their right to payment and claim to the security granted by the Indenture, the Loan Agreement, and the other Transaction Documents, as applicable. In particular, the filing by, or against, the Borrower for relief under title 11 of the United States Code (the "Bankruptcy Code") could cause a delay, reduction or cessation of payments under the Indenture or the other Transaction Documents, as applicable, and accordingly under the Bonds. Pursuant to section 362(a) of the Bankruptcy Code, the filing of a bankruptcy petition creates an "automatic stay" that enjoins litigation against the debtor or its property, and other efforts by creditors to enforce their liens or claims, including the liens and claims held by the Trustee, pending further order of the bankruptcy court. Accordingly, the Trustee would need to obtain the permission of the bankruptcy court (which can carry a heavy burden to establish "cause") before any payments or collections can be pursued from the Borrower and applied to the Bonds (potentially even from moneys in the possession of the Trustee) and before any rights or remedies can be exercised by the Trustee under the Indenture or the other Financing Documents or otherwise with respect to the Bonds or against the Borrower, and possibly in certain cases, against the Guarantors.

Likewise, federal bankruptcy law permits the adoption of a reorganization plan even though it has not been accepted by the Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, if the Bondowners are provided with the benefit of the security represented by their original lien and deferred cash payments over time totaling at least the present value of the allowed amount of their claim, of a value of at least equal to the value of the collateral securing payment or, alternatively, with the “indubitable equivalent” of the value of such lien. In addition, if the bankruptcy court concludes that the Bondowners have “adequate protection,” it may (1) substitute other security subject to the lien of the Bondowners; and (2) subordinate the lien of the Bondowners (a) to claims by persons supplying goods and services to the Borrower after bankruptcy and (b) to the administrative expenses of the bankruptcy proceeding, including claims for the repayment of postpetition financings. In the event of a bankruptcy, receivership or other similar proceeding involving the Borrower, the amount realized by the Bondowners might depend on a court’s interpretation of, among other concepts, “secured claim,” “indubitable equivalent” and “adequate protection” under the then existing circumstances. The court may also have the power to invalidate certain provisions of the Transaction Documents that make bankruptcy and or other similar proceedings by the Borrower, or the Borrower’s insolvency or failure to pay its debts as and when they become due, an event of default thereunder. In addition, such provisions may be invalid or void ab initio as a matter of federal or state statutory or common law, irrespective of a court’s affirmative ruling or other intervention.

During the course of a bankruptcy, receivership or other similar proceeding involving the Borrower, under section 506 of the Bankruptcy Code or other similar provisions of applicable state law, the Trustee may only be entitled to accrue postpetition interest on claims against the Borrower, and potentially recover certain fees and expenses, to the extent the value of the underlying collateral exceeds the aggregate amount of the Bondowners’ claims. If the applicable claims are undercollateralized, there would be no entitlement to fees or interest otherwise accruing on such claims during the proceeding, and such claims would be bifurcated under section 506 between a secured claim and an unsecured claim, unless the Trustee is eligible to, and does, elect under section 1111(b) of the Bankruptcy Code to have the applicable claims treated as fully secured. Such an election, if made, may affect recoveries under the Bonds, and whether such affect is negative or positive will depend on the circumstances at the time of the proposed election.

#### **Amendment of the Indenture and the Loan Agreement**

Certain amendments to the Indenture and the Loan Agreement may be made without the consent of Bondowners, and other amendments thereto may be made with the consent of the Owners of a majority in aggregate principal amount of the outstanding Bonds. Such amendments may adversely affect the security of the Bondowners. See *Appendix C – “FORMS OF THE INDENTURE OF TRUST, THE LOAN AGREEMENT, THE GUARANTY AGREEMENTS, AND THE REIMBURSEMENT AGREEMENTS.”*

#### **Forward-Looking Statements**

This Limited Offering Memorandum contains certain statements that are “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this Limited Offering Memorandum, including without limitation statements that use terminology such as “estimate,” “plan,” “budget,” “expect,” “intend,” “anticipate,” “believe,” “may,” “will,” “continue,” and similar expressions, are forward-looking statements. These forward-looking statements include, among other things, the projections and assumptions included in “THE BORROWER’S PROJECTED DEBT SERVICE COVERAGE AND KEY OPERATING STATISTICS” herein, and all discussions related to the Borrower’s operations and expectations regarding future operations, revenues, capital resources, and expenditures for capital projects. Although the Borrower believes that the assumptions upon which the forward-looking statements contained in this Limited Offering Memorandum are reasonable, any of the assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions also could be incorrect. All phases of the operations of the Borrower involve risks and uncertainties, many of which are outside the control of the Borrower and any one of which, or a combination of which, could materially affect the results of the Borrower’s operations and whether the forward-looking statements ultimately prove to be correct. Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions such as inflation and interest rates, both nationally and in Wisconsin where the Project is located; unanticipated expenses; the ability of the Borrower to obtain customers; the capabilities of the Borrower’s management; the Borrower’s ability to operate the Project and the ability to generate revenues solely from the Project sufficient to pay all operating expenses and debt service; changes in available technology; changes to federal and state

government regulations and decisions in regulatory proceedings; increased competition in the wireless industry; and other risks discussed in this Limited Offering Memorandum. The Underwriters make no representation as to the accuracy of the projections contained herein or as to the assumptions on which the projections are based.

## **ABSENCE OF MATERIAL LITIGATION**

### **Issuer**

There is not now pending or, to the knowledge of the Issuer, threatened, any litigation restraining or enjoining the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued. There is no litigation pending or, to its knowledge, threatened, which in any manner questions the right of the Issuer to enter into the Loan Agreement or to secure the Bonds in the manner provided in the Indenture.

### **Borrower**

There is no litigation pending or, to the knowledge of the Borrower, threatened against the Borrower, which in any manner questions the right or ability of the Borrower to enter into the Loan Agreement or to fulfill the obligations imposed upon the Borrower thereby.

### **Hilbert**

There is no litigation pending or, to the knowledge of Hilbert, threatened against Hilbert, which in any manner questions the right or ability of Hilbert to enter into the Hilbert Guaranties or any other agreement granting security to the Guarantors or to fulfill the obligations imposed upon Hilbert thereby. Hilbert is from time to time involved in various legal actions consistent with the general experience of entities of similar nature and size. While the ultimate outcome of such proceedings currently pending cannot be predicted with certainty, Hilbert believes that the resolution of these legal actions will not have a material adverse effect on the operation or condition, financial or otherwise, of Hilbert.

### **Guarantors**

There is no litigation pending or, to the knowledge of each Guarantor, threatened, against such Guarantor, which in any manner questions the right or ability of such Guarantor to enter into its respective Guaranty Agreement or to fulfill the obligations imposed upon such Guarantor thereby or which would materially adversely affect its financial condition or operations or the validity or enforceability of, or its ability to make payments under, its respective Guaranty Agreement.

## **LEGAL MATTERS**

All legal matters incidental to the authorization and issuance of the Bonds by the Issuer are subject to the approval of Husch Blackwell LLP, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Quarles & Brady LLP; for the Borrower by its counsel, Husch Blackwell LLP; for each of the Participating Counties by its special counsel, Quarles & Brady LLP; and for the Underwriters by their counsel, Ballard Spahr LLP.

## **TAX MATTERS**

### **General**

In the opinion of Bond Counsel, under existing law, interest on the Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the “Code”).



## United States Tax Consequences Related to the Bonds

The following is a summary of certain United States federal income tax consequences generally applicable to initial holders of Bonds. This summary does not consider all possible federal income tax consequences of the purchase, ownership, or disposition of the Bonds, and is not intended to reflect the individual tax position of any particular beneficial owner in light of such beneficial owner's individual circumstances. Moreover, except as expressly indicated, this summary is limited to those persons who purchase Bonds at the issue price, which is the first price at which a substantial amount of the Bonds is sold to the public, and who hold Bonds as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). This summary does not address beneficial owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Bonds as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprising a bond and one or more other investments, or United States Holders (as defined below) that have a "functional currency" other than the United States dollar. This summary is applicable only to a person (a "United States Holder") who or that is the beneficial owner of Bonds and is (a) an individual citizen or resident of the United States, (b) a corporation or an entity taxable as a corporation created or organized under the laws of the United States or any State (including the District of Columbia), (c) an estate whose income is subject to federal income taxation regardless of its source, or (d) a trust if a court within the United States can exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. If a partnership or other entity taxable as a partnership for federal income tax purposes holds Bonds, the tax treatment of the partner will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding Bonds should consult their own tax advisors regarding the tax consequences of an investment in Bonds. This summary is based on the United States tax laws and regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or interpretations thereof any of which may be applied retroactively. Except as provided below, it does not discuss the tax laws of any state, local, or foreign governments.

### United States Holders of Bonds

*Payments of Stated Interest.* In general, for a United States Holder, interest on a Bond will be taxable as ordinary income at the time it is received or accrued, depending on the United States Holder's method of accounting for federal income tax purposes.

*Original Issue Discount on Bonds.* To the extent that the issue price of the Bonds is less than the stated principal amount payable at maturity, such Bonds will be considered to be issued with original issue discount unless the amount of original issue discount is "de minimis." For purposes of the foregoing, the "issue price" means the first price at which a substantial amount of the Bonds are sold to the public. The amount of original issue discount with respect to a Bond will be "de minimis" if the amount of discount is less than one-fourth of 1% of the principal amount payable at maturity multiplied by the number of complete years from the issue date until the maturity date.

If the amount of discount with respect to a Bond is more than "de minimis," then the Bond will contain original issue discount and owners of the Bonds will be required to include original issue discount in income. The Code contains a number of very complex provisions requiring holders of debt instruments with original issue discount to include such original issue discount in income as it accrues (generally on a constant-yield method) over the life of the debt instrument. In the case of a Bond with original issue discount, the owner may be required to include the original issue discount in income before the owner receives the associated cash payment, regardless of the owner's regular method of accounting for tax purposes. Any such original issue discount that is included in income is treated in the same manner as interest. Any original issue discount that is included in income by an owner with respect to a Bond will increase the holder's tax basis in the Bonds.

The Code contains certain provisions relating to the accrual of original issue discount (including de minimis original issue discount) in the case of subsequent purchasers of obligations such as the Bonds. Owners who do not purchase Bonds in the initial public offering should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of Bonds.

Owners who purchase Bonds in the initial public offering but at a price different than the initial offering price at which a substantial amount of that maturity of the Bonds was sold to the public should consult their own tax advisors with respect to the tax consequences of the acquisition and ownership of the Bonds.

*Bond Premium on Bonds.* To the extent that the issue price of the Bonds is more than the principal amount payable at maturity, the Bonds will be considered to have “bond premium” equal to the difference between the issue price and the stated redemption price at maturity. For purposes of the foregoing, the issue price means the first price at which a substantial amount of each maturity of the Bonds were ultimately sold to the public. Under Section 171 of the Code, a holder of a Bond may elect to treat such excess as “amortizable bond premium”, in which case the amount of interest required to be included in the taxpayer’s income each year with respect to interest on the Bond will be reduced by the amount of amortizable bond premium allocable (based on the Bond’s yield to maturity) to that year. If such an election is made, the amount of each reduction in interest income will result in a corresponding reduction in the taxpayer’s adjusted basis in the Bond. Any election to amortize bond premium is applicable to all taxable debt instruments held by the taxpayer at the beginning of the first taxable year to which the election applies or thereafter acquired by the taxpayer and may not be revoked without the consent of the IRS. Owners of Bonds should consult with their tax advisors regarding the calculation and treatment of bond premium for federal income tax purposes, as well as the manner of making the election.

*Bonds Purchased at a Market Discount.* A Bond will be treated as acquired at a market discount (market discount bond) if the amount for which a United States Holder purchases the Bond after the original issuance is less than the Bond’s adjusted issue price, unless such difference is less than a specified de minimis amount. In general, any payment of principal or any gain recognized on the maturity or disposition of a market discount bond will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on the Bond. Alternatively, a United States Holder of a market discount bond may elect to include market discount in income currently over the life of the market discount bond. That election applies to all debt instruments with market discount acquired by the electing United States Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS. If an election is made to include market discount in income currently, the tax basis of the Bond in the hands of the United States Holder will be increased by the market discount thereon as such discount is included in income.

Market discount generally accrues on a straight-line basis unless the United States Holder elects to accrue such discount on a constant yield-to-maturity basis. That election is applicable only to the market discount bond with respect to which it is made and is irrevocable. A United States Holder of a market discount bond that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to the Bond in an amount not exceeding the accrued market discount on such Bond until maturity or disposition of the Bond.

*Purchase, Sale, Exchange, and Retirement of Bonds.* A United States Holder’s tax basis in a Bond generally will equal its cost, increased by any original issue discount or market discount included in the United States Holder’s income with respect to the Bond, and reduced by the amount of any amortizable bond premium applied to reduce interest on the Bond and any principal payments received. A United States Holder generally will recognize gain or loss on the sale, exchange, or retirement of a Bond equal to the difference between the amount realized on the sale, exchange or retirement (not including any amount attributable to accrued but unpaid interest) and the United States Holder’s tax adjusted basis in the Bond. Except to the extent described above under *Bonds Purchased at a Market Discount*, gain or loss recognized on the sale, exchange or retirement of a Bond will be capital gain or loss and will be long-term capital gain or loss if the Bond was held for more than one year. The material modification of the terms of any Bond may result in a deemed reissuance thereof, in which event a United States Holder may recognize taxable gain or loss without any corresponding receipt of proceeds.

*Backup Withholding.* United States Holders may be subject to backup withholding (currently at a rate of 24%) on payments of interest, principal and, in some cases, disposition proceeds of the Bonds, if they fail to provide an accurate taxpayer identification number on a Form W-9, “Request for Taxpayer Identification Number and Certification,” or a valid substitute form, or have been notified by the IRS of a failure to report all interest and dividends, or otherwise fail to comply with the applicable requirements of backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the United States Holder’s United States federal income tax liability (and may entitle the United States

Holder to a refund) provided the required information is timely furnished to the IRS. Prospective United States Holders should consult their tax advisors concerning the application of backup withholding rules.

*Medicare Tax Affecting United States Holders.* For taxable years beginning after December 31, 2012, a United States Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a Medicare tax on the lesser of (1) the United States Holder's "net investment income" for the taxable year or (2) the excess of the United States Holder's modified adjusted gross income for the taxable year over a certain threshold. A United States Holder's net investment income will generally include its interest income and its net gains from the disposition of the Bonds, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A United States Holder that is an individual, estate, or trust, should consult its own tax advisor regarding the applicability of the Medicare tax.

*Information Reporting.* In general, information reporting requirements will apply with respect to payments to a United States Holder of principal and interest (and with respect to annual accruals of original issue discount) on the Bonds, and with respect to payments to a United States Holder of any proceeds from a disposition of the Bonds. This information reporting obligation, however, does not apply with respect to certain United States Holders including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts.

Any payments of interest and original issue discount on the Bonds to a Non-United States Holder generally will be reported to the IRS and to the Non-United States Holder, whether or not such interest or original issue discount is exempt from United States withholding tax pursuant to a tax treaty or the portfolio interest exemption. Copies of these information returns also may be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the payee resides.

Information reporting requirements will apply to a payment of the proceeds of the disposition of a Bond by or through (a) a foreign office of a custodian, nominee, other agent, or broker that is a United States person, (b) a foreign custodian, nominee, other agent, or broker that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (c) a foreign custodian, nominee, other agent, or broker that is a controlled foreign corporation for United States federal income tax purposes, or (d) a foreign partnership if at any time during its tax year one or more of its partners are United States persons who, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if, at any time during its taxable year, the partnership is engaged in the conduct of a trade or business within the United States, unless the custodian, nominee, other agent, broker, or foreign partnership has documentary evidence in its records that the beneficial owner is not a United States person and certain other conditions are met, or the beneficial owner otherwise establishes an exemption.

The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a beneficial owner's particular situation. Beneficial owners should consult their tax advisors with respect to the tax consequences of the purchase, ownership, and disposition of the Bonds, including the tax consequences under state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.

## DESCRIPTION OF RATING

The Bonds have been assigned a bond rating of "AA-" by S&P Global Ratings, a division of S&P Global Inc. (the "Rating Agency") based on the assumptions that each Guarantor will execute its respective Guaranty Agreement in favor of the Trustee upon the issuance of the Bonds.

The rating reflects only the views of the Rating Agency, and any explanation of the significance of the rating may be obtained only from the Rating Agency. Such rating is dependent upon the rating of the Guarantors, and accordingly, such rating may be lowered or withdrawn in the event that the rating of any Guarantor is lowered or is withdrawn. The rating for the Bonds is subject to revision, suspension, or withdrawal at any time by the Rating Agency, and any such revision, suspension, or withdrawal may affect the market price or marketability of the Bonds. A rating is not a recommendation to buy, sell, or hold the Bonds.

A further explanation of the rating by the Rating Agency may be obtained from the Rating Agency.

## UNDERWRITING

The Underwriters have agreed to purchase all (but not less than all) of the Bonds at a purchase price of \$69,641,343.37 (which equals the par amount of the Bonds of \$70,000,000.00, less an Underwriters' discount of \$358,656.63), pursuant to a Bond Purchase Agreement entered into among the Issuer, UBS Financial Services, Inc., as representative ("*UBS*") on behalf of itself and Robert W. Baird & Co. Incorporated, and the Borrower (the "*Bond Purchase Agreement*"). Pursuant to the Bond Purchase Agreement, the Borrower has agreed to indemnify the Underwriters and the Issuer against certain liabilities, including certain liabilities arising out of or based upon any untrue statements or alleged untrue statements contained in this Limited Offering Memorandum or omissions of material facts from this Limited Offering Memorandum. The obligation of the Underwriters to accept delivery of the Bonds is subject to the various conditions of the Bond Purchase Agreement.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors, and employees may purchase, sell or hold a broad array of investments and may actively trade securities, derivatives, loans, commodities, currencies, credit default swaps, and other financial instruments for their own account and for the accounts of customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer (whether directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer. The Underwriters and their respective affiliates also may communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

UBS has entered into a distribution and service agreement with its affiliate UBS Securities LLC ("*UBS Securities*") for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to such agreement, UBS will share a portion of its underwriting compensation with respect to the Bonds with UBS Securities. UBS and UBS Securities are each subsidiaries of UBS Group AG.

## CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Borrower and each Guarantor will enter into separate Continuing Disclosure Agreements, each dated as of December 1, 2021 (each, a "*Continuing Disclosure Agreement*" and collectively, the "*Continuing Disclosure Agreements*"), with the Trustee (together with any successor dissemination agent, the "*Dissemination Agent*"). Pursuant to each Continuing Disclosure Agreement, the Borrower and each Guarantor will covenant for the benefit of the Bondowners to provide, or cause to be provided, to the Municipal Securities Rulemaking Board (the "*MSRB*") (i) the annual audited financial statements of the Borrower, and the annual audited financial statements of the applicable Guarantor, respectively (the "*Annual Report*") within the time period set forth in the applicable Continuing Disclosure Agreement and (ii) notices ("*Material Event Notices*") of the occurrence of certain listed events respecting the Bonds within ten business days after their occurrence. The specific nature of the information to be contained in the annual reports for the Borrower and each Guarantor and the notices of material events is set forth in *Appendix E – "FORM OF CONTINUING DISCLOSURE AGREEMENTS."*

The Borrower and each Guarantor is solely responsible for providing the Annual Reports and any Material Event Notices. The Issuer, in its capacity as Issuer, has no responsibility or liability to the Bondowners or any other person for making, monitoring or the content of any disclosures made by or on behalf of the Borrower or each Guarantor.

Each Guarantor also participates in separate continuing disclosure agreements in connection with municipal securities issuances unrelated to the issuance of the Bonds. During the last five (5) years, Jackson County had an instance of non-compliance related to its prior continuing disclosure obligations, as described below:

**Jackson County.** For fiscal year 2016, Jackson County, in connection with its continuing disclosure agreement for its issuance of \$2,600,000 General Obligation Communication Facilities Bonds, Series 2012 (the "2012 Jackson County Issuance"), submitted financial operations reports to EMMA with a missing overlapping debt

obligation. The missing data was evidenced by a failure to file notice posted to EMMA in connection with the 2012 Jackson County Issuance, its \$2,050,000 General Obligation Promissory Notes, Series 2015, and also disclosed in an official statement in connection with its issuance of \$3,075,000 General Obligation County Building Bonds, Series 2019.

## **FINANCIAL STATEMENTS**

The financial statements of Fond du Lac County as of and for the fiscal year ended December 31, 2020, included in B-1 to this Limited Offering Memorandum have been audited by CliftonLarsonAllen LLP, independent certified public accountants, to the extent and for the periods indicated in their reports thereon. The financial statements of Calumet County as of and for the fiscal year ended December 31, 2020, included in Appendix B-2 to this Limited Offering Memorandum have been audited by Baker Tilly US, LLP, independent certified public accountants, to the extent and for the periods indicated in their reports thereon. The financial statements of Jackson County as of and for the fiscal year ended December 31, 2020, included in Appendix B-3 to this Limited Offering Memorandum have been audited by Johnson Block & Company, Inc., independent certified public accountants, to the extent and for the periods indicated in their reports thereon. The financial statements of Marathon County as of and for the fiscal year ended December 31, 2020, included in Appendix B-4 to this Limited Offering Memorandum have been audited by Baker Tilly US, LLP, independent certified public accounts, to the extent and for the periods indicated in their reports thereon. The financial statements of Waushara County as of and for the fiscal year ended December 31, 2020, included in Appendix B-5 to this Limited Offering Memorandum have been audited by CliftonLarsonAllen LLP, independent certified public accounts, to the extent and for the periods indicated in their reports thereon.

Baker Tilly US, LLP has not been engaged to perform and has not performed, since the date of its reports included herein in Appendix B-2 and Appendix B-4, any procedures on the financial statements addressed in these reports. Baker Tilly US, LLP has also not performed any procedures related to this Limited Offering Memorandum.

Johnson Block & Company, Inc., has not been engaged to perform and has not performed, since the date of its report included herein in Appendix B-3, any procedures on the financial statements addressed in this report. Johnson Block & Company, Inc., has also not performed any procedures related to this Limited Offering Memorandum.

CliftonLarsonAllen LLP has not been engaged to perform and has not performed, since the date of its reports included herein in Appendix B-1 and Appendix B-5, any procedures on the financial statements addressed in these reports. CliftonLarsonAllen LLP has also not performed any procedures related to this Limited Offering Memorandum.

## **MISCELLANEOUS**

The references herein to the Bonds, the Indenture, the Guaranty Agreements, the Promissory Note, and the Loan Agreement are brief outlines of certain provisions thereof and do not purport to be complete. For full and complete statements of such provisions reference is made to such documents. Copies of the documents mentioned under this heading are on file at the offices of UBS Financial Services, Inc., New York, New York and the Issuer and following delivery of the Bonds will be on file at the offices of the Trustee.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Bonds.

The attached Appendices are integral parts of this Limited Offering Memorandum and must be read together with all of the foregoing statements.

This Limited Offering Memorandum has been approved, after due investigation on their parts, by the Issuer solely with respect to the information under the headings "*THE ISSUER*" and "*ABSENCE OF MATERIAL LITIGATION – Issuer*" and by the Borrower with respect to the remaining information herein, for distribution by the Underwriters to prospective purchasers of the Bonds. The information herein under the heading "*THE BONDS - DTC*"

*and Its Participants*” has been provided by DTC. The information in *Appendix B* has been provided by each of the Guarantors.

The execution and delivery of this Limited Offering Memorandum has been duly authorized by the Borrower.

**BUG TUSSEL 1, LLC**

By: /s/ Steven J. Schneider  
Name: Steven J. Schneider  
Title: President/CEO

## APPENDIX A

### The Borrower and Hilbert Communications, LLC

The Borrower, a Wisconsin limited liability company, is a wholly-owned subsidiary of Hilbert Communications, LLC (“Hilbert”). The Borrower was created as a special purpose entity for the sole purpose of owning and operating the Project to provide fiberoptic transmissions, wireless internet and telephone communications services and infrastructure to businesses, governmental units and residents of rural communities where such service is currently unavailable, unreliable, or is prohibitively expensive.

Hilbert, in addition to the Borrower, wholly owns Bug Tussel Wireless LLC (“BTW”), Midwest Data Core LLC (“MDC”), Michigan Wireless LLC (“Michigan”), Red Tail Tower LLC (“Red Tail”), Cloud 1 Services LLC and Cloud 1 LLC (aggregately “Cloud 1” and, together with Hilbert, BTW, MDC, Michigan, Red Tail, and the Borrower, each a “Hilbert Entity” and, collectively, the “Hilbert Entities”). Hilbert was formed in 2008 to consolidate into one ownership structure the assets and operations of several entities working together to construct and promote rural telecommunications infrastructure. BTW was formed in 2003 and has been providing services to two national carriers for the past 19 years. **For the avoidance of doubt, Hilbert, BTW, MDC, Michigan, Red Tail, and Cloud 1 are NOT obligated to make payments or otherwise provide security for the Borrower’s obligations under the Loan Agreement and are NOT available as security for the Trustee or holders of the Bonds.**

The Hilbert Entities provide fixed wireless broadband, cellular or fiberoptic services at speeds from 1 Mbps to 10 Gbps to rural residences and businesses as well as to large national carriers on a wholesale basis throughout 53 counties in Wisconsin and Iowa, and they have plans to enter another nine counties in the near future as depicted in the maps below (not all such future operations will be funded with Bond proceeds).



\*Areas shaded above in orange reflect the Hilbert Entities’ current operations; areas shaded in green reflect the anticipated operations of the Hilbert Entities.

BTW also has a multi-year contract with a national carrier to provide construction, roaming and management services throughout many of these counties beginning in 2016 which is renewable by the carrier through 2031. BTW has intercarrier roaming or connection agreements with the three largest domestic cellular carriers in the United States. BTW also has a National Agency Agreement with AT&T to sell AT&T’s product line in rural markets in the Great Lakes and Northern Plains Regions of AT&T with provisions to expand beyond those two markets.

BTW utilizes the switching, routing and peering capabilities of MDC through a data center located in Madison, Wisconsin that participates in a peering arrangements with over 25 popular data traffic and content

companies. A high percent (in excess of 50%) of BTW's traffic is offloaded directly to providers thereby reducing latency and cost. The facilities and efficiencies of these networks will be made available to the Borrower.

Michigan is among the largest rural license holders of CMRS (Commercial Mobile Radio Services) spectrum in the United States. These licenses allow the provision of 4G LTE and 5G services and will likely be used in future generations of wireless technology. Michigan holds title of over 35 million Mhz POPs (population times the number of Mhz of spectrum) in the Upper Midwest as depicted in the map below:



\*Areas shaded in green above indicate where the Hilbert Entities have access to FCC licenses either through ownership or Long-term DeFacto Spectrum Leases. Access indicated above may not include the entire county in some instances.

Cloud 1 provides site acquisition, engineering, regulator, zoning and permitting services to their affiliates and to third parties. Cloud 1 will be handling right of way acquisition, site acquisition and regulatory for the Borrower at cost. Cloud 1, upon proper approvals and completion of land leases, easements or right of way agreements, hands sites and other real estate to Red Tail for construction. Red Tail provides construction management, tower construction, and fiberoptic construction services to its affiliates and to third parties. As of November 1, 2021, Red Tail was operating a guyed tower stack crew with the ability to add a second crew, a self-support stack crew, and four antenna and line crews. Red Tail and BTW were also overseeing two fiberoptic plow crews and a fiberoptic directional boring crew through contractors. Red Tail is in the process of developing two plow crews, a fiberoptic directional boring crew and two fiber drop crews for implementation in the first half of 2022.

As of November 1, 2021, the Hilbert Entities were operating or constructing 354 LTE sites for a national carrier, were operating or constructing 436 wireless broadband sites, and were operating or constructing approximately 100 miles of fiberoptic cable with an agreement to construct and operating an additional 1,000 miles by December 31, 2022. BTW continues to operate approximately 60 sites for a national carrier that operate with LTE data and 2G voice in Central Wisconsin. The Hilbert Entities own interests between 50% and 100% either directly or through joint ventures in approximately 60 towers as of November 1, 2021 with roughly 60 additional towers in development.

The Hilbert Entities operate out of a corporate headquarters facility and warehouse and prebuild facility located in Green Bay, Wisconsin. Hilbert also operates its flagship AT&T retail location in Baraboo, Wisconsin and routes AT&T activations from ten sales regions into that office. Another five regions will be added in 2022 along with potential retail offices in Black River Falls, Wisconsin; Fond du Lac, Wisconsin and Wausau, Wisconsin.



The Hilbert Entities compete well in the retail arena with superior customer support, a highly reliable network and a drive to serve unserved areas. Its fiber initiatives are “first to market” in unserved or underserved markets along with the trademark customer support and network reliability. Hilbert has a wholesale niche with two national carriers by providing low-cost wholesale data, highly reliable network transport, and adaptability to meet carrier needs for construction timelines and design.

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**APPENDIX B-1**

**Audited Financial Statements of Fond du Lac County, Wisconsin**

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2020

FOND DU LAC COUNTY  
FOND DU LAC, WISCONSIN



ISSUED BY THE FINANCE DEPARTMENT

**FOND DU LAC COUNTY, WISCONSIN**  
**Comprehensive Annual Financial Report**  
For the Year Ended December 31, 2020

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**FOND DU LAC COUNTY, WISCONSIN**  
**Comprehensive Annual Financial Report**  
For the Year Ended December 31, 2020

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**OFFICIALS OF THE COUNTY OF FOND DU LAC**

County Executive----- Allen J. Buechel

**COUNTY BOARD OF SUPERVISORS  
2020-2022**

Chairperson----- Martin F. Farrell  
Vice-Chairperson----- Sam Kaufman  
Second Vice----- Martin S. Ryan

**FINANCE, PERSONNEL AND  
ECONOMIC DEVELOPMENT COMMITTEE**

Martin S. Ryan, Chair  
Kenneth W. Depperman, Vice-Chair  
Brian T. Kolstad  
Dean P. Will  
Martin F. Farrell, County Board Chair

**HIGHWAY, AIRPORT AND  
FACILITIES COMMITTEE**

John G. Zorn, Chair  
Steven A. Abel, Vice-Chair  
Karen Madigan  
Dennis N. Stenz  
Michael J. Will

**HUMAN SERVICES COMMITTEE**

Joseph M. Fenrick, Chair  
Jay J. Myrechuck, Vice-Chair  
Lisette A. Aldrich  
Brooke A. Hills  
Monica M. Walk

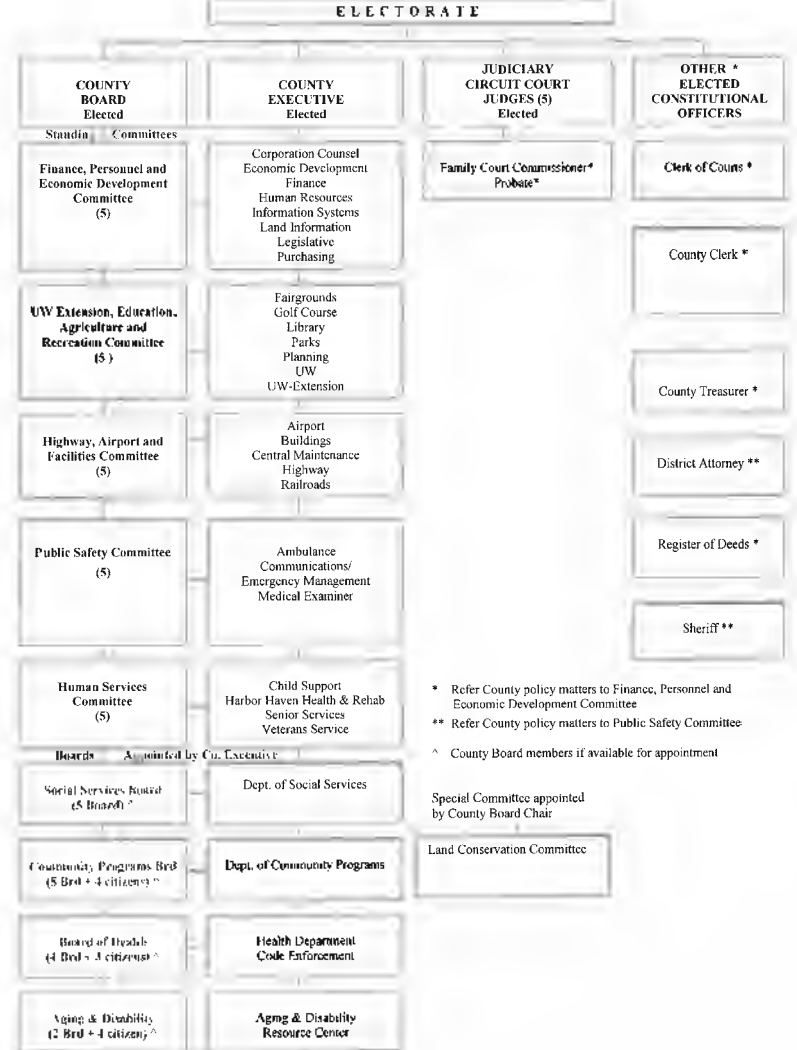
**PUBLIC SAFETY COMMITTEE**

Gary A. Will, Chair  
Robert J. Simon, Vice-Chair  
Michael C. Beer  
Thomas E. Dornbrook  
Thomas M. Kitchen

**UW-EXTENSION EDUCATION,  
AGRICULTURE AND  
RECREATION COMMITTEE**

Sam Kaufman, Chair  
John J. Rickert, Vice-Chair  
Sarah A. Everson  
Robert J. Giese  
Mary B. Hayes

**ORGANIZATIONAL CHART - 15 COUNTY BOARD SUPERVISORS  
FOND DU LAC COUNTY, WISCONSIN**



**FOND DU LAC COUNTY**  
**FINANCE DEPARTMENT PERSONNEL**

Finance Director ..... Tammy Pinno-Supple, CPA  
Assistant Finance Director.....Stacie A. Basler, CPA  
Accounting Service Manager .....Christine R. Daleiden  
Payroll Coordinator ..... Ann C. Lallier  
Account Specialist ..... Ann M. Bovee  
Account Specialist ..... Shelly M. Glynn  
Accounting Assistant ..... Christine M. Kutchin

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# Fond du Lac County

July 31, 2021

To the Honorable County Board of Supervisors and the Citizens of Fond du Lac County, WI:

Wisconsin State Statute and Administrative Rule Tax 16 require counties with populations of 25,000 or more to submit annual audited financial statements by July 31. Debt issuance covenants also require the County to prepare financial statements, in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The audited financial statements must be submitted to any nationally recognized municipal securities information repository by 270 days after the end of the fiscal year. Major federal and state programs impose additional audit requirements. Pursuant to the above requirements, we hereby issue the comprehensive annual financial report of Fond du Lac County for the fiscal year ended December 31, 2020.

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

The Fond du Lac County, Wisconsin financial statements have been audited by Clifton Larson Allen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Fond du Lac County, Wisconsin for the fiscal year ended December 31, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Fond du Lac County, Wisconsin financial statements for the fiscal year ended December 31, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented immediately after the introductory section of this report.

The independent audit of the financial statements of Fond du Lac County, Wisconsin was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are issued separately as the Federal Awards and State Financial Assistance Report for Fond du Lac County, Wisconsin and are available through the Finance Department.

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

## Profile of the Government

Fond du Lac County, Wisconsin incorporated in 1839, is located in the east central part of the state, at the foot of Lake Winnebago. Fond du Lac County, Wisconsin occupies a land area of 725 square miles and serves a population of approximately 104,370. Fond du Lac County, Wisconsin is empowered to levy a property tax on both real and personal properties located within its boundaries.

Fond du Lac County, Wisconsin operates under a County Board – County Executive form of government. The County Board exercises legislative control and the County Executive exercises administrative control over all county operations. In April 2012, the Board was increased from eighteen to twenty-five members elected by district to two-year terms. The County Executive is also non-partisan and is elected to a four-year term. The County Board of Supervisors is responsible, among other things, for approving resolutions, adopting and amending the budget, and approving appointments to committees. The County Executive is responsible for carrying out the policies of the Board, for overseeing the day-to-day operations of the county, and for appointment of heads to non-elected departments.

Fond du Lac County, Wisconsin provides a full range of services contemplated by statute or charter. These services include law enforcement protection, health and human services programs, construction and maintenance of highways, recreational and educational activities, planning and conservation activities, health care facilities, support for the state's judicial system, and general administrative services.

The annual budget serves as the foundation for Fond du Lac County, Wisconsin financial planning and control. All county departments are required to submit subsequent year budget requests annually in September to the County Executive. These requests are the starting point for developing the proposed budget presented by the County Executive to the County Board in October each year for their review and adoption. The County Board is required to hold a public hearing on the proposed budget and to adopt a final budget by mid-November each year. The budget is adopted at the fund/department level (e.g. Department of Social Services, Sheriff), but is prepared at the program/activity and line item detail level for review. Transfers of appropriations within a fund/department up to \$1,500 or ten percent of the aggregate approved budget, whichever is less, may be authorized by action of the Finance, Personnel and Economic Development Committee. Any other transfer or additional appropriation must be approved by the full County Board.

Budget to actual comparisons are provided in this report for the general fund and major special revenue funds. This comparison is presented on pages 25–28 as part of the basic financial statements. A more detailed budget to actual comparison for the general fund is presented in the supplementary information section of this report on pages 68–80.

## Factors Affecting Financial Condition

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

## Local Economy

As has occurred nationally, the economy in Fond du Lac County continued to grow in 2020. Beginning in March with the COVID-19 pandemic and as a result of Governor Evers Stay at Home Order, business declined very quickly and unemployment began to grow. Immediately, we had concerns that a collapse in the economy would cause an increase in net expenses across the county and reduce revenues across the board. Surprisingly, that did not occur, and we believe it came about as a result of federal dollars that the county could allocate to fight the pandemic, including enhanced payments to individuals and businesses. As a result of the additional dollars infused into the community, there was actually a leveling of sales tax revenue to match 2019 levels for the same time in 2020. Fortunately, all of this stopped a decline in our local economy and over a period of several months, job call backs began as businesses learned how to protect their employees and themselves while still continuing operations. For many it was

the result of working from home for those that could do it, so the severe impact that we feared did not occur. The unemployment levels began to recover as the year unfolded. By the end of 2020, businesses were again planning for growth for the future as call back continues and even though we expected to have a surplus of workers in all areas, it became obvious that our worker shortage was going to continue well into the future. Different agencies within the county and their economic development staff are all trying to learn how to bring more workers into the work force in Fond du Lac County, and that effort continues to this day. There were no announcements of any significant plant closings. Job growth did occur in large and small numbers in several businesses reducing the county's unemployment rate to 5.9%. The county's history of sound financial management, a diverse and stable tax base and low unemployment suggest why Moody's Investors Service has enough confidence in the county to maintain the rating of Aa2 on the county's long-term debt.

The county's equalized property value for 2020 showed a moderate 5.05% increase for the seventh consecutive year, after five straight years of .25-2.5% declines. The county has now fully recovered from these losses, but there has been little new growth. Annual changes are shown in the table below.

Year	Equalized Value including TID's	% Change
2020	\$8,453,078,700	5.05%
2019	\$8,046,438,000	4.64%
2018	\$7,689,891,400	3.86%
2017	\$7,404,221,300	3.08%
2016	\$7,182,759,600	1.65%
2015	\$7,066,199,900	2.36%
2014	\$6,903,471,700	1.67%
2013	\$6,773,848,400	-0.25%
2012	\$6,790,536,100	-2.5%
2011	\$6,965,437,800	-1.0%

Mercury Marine, the second largest employer in Fond du Lac County, continues to thrive as it gains market share across the globe as a result of new product lines that were developed using half of the \$50M loan to bring that product to market. That has contributed significantly to their success for the subsequent ten years, and at this point, we expect that trend to continue into the future.

The decision was made in 2009 by Mercury Marine officials to consolidate Stillwater, Oklahoma operations in Fond du Lac that included a transfer of approximately 250 jobs. Fond du Lac County played a significant role in that decision in that the county agreed to loan Mercury Marine \$50M over a period of 12 years amortized in the last ten years at an interest rate of 2%. The loan is performance based, therefore Mercury is able to earn an annual credit of \$500 per employee toward repayment of the loan based on 1,526 employees retained in Fond du Lac County. For any number above 1,526 up to 2,900 employees, Mercury Marine will annually receive \$1,000 per employee as a credit toward repayment of the loan. Estimated employment at the Mercury Marine facility in Fond du Lac County is 3,500 as of this writing. In 2011, the company completed a 30,000 square foot addition to transfer manufacturing equipment from Stillwater as planned and hired workers to begin stern drive production at the Fond du Lac facility in 2012.

Since 2011, the company completed eight additions to the Fond du Lac complex which was largely responsible for an increase in employment at their plant here in Fond du Lac County. In addition to a large growth in employee levels through all these expansions and other investments for plant equipment and research and development, Mercury Marine has announced that they have spent over \$1.3B since 2009 in Fond du Lac County. Fond du Lac County chose to pay for the credits and interest subsidy above 2% on the loan through a county optional .05% sales tax beginning in 2010. The sales tax revenue for Fond du Lac County has grown since 2010 and is now averaging over \$750,000 per month. With the latest \$10 million, 20,000 square foot plant addition of a state-of-the-art noise, vibration, harshness (NVH) technical center expansion.

Alliance Laundry continues to experience significant sales volume growth of their home use clothes washer and dryer units. As a result, they decided to expand their Ripon facility in order to meet production demands. Fond du Lac County loaned Alliance Laundry \$500,000 through the Fond du Lac County Economic Development Corporation. That loan aided in their decision to expand their Ripon

facility. The expansion was completed in the third quarter of 2013 and has resulted in approximately 270 new jobs at the Ripon facility producing their new Speed Queen product.

Even before this first expansion was completed, Alliance Laundry officials realized that in order to keep up with the growing demand they needed to add another production line by the 4<sup>th</sup> quarter of 2015 that required an investment of \$47,000,000 for plant and equipment and would add approximately 150 additional jobs at their Ripon facility. Fond du Lac County agreed to provide a \$6,000,000 loan to Alliance Laundry at the 3.14% interest rate it received when the county completed their bond issue. Beginning in 2016, Fond du Lac County is providing a \$1,000 credit against loan repayments for each job created above a base of 1,570 to a maximum credit of \$150,000 annually or 150 jobs. They have exceeded that 150 job target. The \$6,000,000 loan dispersed in 2014 is amortized over eight years with \$1,000,000 principal payment plus interest due each year beginning in 2016. The positive sales trend continues at Alliance Laundry. Sales again have been exceeding the new production capacity. While laundry product is not recession proof, it is not subject to the whims of the economy, like marine engines. In April, 2016, the County Board approved providing incentives of \$1,250 per new job added, up to 202 new jobs, for Alliance Laundry to do a \$62.5 million expansion which includes expansion of the corporate headquarters, expansion of production capacity into the existing warehouse complex and a new 200,000 plus square foot warehouse/distribution center in Ripon. All expansion was completed in 2017. Alliance Laundry now has almost 2,000 employees at the Ripon facilities. Both Mercury Marine and Alliance Laundry will be making their final loan payment in December, 2021.

The economic development professionals in Fond du Lac County continue to expect modest capacity expansions within the next 12 months resulting in an increase of jobs within the county such as the 36 jobs at Mid States Aluminum, 55 jobs at Legacy Trucking, 10 jobs at Ernest Organics in Ripon and, so far, about 77 full-time employees at the newly renovated Hotel Retlaw. Overall, there was optimism as the county's economy continued to recover as we moved through 2020 that resulted in maintaining an almost record low unemployment rate as employment levels continue to increase. In most sectors of the county's economy, workers with higher skill levels are now in large demand.

Fond du Lac County has appropriated between 2010 and 2015 \$3.1 million, \$300,000 in 2016, \$500,000 in 2017, \$500,000 in 2018, \$400,000 in 2019 and \$250,000 in 2020 of sales tax revenue to the Fond du Lac County Economic Development Corporation to supplement and enhance their revolving loan fund, providing them with more flexibility to assist county businesses with expansion and adding employment. The loans have helped create more than 640 new jobs, retain 234 jobs and leverage over \$90 million in business investment. These economic strategies have caused Fond du Lac County to be ranked very high in the nation for manufacturing job growth since April 2010.

#### Long-Term Financial Planning

As part of the budget process and long range planning, the County Executive employs a five-year capital improvement plan that is approved by the County Board. The plan identifies major capital projects and the methods to finance them.

While there have been significant improvements made to Pioneer Road west of Main Street in Fond du Lac, the focus has shifted to the east side of Main Street. In 2019, the intersection of Pioneer Road (VV) and Highway V was reconstructed to include a round-about at that intersection, and the section of Highway V that proceeds north toward Highway 45 at the Knights of Columbus Hall was also reconstructed to include storm sewer and curb and gutter. In 2020, the intersection of Highway V and 45 at the Knights of Columbus Hall have been reconstructed to include a round-about at that intersection. The 2019 phase cost approximately \$2.6M, and the 2020 construction improvements have an expected cost of approximately \$1.6M, was shared 50/50 with the city of Fond du Lac.

Wisconsin Department of Administration required counties to return unspent Community Development Block Grant (CDBG) funds to the state. The county could then draw down those funds for projects that benefit low and moderate income residents in the county. The Highway Y project in Oakfield was eligible for those funds and \$1M out of \$2.2M was allocated for the Oakfield project, which includes a significant amount of work by the village. Planning and design is now underway for the remainder of two projects, one being Highway Y south in Campbellsport, and one being a section of Highway K in the town of Taycheedah.

The design work on the railroad overpass on Highway N in the town of Friendship also continues. The decision was made that the span of the bridge needs to allow for three railroad tracks and the railroad made a decision to raise the tracks resulting in some re-do of the design. That will delay the ultimate completion of the design work. While it is expected that there will be state and perhaps other funding for the project, the estimate now for the overpass is approximately \$7.5M.

A significant positive impact on the county budget that began in 2009 is the annual State Shared Utility Revenue resulting from the construction and operation of 168 wind turbines within Fond du Lac County that continues to generate approximately \$642,000 of revenue annually for the county. Changes in the state's political climate has slowed further expansion.

**Cash management**

Cash temporarily idle during the year was invested in certificates of deposit, demand deposits and the state of Wisconsin Local Government Investment Pool. The county has adopted an investment policy which establishes guidelines for investments, while insuring that investment assets are adequately safeguarded.

**Relevant Financial Policies**

Fond du Lac County employs many financial policy techniques in an effort to maintain a strong financial position. Although not formally adopted, the county's goal is to maintain a 10-20 percent unassigned general fund balance of the subsequent year's general fund operating budget. Currently that percentage is 20.60.

**2020 in Review**

The financial position of Fond du Lac County, Wisconsin is sound as of the end of fiscal year 2020. One measure of our financial stability is the amount of unassigned general fund at year end. As of December 31, 2020, the unassigned general fund balance was \$10,204,290, an increase of \$567,841 from the prior year end. Outstanding debt at the end of 2020 was \$56,390,000 for capital projects. That brings Fond du Lac County, Wisconsin's total outstanding general obligation debt at the end of 2020, including the remaining balance of \$10,725,000 on the Mercury Marine loan, the remaining balance of the \$2,000,000 Alliance Laundry System loan, and the \$4,220,000 C. D. Smith Construction/Mid-States Aluminum Corporation loan to \$73,335,000, which is 17.35 percent of our legal debt limit set by state statute.

The majority of departments, large and small alike, again returned 2020 budget surpluses to the general fund. Each department's diligent efforts in controlling costs and increasing revenues, wherever possible, are contributing factors to Fond du Lac County, Wisconsin's good financial position. Some county positions have been eliminated, some have been left vacant, and some have been filled on a delayed basis. A voluntary unpaid leave policy started in 2001 has continued, but participation has dwindled over the years.

Two large health and human services departments are responsible for returning significant budget surpluses to the general fund: \$1,411,785 from the Department of Community Programs while the Department of Social Services returned \$1,856,630.

**Health Insurance**

Health insurance costs are a major component of our budget at over \$11 million in premiums. In 2020, employees who reach silver status as part of the Go365 wellness program will attain a copay of 12%. If the employee attains bronze status as part of the Go365 program, premium copay for the employee will be 15%, and if a blue status is attained, the employee copay will be at 18%.

Effective January 1, 2014, the county no longer allows retirees to remain on the county's group health insurance plan, helping the county to keep premium costs in check. The medical and prescription deductibles were raised, increasing the total out-of-pocket maximum and resulting in a 2% change for 2020.

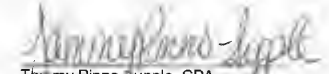
Fond du Lac County administrative staff has worked hard with insurance professionals to find ways to reduce premium costs through employee awareness and wellness programs, preventive health education, benefit restructuring, and funding. In conjunction with the wellness initiatives, the Health Navigator Project for diabetes, hypertension and elevated cholesterol was implemented in 2011. It is a medical model that monitors and coaches people with these diseases to achieve better health and quality of life. Fond du Lac County again received a Healthiest Company in America award for the seventh year in a row.

The county's wellness efforts appear to be having a positive impact. The medical insurance premium rate increases have averaged just above 1.5% over the last few years; however, in 2019, there was an increase of 4% and in 2020, there was an increase of 2%.

**Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department and the fiscal services staff of all county departments, as well as the Director of Administration. Credit must also be given to the Fond du Lac County, Wisconsin Board of Supervisors and the Finance, Personnel and Economic Development Committee for their unflinching support for maintaining the highest standards of professionalism in the management of Fond du Lac County, Wisconsin's finances.

  
Allen J. Buchel  
County Executive

  
Tammy Pinno Gupple, CPA  
Finance Director



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## INDEPENDENT AUDITORS' REPORT

To the County Board  
Fond du Lac County, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Fond du Lac County, Wisconsin (the "County"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fond du Lac County Housing Authority (the "Housing Authority") which represents one hundred percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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## INDEPENDENT AUDITORS' REPORT

**Opinions**

In our opinion based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the County Road and Bridge Fund, the Department of Community Programs Fund, and the Department of Social Services Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note A.2. to the financial statements, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 and the schedules relating to the pensions and other post-employment benefits on pages 64 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the financial information listed in the table of contents as supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report July 31, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Sheboygan, Wisconsin  
July 31, 2021

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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FOND DU LAC COUNTY, WISCONSIN  
Management's Discussion and Analysis  
December 31, 2020

FOND DU LAC COUNTY, WISCONSIN  
Management's Discussion and Analysis  
December 31, 2020

As the management of Fond du Lac County (the County), we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended 12/31/20. We encourage readers to consider the information presented here in conjunction with additional information provided in this report.

**Financial Highlights**

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources as of December 31, 2020 by \$148,736,077 (*net position*). Of this amount, Governmental Activities reported (\$19,506,077) and Business-Type Activities reported \$1,885,898 of unrestricted net position that may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$5,823,283 (Governmental Activities decreased by \$17,580,680; Business-type Activities increased by \$23,403,963). Several factors contributed to the overall increase as follows:
  - Conservative budgeting as well as County departments reducing costs led many departments to have unspent funds in their budgets.
  - Excess of revenues over expenditures in two Special Revenue funds resulted in \$1,361,831 in Department of Community Programs and \$1,763,028 in Department of Social Services of unspent funds.
  - Governmental activities transferred \$24,281,862 of capital assets to business-type activities.
- The property tax rate decreased \$0.059 to \$5.879 per \$1,000 of property value for the budget year ended December 31, 2020.
- The property tax levy increased \$1,518,693 (3.42%) in support of the 2020 budget, over the prior year.
- Investment earnings decreased \$1,094,067 from the prior year to \$324,041. Historically, investment earnings peaked in 2006, when earnings totaled \$1,600,261.
- As of December 31, 2020, the County's governmental funds reported combined ending fund balances of \$39,847,169, an increase of \$5,229,950 in comparison with the prior year end. Approximately 69.9% of this total amount, \$27,842,574 is available for spending at the County's discretion (*assigned and unassigned fund balance*).
- As of December 31, 2020, the unassigned fund balance for the general fund was \$10,204,290, or approximately 20.60% of total general fund expenditures.
- The County's total general obligation debt decreased by \$2,983,443 (3.91%) during 2020. See further discussion on page 13.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Fond du Lac County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the County's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net position changed during the most recent year. All changes in assets, liabilities, and deferred inflows/outflows are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include: general government, public safety, public works, health and human services, culture, recreation, and education and conservation and development. The business-type activities of the County include: a highway operation, a health care facility, an airport, a golf course and a closed solid waste landfill.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate Housing Authority of Fond du Lac County for which the County is financially accountable. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15 -18 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, county road & bridge fund, department of community programs fund, department of social services fund, capital projects fund and debt service fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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The County adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 19 - 28 of this report.

**Proprietary funds.** The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its highway operation, skilled nursing facility, airport, golf course and solid waste landfill. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County has one internal service fund to account for its central maintenance services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the highway operation, skilled nursing facility and airport, all of which are considered to be major funds of the County. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. Data from the internal service fund is presented as a single column in the proprietary fund financial statements. Individual fund data for each of these internal service funds is provided in the form of combining statements elsewhere in the report.

The basic proprietary fund financial statements can be found on pages 29 - 32 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for agency funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 33 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34 - 63 of this report.

**Required Supplementary Information.** Additional schedules relating to the County's participation in the Wisconsin Retirement System and Local Retiree Life Insurance Fund can be found on pages 64 - 67.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and agency funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 68 - 89 of this report.

**Government-wide Financial Analysis**

**Net position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$148,736,077 at the close of 2020.

	Governmental Activities 2020	Governmental Activities 2019	Business-Type Activities 2020	Business-Type Activities 2019	Total 2020	Total 2019
Current and other assets	\$ 111,025,919	\$ 109,483,897	\$ 6,350,276	\$ 5,645,046	\$ 117,377,195	\$ 115,128,943
Capital assets, net	119,747,449	142,379,863	48,868,033	25,704,739	168,615,482	168,084,602
Other assets-net pension	7,228,651	-	1,727,820	-	8,956,471	-
Total assets	238,003,019	251,863,760	56,946,229	31,349,785	294,849,248	283,213,545
Deferred outflows of resources						
Pension	17,883,516	21,935,911	4,257,530	5,314,098	22,141,046	27,250,009
Long-term liabilities						
outstanding	75,763,422	78,779,519	318,327	327,112	76,081,749	79,106,631
Other liabilities-net pension	-	8,015,874	-	1,944,481	-	9,960,355
Other postemployment benefits	2,668,691	1,717,258	637,917	416,570	3,306,608	2,133,828
Other liabilities	11,580,403	14,142,073	2,227,589	1,938,785	13,808,002	16,080,858
Total liabilities	90,012,516	102,654,724	3,183,843	4,626,948	93,196,359	107,281,672
Deferred inflows of resources						
Property taxes	47,471,984	45,839,980	184,640	117,220	47,656,624	45,957,200
Pension	21,664,706	11,041,551	5,178,681	2,678,447	26,843,387	13,719,998
Other postemployment benefits	530,934	476,341	125,913	115,549	657,847	591,890
Total deferred inflows of resources	69,667,624	57,357,872	5,490,234	2,911,216	75,157,858	60,269,088
Net position:						
Net investment in capital assets	106,019,369	90,759,656	48,868,033	25,704,739	154,887,422	116,464,395
Restricted	9,693,083	2,923,594	1,775,751	405,030	11,468,834	3,328,624
Unrestricted	(19,506,077)	20,103,825	1,885,898	3,015,950	(17,620,179)	23,119,775
Total net position	\$ 96,206,395	\$ 113,787,075	\$ 52,529,682	\$ 29,125,719	\$ 148,736,077	\$ 142,912,794

By far the largest portion of the County's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion (\$11,468,834) of the County's net position (7.7%) represents resources that are subject to external restrictions on how they may be used. Restricted assets are resources that have constraints which are externally imposed or imposed by law. Further details on restricted net position can be found in note C (11) on page 60.

Depreciation expense for governmental activities reflected in the statement of activities is \$9,318,313. This is an expense without a cash flow so there is no offsetting revenue (tax levy) reflected in the statement of activities. This would have the effect of reducing net position in the statement of activities.



**FOND DU LAC COUNTY, WISCONSIN**  
**Management's Discussion and Analysis**  
**December 31, 2020**

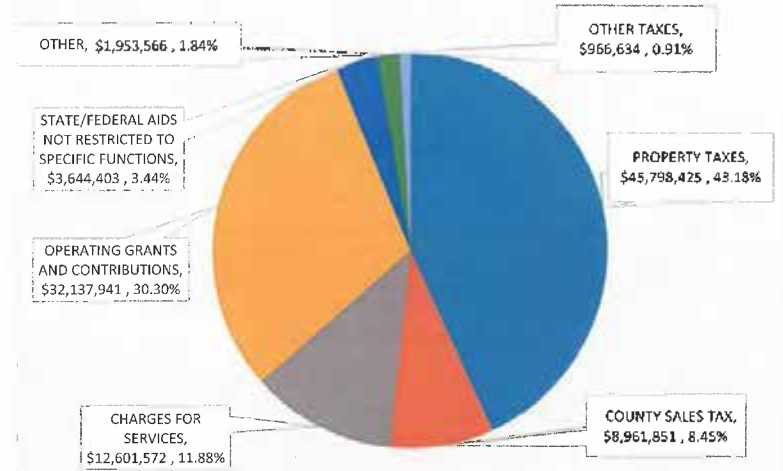
**Change in net position.** At the end of the current fiscal year, the result of operations was governmental activities decreased the County's net position by \$32,037,982 and business-type activities increased net position by \$19,948,123. Key elements of the change in net position are as follows:

Fond du Lac County's Change in Net Position						
	Governmental Activities 2020	Governmental Activities 2019	Business-Type Activities 2020	Business-Type Activities 2019	Total 2020	Total 2019
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 12,601,572	\$ 13,882,281	\$ 27,329,005	\$ 31,095,726	\$ 39,930,577	\$ 44,978,007
Operating grants and Contributions	32,137,941	30,190,212	1,059,239	945,171	33,197,180	31,135,383
Capital grants and Contributions	-	-	102,624	894,515	102,624	894,515
<b>General revenues:</b>						
Property taxes	45,798,425	43,904,007	158,775	534,500	45,957,200	44,438,507
County sales tax	8,961,851	8,846,015	75,000	-	9,036,851	8,846,015
Other taxes	966,634	806,533	-	-	966,634	806,533
State and federal aids not restricted to specific functions	3,644,403	3,683,664	-	-	3,644,403	3,683,664
Other	1,953,566	2,015,039	612,063	184,755	2,565,629	2,199,794
<b>Total revenues</b>	<b>106,064,392</b>	<b>103,327,751</b>	<b>29,336,706</b>	<b>33,654,667</b>	<b>135,401,098</b>	<b>136,982,418</b>
<b>Expenses:</b>						
General government	11,284,857	10,763,342	-	-	11,284,857	10,763,342
Public safety	21,778,292	22,351,964	-	-	21,778,292	22,351,964
Public works	10,921,988	8,303,765	-	-	10,921,988	8,303,765
Health and human Services	47,746,057	49,675,859	-	-	47,746,057	49,675,859
Culture, recreation and Education	4,082,698	4,370,648	-	-	4,082,698	4,370,648
Conservation and Development	2,429,852	3,459,003	-	-	2,429,852	3,459,003
Interest on long-term debt Highway	2,053,937	1,812,395	-	-	2,053,937	1,812,395
Harbor Haven Health & Rehabilitation	-	-	17,012,263	20,203,248	17,012,263	20,203,248
Airport	-	-	10,397,469	10,719,649	10,397,469	10,719,649
Golf Course	-	-	570,802	549,051	570,802	549,051
Landfill	-	-	1,231,456	1,159,594	1,231,456	1,159,594
	-	-	63,144	53,206	63,144	53,206
<b>Total expenses</b>	<b>100,297,681</b>	<b>100,736,976</b>	<b>29,280,134</b>	<b>32,684,748</b>	<b>129,577,815</b>	<b>133,421,724</b>
Increase (decrease) in net position before transfers	5,766,711	2,590,775	56,572	969,919	5,823,283	3,560,694
Transfers	23,347,391	243,174	23,347,391	243,174	-	-
Increase (decrease) in net Position	(17,580,680)	2,833,949	23,403,963	726,745	5,823,283	3,560,694
Net position - beginning of year	113,787,075	110,953,126	29,125,719	28,398,974	142,912,794	139,352,100
Net position - end of year	\$ 96,206,395	\$ 113,787,075	\$ 52,529,682	\$ 29,125,719	\$ 148,736,077	\$ 142,912,794

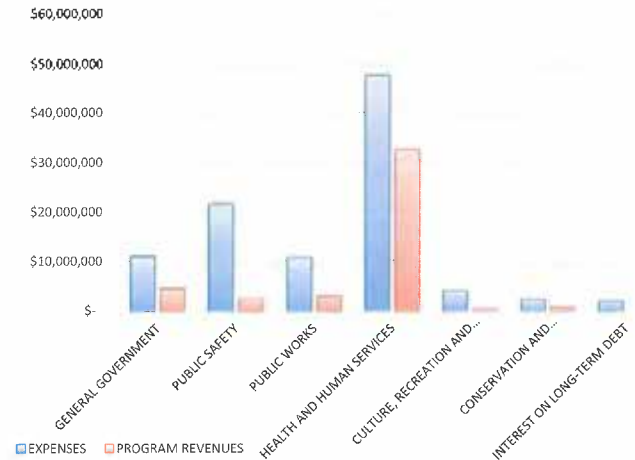
The County's total net position increased by \$5,823,283 from 2019.

**FOND DU LAC COUNTY, WISCONSIN**  
**Management's Discussion and Analysis**  
**December 31, 2020**

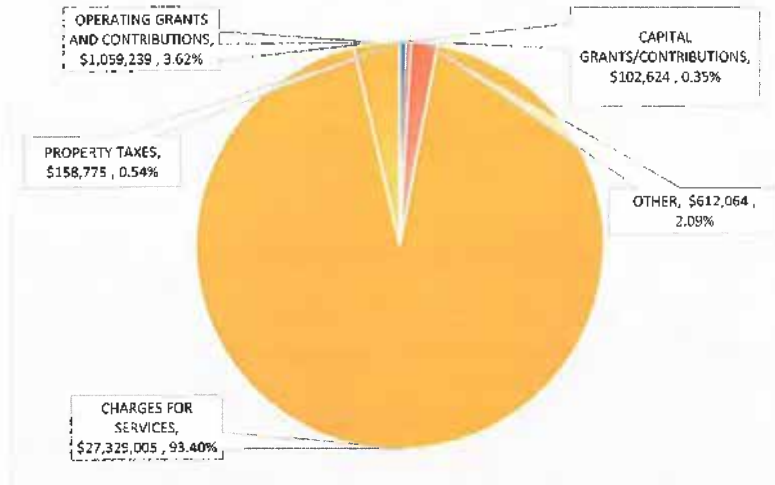
**REVENUES BY SOURCE-GOVERNMENTAL ACTIVITIES**



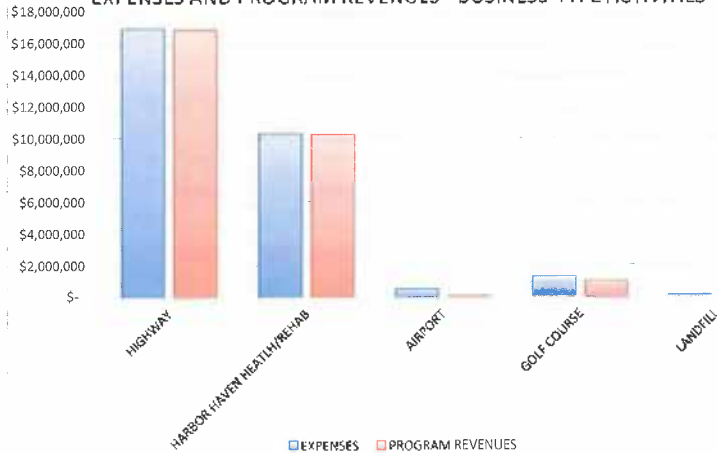
**EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES**



REVENUES BY SOURCE-BUSINESS-TYPE ACTIVITIES



EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES



**Financial Analysis of the County's Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of yearend, the County's governmental funds reported combined ending fund balances of \$39,847,169 an increase of \$5,229,950 in comparison with the prior year. Approximately 70% of this amount (\$27,842,574) constitutes *assigned and unassigned fund balance*, which is available for spending at the County's discretion. In addition, \$7,251,117 is restricted for specific purposes as detailed in note C. 12 on page 61. The remainder of fund balance is considered *non-spendable* to indicate that it is not available for new spending because it is not in a spendable form as follows: 1) non-liquid delinquent taxes (\$1,074,203), 2) prepaid supplies (\$1,029,275) and 3) long term advances to the golf course (\$2,650,000).

The general fund is the chief operating fund of the County. At the end of the current year, assigned and unassigned fund balance of the general fund was \$22,317,790, while total fund balance was \$30,142,044. As a measure of the general fund's liquidity, it may be useful to compare both assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned general fund balance represents 45% of total general fund expenditures, while total fund balance represents 61% of that same amount.

The non-spendable fund balance for non-liquid delinquent property taxes decreased \$47,507 to \$1,074,203. This non-spendable form of fund balance peaked in 2011 at \$1,744,500.

During the current year, the County's total general fund balance increased \$7,626,456. Actual expenditures in all categories were under final budgeted amounts (\$10,053,750, 16.9%).

The County Road & Bridge Fund has a total fund balance of \$5,135,791. All of this balance is assigned. The total fund balance represents 46% of total fund expenditures.

The Capital Projects Fund has a total fund balance of \$791,426. All of this balance is restricted debt funds.

The Debt Service Fund has a total fund balance of \$2,920,826. All of this balance is restricted.

The Department of Community Programs has a total fund balance of \$196,045, decreasing \$49,954 from the prior year end, after a return of \$1,411,785 of excess budget surplus to the General Fund. The Department of Community Programs generally maintains a minimal fund balance, which is non-spendable for inventories and prepaid items and assigned. Budget surplus is returned to the General Fund annually. The budget surplus was generated by expenditures, department wide, being under budget by approximately \$1,991,297, and by revenues from all sources being under budget by approximately \$383,467.

The Department of Social Services has a total fund balance of \$392,053, decreasing \$93,602 from the prior year end, after a return of \$1,856,630 of excess budget surplus to the General Fund. The Department of Social Services generally maintains a minimal fund balance, which is non-spendable for inventories and prepaid items and assigned. Budget surplus is returned to the General Fund annually. The budget surplus was generated by expenditures, department wide, being over budget by approximately \$261,621, and by revenues from all sources being over budget by approximately \$2,510,304. As of January 2012, Income Maintenance functions have been consolidated into a five county consortium (Washington, Ozaukee, Waukesha, Walworth and Fond du Lac). Fond du Lac County has been designated as the fiscal agent for this consortium, thus the activity of the consortium is included in the Department of Social Services Statement of Revenues, Expenditures and Changes in Fund Balance on page 28. Revenue recognized and expenses reported for the other four counties in the consortium account for

approximately \$7,627,684 of activity, and contributed approximately \$1,765,400 of negative expenditure budget variance to the Department of Social Services.

**FOND DU LAC COUNTY, WISCONSIN  
Management's Discussion and Analysis  
December 31, 2020**

**Proprietary funds.** The County's proprietary funds provide the same type of information found in the County's government-wide financial statements, but in more detail.

Total net position of the major proprietary funds are listed in the following table. Also displayed in this table is the total growth (reduction) in net position for the current year

	Highway	Harbor Haven Health & Rehabilitation
Total Net Position – Beginning of Year	\$ 16,805,395	\$ 7,599,259
Total Net Position – End of Year	40,711,794	7,454,110
Total Growth (Reduction) in Net Position	\$ 23,906,399	(\$ 145,149)

Intergovernmental Transfer Program payments to our nursing home increased approximately \$66,913 for 2020 from the prior year, to \$1,012,084. The cost of operating a skilled nursing facility continues to escalate, while the Federal and State government continues to reduce funding levels for providing these services. Administration recommended "right sizing" the facility to align with the declining market for skilled nursing care. The remodeling project to downsize the facility to an 85 bed capacity was completed in May, 2017.

**General Fund Budgetary Highlights**

Differences between the general fund original adopted budget and the final amended budget amount to a \$9,968,054 (20.1%) net increase in appropriations for general operations and can be briefly summarized as follows:

- \$7,241,549 of carryover and open purchase order funding from 2018 to 2019 budget; \$1,192,018 of the carryover funding was planned in the original adopted 2020 budget.
- \$257,500 was appropriated from the County General fund during 2020 for the acquisition of park land in the Town of Taycheedah.
- \$1,815,701 of new or additional revenue sources.

The County funded these changes from available fund balance, bond issue and various grants awarded to departments.

During the year total actual general fund revenues were less than budgeted revenues by \$636,788. Actual expenditures were less than budgeted expenditures by \$10,053,750. Departments continued to provide quality services while controlling spending.

**FOND DU LAC COUNTY, WISCONSIN  
Management's Discussion and Analysis  
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**Capital Asset and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2020 amounts to \$168,615,482 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress, if applicable. The total increase in the County's investment in capital assets (net of accumulated depreciation) for the current year was \$530,880 (a \$22,632,414 decrease for governmental activities and a \$23,163,294 increase for business-type activities).

Major capital assets acquired or constructed during the year include:

- Highway - \$24,281,862, construction of new highway garage on Hickory Street

Fond du Lac County's Capital Assets (net of accumulated depreciation)						
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Work in progress	\$ 777,357	\$ 21,222,613	\$ 3,362	\$ 105,515	\$ 780,719	\$ 21,328,128
Land	7,820,571	7,453,340	2,381,798	2,418,386	10,202,369	9,871,726
Land improvements	2,148,184	2,996,837	3,966,509	3,501,006	6,114,693	6,497,843
Buildings/building improvements	21,132,504	22,578,792	31,901,178	10,917,259	53,033,682	33,496,051
Machinery/equipment	5,262,945	5,423,912	10,615,186	8,762,573	15,878,131	14,186,485
Infrastructure	82,605,888	82,704,369	-	-	82,605,888	82,704,369
Total	\$119,747,449	\$142,379,863	\$48,868,033	\$25,704,739	\$168,615,482	\$168,084,602

Additional information on the County's capital assets can be found in Note C. 6 on pages 47 - 49 of this report.

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$73,335,000:

Fond du Lac County's Outstanding Debt General Obligation Debt						
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation debt:						
Bonds	\$ 13,350,000	\$17,375,000	\$ -	\$ -	\$ 13,350,000	\$ 17,375,000
Notes	59,985,000	58,943,443	-	-	59,985,000	58,943,443
Total general obligation debt	\$ 73,335,000	\$ 76,318,443	\$ -	\$ -	\$ 73,335,000	\$ 76,318,443

The County's total general obligation debt decreased \$2,983,443 (3.91%) during the current fiscal year.

On March 16, 2021 the County Board authorized the issuance of \$5,685,000 of General Obligation Promissory Notes, Series 2021A dated April 1, 2021. The Notes are being issued for the purpose of paying the cost of various projects listed in the first four years of the County's 2017 Five-Year Capital Improvement Plan, various projects listed in the first three years of the County's 2019 Five-Year Capital Improvement Plan, various projects listed in the first three years of the County's 2020 Five-Year Capital Improvement Plan, various projects listed in the first three years of the County's 2021 Five-Year Capital Improvement Plan, including acquiring/building computer network equipment and infrastructure, communication/radio system equipment and infrastructure, and public safety vehicles, equipment and infrastructure; highway engineering/paving/reconstruction projects; highway reconstruction land acquisition and right of way; constructing and equipping a new replacement highway main garage; constructing and equipping a new replacement airport hangar/snow removal equipment building; constructing, improving, remodeling and equipping of various buildings; improving various parks/trails and airport runways. The County does not intend to borrow any other funds in 2021.

**FOND DU LAC COUNTY, WISCONSIN  
Management's Discussion and Analysis  
December 31, 2020**

The County maintains an Aa2 rating from Moody's Investors Service for its general obligation debt.

State statutes limit the amount of general obligation debt the County may issue to 5% of its total equalized valuation. The current debt limitation for the County is \$422,653,935, which is significantly in excess of the County's \$73,335,000 in outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note C. 8 on pages 50 - 52 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Fond du Lac County was 5.9% in December, 2020, up from 2.7% in December, 2019. This rate compares favorably to the State of Wisconsin's average unemployment rate of 6.3% in December, 2020.
- The economic condition and outlook of the County is improving. While we are not immune, the down turns, as well as the rebounds, take longer to show up here. Our relatively healthy mix of manufacturing, tourism, service industry, retail, and farming activities shielded us from a major down turn in our economy
- Inflationary trends in our region compare favorably to national indices.
- At December 31, 2020, assigned and unassigned fund balance in the general fund totaled \$22,602,973, including \$2,300,000 of funding appropriated/applied in the 2021 adopted budget.
- The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. Specific to the County, COVID-19 may impact various parts of its 2021 operations and financial results. We are continuing to evaluate the impacts of COVID-19 on County operations for 2021

All of these factors were considered in preparing the County's budget for the 2021 fiscal year.

**Contacting the County's Financial Management**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Fond du Lac County, Finance Director, 160 South Macy Street, Fond du Lac, WI 54935. The Finance Department may also be contacted via the internet at [www.fdlco.wi.gov/departments/departments-f-m/finance](http://www.fdlco.wi.gov/departments/departments-f-m/finance).

Questions concerning any of the information provided in this report regarding the discretely presented component unit, Housing Authority of Fond du Lac County, or requests for additional information, should be addressed to the <http://www.fdlco.wi.gov/departments/departments-f-m/finance> Housing Authority of Fond du Lac County, 15 North Marr Street, Fond du Lac, WI 54935.

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**BASIC FINANCIAL STATEMENTS**

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FOND DU LAC COUNTY, WISCONSIN  
Statement of Net Position  
December 31, 2020

	Primary Government			Component Unit
	Government Activities	Enterprise Activities	Total	June 30, 2020 Housing Authority
<b>ASSETS</b>				
Cash and investments	\$ 37,570,211	4,965,436	\$ 42,535,647	\$ 309,925
Restricted cash and investments	-	-	-	7,228
Receivables				
Delinquent property taxes	1,539,259	-	1,539,259	-
Interest/penalty on delinquent taxes	440,817	-	440,817	-
Property taxes levied for ensuing year's budget	47,471,984	184,640	47,656,624	-
Accounts, net	1,658,588	1,289,229	2,947,817	114
Loans, net	11,738,289	-	11,738,289	-
Accrued interest	25,475	-	25,475	178
Internal balances	2,802,955	(2,802,955)	-	-
Due from other governments	6,732,462	813,550	7,546,012	-
Prepaid supplies	1,046,879	1,900,376	2,947,255	16,274
Capital assets, net of accumulated depreciation				
Work in progress	777,357	3,362	780,719	-
Land	7,820,571	2,381,798	10,202,369	17,387
Land improvements	7,230,126	16,628,299	23,858,425	-
Buildings/building improvements	62,449,825	42,278,292	104,728,117	2,923,767
Machinery and equipment	22,671,787	23,243,523	45,915,310	92,985
Infrastructure	136,656,778	-	136,656,778	-
Less: Accumulated depreciation	(117,858,995)	(35,667,241)	(153,526,236)	(2,434,018)
Total capital assets, net of accumulated depreciation	119,747,449	48,868,033	168,615,482	600,121
Other Assets				
Net pension asset	7,228,651	1,727,920	8,956,571	-
<b>TOTAL ASSETS</b>	<b>238,003,019</b>	<b>56,946,229</b>	<b>294,949,248</b>	<b>933,840</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	16,840,494	4,008,208	20,848,702	-
Other postemployment related amounts	1,043,022	249,322	1,292,344	-
Total deferred outflows of resources	17,883,516	4,257,530	22,141,046	-

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FOND DU LAC COUNTY, WISCONSIN  
Statement of Net Position (continued)  
December 31, 2020

	Primary Government			Component Unit
	Government Activities	Enterprise Activities	Total	June 30, 2020 Housing Authority
<b>LIABILITIES</b>				
Accounts payable	1,596,606	460,132	2,056,738	1,797
Accrued payroll liabilities	3,994,759	959,381	4,954,140	6,109
Accrued interest payable	733,627	-	733,627	-
Due to other governments	3,319,107	10,759	3,329,866	10,725
Unearned revenues	1,252,214	797,327	2,049,541	5,375
Other liabilities	684,090	-	684,090	14,667
Long-term obligations				
Due within one year	13,892,589	227,849	14,120,438	7,570
Due in more than one year	61,870,833	90,478	61,961,311	-
Other postemployment benefits	2,668,691	637,917	3,306,608	-
<b>TOTAL LIABILITIES</b>	<b>90,012,516</b>	<b>3,183,843</b>	<b>93,196,359</b>	<b>46,243</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied for subsequent year	47,471,984	184,640	47,656,624	-
Deferred inflows related to pension	21,664,706	5,178,681	26,843,387	-
Other post employment benefits	530,934	126,913	657,847	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>69,667,624</b>	<b>5,490,234</b>	<b>75,157,858</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	106,019,389	48,868,033	154,887,422	600,121
Restricted for:				
Debt Service	2,187,199	-	2,187,199	-
Capital Projects	-	47,831	47,831	-
Land Records	115,667	-	115,667	-
WIC	57,841	-	57,841	-
Register of Deeds	45,983	-	45,983	-
Jail Assessment Fees	7,742	-	7,742	-
Sheriff canine fund	50,000	-	50,000	-
Pension benefits	7,228,651	1,727,920	8,956,571	-
Other	-	-	-	1,853
Unrestricted	19,506,077	1,885,898	(17,620,179)	285,623
<b>TOTAL NET POSITION</b>	<b>96,206,395</b>	<b>52,529,682</b>	<b>148,736,077</b>	<b>887,597</b>

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The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN  
Statement of Activities  
Year Ended December 31, 2020

Funds/Programs	Primary Government							Component Unit June 30, 2020
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>PRIMARY GOVERNMENT</b>								
<b>Governmental Activities</b>								
General government	\$ 11,284,857	\$ 3,299,263	\$ 1,405,964	\$ -	\$ (6,579,630)	\$ -	\$ (6,579,630)	\$ -
Public safety	21,778,292	2,019,111	708,167	-	(19,051,014)	-	(19,051,014)	-
Public works	10,921,988	-	3,201,919	-	(7,720,069)	-	(7,720,069)	-
Health and human services	47,746,057	6,663,564	26,143,366	-	(14,939,127)	-	(14,939,127)	-
Culture, recreation and education	4,082,698	272,014	229,919	-	(3,580,765)	-	(3,580,765)	-
Conservation and development	2,429,852	347,620	448,606	-	(1,633,626)	-	(1,633,626)	-
Interest on debt	2,053,937	-	-	-	2,053,937	-	2,053,937	-
<b>Total Governmental Activities</b>	<b>100,297,681</b>	<b>12,601,572</b>	<b>32,137,941</b>	<b>-</b>	<b>(55,558,168)</b>	<b>-</b>	<b>(55,558,168)</b>	<b>-</b>
<b>Business-type Activities</b>								
Highway	17,012,263	16,902,436	47,155	-	-	(62,672)	(62,672)	-
Harbor Haven Health & Rehab	10,397,469	9,240,236	1,012,084	-	-	(145,149)	(145,149)	-
Airport	570,802	118,739	-	102,624	-	(349,439)	(349,439)	-
Golf Course	1,231,456	1,065,174	-	-	-	(166,282)	(166,282)	-
Landfill	68,144	2,420	-	-	-	65,724	65,724	-
<b>Total Business-type Activities</b>	<b>29,280,134</b>	<b>27,329,005</b>	<b>1,059,239</b>	<b>102,624</b>	<b>-</b>	<b>(789,266)</b>	<b>(789,266)</b>	<b>-</b>
<b>Total Primary Government</b>	<b>129,577,815</b>	<b>39,930,577</b>	<b>33,197,180</b>	<b>102,624</b>	<b>(55,558,168)</b>	<b>(789,266)</b>	<b>(56,347,434)</b>	<b>-</b>
<b>COMPONENT UNIT</b>								
Housing Authority	2,511,555	123,720	2,060,322	82,718	-	-	-	15,605

(Continued)

FOND DU LAC COUNTY, WISCONSIN  
Statement of Activities (continued)  
Year Ended December 31, 2020

Funds/Programs	Primary Government							Component Unit June 30, 2020
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>General revenues</b>								
Property taxes, levied for general purposes					39,218,702	158,775	39,377,477	-
Property taxes, levied for debt service					6,579,723	-	6,579,723	-
County sales tax					8,961,851	75,000	9,036,851	-
Other taxes					966,634	-	966,634	-
State and federal aids not restricted to specific functions					3,644,403	-	3,644,403	-
Interest and investment earnings					324,041	307	324,348	398
Miscellaneous					1,629,525	611,756	2,241,281	27,163
Transfers					(23,347,391)	23,347,391	-	-
<b>Total general revenues and transfers</b>					<b>37,977,488</b>	<b>24,193,229</b>	<b>62,170,717</b>	<b>27,561</b>
<b>Change in net position</b>					<b>17,580,680</b>	<b>23,403,963</b>	<b>5,823,283</b>	<b>43,166</b>
<b>Net position - Beginning of year, as originally reported</b>					<b>113,787,075</b>	<b>29,125,719</b>	<b>142,912,794</b>	<b>843,201</b>
<b>Prior period adjustment</b>					<b>-</b>	<b>-</b>	<b>-</b>	<b>1,230</b>
<b>Net Position-Beginning of Year, restated</b>					<b>113,787,075</b>	<b>29,125,719</b>	<b>142,912,794</b>	<b>844,431</b>
<b>Net Position - End of Year</b>					<b>96,206,395</b>	<b>52,529,682</b>	<b>148,736,077</b>	<b>887,597</b>

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN

Balance Sheet  
Governmental Funds  
December 31, 2020

	General	County Road & Bridge	Dept of Community Programs	Debt Service	Capital Projects Main Hwy Garage	Debt Service	Total Non-Proprietary Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and investments	\$ 26,980,120	\$ 5,135,791	\$ 301,735	\$ 1,018,979	\$ 792,002	\$ 2,920,826	\$ 280,156	\$ 37,429,609
Receivables								
Delinquent property taxes	1,539,259	-	-	-	-	-	-	1,539,259
Interest/penalty on delinquent taxes	440,817	-	-	-	-	-	-	440,817
Property taxes	21,919,974	2,156,460	5,870,857	9,608,643	-	7,660,270	-	47,216,204
Accounts, Net	818,175	-	785,969	13,178	-	-	41,239	1,658,561
Loans	14,277,789	-	-	-	-	-	-	14,277,789
Allowance for forgiveness	(2,539,500)	-	-	-	-	-	-	(2,539,500)
Accrued interest	25,331	-	-	-	-	-	144	25,475
Advance to other funds	2,802,955	-	-	-	-	-	-	2,802,955
Due from other governments	3,518,679	-	539,835	2,673,948	-	-	-	6,732,462
Prepaid supplies	611,186	-	222,830	193,859	-	-	1,400	1,029,275
<b>TOTAL ASSETS</b>	<b>70,394,785</b>	<b>7,292,251</b>	<b>7,721,226</b>	<b>13,508,607</b>	<b>792,002</b>	<b>10,581,096</b>	<b>322,939</b>	<b>110,612,906</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
Liabilities								
Accounts payable	\$ 694,376	\$ -	\$ 447,342	\$ 415,820	\$ 576	\$ -	\$ 36,972	\$ 1,595,086
Accrued payroll liabilities	2,460,415	-	631,152	832,570	-	-	16,983	3,941,120
Due to other governments	845,372	-	575,830	1,897,905	-	-	-	3,319,107
Unearned revenues	899,066	-	-	353,148	-	-	-	1,252,214
Other liabilities	675,621	-	-	8,468	-	-	-	684,089
Total Liabilities	5,574,850	-	1,654,324	3,507,911	576	-	53,955	10,791,616
Deferred Inflows of Resources								
Property taxes, levied for subsequent year	22,693,478	2,156,460	5,870,857	9,608,643	-	7,660,270	-	47,989,708
Loans receivable	11,738,289	-	-	-	-	-	-	11,738,289
Other accounts receivable	246,124	-	-	-	-	-	-	246,124
Total Deferred Inflows of Resources	34,677,891	2,156,460	5,870,857	9,608,643	-	7,660,270	-	59,974,121

(Continued)

FOND DU LAC COUNTY, WISCONSIN

Balance Sheet (continued)  
Governmental Funds  
December 31, 2020

	General	County Road & Bridge	Dept of Community Programs	Debt Service	Capital Projects Main Hwy Garage	Debt Service	Total Non-Proprietary Funds	Total Governmental Funds
<b>Fund Balances</b>								
Non-spendable	4,335,389	-	222,830	193,859	-	-	1,400	4,753,478
Restricted	3,488,865	-	-	-	791,426	2,920,826	50,000	7,251,117
Assigned	12,113,500	5,135,791	-	198,194	-	-	217,584	17,665,069
Unassigned (deficit)	10,204,290	-	(26,785)	-	-	-	-	10,177,505
<b>Total Fund Balances</b>	<b>30,142,044</b>	<b>5,135,791</b>	<b>196,045</b>	<b>392,053</b>	<b>791,426</b>	<b>2,920,826</b>	<b>268,984</b>	<b>39,847,169</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>70,394,785</b>	<b>7,292,251</b>	<b>7,721,226</b>	<b>13,508,607</b>	<b>792,002</b>	<b>10,581,096</b>	<b>322,939</b>	<b>110,612,906</b>

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(Continued)



**FOND DU LAC COUNTY, WISCONSIN**  
 Balance Sheet (continued)  
 Governmental Funds  
 December 31, 2020

Reconciliation to the Statement of Net Position:

Total Fund Balances as shown on previous page		\$ 39,847,169
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
General capital assets, net of accumulated depreciation	\$ 119,678,478	
Internal Service Fund capital assets, net of accumulated depreciation	<u>68,971</u>	119,747,449
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Net pension asset	7,228,651	
Deferred outflows related to pensions	16,840,494	
Deferred inflows related to pensions	(21,664,706)	
Deferred outflows related to other postemployment benefits	1,043,022	
Deferred inflows related to other postemployment benefits	<u>530,934</u>	2,916,527
Internal service funds are used by management to charge the costs of central maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position:		
Total internal service fund net position	(15,371)	
Capital assets, net of depreciation, included above	(68,971)	
Net pension liability and related deferred outflows and inflows, included above	139,754	
Net LRLIF liability and related deferred outflows and inflows, included above	24,831	
Long term liabilities included below	<u>22,830</u>	103,073
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Bonds and notes payable	(73,335,000)	
Debt premium	(1,471,323)	
Compensated absences	(957,099)	
Postemployment benefits liability	(2,668,691)	
Accrued interest on long-term obligations	<u>733,627</u>	(79,165,740)
Revenues not meeting the availability criteria:		
Deferred Loans - County Revolving Loan - Fond du Lac County Economic Development Corp.	1,703,345	
Deferred Loans - Mercury Marine Loan - Fond du Lac County Economic Development Corp. - Net	5,562,444	
Deferred Loans - Alliance Laundry Systems Loan - Fond du Lac County Economic Development Corp. - Net	597,500	
Deferred Loans - Mid States Aluminum Corp - Fond du Lac County Economic Development Corp.	3,875,000	
Deferred Receivable - Clerk of Courts	246,124	
Deferred Receivable - Delinquent taxes	397,445	
Deferred Receivable - Interest and Penalty on Property Taxes	<u>376,059</u>	12,757,917
Net Position of Governmental Activities as reported on the Statement of Net Position (See pages 15 - 16)		<u>\$ 96,206,395</u>

The notes to the basic financial statements are an integral part of this statement.

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**FOND DU LAC COUNTY, WISCONSIN**  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended December 31, 2020

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Main Hwy Garage	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Taxes	\$ 24,930,835	\$ 5,110,960	\$ 5,905,559	\$ 9,651,531	\$ -	\$ 9,632,601	\$ -	\$ 55,231,486
Intergovernmental	10,413,069	3,156,369	5,687,150	15,987,585	-	-	532,912	35,777,085
Licenses and permits	562,694	-	-	-	-	-	-	562,694
Fines and forfeits	415,108	-	-	-	-	-	-	415,108
Public charges for services	2,741,706	-	4,071,970	511,575	-	-	151,840	7,477,091
Intergovernmental charges for services	3,056,383	-	702,235	162,451	-	-	3,115	3,924,184
Interdepartmental charges for services	2,954,166	-	149,157	336,441	-	-	-	3,439,764
Miscellaneous	718,852	-	824,941	98,990	45,550	3,986,505	46,542	5,721,380
Investment earnings	366,405	-	-	-	-	-	-	366,405
<b>Total Revenues</b>	<b>46,159,218</b>	<b>8,267,329</b>	<b>17,341,012</b>	<b>26,748,573</b>	<b>45,550</b>	<b>13,619,106</b>	<b>734,409</b>	<b>112,915,197</b>
<b>Expenditures</b>								
<b>Current</b>								
General government	13,981,480	-	-	-	-	-	-	13,981,480
Public safety	21,650,961	-	-	-	-	-	47,899	21,698,860
Public works	-	11,051,471	-	-	-	-	-	11,051,471
Health and human services	6,191,747	-	15,979,181	24,985,545	-	-	630,655	47,787,128
Culture, recreation and education	4,574,946	-	-	-	-	-	-	4,574,946
Conservation and development	2,829,248	-	-	-	-	-	-	2,829,248
Capital outlay	91,005	-	-	-	1,071,318	-	-	1,162,323
Contingency	410	-	-	-	-	-	-	410
Debt service								
Principal	-	-	-	-	-	12,023,443	-	12,023,443
Interest and fiscal charges	224,208	-	-	-	-	2,600,148	-	2,824,356
<b>Total Expenditures</b>	<b>49,544,005</b>	<b>11,051,471</b>	<b>15,979,181</b>	<b>24,985,545</b>	<b>1,071,318</b>	<b>14,623,591</b>	<b>678,554</b>	<b>117,933,665</b>

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**  
 Statement of Revenues, Expenditures and Changes in Fund Balances (continued)  
 Governmental Funds  
 Year Ended December 31, 2020

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Main Hwy Garage	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>Excess (Deficit) of Revenues Over Expenditures</b>	<b>3,384,787</b>	<b>2,784,142</b>	<b>1,361,831</b>	<b>1,763,028</b>	<b>1,025,768</b>	<b>1,004,485</b>	<b>55,855</b>	<b>(5,018,468)</b>
<b>Other Financing Sources (Uses)</b>								
Long term debt issued	6,632,200	2,407,800	-	-	-	-	-	9,040,000
Issuance premium on long term debt	224,208	-	-	-	-	49,739	-	273,947
Transfers in	4,154,835	48,051	-	-	-	1	-	4,202,887
Transfers out	-	-	1,411,785	1,856,630	-	1	-	3,268,416
<b>Total Other Financing Sources (Uses)</b>	<b>11,011,243</b>	<b>2,455,851</b>	<b>(1,411,785)</b>	<b>1,856,630</b>	<b>-</b>	<b>49,739</b>	<b>-</b>	<b>10,248,418</b>
<b>Net Change in Fund Balances</b>	<b>7,626,456</b>	<b>(328,291)</b>	<b>(49,954)</b>	<b>(93,602)</b>	<b>(1,025,768)</b>	<b>(954,746)</b>	<b>55,855</b>	<b>5,229,950</b>
<b>Fund Balances - Beginning of Year</b>	<b>22,515,588</b>	<b>5,464,082</b>	<b>245,999</b>	<b>485,655</b>	<b>1,817,194</b>	<b>3,875,572</b>	<b>213,129</b>	<b>34,617,219</b>
<b>Fund Balances - End of Year</b>	<b>30,142,044</b>	<b>5,135,791</b>	<b>196,045</b>	<b>392,053</b>	<b>791,426</b>	<b>2,920,826</b>	<b>268,984</b>	<b>44,447,169</b>

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**  
 Statement of Revenues, Expenditures and Changes in Fund Balance (continued)  
 Governmental Funds  
 Year Ended December 31, 2020

Reconciliation to the Statement of Activities:

Net Change in Fund Balances from previous page \$ 5,229,950

Amounts reported for governmental activities in the statement of activities are different because:  
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense.

Capital outlay	\$ 13,290,943	
Depreciation expense	9,318,313	3,972,630

Changes in the net pension liability (asset) and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan.		(259,186)
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The net effect of the loss on disposal of capital assets is to decrease net position.		(2,323,182)
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Capital assets that have been transferred from governmental activities to business-type activities.		(24,281,862)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(3,241,891)
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The net expenditure of the central maintenance internal service fund is reported with governmental activities.		(11,843)
--	--	----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued or incurred:		
Issuance of general obligation promissory notes	(9,040,000)	
Premium on debt issuance	(273,947)	
Principal repayments:		
General obligation debt	12,023,443	2,709,496

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Expense transactions:		
Compensated absences	24,960	
Accrued interest	496,472	
Amortization of debt premium	281,641	
Other postemployment benefits	(951,433)	
Deferred outflows of resources related to other postemployment benefits	828,161	
Deferred inflows of resources related to other postemployment benefits	54,593	625,208

Change in Net Position of Governmental Activities as reported on the Statement of Activities (see pages 17 - 18)		\$ 17,580,680
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The notes to the basic financial statements are an integral part of this statement.

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**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive Negative
<b>Revenues</b>				
Taxes	\$ 24,765,341	\$ 24,556,179	\$ 24,930,835	\$ 374,656
Intergovernmental	7,545,607	10,206,307	10,412,940	206,633
Licenses and permits	538,951	538,951	562,694	23,743
Fines and forfeits	428,000	428,000	415,108	(12,892)
Public charges for services	3,005,560	3,285,052	2,741,706	(543,346)
Intergovernmental charges for services	3,026,678	3,221,225	3,056,383	(164,842)
Interdepartmental charges for services	2,836,431	2,833,431	2,954,166	120,735
Miscellaneous	1,411,915	1,726,861	1,085,386	(641,475)
<b>Total Revenues</b>	<b>43,558,483</b>	<b>46,796,006</b>	<b>46,159,218</b>	<b>(636,788)</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	13,503,267	15,985,591	13,981,480	2,004,111
Public safety	22,015,348	22,632,390	21,650,961	981,429
Health and human services	6,734,041	9,575,765	6,191,747	3,384,018
Culture, recreation and education	3,568,880	5,556,639	4,574,946	981,693
Conservation and development	2,658,550	4,292,228	2,829,248	1,462,980
Capital outlay	78,000	211,484	91,005	120,479
Contingency	1,071,615	1,343,658	410	1,343,248
Interest and fiscal charges	-	-	224,208	224,208
<b>Total Expenditures</b>	<b>49,629,701</b>	<b>59,597,755</b>	<b>49,544,005</b>	<b>10,053,750</b>
<b>Excess (Deficit) of Revenues</b>				
Over Expenditures	6,071,218	12,801,749	3,384,787	9,416,962
<b>Other Financing Sources (Uses)</b>				
Long term debt issued	2,879,200	3,382,200	6,632,200	3,250,000
Issuance Premium on long term debt	-	-	224,208	224,208
Transfers in	-	-	4,154,835	4,154,835
<b>Total Other Financing Sources (Uses)</b>	<b>2,879,200</b>	<b>3,382,200</b>	<b>11,011,243</b>	<b>7,629,043</b>
<b>Net Change in Fund Balance</b>	<b>(3,192,018)</b>	<b>(9,419,549)</b>	<b>7,626,456</b>	<b>17,046,005</b>
<b>Fund Balance - Beginning of Year</b>	<b>22,515,588</b>	<b>22,515,588</b>	<b>22,515,588</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 19,323,570</b>	<b>\$ 13,096,039</b>	<b>\$ 30,142,044</b>	<b>\$ 17,046,005</b>

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**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
County Road & Bridge Fund  
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / Negative
	Original	Final		
<b>Revenues</b>				
Taxes				
Property	\$ 2,156,460	\$ 2,160,960	\$ 2,160,960	\$ -
County sales	2,950,000	2,950,000	2,950,000	-
Intergovernmental				
CHIPS funding	138,000	138,000	282,453	144,453
Local transportation aids	2,800,400	2,800,400	2,873,916	73,516
<b>Total Revenues</b>	<b>8,044,860</b>	<b>8,049,360</b>	<b>8,267,329</b>	<b>217,969</b>
<b>Expenditures</b>				
Current				
Public works				
County highway maintenance	11,624,523	13,264,079	9,565,727	3,698,352
County highway winter maintenance	2,341,470	2,341,470	1,371,692	969,778
County construction/road & bridge	456,163	456,163	114,052	342,111
<b>Total Expenditures</b>	<b>14,422,156</b>	<b>16,061,712</b>	<b>11,051,471</b>	<b>5,010,241</b>
Excess (Deficit) of Revenues Over Expenditures	6,377,296	8,012,352	2,784,142	5,228,210
Other Financing Sources				
Long-term debt issued	2,407,800	2,407,800	2,407,800	-
Transfers in	144,970	144,970	48,051	96,919
<b>Total Other Financing Sources</b>	<b>2,552,770</b>	<b>2,552,770</b>	<b>2,455,851</b>	<b>96,919</b>
<b>Net Change in Fund Balance</b>	<b>(3,824,526)</b>	<b>(5,459,582)</b>	<b>(328,291)</b>	<b>5,131,291</b>
Fund Balance - Beginning of Year	5,464,082	5,464,082	5,464,082	-
<b>Fund Balance - End of Year</b>	<b>\$ 1,639,556</b>	<b>\$ 4,500</b>	<b>\$ 5,135,791</b>	<b>\$ 5,131,291</b>

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Department of Community Programs  
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / Negative
	Original	Final		
<b>Revenues</b>				
Taxes				
Property taxes	\$ 5,752,092	\$ 5,870,559	\$ 5,870,559	\$ -
Sales and Use Taxes	35,005	35,005	35,000	(5)
Intergovernmental				
Basic allocation/general	1,590,340	1,590,340	1,756,755	166,415
CLTS	1,926,437	1,926,437	2,446,888	520,451
Birth to Three	208,495	208,495	237,435	28,940
Children's COP	365,884	365,884	384,178	18,294
Alcohol and other drug abuse	308,137	308,137	301,493	(6,644)
Integrated service	60,000	60,000	71,323	11,323
Mental health	415,144	415,144	489,078	73,934
Public charges for services				
Mental health	3,341,966	3,341,966	2,426,931	(915,035)
Developmental disabilities	59,490	59,490	131,698	72,208
Alcohol and other drug abuse	532,320	532,320	467,914	(64,406)
Administration	153,000	153,000	9,842	(143,158)
Acute unit - net	1,776,562	1,776,562	1,035,585	(740,977)
Intergovernmental charges for services				
Acute unit - net	1,028,550	1,028,550	702,235	(326,315)
Interdepartmental charges for services	66,435	50,405	149,157	98,752
Miscellaneous	2,185	2,185	824,941	822,756
<b>Total Revenues</b>	<b>17,622,042</b>	<b>17,724,479</b>	<b>17,341,012</b>	<b>383,467</b>
<b>Expenditures</b>				
Current				
Health and human services				
Mental health	12,138,914	12,436,175	11,604,654	831,521
Developmental disabilities	3,069,433	3,090,358	3,048,575	41,783
Alcohol and other drug abuse	1,272,953	1,274,883	1,109,490	165,393
Administration	1,140,742	1,169,062	216,462	952,600
<b>Total Expenditures</b>	<b>17,622,042</b>	<b>17,970,478</b>	<b>15,979,181</b>	<b>1,991,297</b>
Excess (Deficit) of Revenues Over Expenditures	-	245,999	1,361,831	1,607,830
Other Financing Uses				
Transfers out	-	-	(1,411,785)	(1,411,785)
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(245,999)</b>	<b>(49,954)</b>	<b>196,045</b>
Fund Balance - Beginning of Year	245,999	245,999	245,999	-
<b>Fund Balance - End of Year</b>	<b>\$ 245,999</b>	<b>\$ -</b>	<b>\$ 196,045</b>	<b>\$ 196,045</b>

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY, WISCONSIN**  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Department of Social Services  
 Year Ended December 31, 2020

**FOND DU LAC COUNTY, WISCONSIN**  
 Statement of Net Position  
 Proprietary Funds  
 December 31, 2020

	Business-type Activities-Enterprise Funds			Total Enterprise Funds	Governmental Activities-External Service Fund
	Harbor Haven Health & Rehabilitation Hltw	Other Nonmajor Enterprise Funds			
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and investments	\$ 3,051,297	\$ 1,685,326	\$ 228,813	\$ 4,965,436	\$ 140,600
Taxes receivable	-	-	184,640	184,640	255,780
Accounts receivable, net	67,739	1,221,460	30	1,289,229	28
Due from other governments	813,550	-	-	813,550	-
Prepaid supplies	1,710,837	152,292	37,247	1,900,376	17,804
<b>Total Current Assets</b>	<b>5,643,423</b>	<b>3,059,078</b>	<b>460,730</b>	<b>9,153,231</b>	<b>414,012</b>
<b>Capital Assets</b>					
Work in progress	3,362	-	-	3,362	-
Land/land improvements	2,127,841	751,195	16,136,091	19,015,097	-
Buildings/building improvements	26,222,830	12,545,328	3,510,134	42,278,292	-
Machinery and equipment	19,802,651	1,968,749	1,572,123	23,243,523	212,509
Less accumulated depreciation	12,228,424	9,204,639	14,234,176	35,667,241	143,538
<b>Total Capital Assets - Net</b>	<b>35,923,260</b>	<b>5,960,633</b>	<b>6,984,140</b>	<b>48,668,033</b>	<b>66,971</b>
<b>Other Assets</b>					
Net pension asset	781,463	873,052	73,395	1,727,920	83,232
<b>TOTAL ASSETS</b>	<b>42,348,146</b>	<b>9,892,773</b>	<b>7,508,265</b>	<b>59,748,184</b>	<b>566,215</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pension	1,817,923	2,021,828	168,457	4,008,208	192,931
Other postemployment related amounts	112,757	125,974	10,591	249,322	12,010
<b>Total deferred outflows of resources</b>	<b>1,930,680</b>	<b>2,147,802</b>	<b>179,048</b>	<b>4,257,530</b>	<b>204,941</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	188,467	254,060	19,615	460,132	1,519
Accrued payroll liabilities	446,502	471,922	40,957	959,381	59,639
Advance from other funds	-	-	2,650,000	2,650,000	-
Due to other funds	-	-	152,955	152,955	-
Due to other governments	1,714	1,330	7,715	10,759	-
Unearned revenues	55,092	741,885	350	797,327	21,790
Current maturities of long-term obligations	145,487	82,362	-	227,849	-
<b>Total Current Liabilities</b>	<b>835,252</b>	<b>1,551,559</b>	<b>2,871,592</b>	<b>5,258,403</b>	<b>76,948</b>
<b>Long-term Liabilities</b>					
Noncurrent portion of long-term obligations	43,789	31,844	14,845	90,478	1,041
Other postemployment benefits	288,502	322,318	27,097	637,917	30,728
<b>Total long-term liabilities</b>	<b>332,291</b>	<b>354,162</b>	<b>41,942</b>	<b>728,395</b>	<b>31,769</b>
<b>TOTAL LIABILITIES</b>	<b>1,167,543</b>	<b>1,905,721</b>	<b>2,913,534</b>	<b>5,986,798</b>	<b>108,717</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes levied for subsequent year	-	-	184,640	184,640	255,780
Deferred inflows related to pension	2,342,092	2,616,619	219,970	5,178,681	249,453
Other post employment benefits	57,397	64,125	5,391	126,913	6,113
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,399,489</b>	<b>2,680,744</b>	<b>410,001</b>	<b>5,490,234</b>	<b>511,346</b>
<b>NET POSITION</b>					
Net investment in capital assets	35,923,260	5,960,633	6,984,140	48,668,033	66,971
Restricted for:					
Capital Projects	-	-	47,831	47,831	-
Pension Benefits	781,463	873,052	73,395	1,727,920	83,232
Unrestricted (deficit)	4,007,071	620,415	2,741,588	1,685,098	1,110
<b>TOTAL NET POSITION</b>	<b>40,711,794</b>	<b>7,454,110</b>	<b>4,363,778</b>	<b>52,529,682</b>	<b>151,093</b>

The notes to the basic financial statements are an integral part of this statement.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive Negative
	Original	Final		
<b>Revenues</b>				
<b>Taxes</b>				
Property taxes	\$ 9,651,526	\$ 9,651,526	\$ 9,651,526	\$ -
Sales and Use Taxes	-	-	5	5
<b>Intergovernmental</b>				
Adult abuse	36,375	36,375	36,375	-
Child care	244,847	244,847	191,277	(53,570)
Income maintenance	7,556,407	7,577,855	9,913,470	2,335,615
Kinship	282,367	282,367	229,413	(52,954)
Low income home energy assistance	154,425	154,425	181,701	27,276
Social welfare - basic county allocation/general	4,300,342	4,368,095	4,422,886	54,791
Youth aids	1,001,849	1,001,849	1,012,463	10,614
<b>Public charges for services</b>				
Social welfare - basic county allocation	426,000	426,000	469,507	43,507
Youth aids	52,500	52,500	42,068	(10,432)
<b>Intergovernmental charges for services</b>				
Social welfare - basic county allocation	42,680	42,680	951	(41,729)
Youth aids	45,500	45,500	161,500	116,000
<b>Interdepartmental charges for services</b>				
Social welfare - basic county allocation	321,250	321,250	336,441	15,191
Youth aids	-	-	-	-
Miscellaneous	33,000	33,000	98,990	65,990
Prior year revenue	-	-	-	-
<b>Total Revenues</b>	<b>24,149,068</b>	<b>24,238,269</b>	<b>26,748,573</b>	<b>2,510,304</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Health and human services</b>				
Adult abuse	76,450	76,450	77,961	(1,511)
Child care	253,842	253,842	181,958	71,884
Income maintenance	8,356,495	8,595,085	10,473,657	(1,878,572)
Kinship	308,429	308,429	236,068	72,361
Low income home energy assistance	154,425	154,425	181,704	(27,279)
Social welfare - basic county allocation	12,822,548	13,090,034	11,719,246	1,370,788
Youth aids	2,176,879	2,245,659	2,114,951	130,708
<b>Total Expenditures</b>	<b>24,149,068</b>	<b>24,723,924</b>	<b>24,985,545</b>	<b>(261,521)</b>
<b>Excess (Deficit) of Revenues</b>				
Over Expenditures	-	485,655	1,763,028	2,248,683
<b>Other Financing Uses</b>				
Transfers out	-	-	1,856,630	1,856,630
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(485,655)</b>	<b>(93,602)</b>	<b>392,053</b>
<b>Fund Balance - Beginning of Year</b>	<b>485,655</b>	<b>485,655</b>	<b>485,655</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 485,655</b>	<b>\$ -</b>	<b>\$ 392,053</b>	<b>\$ 392,053</b>

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY, WISCONSIN**  
 Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 Year Ended December 31, 2020

	Proprietary Funds - Enterprise Funds				Governmental Activities- Internal Service Fund
	Highway	Harbor Haven Health & Rehabilitation	Other Nonmajor Enterprise Funds	Total Enterprise Funds	
<b>Operating Revenues</b>					
Public charges for services	\$ -	\$ 8,546,391	\$ 1,179,041	\$ 9,725,432	\$ -
Intergovernmental charges for services	5,153,016	-	500	5,153,516	7,713
Interdepartmental charges for services	11,740,155	682,178	6,525	12,428,858	359,260
Miscellaneous	9,265	11,667	267	21,199	-
<b>Total Operating Revenues</b>	<b>16,902,436</b>	<b>9,240,236</b>	<b>1,186,333</b>	<b>27,329,005</b>	<b>366,973</b>
<b>Operating Expenses</b>					
General government	-	-	-	-	634,740
Public works	14,715,090	-	242,081	14,957,171	-
Health and human services	-	9,890,887	-	9,890,887	-
Culture, recreation and education	-	-	1,141,106	1,141,106	-
Depreciation	1,964,871	505,389	487,215	2,957,475	23,443
<b>Total Operating Expenses</b>	<b>16,679,961</b>	<b>10,396,276</b>	<b>1,870,402</b>	<b>28,946,639</b>	<b>658,183</b>
<b>Operating Income (Loss)</b>	<b>222,475</b>	<b>1,156,040</b>	<b>684,069</b>	<b>1,617,634</b>	<b>291,210</b>
<b>Nonoperating Revenues (Expenses)</b>					
Property taxes	-	-	158,775	158,775	252,860
Sales and Use Taxes	-	-	75,000	75,000	15,000
(Loss)/Gain on Disposal of Capital Assets	(332,302)	(1,193)	15,076	(318,419)	-
Intergovernmental	47,155	1,012,084	-	1,059,239	-
Investment income	-	-	307	307	-
Miscellaneous revenue	596,680	-	-	596,680	20,764
<b>Total nonoperating revenue (expense)</b>	<b>311,533</b>	<b>1,010,891</b>	<b>249,158</b>	<b>1,571,582</b>	<b>288,624</b>
<b>Income (loss) before transfers</b>	<b>534,008</b>	<b>(145,149)</b>	<b>(434,911)</b>	<b>(46,052)</b>	<b>(2,586)</b>
Transfer In	24,281,862	-	102,624	24,384,486	-
Transfers out	(909,471)	-	(25,000)	(934,471)	-
<b>Change in Net Position</b>	<b>23,906,399</b>	<b>(145,149)</b>	<b>(357,287)</b>	<b>23,403,963</b>	<b>(2,586)</b>
<b>Net Position - Beginning of Year</b>	<b>16,805,395</b>	<b>7,599,259</b>	<b>4,721,065</b>	<b>29,125,719</b>	<b>153,679</b>
<b>Net Position (Deficit) - End of Year</b>	<b>40,711,794</b>	<b>7,454,110</b>	<b>4,363,778</b>	<b>52,529,682</b>	<b>151,093</b>

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY, WISCONSIN -**  
 Statement of Cash Flows  
 Proprietary Funds  
 Year Ended December 31, 2020

	Proprietary Funds - Enterprise Funds				Governmental Activities- Internal Service Fund
	Highway	Harbor Haven Health & Rehabilitation	Other Nonmajor Enterprise Funds	Total Enterprise Funds	
<b>Cash Flows from Operating Activities</b>					
Cash received from user charges	\$ 5,879,107	\$ 9,540,135	\$ 1,180,689	\$ 16,599,931	\$ 366,955
Cash received from other funds	11,624,530	682,178	-	12,306,708	-
Cash payments to suppliers	(11,135,951)	(3,002,570)	(662,247)	(14,800,768)	(31,269)
Cash payments to employees	3,736,804	(7,027,750)	(691,928)	(11,456,482)	614,229
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,630,862</b>	<b>191,993</b>	<b>173,486</b>	<b>2,649,389</b>	<b>278,543</b>
<b>Cash Flows from Noncapital Financing Activities</b>					
Property taxes	-	-	158,775	158,775	252,860
Sales and Use Taxes	-	-	75,000	75,000	15,000
Interfund advance/due to other funds	-	-	153,836	153,836	-
Intergovernmental	47,155	1,012,084	-	1,059,239	-
Transfers out	(909,471)	-	(25,000)	(934,471)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(862,316)</b>	<b>1,012,084</b>	<b>362,611</b>	<b>512,379</b>	<b>267,860</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition of capital assets	(1,412,917)	(344,620)	(226,723)	(1,984,260)	(36,543)
Proceeds on disposal of capital assets	579,086	-	15,076	594,162	20,764
Insurance recoveries	8,891	-	-	8,891	-
Sale of materials	8,703	-	-	8,703	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(816,237)</b>	<b>(344,620)</b>	<b>(211,647)</b>	<b>(1,372,504)</b>	<b>15,779</b>
<b>Cash Flows from Investing Activities</b>					
Investment income	-	-	307	307	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>952,329</b>	<b>859,457</b>	<b>(22,215)</b>	<b>1,789,571</b>	<b>(26,462)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>2,098,968</b>	<b>825,869</b>	<b>251,028</b>	<b>3,175,865</b>	<b>167,062</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 3,051,297</b>	<b>\$ 1,685,326</b>	<b>\$ 228,813</b>	<b>\$ 4,965,436</b>	<b>\$ 140,600</b>

(Continued)



Statement of Cash Flows (continued)  
 Proprietary Funds  
 Year Ended December 31, 2020

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	Proprietary Funds			Total Enterprise Funds	Governmental Activities- Internal Service Fund
	Major Enterprise Funds	Other Enterprise Funds	Minor Enterprise Funds		
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>					
Operating Income (Loss)	\$ 222,475	\$ (1,156,040)	\$ (684,069)	\$ (1,617,634)	\$ (291,210)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,964,871	505,389	487,215	2,957,475	23,443
Change in related assets, liabilities and deferred outflows/inflows of resources					
Change in pension asset/liability	(1,636,184)	(1,876,293)	(159,924)	(3,672,401)	(176,684)
Change in pension deferred outflows	510,003	882,167	61,599	1,253,769	59,798
Change in pension deferred inflows	1,164,747	1,234,708	100,779	2,500,234	120,726
Change in other postemployment asset/liability	105,394	107,395	8,558	221,347	10,708
Change in other postemployment deferred outflows	(89,847)	(99,083)	(8,271)	(197,201)	(9,505)
Change in other postemployment deferred inflows	6,606	4,509	249	11,364	560
Changes in assets and liabilities					
Accounts receivable	(60,653)	345,881	2,334	287,562	(18)
Due from other governments	812,140	-	-	812,140	-
Prepaid supplies	(80,255)	(36,066)	11,677	(104,644)	(705)
Accounts payable	(18,726)	(70,364)	13,014	(76,076)	(1,346)
Accrued payroll liabilities	(102,261)	(94,431)	1,000	(195,692)	(12,550)
Due to other governments	(25,396)	712	986	(23,698)	-
Unearned revenues	(124,890)	635,484	(8,965)	501,629	-
Compensated Absences	(17,142)	8,025	332	8,785	(1,760)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 2,630,882</b>	<b>\$ 191,993</b>	<b>\$ 173,486</b>	<b>\$ 2,649,389</b>	<b>\$ 278,543</b>
Noncash capital and financing activities:					
Capital assets transferred from governmental activities	\$ 24,281,862	\$ -	\$ -	\$ 24,281,862	\$ -

The notes to the basic financial statements are an integral part of this statement.

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**FOND DU LAC COUNTY**  
Statement of Fiduciary Net Position  
Fiduciary Funds - Other Custodial Funds  
December 31, 2020

	Total Custodial Funds
<b>ASSETS</b>	
Cash and investments	\$ 18,381,177
Receivables	
Delinquent special assessments	301,739
Accounts	458
<b>TOTAL ASSETS</b>	<b>\$ 18,683,374</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 31,775
Due to other governments	17,448,766
<b>TOTAL LIABILITIES</b>	<b>\$ 17,480,541</b>
<b>NET POSITION</b>	
Restricted for Individuals, Organizations, and Other Governments	<b>\$ 1,202,833</b>

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds - Other Custodial Funds  
December 31, 2020

	Total Custodial Funds
<b>ADDITIONS</b>	
Contributions:	
Individuals	\$ 8,367,799
Other Governments	1,409,827
Property Tax Collections for Other Governments	26,296,487
Interest	555
<b>Total Additions</b>	<b>36,074,668</b>
<b>DEDUCTIONS</b>	
Payments to Individuals	204,568
Payments to other entities/vendors	2,010,010
Payments to other governments	33,284,112
<b>Total Deductions</b>	<b>35,498,690</b>
<b>NET INCREASE IN FIDUCIARY NET POSITION</b>	<b>575,978</b>
Fiduciary net position - January 1, restatement	626,855
<b>Fiduciary net position - December 31</b>	<b>\$ 1,202,833</b>

The notes to the basic financial statements are an integral part of this statement.

**FOND DU LAC COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2020

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of Fond du Lac County (the "County"), Fond du Lac, Wisconsin, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described below:

1. Reporting Entity

The County is a municipal corporation governed by an elected 25 member board. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units. The basic criterion for including a legally separate organization as a component unit is the degree of financial accountability the County has with the organization. The following circumstances set forth the County's financial accountability for a legally separate organization:

a. The County 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 impose specific financial burdens on, the County.

b. The County may be financially accountable if an organization is fiscally dependent on the County 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.

Based on the previous criterion, the following component unit is included within the reporting entity.

**Housing Authority of Fond du Lac County**

The basic financial statements include the Housing Authority of Fond du Lac County (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 Executive. 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. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the basic financial statements. It is reported in a separate column to emphasize that it is legally separate from the County. The Housing Authority is a separate entity established to administer the housing program for low and moderate income families. It is funded by federal and state grants and rental income. The information presented is for the fiscal year ended June 30, 2020. Separately issued financial statements of the Housing Authority may be obtained from the Housing Authority's office at 15 North Marr Street, Fond du Lac, WI.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the 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 activity has been removed from these statements. *Governmental activities*, which are supported primarily by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 or segment. *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 properly included among program revenues are reported instead as *general revenues*.

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. Governmental funds include general, special revenue, permanent, debt service and capital projects funds. Proprietary funds include enterprise funds and internal service funds. The County has one internal service fund, Central Maintenance. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

**GENERAL FUND**

This is the County's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**COUNTY ROAD & BRIDGE FUND**

This fund accounts for financial resources used for the maintenance and construction of County road and bridge system. Significant sources of revenues are property taxes, bond proceeds and intergovernmental revenues.

**DEPT OF COMMUNITY PROGRAMS FUND**

This fund accounts for financial resources used to provide State mandated services to clients with mental health, alcohol and other drug abuse, developmental disability and closely-related conditions. Significant sources of revenue include property taxes, charges for services, and intergovernmental revenues.

**DEPT OF SOCIAL SERVICES FUND**

This fund accounts for financial resources used to provide services to clients in the areas of income maintenance, counseling and other human services. Significant sources of revenues include property taxes, charges for services and intergovernmental revenues.

**CAPITAL PROJECT MAIN HIGHWAY GARAGE FUND**

This fund accounts for financial resources used for the acquisition, construction and remodeling of major capital facilities other than those financed by proprietary funds and trust funds.

**DEBT SERVICE FUND**

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The County reports the following major enterprise funds:

**HIGHWAY**

This fund accounts for the activities associated with the maintenance and construction of roadways and bridges located within the County on a cost reimbursement basis.

**HARBOR HAVEN HEALTH & REHABILITATION**

This fund accounts for the activities associated with the skilled nursing facility serving disabled and/or elderly clients, including a Medicare certified therapy program.

Additionally, the government reports the following fund types:

The *internal service fund* accounts for central maintenance services provided to other departments or agencies of the County on a cost reimbursement basis.

The County accounts for assets held for Patient/Client activity, Register of Deeds activity, District Attorney Restitution Activity, Huber Law/Canteen Activity, Clerk of Courts activity, and Tax Collection Activity in a fiduciary/custodial funds.

**3. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers grant revenues to be available if they are collected within 120 days of the end of the current fiscal period. The County considers all other revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Fiduciary funds have no measurement focus and use the accrual basis of accounting.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are internal services between governmental activities and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating revenues and expenses from nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**4 Assets, Liabilities, Deferred Inflow/Outflows of Resources and Net Position or Equity**

**a. Cash and Investments**

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

**b. Accounts Receivable/Loans Receivable**

Accounts receivable have been shown net of allowance for uncollectible accounts of \$545,000 for governmental activities and \$50,000 for business-type activities.

Loans receivable have been shown net of allowance for anticipated forgiveness of \$2,539,500.

**c. Property Taxes Levied for the 2020 Budget**

Property taxes are recorded in the year levied as taxes receivable and as deferred inflow of resources. They are recognized as revenue in full in the succeeding year when services financed by the levy are being provided except for the General Fund. The General Fund makes all other funds whole for their tax levies and accounts for any deferred, uncollected, or delinquent amounts.

**d. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as advances and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.

**e. Prepaid Supplies**

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the period benefited.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance accounts to indicate that they do not represent spendable available financial resources.

**f. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or higher for general capital assets or \$50,000 for road and bridge infrastructure, and an estimated useful life in excess of one year. Harbor Haven Health & Rehabilitation uses a capitalization threshold of \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-Type Activities
	Years	
Land improvements	25-100	25-100
Building/building improvements	25-50	25-50
Machinery and equipment	3-20	3-20
Infrastructure/Infrastructure improvements	5-50	-

**g. Compensated Absences**

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h. Deferred Outflows/Inflows of Resources**

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

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

**i. Long-term Obligations**

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**j. Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**k. Other Postemployment Benefits other than Pensions (OPEB)**

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

**l. Fund Equity**

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

Fund balance of governmental funds is 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:

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- Nonspendable fund balance – Amounts that are not in spendable form (such as prepaid items or long-term receivable) or are legally or contractually required to remain intact.
- Restricted fund balance – Amounts that are constrained for specific purposes by external parties (such as grantors or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance – Amounts that are constrained for specific purposes by action of the County Board (resolution). These constraints can only be removed or changed by the County Board using the same action that was used to create them.
- Assigned fund balance – Amounts that are constrained for specific purposes by action of County management. The County Board has not authorized a County position to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned, unless committed by County Board action.
- Unassigned fund balance – Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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.

**GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS**

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

- Net investment in capital assets – Amount of capital assets, net of accumulated depreciation and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position – Amount of net position that is subject to restrictions that are imposed 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.
- Unrestricted net position – Net position that is neither classified as restricted nor as net investment in capital assets.

**5. Use of Estimates**

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

**NOTE B - STEWARDSHIP AND COMPLIANCE**

1. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During October, County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by County Board action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, special revenue funds, debt service fund, capital project fund, internal service fund and enterprise funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the general fund, special revenue funds, debt service fund, internal service funds and enterprise funds. Management control for the capital projects funds is achieved through project authorizations included in debt issue resolutions.
- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the County. Amendments to the budget during the year require initial approval by management and the committee of jurisdiction and are subsequently authorized by the County Board. Minor budgetary transfers within an activity or department, defined as \$1,500 or ten percent of the activity or department's aggregate approved budget, whichever is less, may be authorized by action of the Finance, Personnel, and Economic Development Committee of the County Board, without going to the full County Board for approval.
- e. Encumbrance accounting is used by the County to record commitments related to unperformed contracts for goods or services.

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2020.

2. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the general, major special revenue and debt service funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2020 as follows:

Fund	Function	Excess Expenditures
General Fund	Medical Examiner/Morgue	\$ 53,466
General Fund	Administration	385,964
General Fund	County Clerk	231
General Fund	Dispatch	20,686
General Fund	Stormwater	14,465
Dept of Social Services	Adult abuse	1,511
Dept of Social Services	Income maintenance	1,878,572
Dept of Social Services	Low income home energy assistance	27,279

**NOTE B - STEWARDSHIP AND COMPLIANCE (continued)**

The above excess expenditures were funded using favorable revenue variances and available fund balance in the general and special revenue funds.

3. Deficit Fund Equity

As of December 31, 2020, the Golf Course fund had a deficit net position of \$1,582,171. The deficit is expected to be funded with future revenues.

**NOTE C - DETAILED NOTES ON ALL FUNDS**

1. Cash and Investments

PRIMARY GOVERNMENT

The County maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the County's cash and investments totaled \$60,916,824 on December 31, 2020 as summarized below:

Cash on hand	\$ 10,612
Deposits with financial institutions	53,225,226
Investment	
Wisconsin local government investment pool	7,680,986
	<u>\$ 60,916,824</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position	
Cash and investments	\$ 42,535,647
Fiduciary Funds Statement of Net Position	
Cash and investments	18,381,177
	<u>\$ 60,916,824</u>

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The County currently has no investments subject to fair value measurement.

Deposits and investments of the County are subject to various risks. Presented below is a discussion of specific risks and the County's policy related to the risks.

**NOTE C - DETAILED NOTES ON ALL FUNDS (continued)**

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County does not have an additional custodial credit risk policy.

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 the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Funds 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.

As of December 31, 2020, \$49,600,293 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits. The entire balance was collateralized with securities held by a pledging third party financial institution. The County's policy is to have their operating bank collateralize their average balance on deposit.

**Investment in Wisconsin Local Government Investment Pool**

The County has investments in the Wisconsin local government investment pool of \$7,680,986 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The County does not have an additional credit risk policy. The County's investment in the Wisconsin local government investment pool is not rated.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have an interest rate risk policy. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

**DISCRETELY PRESENTED COMPONENT UNIT**

At year end, the carrying amount of the Housing Authority, a discretely presented component unit, was \$317,153 and the bank balance was \$318,486.

**NOTE C - DETAILED NOTES ON ALL FUNDS (continued)**

2. **Property Tax Apportionments**

Property taxes are apportioned annually in November to local taxing units within the County for financing the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as deferred inflow of resources at year-end. Property tax payments from individual property owners are due in two installments by January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent.

The delinquent taxes are then acquired by the County's general fund in accordance with state statutes in order to provide the County with a statutory lien.

Property taxes of \$47,656,624 are recorded on December 31, 2020 for collection in 2021 for the County apportionment. The County apportionment is for financing 2021 operations and will be transferred in 2021 from deferred inflows of resources to current revenues of the County's governmental and proprietary funds.

3. **Delinquent Property Taxes - General Fund**

Delinquent property taxes of the general fund represent unpaid property taxes on real estate, including state and local government equities therein. Under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deeded properties.

On December 31, 2020, the County's general fund showed an investment of \$1,539,259 in delinquent taxes as follows:

Tax certificates	\$1,535,396
Tax deeds	3,863
Total	<u>\$1,539,259</u>

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NOTE C - DETAILED NOTES ON ALL FUNDS (continued)

An aging of the total delinquent taxes of \$1,539,259 on December 31, 2020 follows:

Year Acquired	Total	County Share	County Purchased
Prior to 2013	\$ 31	\$ 8	\$ 23
2013	4,878	1,233	3,645
2014	174	44	130
2015	4,223	1,117	3,106
2016	4,545	1,184	3,361
2017	70,170	18,525	51,645
2018	153,629	40,942	112,687
2019	449,008	120,514	328,494
2020	848,738	231,960	616,778
Tax Deeds	3,863	-	3,863
Delinquent property taxes at December 31, 2020	\$1,539,259	415,527	1,123,732
Less 60 day collections after December 31, 2020		18,082	49,529
Deferred Inflow of Property Taxes		\$ 397,445	

Nonspendable Fund Balance (purchased equities of state and local governments) \$1,074,203

4. Accounts Receivable

Accounts receivable as of year end for the County's individual major governmental funds and aggregate nonmajor governmental, including the applicable allowances for uncollectible accounts, are as follows:

	General	Dept of Community Programs	Dept of Social Services	Nonmajor and Other Funds	Total
Governmental activities:					
Accounts receivable:					
Accounts	\$ 818,175	\$ 1,330,969	\$ 13,178	\$ 41,239	\$ 2,203,561
Accrued interest	25,331	-	-	144	25,475
Due from other governments	3,518,679	539,835	2,873,948	-	6,732,462
Gross accounts receivable	4,362,185	1,870,804	2,887,126	41,383	8,961,498
Less: allowance for uncollectible	-	545,000	-	-	545,000
Net total accounts receivable	\$ 4,362,185	\$ 1,325,804	\$ 2,887,126	\$ 41,383	\$ 8,416,498

Business-type activities:

	Harbor Haven Health & Rehabilitation	Other Nonmajor Enterprise Funds	Total
Accounts receivable:			
Accounts	\$ 67,739	\$ 1,271,460	\$ 1,339,229
Due from other governments	813,550	-	813,550
Gross accounts receivable	881,289	1,271,460	2,152,779
Less: allowance for uncollectible	-	50,000	50,000
Net total accounts receivable	\$ 881,289	\$ 1,221,460	\$ 2,102,779

NOTE C - DETAILED NOTES ON ALL FUNDS (continued)

5. Loans Receivable

Loans receivable as of year end for the County's general fund are as follows:

	General
Loans Receivable:	
Mercury Marine loan	\$ 7,899,444
Alliance Laundry System loan	1,000,000
County revolving loans	1,703,345
Mid-States Aluminum Loan	3,875,000
Gross loans receivable	14,277,789
Less: allowance for forgiveness	2,539,500
Net total loans receivable	\$ 11,738,289

The Fond du Lac County Economic Development Corporation is acting as the County's fiscal agent for all loans receivable noted.

In 2009, the County approved borrowing up to \$50,000,000 to provide economic support to Mercury Marine. The County Board determined it to be in the best interest of the County to provide financial assistance to Mercury Marine to limit job loss and to minimize reductions in property values and increased unemployment. The borrowings and financial assistance were completed in 2009 and 2010.

The Mercury Marine loan accrues interest at a rate of two percent. Interest and principal payments commence in 2012, with the outstanding balance of principal and all accrued but unpaid interest due in full in 2021. Each year commencing in 2012, a portion of the principal balance will be forgiven based on the number of employees retained and added. The formula for calculating the amount forgiven annually is pursuant to a financing agreement among Fond du Lac County, the Economic Development Corporation, the City of Fond du Lac and Mercury Marine.

In 2013, the County approved borrowing up to \$6,000,000 to provide economic support to Alliance Laundry Systems of Ripon (Alliance). The County Board determined it to be in the best interest of the County to provide financial assistance to Alliance to promote additional expansion and job growth. The loan was disbursed in January, 2014, with interest accruing at the same rate as the cost to the County. Each year commencing in 2016, a portion of the principal balance will be forgiven based on the number of employees added. In 2016, the County Board amended the original agreement to provide for additional forgiveness based upon future job growth at the Ripon facility. The formula for calculating the amount forgiven annually is pursuant to a financing agreement among Fond du Lac County, the Economic Development Corporation, and Alliance Laundry Systems of Ripon.

In December 2017, the County approved borrowing up to \$4,000,000 to provide economic support to Mid-States Aluminum Corp. The County Board determined it to be in the best interest of the County to provide financial assistance to Mid-States to expand its manufacturing plant and to obtain new equipment, which will help to retain jobs and create new jobs. The borrowings and financial assistance were completed in 2018. Interest and principal payments commence in 2020, with the outstanding balance of principle and all accrued but unpaid interest due in full in 2027. The Mid-States loan accrues interest at a rate of two percent.



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NOTE C - DETAILED NOTES ON ALL FUNDS (continued)

6. Capital Assets

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

PRIMARY GOVERNMENT

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,453,340	\$ 367,231	\$ -	\$ 7,820,571
Work in progress	21,222,613	689,888	21,135,144	777,357
Subtotals	28,675,953	1,057,119	21,135,144	8,597,928
Capital assets, being depreciated:				
Land improvements	7,837,992	30,829	638,695	7,230,126
Buildings/building improvements	61,394,153	4,609,511	3,553,839	62,449,825
Machinery and equipment	21,766,660	2,940,698	2,035,571	22,671,787
Infrastructure	132,932,286	4,652,786	928,294	136,656,778
Subtotals	223,931,091	12,233,824	7,156,399	229,008,516
Less accumulated depreciation for:				
Land improvements	4,841,155	248,021	7,234	5,081,942
Buildings/building improvements	38,815,361	2,550,086	48,126	41,317,321
Machinery and equipment	16,342,748	1,864,799	798,705	17,408,842
Infrastructure	50,227,917	4,655,407	832,434	54,050,890
Subtotals	110,227,181	9,318,313	1,686,499	117,858,995
Total capital assets, being depreciated, net	113,703,910	2,877,800	5,432,189	111,149,521
Governmental activities capital assets, net	\$142,379,863	\$ 3,934,919	\$ 26,567,333	119,747,449
Less related long-term debt outstanding				13,728,060
Net investment in capital assets				\$106,019,389

NOTE C - DETAILED NOTES ON ALL FUNDS (continued)

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,418,386	\$ -	\$ 36,588	\$ 2,381,798
Work in progress	105,515	3,362	105,515	3,362
Subtotals	2,523,901	3,362	142,103	2,385,160
Capital assets, being depreciated:				
Land improvements	16,003,753	943,330	318,784	16,628,299
Buildings/building improvements	21,724,770	22,460,087	1,906,565	42,278,292
Machinery and equipment	21,579,627	3,611,495	1,947,599	23,243,523
Subtotals	59,308,150	27,014,912	4,172,948	82,150,114
Less accumulated depreciation for:				
Land improvements	12,502,747	400,176	241,133	12,661,790
Buildings/building improvements	10,807,511	1,178,210	1,608,607	10,377,114
Machinery and equipment	12,817,054	1,379,089	1,567,806	12,628,337
Subtotals	36,127,312	2,957,475	3,417,546	35,667,241
Total capital assets, being depreciated, net	23,180,838	24,057,437	755,402	46,482,873
Business-type activities capital assets, net	\$ 25,704,739	\$ 24,060,799	\$ 897,505	\$ 48,868,033

Depreciation expense was charged to functions of the County as follows:

PRIMARY GOVERNMENT

Governmental activities	
General government	\$ 760,297
Public safety	2,416,819
Public works	4,655,407
Health and human services	390,508
Culture, recreation and education	943,996
Conservation and development	151,286
Total depreciation expense - governmental activities	\$ 9,318,313

Business-type activities

Highway	\$ 1,964,871
Harbor Haven Health & Rehabilitation	505,389
Airport	380,764
Rolling Meadows Golf Course	90,350
Landfill	16,101
Total depreciation expense - business-type activities	\$ 2,957,475

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NOTE C - DETAILED NOTES ON ALL FUNDS (continued)

Capital asset activity of the Housing Authority for the year ended June 30, 2020 was as follows:

DISCRETELY PRESENTED COMPONENT UNIT	Beginning Balance	Increases	Decreases	Ending Balance
Fond du Lac County Housing Authority:				
Capital assets, not being depreciated:				
Land	\$ 17,387	\$ -	\$ -	\$ 17,387
Capital assets, being depreciated:				
Buildings/building improvements	2,878,686	86,086	41,005	2,923,767
Machinery, equipment, furnishings	107,806	2,171	16,992	92,985
Subtotals	2,986,492	88,257	57,997	3,016,752
Less accumulated depreciation	2,384,571	103,426	53,979	2,434,018
Total capital assets being depreciated, net	601,921	15,169	4,018	582,734
Total capital assets, net	\$ 619,308	\$ 15,169	\$ 4,018	\$ 600,121

Depreciation expense was charged to functions of the Housing Authority as follows:

DISCRETELY PRESENTED COMPONENT UNIT	Amount
Low Rent Public Housing	\$ 95,747
Capital Funds	6,353
Voucher Program	1,326
Total depreciation expense- Housing Authority	\$ 103,426

7. Interfund Receivable, Payables, and Transfers

The composition of interfund balances as of December 31, 2020 is as follows:

Due to/from other funds:	Amount	Amount Not Due Within One Year
Receivable Fund		
Payable Fund		
Temporary Cash Advances to Finance Operating Cash Deficits:		
General	\$ 2,802,955	\$ 2,650,000
Rolling Meadows Golf Course		
Total	\$ 2,802,955	\$ 2,650,000

NOTE C - DETAILED NOTES ON ALL FUNDS (continued)

Interfund transfers for the year ended December 31, 2020 were as follows:

	Transfer to Fund	Transfer from Fund
Transfers between Funds		
General Fund	\$4,154,835	\$ -
Special Revenue Funds		
County Road & Bridge	48,051	-
Dept. of Community Programs	-	1,411,785
Dept. of Social Services	-	1,856,630
Debt Service Funds		
G.O. Refunding Bonds	1	1
Enterprise Funds		
Highway	-	909,471
Airport	-	25,000
Subtotals	\$ 4,202,887	\$ 4,202,887
Government-Wide Financial Statement Transfers		
Governmental Activities	-	24,281,862
Business-Type Activities	24,281,862	-
Interfund Eliminations	934,471	934,471
Net Transfer - Statement of Activities	\$ 23,347,391	\$ 23,347,391

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

During 2020, governmental activities transferred net capital assets in the amount of \$24,281,862 to the highway enterprise fund and business-type activities.

8. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2020:

	Outstanding 1/1/20	Issued	Retired	Outstanding 12/31/20	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Debt					
Bonds	\$ 17,735,000	\$ -	\$ 4,025,000	\$ 13,350,000	\$ 6,675,000
Notes	58,385,000	9,040,000	7,440,000	59,985,000	6,490,000
State Trust Fund	558,443	-	558,443	-	-
Total General Obligation Debt	76,318,443	9,040,000	12,023,443	73,335,000	13,165,000
Premium on debt issuance	1,479,017	273,947	281,641	1,471,323	289,345
Compensated absences	982,059	62,329	87,289	957,099	518,244
Governmental activities					
Long-term liabilities	\$ 78,779,519	\$ 9,376,276	\$ 12,392,373	\$ 75,763,422	\$ 13,892,589
BUSINESS-TYPE ACTIVITIES:					
Compensated absences	327,112	8,750	17,535	318,327	227,849
Business-type activities					
Long-term liabilities	\$ 327,112	\$ 8,750	\$ 17,535	\$ 318,327	\$ 227,849

Total interest paid during the year on long-term debt totaled \$2,600,148.

FOND DU LAC COUNTY, WISCONSIN  
Notes to Basic Financial Statements  
December 31, 2020

NOTE C - DETAILED NOTES ON ALL FUNDS (continued)

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$22,831 of internal service funds compensated absence benefits are included in the above amounts.

The Housing Authority, a discretely presented component unit, has no long term debt at June 30, 2020.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds	
\$33,270,000 issued 12/22/11; \$5,350,000 to \$5,375,000 due annually through 2022; interest 3.25% to 3.50%	\$10,725,000
\$8,125,000 issued 7/10/12; \$1,300,000 to \$1,325,000 due annually through 2022; interest 2.25% to 2.375%	2,625,000
Total General Obligation Bonds	<u>13,350,000</u>
Notes	
\$6,000,000 issued 12/16/13; \$1,000,000 due annually through 2022; interest 3.125% to 3.50%	2,000,000
\$5,435,000 issued 3/1/16; \$975,000 to \$1,020,000 due annually through 2023; interest 2.00% to 3.00%	3,000,000
\$5,910,000 issued 3/1/17; \$630,000 to \$2,300,000 due annually through 2024; interest 2.00% to 3.00%	4,705,000
\$5,000,000 issued 1/10/18; \$500,000 to \$645,000 due annually through 2027; interest 2.90% to 4.00%	4,220,000
\$8,925,000 issued 4/4/18; \$1,005,000 to \$1,235,000 due annually through 2028; interest 3.00%	8,925,000
\$28,390,000 issued 3/1/19; \$900,000 to \$15,735,000 due annually through 2029; interest 2.00% to 4.00%	28,095,000
\$5,790,000 issued 5/28/20; \$820,000 to \$1,250,000 due annually through 2027; interest 1.50% to 3.00%	5,790,000
\$3,250,000 issued 11/24/20; \$625,000 to \$675,000 due annually through 2025; interest 2.50%	3,250,000
Total General Obligation Notes	59,985,000
Total Outstanding General Obligation Debt	<u>\$ 73,335,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$73,335,000 on December 31, 2020 are detailed below:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2021	\$ 13,165,000	\$1,977,090
2022	13,665,000	1,548,952
2023	7,410,000	1,231,086
2024	6,335,000	1,029,255
2025	5,815,000	850,115
2026	5,090,000	705,350
2027	3,895,000	588,100
2028	2,225,000	505,425
2029	15,735,000	236,025
	<u>\$ 73,335,000</u>	<u>\$ 8,671,398</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

FOND DU LAC COUNTY, WISCONSIN  
Notes to Basic Financial Statements  
December 31, 2020

NOTE C - DETAILED NOTES ON ALL FUNDS (continued)

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2020 was \$349,318,935 as follows:

Equalized valuation of the County	\$8,453,078,700
Statutory limitation percentage	x 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	422,653,935
Total outstanding general obligation debt applicable to debt limitation	73,335,000
Legal Margin for New Debt	<u>\$ 349,318,935</u>

9. Pension Plan

a. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issued a standalone WRS Financial Report which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

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

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

**NOTE C - DETAILED NOTES ON ALL FUNDS (continued)**

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

The WRS also provide death and disability benefits for employees.

**b. Post-Retirement Adjustments**

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors.

For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)%	22%
2011	(1.2)%	11%
2012	(7.0)%	(7)%
2013	(9.6)%	9%
2014	4.7%	25%
2015	2.9%	2%
2016	0.5%	(5)%
2017	2.0%	4%
2018	2.4%	17%
2019	0%	(10)%

**c. Contributions**

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

During the year ending December 31, 2020, the WRS recognized \$3,117,347 in contributions from the County

**NOTE C - DETAILED NOTES ON ALL FUNDS (continued)**

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including executives and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At December 31, 2020, the County reported an asset of \$8,956,571 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the County's proportion was 0.27776996%, which was a decrease of .00219724% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the County recognized pension expense of \$3,442,359.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 17,001,620	\$ 8,508,172
Net difference between projected and actual earnings on pension plan investments	-	18,310,415
Change in actuarial assumptions	697,954	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,781	24,800
Employer contributions subsequent to the measurement date	3,117,347	-
<b>Total</b>	<b>\$20,848,702</b>	<b>\$26,843,387</b>

\$3,117,347 reported as deferred outflows related to pension resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Expense
2021	\$ (2,689,754)
2022	(2,022,991)
2023	314,187
2024	(4,713,474)
<b>Total</b>	<b>\$ (9,112,032)</b>

**NOTE C - DETAILED NOTES ON ALL FUNDS (continued)**

**e. Actuarial Assumption**

The total pension asset in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability	December 31, 2019
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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

Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<b>Core Fund Asset Class</b>			
Global Equities	49%	8.0%	5.1%
Fixed Income	24.5%	4.9%	2.1%
Inflation Sensitive Assets	15.5%	4.0%	1.2%
Real Estate	9%	6.3%	3.5%
Private Equity/Debt	8%	10.6%	7.6%
Multi-Asset	4%	6.9%	4.0%
Cash	-10%	0.9%	NA
<b>Total Core Fund</b>	<b>100%</b>	<b>7.5%</b>	<b>4.6%</b>
<b>Variable Fund Asset Class</b>			
U.S. Equities	70%	7.5%	4.6%
International Equities	30%	8.2%	5.3%
<b>Total Variable Fund</b>	<b>100%</b>	<b>7.8%</b>	<b>4.9%</b>

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

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

**NOTE C - DETAILED NOTES ON ALL FUNDS (continued)**

*Single Discount Rate.* A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019). In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

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

	1% Decrease to Discount Rate 6.0%	Current Discount Rate 7.0%	1% Increase to Discount Rate 8.0%
County's proportionate share of the net pension liability (asset)	\$23,064,772	(\$8,956,571)	(\$32,896,208)

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

**f. Payable to the WRS**

At December 31, 2020 the County reported a payable for outstanding contributions to the pension plan of \$715,297.

**10. Local Retiree Life Insurance Fund**

**a. Plan Description**

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

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <http://etfonline.wi.gov/ETFGASBPublicWeb/assb75local.do>

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

NOTE C - DETAILED NOTES ON ALL FUNDS (continued)

b. Contributions

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

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

Contribution rates as of December 31, 2020 are:

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

Members contributions are based upon nine age bands through age 69 and an individual eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are listed below:

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

During the reporting period, the LRLIF recognized \$15,228 in contributions from the employer.

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

At December 31, 2020, the County reported a liability of \$3,306,608 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material change in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net OPEB liability was based on the County's share of the contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the County's proportion was .776528%, which was a decrease of .05043% from its proportion measured as of December 31, 2018.

NOTE C - DETAILED NOTES ON ALL FUNDS (continued)

For the year ended December 31, 2020, the County recognized OPEB expenses of \$327,930.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 148,132
Net difference between projected and actual earnings on pension plan investments	62,375	-
Change in actuarial assumptions	1,219,822	363,702
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,147	146,013
Total	\$ 1,292,344	\$ 657,847

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

Year ended December 31	Expense
2021	\$ 109,489
2022	109,489
2023	107,764
2024	95,837
2025	73,868
Thereafter	143,050
Total	\$ 634,497

d. Actuarial Assumptions

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial valuation date:	January 1, 2019
Measurement date of net OPEB liability (asset):	December 31, 2019
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	2.74%
Long-term expected rate of return:	4.25%
Discount rate:	2.87%
Salary increases:	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

NOTE C - DETAILED NOTES ON ALL FUNDS (continued)

e. Long-term expected return on plan assets

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	45%	2.12%
U.S. Long Credit Bonds	Barclays Long Credit	5%	2.90%
U.S. Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-term expected rate of return			4.25%

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

f. Single discount rate

A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

NOTE C - DETAILED NOTES ON ALL FUNDS (continued)

g. Sensitivity of the County's proportionate share of net OPEB liability to change in the discount rate  
The following presents the County's proportionate share of the net OPEB liability calculated using the discount rate of 2.87%, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.87%) or 1-percentage point higher (3.87%) than the current rate:

	1% Decrease to Discount Rate 1.87%	Current Discount Rate 2.87%	1% Increase to Discount Rate 3.87%
County's proportionate share of the net OPEB liability (asset)	\$4,565,871	\$3,306,608	\$2,348,553

h. Payable to the OPEB plan

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

11 Fund Equity/Net Position

Government-wide Statements

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

Net investment in capital assets	
Work in progress	\$ 777,357
Land/land improvements	9,968,755
Buildings/building improvements	21,132,504
Machinery and equipment	5,262,945
Infrastructure	82,605,888
Less: related long-term debt outstanding	(13,728,060)
Total Net Investment in Capital Assets	106,019,389
Restricted	
Debt Service	2,187,199
Land Records	115,667
WIC	57,841
Register of Deeds	45,983
Jail Assessment Fees	7,742
Sheriff canine fund	50,000
Pension benefits	7,228,651
Unrestricted	19,506,077
Total Governmental Activities Net Position	\$96,206,395

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

Net investment in capital assets	
Work in progress	\$ 3,362
Land/land improvements	6,348,307
Buildings/building improvements	31,901,178
Machinery and equipment	10,615,186
Total Net Investment in Capital Assets	48,868,033
Restricted	
Capital projects	47,831
Pension benefits	1,727,920
Unrestricted	1,885,898
Total Business-Type Activities Net Position	\$ 2,529,682

NOTE C - DETAILED NOTES ON ALL FUNDS (continued)

12. Fund Statements

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

General Fund	
Non-spendable:	
Prepaid supplies	\$ 611,186
Delinquent property taxes	1,074,203
Long term advance – golf course	2,650,000
Restricted:	
Debt Proceeds	3,261,632
Land Records	115,667
WIC	57,841
Register of Deeds	45,983
Jail Assessment Fees	7,742
Assigned:	
Carryover revenue – various	10,013,500
General fund applied in subsequent year's budget	2,100,000
Unassigned	
Total General Fund	<u>30,142,044</u>
County Road & Bridge	
Assigned:	
Carryover revenue	5,135,791
Dept of Community Programs	
Non-spendable:	
Prepaid supplies	222,830
Unassigned (deficit)	26,785
Total Dept of Community Programs	<u>196,045</u>
Dept of Social Services	
Non-spendable:	
Prepaid supplies	193,859
Assigned	
Total Dept of Social Services	<u>392,053</u>
Capital Projects	
Restricted-Main Highway Garage (Debt Proceeds)	791,426
Debt Service	
Restricted-debt retirement	<u>2,920,826</u>
Other Nonmajor Governmental Funds	
Non-spendable:	
Prepaid supplies	1,400
Restricted:	
Sheriff Canine Fund	50,000
Assigned:	
Carryover revenue – various	217,584
Total Other Nonmajor Governmental Funds	<u>268,984</u>
Total	<u>\$39,847,169</u>

NOTE D - OTHER INFORMATION

1. **Retirement Commitments**  
The Housing Authority, a discretely presented component unit, does not provide a retirement plan for its employees.
2. **Risk Management**  
The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The County completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceeded coverage amounts in any of the last three fiscal years.
3. **Contingencies**
  - a. The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the "State Single Audit Guidelines" issued by the Wisconsin Department of Administration has been conducted, but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.
  - b. Medicare and Medicaid cost reports of the Harbor Haven Health and Rehabilitation Enterprise Fund have been submitted to the appropriate authorities. These reports are subject to audit by representatives of these programs, which may result in increases or decreases in funding.
  - c. From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.
4. **Property Tax Levy Limit**  
Wisconsin state statutes provide for a limit on the property tax levies for all of Wisconsin cities, villages, towns and counties. For the 2020 and 2021 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the County's January 1<sup>st</sup> equalized value as a result of net new construction. The actual limit for the County for the 2020 budget was 1.361%. The actual limit for the County for the 2021 budget was 1.317%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.
5. **Conduit Debt Obligations**  
From time to time, the County has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, the ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2020, there is one series of Revenue Bonds outstanding, with an aggregate principle amount payable of \$1,000,000.



FOND DU LAC COUNTY, WISCONSIN  
Notes to Basic Financial Statements  
December 31, 2020

NOTE D - OTHER INFORMATION

6. Conduit Debt Obligation with County Guaranty

Also outstanding as of December 31, 2020, is a \$5,835,000 Midwestern Disaster Area Fixed Rate Revenue Bonds, Series 2012 (Bug Tusssel Wireless, LLC Project), with a County Guaranty. The Bonds were approved by the Fond du Lac County Board in December, 2012 to provide a loan to Bug Tusssel Wireless, LLC to construct and install telecommunications infrastructure to facilitate voice and broadband internet service in Adams County and Fond du Lac County. Debt service on the bonds is secured by Bug Tusssel's pledge to make payments to the Trustee. In addition, the participating counties have pledged their general obligation unlimited taxing authority, through a guaranty agreement, to remedy their pro rata share (54.76% for Fond du Lac County) of any deficiency in the bonds' Debt Service Reserve Fund, should it fall below the established required level. The full pro rata amount of the bond proceeds for Fond du Lac County's project funding is \$2,676,000; there is no balance being held in the trust account by the Trustee, U.S. Bank National Association, as of December 31, 2020. The Completion Date of the Project was designated as December 31, 2015. The Borrower selected to have excess project funds of \$120,000 applied to the May 1, 2016 bond redemption maturity of \$265,000.

7. Subsequent Event

On March 16, 2021 the County Board authorized the issuance of \$5,685,000 of General Obligation Promissory Notes, Series 2021A dated April 1, 2021. The Notes are being issued for the purpose of paying the cost of various projects listed in the first four years of the County's 2017 Five-Year Capital Improvement Plan, various projects listed in the first three years of the County's 2019 Five-Year Capital Improvement Plan, various projects listed in the first three years of the County's 2020 Five-Year Capital Improvement Plan, various projects listed in the first three years of the County's 2021 Five-Year Capital Improvement Plan, including acquiring/building computer network equipment and infrastructure, communication/radio system equipment and infrastructure, and public safety vehicles, equipment and infrastructure; highway engineering/paving/reconstruction projects; highway reconstruction land acquisition and right of way; constructing and equipping a new replacement highway main garage; constructing and equipping a new replacement airport hangar/snow removal equipment building; constructing, improving, remodeling and equipping of various buildings; improving various parks/trails and airport runways.

8. Risk and Uncertainty

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organizations, and local communities. Specific to the County, COVID-19 may impact parts of its 2020 operations and financial results. Management believes the County is taking the appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of July 31, 2021.

9. Select U.S. GAAP Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after June 15, 2021. The County is currently evaluating the impact this standard will have on the financials when adopted.

REQUIRED  
SUPPLEMENTARY INFORMATION

**FOND DU LAC COUNTY, WISCONSIN**  
Schedule of Proportionate Share of the Net Pension Liability (Asset)  
Wisconsin Retirement System  
Last 10 Fiscal Years

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll plan (year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability / Asset
12/31/2014	0.29086296%	\$ (7,144,390)	\$ 37,742,253	18.93%	102.74%
12/31/2015	0.28533461%	4,636,632	38,567,455	12.02%	98.20%
12/31/2016	0.28198037%	2,324,191	38,890,198	5.98%	99.12%
12/31/2017	0.28136092%	(8,353,939)	39,455,795	21.17%	102.93%
12/31/2018	0.27996720%	9,960,355	40,373,862	24.67%	96.45%
12/31/2019	0.27776996%	(8,956,571)	41,198,384	21.74%	96.45%

See Notes to Required Supplementary Information.  
Information Not Available Prior to 2014

**FOND DU LAC COUNTY, WISCONSIN**  
Schedule of Contributions  
Wisconsin Retirement System  
Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 2,734,361	\$ 2,734,361	\$ -	\$ 38,567,455	7.09%
12/31/16	2,677,779	2,677,779	-	38,890,198	6.89%
12/31/17	2,842,842	2,842,842	-	39,455,795	7.21%
12/31/18	2,973,297	2,973,297	-	40,373,862	7.36%
12/31/19	2,896,113	2,896,113	-	41,198,384	7.03%
12/31/20	3,117,347	3,117,347	-	44,288,800	7.04%

See Notes to Required Supplementary Information.  
Information Not Available Prior to 2015.

**FOND DU LAC COUNTY, WISCONSIN**  
 Schedule of Proportionate Share of the Net OPEB Liability (Asset)  
 Local Retiree Life Insurance Fund  
 Last 10 Fiscal Years

**FOND DU LAC COUNTY, WISCONSIN**  
 Notes to Required Supplementary Information  
 December 31, 2020

Plan Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/2017	0.83596300%	\$ 2,515,061	\$ 35,154,635	7.15%	44.81%
12/31/2018	0.82695700%	2,133,828	33,548,000	6.36%	48.69%
12/31/2019	0.77652800%	3,306,608	33,314,000	9.93%	37.58%

**NOTE A - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

*Changes of benefit terms*

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

*Changes of assumptions*

Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.

**NOTE B - WISCONSIN RETIREMENT SYSTEM**

*Changes of benefit terms*

There were no changes of benefit terms for any participating employer in WRS.

*Changes of assumptions*

No significant change in assumptions were noted from the prior year.

Schedule of Contributions  
 Local Retiree Life Insurance Fund  
 Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contributions Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
12/31/2018	\$ 15,875	\$ 15,875	-	\$ 33,548,000	0.05%
12/31/2019	15,932	15,932	-	33,314,000	0.05%
12/31/2020	15,228	15,228	-	44,288,800	0.03%

See Notes to Required Supplementary Information.

**SUPPLEMENTARY INFORMATION**

**GENERAL FUND**

The general fund is the main operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

FOND DU LAC COUNTY, WISCONSIN  
 Schedule of Revenues and Other Financing Sources  
 Budget and Actual  
 General Fund  
 Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive Negative
	Original	Final		
Revenues:				
Taxes				
Property Taxes	\$ 21,541,959	\$ 21,352,797	\$ 21,296,814	\$ (55,983)
Sales and Use Taxes	2,653,382	2,653,382	3,109,177	455,795
Interest/Penalty on Taxes	570,000	550,000	524,844	25,156
Total Taxes	24,765,341	24,556,179	24,930,835	374,656
Intergovernmental				
State Aid	246,031	246,031	246,031	-
State Shared Taxes	2,916,183	2,916,183	2,955,599	39,416
Personal Property	384,035	384,035	384,035	-
Court System	508,500	508,500	495,032	(13,468)
Victim/Witness Program	57,135	58,230	44,934	(13,296)
County Treasurer	52,000	52,000	54,782	2,782
Misc Nondept Rev-Pilt	3,000	3,000	3,955	955
Clerk of Courts	-	-	6,225	6,225
District Attorney	-	-	5,329	5,329
Corp Counsel	-	-	25,850	25,850
Administration	-	-	505,327	505,327
Human Resources	-	-	38,921	38,921
Elections	-	10,000	10,000	-
Information Systems	-	59,551	150,207	90,656
Finance	-	1,900	1,900	-
Land Information	-	-	3,900	3,900
Government Center	-	-	11,452	11,452
Sheriff Admin Building	-	-	304	304
Jail Building	-	-	22,325	22,325
Western Av Annex	-	-	551	551
Register of Deeds	-	-	502	502
Sheriff/Jail	223,500	223,500	553,324	329,824
Dispatch	-	-	6,737	6,737
Emergency Management	116,960	116,960	109,872	(7,088)
Health Department	774,239	2,025,134	2,269,280	244,146
Senior Services	399,596	399,596	407,452	7,856
Family Support	1,358,105	1,365,178	1,341,422	(23,756)
Veterans Services	13,000	13,000	13,237	237
Recreation Trails	99,790	648,710	138,803	(509,907)
Land Records	51,000	66,000	66,000	-
Parks	1,950	12,400	91,116	78,716
Land & Water Conservation	340,583	1,098,299	442,811	(655,488)
Environmental Services	-	-	5,725	5,725
Total Intergovernmental	7,545,607	10,206,307	10,412,940	206,633

(Continued)

FOND DU LAC COUNTY, WISCONSIN  
 Schedule of Revenues and Other Financing Sources (continued)  
 Budget and Actual  
 General Fund  
 Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive Negative
	Original	Final		
Revenues:				
Licenses and Permits				
County Clerk	35,600	35,600	30,712	(4,888)
Court System	300	300	100	(200)
Health Department	265,000	265,000	273,805	8,805
Human Resource	-	-	116	116
Sheriff	1,500	1,500	435	(1,065)
Zoning/Environmental Services	236,551	236,551	257,526	20,975
Total Licenses and Permits	538,951	538,951	562,694	23,743
Fines and Forfeits				
Court System	420,000	420,000	413,287	(6,713)
Environmental Services	8,000	8,000	1,821	(6,179)
Total Fines and Forfeits	428,000	428,000	415,108	(12,892)
Public Charges for Services				
County Board	100	100	66	(34)
Clerk of Courts	532,475	532,475	500,790	(31,685)
Probate	22,000	22,000	30,644	8,644
Family Court Commissioner	42,700	42,700	26,123	(16,577)
Morgue	145,750	145,750	178,558	32,808
District Attorney	50,900	50,900	22,564	(28,336)
Corporation Counsel	34,000	34,000	26,564	(7,436)
County Clerk	60	60	745	685
Human Resources	-	-	99	99
Information Systems	8,440	8,440	9,939	1,499
Finance Department	1,000	1,000	1,158	158
County Treasurer	10,200	10,200	3,076	(7,124)
Government Center	400	400	700	300
Manis Property	14,400	14,400	14,400	-
Land Information	250	250	59	(191)
Telecommunications	1,260	1,260	1,260	-
Jail Building	125,000	125,000	125,000	-
Register of Deeds	376,000	376,000	453,020	77,020
Land Records	110,500	110,500	155,980	45,480
Sheriff	73,000	73,000	51,338	(21,662)
Communication Infrastructure	47,000	47,000	47,415	415
Deputy Reserves	49,210	49,210	19,600	(29,610)
Dispatch	1,900	1,900	2,347	447
Jail	598,925	598,925	537,853	(61,072)
Health Department	390,800	673,852	205,374	(468,478)
Family Support	10,350	10,350	16,383	6,033
Senior Services	38,000	38,000	11,709	(26,291)
Parks	121,070	121,070	149,887	28,817
Fairgrounds	127,500	127,500	80,001	(47,499)
UJW Center	1,000	1,000	1,000	-

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**  
 Schedule of Revenues and Other Financing Sources (continued)  
 Budget and Actual  
 General Fund  
 Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive Negative
	Original	Final		
<b>Revenues:</b>				
County Extension Office	31,010	31,010	34,355	3,345
Land & Water Conservation	23,200	23,200	16,196	(7,004)
Planning	16,160	12,600	16,583	3,983
RM Meeting Room	1,000	1,000	1,120	120
Total Public Charges for Services	3,005,560	3,285,052	2,741,706	543,346
<b>Intergovernmental Charges for Services</b>				
Clerk of Courts	25,000	25,000	31,752	6,752
Morgue/Medical Examiner	318,000	382,250	443,008	60,758
Information Systems	50,385	58,960	59,743	783
Elections	16,000	16,000	72,842	56,842
County Treasurer	39,400	39,400	38,619	(781)
<b>Intergovernmental Charges for Services</b>				
Central Services	2,000	2,000	8,974	6,974
Telecommunication	195,984	195,984	201,345	5,361
Government Center	466,319	581,318	463,610	(117,708)
Land Information	100	100	21	(79)
Land Records	50	50	18	(32)
Sheriff	1,800	1,800	4,477	2,677
Jail	1,103,840	1,103,840	1,230,646	126,806
Health Department	89,000	88,500	41,447	(47,053)
Family Support	-	-	160	160
Senior Services	666,425	666,425	397,255	(269,170)
County Extension Office	6,975	6,975	6,971	(4)
Land & Water Conservation	45,000	52,223	55,495	3,272
Environmental Services	400	400	-	400
Total Intergovernmental Charges for Services	3,026,678	3,221,225	3,056,383	164,842
<b>Interdepartmental Charges for Services</b>				
Clerk of Courts	3,500	3,500	1,474	(2,026)
Probate	25	25	1	(24)
Family Court Commissioner	123,110	123,110	122,799	(311)
District Attorney	65,925	65,925	45,348	(20,577)
Information Systems	835,520	835,520	835,520	-
Misc. Revenue	21,060	21,060	21,060	-
Finance Department	3,400	3,400	3,377	(23)
Corporation Counsel	84,280	84,280	87,297	3,017
Indirect Cost Allocation	1,157,381	1,157,381	1,195,781	38,400
Land Information	99,520	99,520	101,437	1,917
Land Records	-	-	13,023	13,023
Central Services	56,000	56,000	59,468	3,468
Portland St. Property	89,250	89,250	89,250	-
Elm St. Property	19,200	16,200	16,200	-

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**  
 Schedule of Revenues and Other Financing Sources (continued)  
 Budget and Actual  
 General Fund  
 Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive Negative
	Original	Final		
<b>Revenues:</b>				
Hickory St Property	-	-	8,018	8,018
Sheriff	219,860	219,860	215,091	(4,769)
Dispatch	-	-	10,498	10,498
Jail	48,900	48,900	116,460	67,560
Health Department	3,500	3,500	6,000	2,500
Senior Services	6,000	6,000	2,329	(3,671)
Fairgrounds	-	-	3,735	3,735
Total Interdepartmental Charges for Services	2,836,431	2,833,431	2,954,166	120,735
<b>Miscellaneous</b>				
Land, Buildings and Equipment Rentals	53,695	55,114	57,873	2,759
Sale of Property, Equipment and Materials	70,000	84,975	155,378	70,403
Interest Revenue	1,075,000	1,075,000	366,405	(708,595)
Insurance Recoveries	-	-	22,933	22,933
Restitution	-	-	32	32
Prior Year Revenue	-	-	204,378	204,378
Donations	36,200	52,200	138,387	86,187
Unclassified	177,020	459,572	140,000	(319,572)
Total Miscellaneous	1,411,915	1,726,861	1,085,386	641,475
<b>Total Revenues</b>	43,558,483	46,796,006	46,159,218	636,788
<b>Other Financing Sources:</b>				
Long Term Debt Issued	2,879,200	3,382,200	6,632,200	3,250,000
Issuance premium on long term debt	-	-	224,208	224,208
Transfers In	-	-	4,154,835	4,154,835
Total Other Financing Sources	2,879,200	3,382,200	11,011,243	7,629,043
<b>Total Revenues and Other Financing Sources</b>	46,437,683	50,178,206	57,170,461	6,992,255

**FOND DU LAC COUNTY, WISCONSIN**  
 Schedule of Expenditures and Other Financing Uses  
 Budget and Actual  
 General Fund  
 Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive Negative
	Original	Final		
<b>Expenditures:</b>				
General Government				
County Board				
Salaries, Wages and Benefits	\$ 102,405	\$ 102,405	\$ 97,443	\$ 4,962
Capital Outlay	12,650	12,650	12,770	(120)
Other Operating Expenditures	52,488	54,488	33,472	21,016
Total Expenditures	167,543	169,543	143,685	25,858
Commissions and Committees				
Salaries, Wages and Benefits	6,970	8,170	5,683	2,487
Other Operating Expenditures	3,000	3,000	1,093	1,907
Total Expenditures	9,970	11,170	6,776	4,394
Clerk of Courts				
Salaries, Wages and Benefits	1,608,905	1,637,595	1,588,869	48,726
Capital Outlay	-	-	1,438	(1,438)
Other Operating Expenditures	892,305	907,715	757,954	149,761
Total Expenditures	2,501,210	2,545,310	2,348,261	197,049
Probate Office				
Salaries, Wages and Benefits	151,195	153,985	148,477	5,508
Capital Outlay	1,250	1,250	1,120	130
Other Operating Expenditures	145,470	145,470	131,813	13,657
Total Expenditures	297,915	300,705	281,410	19,295
Family Court Commissioner				
Salaries, Wages and Benefits	375,752	385,127	387,538	(2,411)
Capital Outlay	2,050	2,050	-	2,050
Other Operating Expenditures	21,800	21,800	13,717	8,083
Total Expenditures	399,602	408,977	401,255	7,722
Medical Examiner/Morgue				
Salaries, Wages and Benefits	603,245	682,400	756,591	(74,191)
Capital Outlay	3,650	7,650	7,461	189
Other Operating Expenditures	169,910	189,910	169,374	20,536
Total Expenditures	776,805	879,960	933,426	(53,466)
District Attorney				
Salaries, Wages and Benefits	443,477	453,117	449,381	3,736
Capital Outlay	1,850	72,650	118,727	(46,077)
Other Operating Expenditures	309,375	388,875	179,375	207,500
Total Expenditures	754,702	912,642	747,483	165,159

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**  
 Schedule of Expenditures and Other Financing Uses (continued)  
 Budget and Actual  
 General Fund  
 Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive Negative
	Original	Final		
<b>Expenditures:</b>				
General Government				
Victim/Witness Program				
Salaries, Wages and Benefits	107,800	110,075	109,477	598
Capital Outlay	1,200	1,200	731	469
Other Operating Expenditures	10,270	10,270	8,744	1,526
Total Expenditures	119,270	121,545	118,952	2,593
Corporation Counsel				
Salaries, Wages and Benefits	427,455	440,190	440,043	147
Capital Outlay	3,000	9,850	4,126	5,724
Other Operating Expenditures	98,130	144,747	108,848	35,899
Total Expenditures	528,585	594,787	553,017	41,770
County Executive				
Salaries, Wages and Benefits	227,289	228,494	227,039	1,455
Other Operating Expenditures	10,240	10,940	7,535	3,405
Total Expenditures	237,529	239,434	234,574	4,860
Administration				
Salaries, Wages and Benefits	254,415	263,335	262,765	570
Capital Outlay	15,000	15,000	282,138	(267,138)
Other Operating Expenditures	46,660	118,274	237,670	119,396
Total Expenditures	316,075	396,609	782,573	(386,964)
County Clerk				
Salaries, Wages and Benefits	173,780	175,000	175,619	(619)
Other Operating Expenditures	16,045	16,045	15,657	388
Total Expenditures	189,825	191,045	191,276	(231)
Elections				
Salaries, Wages and Benefits	57,110	60,940	61,188	(248)
Other Operating Expenditures	143,115	169,690	144,989	24,701
Total Expenditures	200,225	230,630	206,177	24,453
Animal Licenses - other	5,850	5,850	4,860	990
Human Resources				
Salaries, Wages and Benefits	293,425	257,525	261,369	(3,844)
Other Operating Expenditures	78,820	117,220	77,306	39,914
Total Expenditures	372,245	374,745	338,675	36,070

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**  
 Schedule of Expenditures and Other Financing Uses (continued)  
 Budget and Actual  
 General Fund  
 Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive Negative
	Original	Final		
<b>Expenditures:</b>				
General Government				
Information Systems				
Salaries, Wages and Benefits	875,785	875,945	853,504	22,441
Capital Outlay	423,700	718,793	559,748	159,045
Other Operating Expenditures	353,410	379,410	315,855	63,555
Total Expenditures	1,652,895	1,974,148	1,729,107	245,041
Finance Department				
Salaries, Wages and Benefits	610,005	634,300	616,142	18,158
Capital Outlay	6,500	6,500	7,940	(1,440)
Other Operating Expenditures	272,770	275,770	261,831	13,939
Total Expenditures	889,275	916,570	885,913	30,657
County Treasurer				
Salaries, Wages and Benefits	297,410	301,175	299,038	2,137
Capital Outlay	3,050	14,050	7,908	6,142
Other Operating Expenditures	115,175	125,175	91,979	33,196
Total Expenditures	415,635	440,400	398,925	41,475
Land Information				
Salaries, Wages and Benefits	385,560	399,185	397,769	1,416
Capital Outlay	-	725	-	725
Other Operating Expenditures	85,770	89,770	89,633	137
Total Expenditures	471,330	489,680	487,402	2,278
Risk Management - other	194,375	220,825	201,630	19,195
Telecommunications				
Salaries, Wages and Benefits	31,980	32,635	32,521	114
Other Operating Expenditures	165,264	171,849	160,702	11,147
Total Expenditures	197,244	204,484	193,223	11,261
Central Services				
Salaries, Wages and Benefits	47,220	48,225	45,988	2,237
Capital Outlay	-	5,100	8,506	(3,406)
Other Operating Expenditures	60,500	60,500	47,068	13,432
Total Expenditures	107,720	113,825	101,562	12,263

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**  
 Schedule of Expenditures and Other Financing Uses (continued)  
 Budget and Actual  
 General Fund  
 Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive Negative
	Original	Final		
<b>Expenditures:</b>				
General Government				
Buildings and Grounds				
Salaries, Wages and Benefits	362,580	372,045	369,869	2,176
Capital Outlay	283,570	624,772	335,100	289,672
Other Operating Expenditures	1,313,730	1,537,985	1,341,340	196,645
Total Expenditures	1,959,880	2,534,802	2,046,309	488,493
Administrative Car Pool				
Capital Outlay	25,000	25,000	24,496	504
Other Operating Expenditures	7,510	7,510	4,806	2,704
Total Expenditures	32,510	32,510	29,302	3,208
Register of Deeds				
Salaries, Wages and Benefits	299,255	303,160	301,033	2,127
Capital Outlay	14,650	14,650	1,635	13,015
Other Operating Expenditures	147,775	153,868	110,162	43,706
Total Expenditures	461,680	471,678	412,830	58,848
Land Records				
Salaries, Wages and Benefits	75,755	76,980	76,705	275
Capital Outlay	10,000	20,000	21,465	(1,465)
Other Operating Expenditures	157,217	163,073	104,687	58,386
Total Expenditures	242,972	260,053	202,857	57,196
Miscellaneous Nondepartment Revenues				
Other Operating Expenditures	-	943,264	-	943,264
Miscellaneous Nondepartment Expenditures				
Other Operating Expenditures	400	400	20	380
Total General Government	13,503,267	15,985,591	13,981,480	2,004,111
Public Safety				
Sheriff				
Salaries, Wages and Benefits	6,736,750	6,760,950	6,659,670	101,280
Capital Outlay	981,405	1,067,253	1,016,913	50,340
Other Operating Expenditures	1,014,997	1,068,566	919,298	149,268
Total Expenditures	8,733,152	8,896,769	8,595,881	300,888

(Continued)



**FOND DU LAC COUNTY, WISCONSIN**  
Schedule of Expenditures and Other Financing Uses (continued)  
Budget and Actual  
General Fund  
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive Negative
	Original	Final		
<b>Expenditures:</b>				
<b>Public Safety</b>				
Dispatch Center				
Salaries, Wages and Benefits	2,126,365	2,151,365	2,017,633	133,732
Capital Outlay	636,800	736,833	939,127	(202,294)
Other Operating Expenditures	503,755	516,255	468,379	47,876
<b>Total Expenditures</b>	<b>3,266,920</b>	<b>3,404,453</b>	<b>3,425,139</b>	<b>(20,686)</b>
Communication Infrastructure				
Capital Outlay	584,100	655,100	169,776	485,324
Other Operating Expenditures	81,505	81,505	68,354	13,151
<b>Total Expenditures</b>	<b>665,605</b>	<b>736,605</b>	<b>238,130</b>	<b>498,475</b>
Deputy Reserves				
Salaries, Wages and Benefits	50,710	50,710	19,360	31,350
Jail				
Salaries, Wages and Benefits	5,981,910	6,090,335	6,007,238	83,097
Capital Outlay	100,175	106,277	308,187	(201,910)
Other Operating Expenditures	1,820,753	1,848,753	1,714,680	134,073
<b>Total Expenditures</b>	<b>7,902,838</b>	<b>8,045,365</b>	<b>8,030,105</b>	<b>15,260</b>
Jail Building Maintenance				
Capital Outlay	181,350	258,310	230,989	27,321
Other Operating Expenditures	594,320	614,320	556,275	58,045
<b>Total Expenditures</b>	<b>775,670</b>	<b>872,630</b>	<b>787,264</b>	<b>85,366</b>
Emergency Management				
Salaries, Wages and Benefits	139,860	144,265	110,812	33,453
Capital Outlay	35,750	35,750	19,485	16,265
Other Operating Expenditures	99,450	100,450	79,392	21,058
<b>Total Expenditures</b>	<b>275,060</b>	<b>280,465</b>	<b>209,689</b>	<b>70,776</b>
County Ambulance-other	345,393	345,393	345,393	-
<b>Total Public Safety</b>	<b>22,015,348</b>	<b>22,632,390</b>	<b>21,650,961</b>	<b>981,429</b>
<b>Health and Human Services</b>				
Health Department				
Salaries, Wages and Benefits	1,458,185	2,478,890	1,964,353	514,537
Capital Outlay	54,550	102,550	83,918	18,632
Other Operating Expenditures	212,200	525,765	228,677	297,088
<b>Total Expenditures</b>	<b>1,724,935</b>	<b>3,107,205</b>	<b>2,276,948</b>	<b>830,257</b>

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**  
Schedule of Expenditures and Other Financing Uses (continued)  
Budget and Actual  
General Fund  
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive Negative
	Original	Final		
<b>Expenditures:</b>				
<b>Health and Human Services</b>				
Inspection Program				
Salaries, Wages and Benefits	321,170	310,970	253,961	57,009
Capital Outlay	24,000	24,000	-	24,000
Other Operating Expenditures	50,875	137,269	38,808	98,461
<b>Total Expenditures</b>	<b>396,045</b>	<b>472,239</b>	<b>292,769</b>	<b>179,470</b>
Dental				
Salaries, Wages and Benefits	171,440	176,525	149,315	27,210
Other Operating Expenditures	479,900	1,045,004	180,511	864,493
<b>Total Expenditures</b>	<b>651,340</b>	<b>1,221,529</b>	<b>329,826</b>	<b>891,703</b>
Tobacco Control				
Salaries, Wages and Benefits	111,840	112,935	90,385	22,550
Capital Outlay	1,150	1,150	1,095	55
Other Operating Expenditures	19,825	37,574	6,500	31,074
<b>Total Expenditures</b>	<b>132,815</b>	<b>151,659</b>	<b>97,980</b>	<b>53,679</b>
WIC (Women, Infants, Children)				
Salaries, Wages and Benefits	389,186	389,186	358,408	30,778
Capital Outlay	-	2,445	2,442	3
Other Operating Expenditures	39,169	95,648	77,263	18,385
<b>Total Expenditures</b>	<b>428,355</b>	<b>487,279</b>	<b>438,113</b>	<b>49,166</b>
Family Support				
Salaries, Wages and Benefits	1,200,320	1,198,775	1,179,768	19,007
Capital Outlay	700	11,416	10,715	701
Other Operating Expenditures	427,040	429,585	408,379	21,206
<b>Total Expenditures</b>	<b>1,628,060</b>	<b>1,639,776</b>	<b>1,598,862</b>	<b>40,914</b>
Transportation/Senior Services				
Salaries, Wages and Benefits	618,285	616,315	431,785	184,530
Capital Outlay	63,000	89,650	67,072	22,578
Other Operating Expenditures	728,074	1,389,188	278,937	1,110,251
<b>Total Expenditures</b>	<b>1,409,359</b>	<b>2,095,153</b>	<b>777,794</b>	<b>1,317,359</b>
Veterans Services				
Salaries, Wages and Benefits	216,215	232,010	231,542	468
Capital Outlay	1,100	1,100	1,095	5
Other Operating Expenditures	68,890	90,887	77,892	12,995
<b>Total Expenditures</b>	<b>286,205</b>	<b>323,997</b>	<b>310,529</b>	<b>13,468</b>
CASA	51,000	51,000	51,000	-
State Special Charges	(73)	(73)	(74)	1

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**  
 Schedule of Expenditures and Other Financing Uses (continued)  
 Budget and Actual  
 General Fund  
 Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive Negative
	Original	Final		
<b>Expenditures:</b>				
Health and Human Services				
Shards Inc	8,000	8,000	-	8,000
Drug Free Communities	10,000	10,000	10,000	-
Yscreen	8,000	8,000	8,000	-
<b>Total Health and Human Services</b>	<b>6,734,041</b>	<b>9,575,765</b>	<b>6,191,747</b>	<b>3,384,018</b>
<b>Culture, Recreation and Education</b>				
Library-other	1,467,740	1,467,740	1,467,740	-
<b>Parks</b>				
Salaries, Wages and Benefits	194,895	203,085	216,616	(13,531)
Capital Outlay	6,500	516,390	434,676	81,714
Other Operating Expenditures	201,319	261,748	198,644	63,104
<b>Total Expenditures</b>	<b>402,714</b>	<b>981,223</b>	<b>849,936</b>	<b>131,287</b>
<b>Fairgrounds</b>				
Salaries, Wages and Benefits	196,885	200,045	196,927	3,118
Capital Outlay	39,800	79,613	100,686	(21,073)
Other Operating Expenditures	201,941	206,441	187,483	18,958
<b>Total Expenditures</b>	<b>438,626</b>	<b>486,099</b>	<b>485,096</b>	<b>1,003</b>
<b>County Extension Office</b>				
Salaries, Wages and Benefits	212,525	212,525	210,561	1,964
Capital Outlay	2,000	2,000	1,787	213
Other Operating Expenditures	346,175	439,534	274,525	165,009
<b>Total Expenditures</b>	<b>560,700</b>	<b>654,059</b>	<b>486,873</b>	<b>167,186</b>
<b>UW Center-Fond du Lac Campus</b>				
Capital Outlay	500,000	550,000	405,659	144,341
Other Operating Expenditures	99,155	99,155	71,114	28,041
<b>Total Expenditures</b>	<b>599,155</b>	<b>649,155</b>	<b>476,773</b>	<b>172,382</b>
<b>Recreation Trails-other</b>	<b>99,945</b>	<b>1,318,363</b>	<b>808,528</b>	<b>509,835</b>
<b>Total Culture, Recreation and Education</b>	<b>3,568,880</b>	<b>5,556,639</b>	<b>4,574,946</b>	<b>981,693</b>

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**  
 Schedule of Expenditures and Other Financing Uses (continued)  
 Budget and Actual  
 General Fund  
 Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive Negative
	Original	Final		
<b>Expenditures:</b>				
Conservation and Development				
Land/Water Conservation				
Salaries, Wages and Benefits	669,610	689,150	602,946	86,204
Capital Outlay	46,850	175,850	99,318	76,532
Other Operating Expenditures	475,610	1,404,089	640,480	763,609
<b>Total Expenditures</b>	<b>1,192,070</b>	<b>2,269,089</b>	<b>1,342,744</b>	<b>926,345</b>
<b>Stormwater</b>				
Other Operating Expenditures	4,700	37,010	51,475	(14,465)
<b>Planning</b>				
Salaries, Wages and Benefits	182,770	173,025	153,871	19,154
Capital Outlay	1,700	1,700	1,600	100
Other Operating Expenditures	100,350	101,260	67,054	34,206
<b>Total Expenditures</b>	<b>284,820</b>	<b>275,985</b>	<b>222,525</b>	<b>53,460</b>
<b>Natural Beauty Council-other</b>	<b>375</b>	<b>375</b>	<b>176</b>	<b>199</b>
<b>County Promotion-other</b>	<b>533,889</b>	<b>602,032</b>	<b>552,318</b>	<b>49,714</b>
<b>CDBG - Revolving Loan Fund</b>	<b>250,000</b>	<b>650,000</b>	<b>268,500</b>	<b>381,500</b>
<b>Environmental Services</b>				
Salaries, Wages and Benefits	210,330	220,055	216,201	3,854
Capital Outlay	16,990	25,465	24,656	809
Other Operating Expenditures	27,025	28,060	24,854	3,206
<b>Total Expenditures</b>	<b>254,345</b>	<b>273,580</b>	<b>265,711</b>	<b>7,869</b>
<b>Non-Metallic Mining</b>				
Salaries, Wages and Benefits	41,835	42,645	44,065	(1,420)
Capital Outlay	575	575	570	5
Other Operating Expenditures	14,590	19,606	9,271	10,335
<b>Total Expenditures</b>	<b>57,000</b>	<b>62,826</b>	<b>53,906</b>	<b>8,920</b>
<b>POWTS Maintenance Program</b>				
Salaries, Wages and Benefits	60,225	61,635	62,645	(1,010)
Capital Outlay	575	575	570	5
Other Operating Expenditures	20,551	59,120	8,678	50,442
<b>Total Expenditures</b>	<b>81,351</b>	<b>121,330</b>	<b>71,893</b>	<b>49,437</b>
<b>Total Conservation and Development</b>	<b>2,658,550</b>	<b>4,292,228</b>	<b>2,829,248</b>	<b>1,462,980</b>

(Continued)

**FOND DU LAC COUNTY, WISCONSIN**  
 Schedule of Expenditures and Other Financing Uses (continued)  
 Budget and Actual  
 General Fund  
 Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive Negative
Expenditures:				
Capital Outlay				
Building Improvement	78,000	115,544	91,005	24,539
Eqmpt/Bldg - Contingency	-	11,315	-	11,315
Major Projects - Contingency	-	84,625	-	84,625
Total Capital Outlay	78,000	211,484	91,005	120,479
Contingency				
Salary/Fringe	1,066,615	856,090	-	856,090
Contingency - Desk Risers	5,000	7,568	410	7,158
Contingency - Health Pandemic	-	480,000	-	480,000
Total Contingency	1,071,615	1,343,658	410	1,343,248
Debt Service				
Interest and fiscal charges	-	-	224,208	224,208
Total Expenditures and Other Financing Uses	\$ 49,629,701	\$ 59,597,755	\$ 49,544,005	\$ 10,053,750

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**NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Fund**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Nutrition Program – This fund is used to account for the operations and maintenance of several nutrition sites and home-delivered meals program for the elderly.

**Permanent Fund**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Sheriff Canine Fund – This fund is used to account for funds endowed to the Sheriff's Department for the purpose of purchasing, training and caring for dogs used by the department.

**FOND DU LAC COUNTY, WISCONSIN**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2020

	Nutrition Program	Sheriff Canine Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 218,896	\$ 61,260	\$ 280,156
Accounts	41,239	-	41,239
Accrued interest	-	144	144
Prepaid supplies	1,400	-	1,400
<b>TOTAL ASSETS</b>	<b>\$ 261,535</b>	<b>\$ 61,404</b>	<b>\$ 322,939</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 36,972	\$ -	\$ 36,972
Accrued payroll liabilities	16,983	-	16,983
<b>Total Liabilities</b>	<b>53,955</b>	<b>-</b>	<b>53,955</b>
<b>Fund Balances</b>			
Non-spendable	1,400	-	1,400
Restricted	-	50,000	50,000
Assigned	208,180	11,404	217,584
<b>Total Fund Balances</b>	<b>207,580</b>	<b>61,404</b>	<b>268,984</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 261,535</b>	<b>\$ 61,404</b>	<b>\$ 322,939</b>

**FOND DU LAC COUNTY, WISCONSIN**  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended December 31, 2020

	Nutrition Program	Sheriff Canine Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$ 517,955	\$ -	\$ 517,955
Public charges for services	166,797	-	166,797
Intergovernmental charges for services	3,115	-	3,115
Miscellaneous	6,475	40,067	46,542
<b>Total Revenues</b>	<b>694,342</b>	<b>40,067</b>	<b>734,409</b>
<b>Expenditures</b>			
Current			
Public safety	-	47,899	47,899
Health and human services	630,655	-	630,655
<b>Total Expenditures</b>	<b>630,655</b>	<b>47,899</b>	<b>678,554</b>
<b>Net Change in Fund Balances</b>	<b>63,687</b>	<b>(7,832)</b>	<b>55,855</b>
<b>Fund Balances - Beginning of Year</b>	<b>143,893</b>	<b>69,236</b>	<b>213,129</b>
<b>Fund Balances - End of Year</b>	<b>207,580</b>	<b>61,404</b>	<b>268,984</b>

**NONMAJOR PROPRIETARY FUNDS**

**Enterprise Funds**

**Enterprise Funds** are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Golf Course Fund** – This fund is used to account for the operations and maintenance of the County's golf course.

**Landfill Fund** – This fund is used to account for the operations and maintenance of the County's closed sanitary landfill, which served as a solid waste disposal site, and the development costs of a new site.

FOND DU LAC COUNTY, WISCONSIN  
Combining Statement of Net Position  
Nonmajor Proprietary Funds  
December 31, 2020

	Golf Course	Landfill	Airport	Total Nonmajor Proprietary Funds
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and investments	\$ 30,620	\$ 87,847	\$ 110,346	\$ 228,813
Taxes receivable	-	68,265	116,375	184,640
Accounts receivable	30	-	-	30
Prepaid supplies	37,247	-	-	37,247
Total Current Assets	67,897	156,112	226,721	450,730
<b>Capital Assets</b>				
Land/land improvements	2,754,188	538,204	12,843,669	16,136,061
Buildings/building improvements	252,201	-	3,257,933	3,510,134
Machinery and equipment	1,005,691	-	566,432	1,572,123
Less accumulated depreciation	2,672,366	241,106	11,320,706	14,234,178
Total Capital Assets - Net	1,339,714	297,098	5,347,328	6,984,140
<b>Other Assets</b>				
Net pension asset	64,386	-	9,009	73,395
<b>TOTAL ASSETS</b>	<b>1,471,997</b>	<b>453,210</b>	<b>5,583,058</b>	<b>7,508,265</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension	146,043	-	22,414	168,457
Other postemployment related amounts	9,291	-	1,300	10,591
Total deferred outflows of resources	155,334	-	23,714	179,048
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	6,775	10,607	2,233	19,615
Accrued payroll liabilities	30,515	-	10,442	40,957
Advance from other funds	2,650,000	-	-	2,650,000
Due to other funds	152,955	-	-	152,955
Due to other governments	4,170	3,545	-	7,715
Unearned Revenues	-	-	350	350
Total Current Liabilities	2,844,415	14,152	13,025	2,871,592
<b>Long-term Liabilities</b>				
Noncurrent portion of long-term obligations	14,845	-	-	14,845
Other postemployment benefits	23,771	-	3,326	27,097
Total Long-term liabilities	38,616	-	3,326	41,942
<b>TOTAL LIABILITIES</b>	<b>2,883,031</b>	<b>14,152</b>	<b>16,351</b>	<b>2,913,534</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied for subsequent year	-	68,265	116,375	184,640
Deferred inflows related to pension	192,670	-	27,000	219,670
Other postemployment benefits	4,729	-	662	5,391
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>197,699</b>	<b>68,265</b>	<b>144,037</b>	<b>410,001</b>
<b>NET POSITION</b>				
Net investment in capital assets	1,339,714	297,098	5,347,328	6,984,140
Restricted - New hangar/SRE Building at Airport	-	-	47,831	47,831
Restricted for pension benefits	64,386	-	9,009	73,395
Unrestricted (deficit)	2,857,499	73,695	42,216	2,741,588
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ 1,453,399</b>	<b>\$ 370,793</b>	<b>\$ 5,446,384</b>	<b>\$ 4,363,778</b>

FOND DU LAC COUNTY, WISCONSIN  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Nonmajor Proprietary Funds  
Year Ended December 31, 2020

	Golf Course	Landfill	Airport	Total Nonmajor Proprietary Funds
<b>Operating Revenues</b>				
Public charges for services	\$ 1,058,382	\$ 2,420	\$ 118,239	\$ 1,179,041
Intergovernmental charges for service	-	-	500	500
Interdepartmental charges for services	6,525	-	-	6,525
Miscellaneous	267	-	-	267
Total Operating Revenues	1,065,174	2,420	118,739	1,186,333
<b>Operating Expenses</b>				
Public works	-	52,043	190,038	242,081
Culture, recreation and education	1,141,106	-	-	1,141,106
Depreciation	80,350	18,101	380,764	487,215
Total Operating Expenses	1,231,456	68,144	570,802	1,870,402
<b>Operating Loss</b>	<b>166,282</b>	<b>65,724</b>	<b>452,063</b>	<b>684,069</b>
<b>Nonoperating Revenues (Expenses)</b>				
Property taxes	-	53,585	105,190	158,775
Sales and Use Taxes	25,000	-	50,000	75,000
Gain on Disposal of Capital Assets	-	-	15,076	15,076
Investment income	307	-	-	307
Total nonoperating revenue (expenses)	25,307	53,585	170,266	249,158
<b>Loss before contributions and transfers</b>	<b>(140,975)</b>	<b>(12,139)</b>	<b>(281,797)</b>	<b>(434,911)</b>
<b>Capital Contributions</b>				
Transfers out	-	-	102,624	102,624
	-	-	25,000	25,000
<b>Change in Net Position</b>	<b>140,975</b>	<b>12,139</b>	<b>204,173</b>	<b>357,287</b>
<b>Net Position (Deficit) - Beginning of Year</b>	<b>1,312,424</b>	<b>382,932</b>	<b>5,650,557</b>	<b>4,721,065</b>
<b>Net Position (Deficit) - End of Year</b>	<b>1,453,399</b>	<b>370,793</b>	<b>5,446,384</b>	<b>4,363,778</b>

FOND DU LAC COUNTY, WISCONSIN  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
Year Ended December 31, 2020

	Golf Course	Landfill	Airport	Total Nonmajor Proprietary Funds
<b>Cash Flows from Operating Activities</b>				
Cash received from user charges	\$ 1,068,133	\$ 2,782	\$ 109,774	\$ 1,180,689
Cash payments to suppliers	(555,235)	(45,839)	(61,173)	(662,247)
Cash payments to employees	568,736	-	123,192	691,928
Net Cash Used by Operating Activities	55,838	43,057	74,591	173,486
<b>Cash Flows from Noncapital Financing Activities</b>				
Property taxes	-	53,585	105,190	158,775
Sales and Use Taxes	25,000	-	50,000	75,000
Interfund advance/due to other funds	156,701	-	(2,865)	153,836
Transfers out	-	-	25,000	25,000
Net Cash Provided by Noncapital Financing Activities	181,701	53,585	127,325	362,611
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of capital assets	(121,110)	-	(105,613)	(226,723)
Proceeds on disposal of capital assets	-	-	15,076	15,076
Net Cash Used by Capital and Related Financing Activities	121,110	-	90,537	211,647
<b>Cash Flows from Investing Activities</b>				
Investment income	307	-	-	307
<b>Net Increase in Cash and Cash Equivalents</b>	<b>5,060</b>	<b>10,528</b>	<b>(37,803)</b>	<b>(22,215)</b>
Cash and Cash Equivalents - Beginning of Year	25,560	77,319	148,149	251,028
Cash and Cash Equivalents - End of Year	30,620	87,847	110,346	228,813
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>				
Operating loss	\$ (166,262)	\$ (65,724)	\$ (452,363)	\$ (684,089)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation	90,350	16,101	380,764	487,215
Change in pension related assets, liabilities and deferred outflows/inflows of resources				
Change in pension asset/liability	(141,644)	-	(18,280)	(159,924)
Change in pension deferred outflows	58,670	-	2,929	61,599
Change in pension deferred inflows	86,550	-	14,229	100,779
Change in other postemployment asset/liability	7,219	-	1,339	8,558
Change in other postemployment deferred outflows	(7,220)	-	(1,051)	(8,271)
Change in other postemployment deferred inflows	138	-	111	249
Changes in assets and liabilities				
Accounts receivable	2,335	-	-	2,335
Prepaid supplies	11,677	-	-	11,677
Accounts payable	6,176	8,204	633	13,013
Accrued payroll liabilities	(4,763)	-	5,763	1,000
Due to other governments	624	362	-	986
Unearned revenues	-	-	(8,965)	(8,965)
Other liabilities	332	-	-	332
Net Cash Used by Operating Activities	55,838	43,057	74,591	173,486

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## **DEBT SERVICE FUND**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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FOND DU LAC COUNTY, WISCONSIN  
 Balance Sheet  
 Debt Service Fund  
 December 31, 2020

	General Obligation Taxable Refunding Bonds 2011	General Obligation Refunding Bonds 2012	General Obligation Taxable Promissory Notes 2013	General Obl 2014	General Obl 2015	General Obl 2016	General Obl 2017	General Obl 2018	General Obl 2019	General Obl 2020	Total Debt Service Fund
<b>ASSETS</b>											
Cash and investments	\$ 1,869,784	\$ -	\$ 660,909	\$ -	\$ -	\$ 340,394	\$ -	\$ -	\$ 20,000	\$ 29,739	\$ 2,920,826
Receivables											
Property taxes		1,346,094	1,035,300	969,250		1,257,675	2,215,550	136,946	699,455	7,660,270	
<b>TOTAL ASSETS</b>	<b>\$ 1,869,784</b>	<b>\$ 1,346,094</b>	<b>\$ 660,909</b>	<b>\$ 1,035,300</b>	<b>\$ 969,250</b>	<b>\$ 340,394</b>	<b>\$ 1,257,675</b>	<b>\$ 2,215,550</b>	<b>\$ 156,946</b>	<b>\$ 729,194</b>	<b>\$ 10,581,096</b>
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>											
Deferred inflows of resources											
Property taxes levied for subsequent years	\$ -	\$ 1,346,094	\$ -	\$ 1,035,300	\$ 969,250	\$ -	\$ 1,257,675	\$ 2,215,550	\$ 136,946	\$ 699,455	\$ 7,660,270
Fund Balances											
Restricted	1,869,784	-	660,909	-	-	340,394	-	-	20,000	29,739	2,920,826
<b>TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,869,784</b>	<b>\$ 1,346,094</b>	<b>\$ 660,909</b>	<b>\$ 1,035,300</b>	<b>\$ 969,250</b>	<b>\$ 340,394</b>	<b>\$ 1,257,675</b>	<b>\$ 2,215,550</b>	<b>\$ 156,946</b>	<b>\$ 729,194</b>	<b>\$ 10,581,096</b>

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**FOND DU LAC COUNTY, WISCONSIN**  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Debt Service Fund  
 Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive Negative
Revenues				
Taxes				
Property	\$ 6,579,723	\$ 6,579,723	\$ 6,579,723	\$ -
County sales	3,052,878	3,052,878	3,052,878	-
Total Taxes	9,632,601	9,632,601	9,632,601	-
Miscellaneous	4,363,902	4,363,902	3,986,505	(377,397)
Total Revenues	13,996,503	13,996,503	13,619,106	(377,397)
Expenditures				
Debt Service				
Principal	12,023,443	12,023,443	12,023,443	-
Interest and fiscal charges	2,600,150	2,600,149	2,600,148	1
Total Expenditures	14,623,593	14,623,592	14,623,591	1
Excess (Deficit) of Revenues Over Expenditures	627,090	627,089	1,004,485	377,396
Other Financing Sources (Uses)				
Issuance premium on long term debt	-	-	49,739	49,739
Transfers In	-	-	1	1
Transfers out	-	-	1	(1)
Total Other Financing Sources (Uses)	-	-	49,739	49,739
Net Change in Fund Balance	(627,090)	(627,089)	(954,746)	(327,657)
Fund Balance - Beginning of Year	3,875,572	3,875,572	3,875,572	-
Fund Balance - End of Year	\$ 3,248,482	\$ 3,248,483	\$ 2,920,826	\$ (327,657)

## FIDUCIARY - CUSTODIAL FUNDS

**Fiduciary - Custodial funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments or other funds.**

**Patient/Client Fund – This fund is used to account for funds deposited by patients and disbursed on their behalf at the Health Care Center, Department of Social Services, Department of Community Programs and Rolling Meadows Nursing/Rehab Center.**

**Register of Deeds Fund – This fund is used to account for the receipt and disbursement of real estate recordings and vital records.**

**District Attorney Fund – This fund is used to account for the receipt and disbursement of restitution payments from/to third parties.**

**Huber Law/Canteen Fund – This fund is used to account for funds deposited by inmates and disbursed on their behalf for huber law privileges and canteen activity at the County jail.**

**Clerk of Courts Fund – This fund is used to account for monies deposited by third parties for court ordered payments and disbursed on their behalf by the Clerk of Courts.**

**Tax Collection Fund – This fund is used to account for property tax funds collected on behalf of local municipalities and to account for funds due to the State of Wisconsin and other municipalities for the current year tax levy and delinquent special assessments.**

**FOND DU LAC COUNTY, WISCONSIN**  
 Combining Statement of Fiduciary Net Position  
 Fiduciary Funds - Other Custodial Funds  
 December 31, 2020

	Patient/ Client Fund	Register of Deeds Fund	District Attorney Fund	Huber Law/ Canteen Fund	Clerk of Courts Fund	Tax Collection Fund	Total
<b>ASSETS</b>							
Cash and investments	\$ 370,141	\$ 136,571	\$ 6,981	\$ 130,523	\$ 1,053,842	\$ 16,683,119	\$ 18,381,177
Receivables							
Delinquent special assessments	-	-	-	-	-	301,739	301,739
Accounts	-	-	-	458	-	-	458
<b>TOTAL ASSETS</b>	<b>\$ 370,141</b>	<b>\$ 136,571</b>	<b>\$ 6,981</b>	<b>\$ 130,981</b>	<b>\$ 1,053,842</b>	<b>\$ 16,984,858</b>	<b>\$ 18,683,374</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	31,775	\$ -	\$ -	\$ 31,775
Due to other governments	-	136,571	-	21,423	305,914	16,984,858	17,448,766
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 136,571</b>	<b>\$ -</b>	<b>\$ 53,198</b>	<b>\$ 305,914</b>	<b>\$ 16,984,858</b>	<b>\$ 17,480,541</b>
<b>NET POSITION</b>							
Restricted for Individuals, Organizations, and Other Governments	\$ 370,141	\$ -	\$ 6,981	\$ 77,783	\$ 747,928	\$ -	\$ 1,202,833

**FOND DU LAC COUNTY, WISCONSIN**  
 Combining Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds - Other Custodial Funds  
 December 31, 2020

	Patient/ Client Fund	Register of Deeds Fund	District Attorney Fund	Huber Law/ Canteen Fund	Clerk of Courts Fund	Tax Collection Fund	Total
<b>ADDITIONS</b>							
Contributions:							
Individuals	\$ 77,937	\$ 1,232,362	\$ 34,271	\$ 1,359,175	\$ 5,664,054	\$ -	\$ 8,367,799
Other Governments	1,409,827	-	-	-	-	-	1,409,827
Property Tax Collections for Other Governments	-	-	-	-	-	26,296,487	26,296,487
Interest	32	-	-	523	-	-	555
<b>Total Additions</b>	<b>1,487,796</b>	<b>1,232,362</b>	<b>34,271</b>	<b>1,359,698</b>	<b>5,664,054</b>	<b>26,296,487</b>	<b>36,074,668</b>
<b>DEDUCTIONS</b>							
Payments to Individuals	193,652	-	10,916	-	-	-	204,568
Payments to other entities/vendors	971,921	-	23,258	1,014,831	-	-	2,010,010
Payments to other governments	189,706	1,232,362	-	328,930	5,236,627	26,296,487	33,284,112
<b>Total Deductions</b>	<b>1,355,279</b>	<b>1,232,362</b>	<b>34,174</b>	<b>1,343,761</b>	<b>5,236,627</b>	<b>26,296,487</b>	<b>35,498,690</b>
<b>NET INCREASE</b>							
IN FIDUCIARY NET POSITION	132,517	-	97	15,937	427,427	-	575,978
Fiduciary net position - January 1, restatement	237,624	-	6,884	61,846	320,501	-	626,855
Fiduciary net position - December 31	\$ 370,141	\$ -	\$ 6,981	\$ 77,783	\$ 747,928	\$ -	\$ 1,202,833

**STATISTICAL SECTION**

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Schedule 1

FOND DU LAC COUNTY, WISCONSIN  
Net Position by Component  
Last Ten Fiscal Years

This Schedule was prepared using the total economic resource measurement focus and full accrual basis of accounting.

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental activities</b>										
Net investment in capital assets	\$ 106,019,389	\$ 90,759,656	\$ 89,891,000	\$ 91,259,170	\$ 88,424,140	\$ 85,810,194	\$ 89,156,129	\$ 88,427,031	\$ 85,054,384	\$ 51,813,490
Restricted	2,464,432	2,923,594	2,408,783	2,756,361	3,140,839	2,897,262	3,104,850	9,804,791	4,841,950	363,800
Restricted for pension benefits	7,228,651	-	6,639,569	-	-	11,330,758	-	-	-	-
Unrestricted	(19,506,077)	20,103,825	12,013,774	17,400,227	15,820,872	6,476,903	1,341,887	(6,617,827)	(10,318,186)	13,653,298
<b>Total governmental activities net position</b>	<b>\$ 96,206,395</b>	<b>\$ 113,787,075</b>	<b>\$ 110,953,126</b>	<b>\$ 111,415,758</b>	<b>\$ 107,385,851</b>	<b>\$ 106,515,117</b>	<b>\$ 93,602,866</b>	<b>\$ 89,613,995</b>	<b>\$ 79,578,128</b>	<b>\$ 65,840,588</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 48,868,033	\$ 25,704,739	\$ 24,272,872	\$ 24,478,518	\$ 24,637,974	\$ 22,655,800	\$ 20,172,873	\$ 17,890,727	\$ 17,522,611	\$ 17,277,565
Restricted	47,831	405,030	859,009	229,193	145,369	114,047	69,080	-	261,415	261,415
Restricted for pension benefits	1,727,920	-	1,714,370	-	-	3,231,844	-	-	-	-
Unrestricted	1,885,898	3,015,950	1,552,723	3,066,805	3,952,202	1,427,436	1,166,225	1,301,971	207,098	245,475
<b>Total business-type activities net position</b>	<b>\$ 52,529,682</b>	<b>\$ 29,125,719</b>	<b>\$ 28,398,974</b>	<b>\$ 27,774,516</b>	<b>\$ 28,735,545</b>	<b>\$ 27,429,127</b>	<b>\$ 21,408,178</b>	<b>\$ 19,192,698</b>	<b>\$ 17,991,124</b>	<b>\$ 17,784,455</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 154,887,422	\$ 116,464,395	\$ 114,163,872	\$ 115,737,688	\$ 113,062,114	\$ 108,465,994	\$ 109,329,002	\$ 106,317,758	\$ 102,576,975	\$ 69,091,055
Restricted	2,512,263	3,328,624	3,267,792	2,985,554	3,286,208	3,011,309	3,173,930	9,804,791	5,103,385	625,215
Restricted for pension benefits	8,956,571	-	8,353,939	-	-	14,562,602	-	-	-	-
Unrestricted	(17,620,179)	23,119,775	13,566,497	20,467,032	19,773,074	7,904,339	2,508,112	(7,315,856)	(10,111,088)	13,908,773
<b>Total primary government net position</b>	<b>\$ 148,736,077</b>	<b>\$ 142,912,794</b>	<b>\$ 139,352,100</b>	<b>\$ 139,190,274</b>	<b>\$ 136,121,396</b>	<b>\$ 133,944,244</b>	<b>\$ 115,011,044</b>	<b>\$ 108,806,693</b>	<b>\$ 97,569,252</b>	<b>\$ 83,625,043</b>

Schedule 2

FOND DU LAC COUNTY, WISCONSIN  
Changes in Net Position  
Last Ten Fiscal Years

This Schedule was prepared using the total economic resource measurement focus and full accrual basis of accounting.

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses</b>										
<b>Governmental activities</b>										
General government	\$ 11,284,857	\$ 10,763,342	\$ 10,734,970	\$ 10,726,261	\$ 11,248,337	\$ 10,523,734	\$ 9,957,256	\$ 9,867,680	\$ 9,756,970	\$ 10,204,621
Public safety	21,778,282	22,351,964	20,548,804	19,894,139	19,578,441	18,698,229	18,218,497	17,748,480	17,832,267	17,648,207
Public works	10,921,988	8,303,765	10,984,755	5,541,916	6,574,780	8,316,219	6,613,284	5,855,862	5,857,929	4,240,806
Health and human services	47,746,057	49,675,659	47,129,910	46,945,222	44,382,017	40,911,850	39,279,271	38,419,377	38,936,041	33,596,243
Culture, recreation and education	4,082,698	4,370,648	4,039,478	3,653,665	3,756,578	3,977,437	3,833,878	3,951,706	3,831,680	3,820,115
Conservation and development	2,428,852	3,459,003	2,255,334	1,828,163	3,109,083	1,412,097	1,731,687	1,164,753	2,022,484	2,189,853
Interest on debt	2,053,937	1,812,395	1,619,569	1,520,185	1,529,680	1,671,400	2,086,697	1,905,490	2,369,620	3,470,748
<b>Total governmental activities expenses</b>	<b>100,297,681</b>	<b>100,736,976</b>	<b>97,312,818</b>	<b>89,712,551</b>	<b>90,178,916</b>	<b>85,510,766</b>	<b>81,820,571</b>	<b>78,923,348</b>	<b>80,068,991</b>	<b>75,170,593</b>
<b>Business-type activities:</b>										
Highway	\$ 17,012,263	\$ 20,203,248	\$ 17,565,578	\$ 18,472,542	\$ 15,501,889	\$ 12,717,497	\$ 12,849,238	\$ 17,516,614	\$ 12,699,047	\$ 12,410,975
Harbor Haven Health & Rehab	10,397,469	10,719,649	10,105,230	9,966,586	10,547,673	10,444,692	10,278,903	9,763,685	9,893,568	10,521,484
Airport	570,802	549,051	589,479	691,222	706,842	631,778	607,331	602,727	605,435	686,433
Golf Course	1,231,456	1,159,594	1,182,958	1,249,571	1,144,258	1,103,902	1,215,723	1,159,308	1,152,499	1,077,274
Landfill	68,144	53,206	75,164	74,025	87,220	125,543	87,610	112,881	111,544	107,274
<b>Total business-type activities expenses</b>	<b>29,280,134</b>	<b>32,684,748</b>	<b>29,516,409</b>	<b>30,453,946</b>	<b>27,997,882</b>	<b>25,024,412</b>	<b>25,038,805</b>	<b>29,155,015</b>	<b>24,462,193</b>	<b>24,803,450</b>
<b>Total primary government expenses</b>	<b>\$ 129,577,815</b>	<b>\$ 133,421,724</b>	<b>\$ 126,831,227</b>	<b>\$ 120,166,497</b>	<b>\$ 118,166,798</b>	<b>\$ 110,535,178</b>	<b>\$ 106,859,376</b>	<b>\$ 108,078,363</b>	<b>\$ 104,531,184</b>	<b>\$ 99,974,043</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 3,299,263	\$ 2,353,605	\$ 2,545,336	\$ 3,145,465	\$ 3,476,144	\$ 3,479,994	\$ 3,215,267	\$ 4,047,370	\$ 3,909,044	\$ 4,315,172
Public safety	2,019,111	2,135,301	2,169,804	2,209,381	1,849,809	1,914,437	1,836,513	1,424,156	1,480,408	2,284,055
Public works	-	-	-	-	-	-	-	-	-	-
Health and human services	8,663,564	8,655,184	8,427,349	7,247,181	7,633,322	7,257,704	7,403,900	7,222,751	7,155,777	7,390,691
Culture, recreation and education	272,014	330,065	305,543	281,200	279,023	265,363	293,149	327,645	292,336	298,826
Conservation and development	347,620	408,126	307,503	288,089	271,126	302,688	367,386	380,511	275,463	1,403,167
Operating grants and contributions	32,137,941	30,190,212	28,018,732	25,565,945	25,582,696	24,089,988	24,038,751	23,536,123	23,550,661	18,271,184
Capital grants and contributions	-	-	-	-	-	-	-	-	29,437,000	-
<b>Total governmental activities program revenues</b>	<b>44,739,513</b>	<b>44,072,493</b>	<b>41,774,267</b>	<b>38,735,281</b>	<b>39,092,120</b>	<b>37,310,174</b>	<b>37,154,966</b>	<b>36,938,556</b>	<b>86,100,689</b>	<b>33,963,095</b>

(continued)

Schedule 2

FOND DU LAC COUNTY, WISCONSIN  
Changes in Net Position (continued)  
Last Ten Fiscal Years

This Schedule was prepared using the total economic resource measurement focus and full accrual basis of accounting.

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Highway	\$ 16,902,436	\$ 20,725,038	\$ 17,792,207	\$ 17,928,256	\$ 15,875,409	\$ 12,960,988	\$ 13,438,178	\$ 18,004,779	\$ 12,648,666	\$ 12,026,837
Harbor Haven Health & Rehab	9,240,236	9,373,392	8,998,687	7,674,969	7,329,837	8,122,173	8,440,621	8,070,063	7,686,931	7,596,727
Rolling Meadows Nursing/Rehab Center	-	-	-	-	-	-	-	-	-	-
Airport	118,739	131,942	118,942	126,926	128,460	120,582	125,691	139,926	97,500	109,577
Golf Course	1,065,174	854,766	913,013	866,872	967,830	998,388	848,128	906,894	970,608	868,856
Landfill	2,420	10,588	10,587	18,482	16,320	8,160	18,870	16,320	16,320	14,492
Operating grants and contributions	1,059,239	945,171	1,286,269	874,700	904,100	1,057,954	1,077,121	1,013,300	1,138,333	888,163
Capital grants and contributions	102,624	894,615	37,000	1,000,000	324,531	1,484,875	-	329,537	322,558	668,994
Total business-type activities program revenues	28,490,868	32,935,412	29,126,705	28,578,204	25,546,487	24,763,124	23,948,609	28,480,819	22,861,316	22,273,345
Total primary government program revenues	73,230,381	77,007,905	70,900,972	67,313,485	64,638,807	62,073,298	61,103,575	65,419,375	88,982,005	56,236,440
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (55,558,168)	\$ (56,664,483)	\$ (55,538,551)	\$ (50,977,270)	\$ (51,086,796)	\$ (48,200,592)	\$ (44,865,605)	\$ (41,964,792)	\$ (13,968,302)	\$ (41,207,498)
Business-type activities	789,266	250,664	391,704	1,875,742	(2,441,395)	261,288	1,090,196	674,196	1,580,877	(2,530,106)
Total primary government net expense	\$ 56,347,434	\$ 56,413,819	\$ 55,930,255	\$ 52,853,012	\$ 53,528,191	\$ 48,461,880	\$ 45,755,801	\$ 42,658,988	\$ 15,549,179	\$ 43,737,603
<b>General Revenues and Transfers:</b>										
<b>Governmental activities:</b>										
<b>Taxes</b>										
Property taxes	\$ 39,218,702	\$ 38,193,826	\$ 37,661,666	\$ 36,351,990	\$ 33,771,831	\$ 34,845,326	\$ 34,284,282	\$ 32,621,703	\$ 32,255,399	\$ 31,529,333
Property taxes for debt service	6,579,723	5,710,181	5,225,957	5,259,768	5,254,163	5,344,939	5,393,623	5,507,526	5,249,146	5,158,960
County sales taxes	8,961,851	8,846,015	8,492,781	8,206,289	8,237,864	7,656,850	7,241,619	6,932,704	6,888,614	6,634,231
Other taxes	966,634	806,533	754,839	692,714	835,791	865,985	910,183	981,798	1,034,815	1,079,961
Unrestricted grants and contributions	3,644,403	3,683,864	3,231,780	3,181,395	3,113,026	3,102,894	3,066,936	3,076,961	3,038,476	3,466,016
Interest and investment earnings	324,041	1,416,108	556,955	399,754	331,764	353,644	179,795	194,935	243,717	198,783
Interest capitalized on loans receivable	-	-	-	-	-	-	-	-	994,445	-
Gain on sale of capital assets	-	-	-	-	-	-	82,865	144,470	209,242	156,176
Miscellaneous	1,629,525	596,931	637,295	518,475	519,673	249,577	208,196	181,291	158,742	197,438
Prior year revenue	-	-	108,823	74,956	451,983	13,261	2,131	96,655	-	-
Transfers	23,347,391	243,174	394,284	321,837	552,545	1,699,244	2,715,153	36,256	392,381	585,427
Total Governmental Activities	\$ 37,977,488	\$ 59,499,432	\$ 56,675,612	\$ 55,007,177	\$ 51,957,530	\$ 50,732,252	\$ 48,654,476	\$ 49,774,299	\$ 49,480,215	\$ 47,835,071

(continued)

Schedule 2

FOND DU LAC COUNTY, WISCONSIN  
Changes in Net Position (continued)  
Last Ten Fiscal Years

This Schedule was prepared using the total economic resource measurement focus and full accrual basis of accounting.

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Business-type Activities</b>										
Property taxes	\$ 158,775	\$ 534,500	\$ 839,250	\$ 1,108,091	\$ 3,175,995	\$ 1,220,428	\$ 577,821	\$ 1,278,100	\$ 1,371,804	\$ 1,648,806
County sales taxes	75,000	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	307	2,361	2,216	1,484	676	358	382	208	118	38
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	124,030
Miscellaneous	611,756	182,394	193,461	126,875	18,595	141,460	12,320	69,552	23,243	63,920
Transfers	23,347,391	243,174	394,284	321,837	552,545	1,699,244	2,715,153	36,256	392,381	585,427
Total Business-type Activities	24,193,229	476,081	1,429,211	914,713	3,747,813	3,061,490	3,305,676	1,311,604	1,787,546	2,422,221
Total Primary Government	\$ 62,170,717	\$ 59,974,513	\$ 58,104,823	\$ 55,921,890	\$ 55,705,343	\$ 53,793,742	\$ 51,960,152	\$ 51,085,903	\$ 51,267,761	\$ 50,257,292
<b>Change in Net Position</b>										
Governmental Activities	\$ (17,580,680)	\$ 2,833,949	\$ 1,137,061	\$ 4,029,907	\$ 870,734	\$ 2,531,660	\$ 3,988,871	\$ 7,789,507	\$ 35,511,913	\$ 6,627,573
Business-type Activities	23,403,863	726,745	1,037,507	961,029	1,306,418	2,800,202	2,215,480	637,408	206,669	(107,884)
Total Primary Government	\$ 5,823,283	\$ 3,560,694	\$ 2,174,568	\$ 3,068,876	\$ 2,177,152	\$ 5,331,862	\$ 6,204,351	\$ 8,426,915	\$ 35,718,582	\$ 6,519,689

(continued)

Schedule 3

FOND DU LAC COUNTY, WISCONSIN  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Fund</b>										
Non-spendable	\$ 4,335,389	\$ 4,269,299	\$ 4,041,476	\$ 3,814,264	\$ 3,604,377	\$ 3,464,411	\$ 3,666,868	\$ 3,287,140	\$ 3,470,903	\$ 2,144,359
Restricted	3,488,865	228,121	1,259,667	322,619	357,280	321,897	444,011	6,030,425	343,087	138,086
Assigned	12,113,500	8,381,719	8,112,736	7,599,271	6,104,425	6,314,801	6,389,703	6,169,228	5,201,948	5,823,816
Unassigned	10,204,290	9,636,449	9,216,861	7,715,816	8,075,723	7,070,691	7,089,020	7,026,862	6,077,133	6,535,047
<b>Total General Fund</b>	<b>\$30,142,044</b>	<b>\$22,515,588</b>	<b>\$22,630,740</b>	<b>\$19,451,970</b>	<b>18,141,805</b>	<b>\$17,171,800</b>	<b>\$17,589,602</b>	<b>\$22,513,655</b>	<b>\$15,093,071</b>	<b>\$14,641,308</b>
<b>County Road and Bridge Special Revenue Fund</b>										
Assigned	\$ 5,135,791	\$ 5,464,082	\$ 4,456,563	\$ 3,911,655	\$ 3,221,208	\$ 4,419,046	\$ 2,761,892	\$ 3,224,588	\$ 1,722,780	\$ 1,885,657
<b>Total County Road and Bridge Special Revenue Fund</b>	<b>\$ 5,135,791</b>	<b>\$ 5,464,082</b>	<b>\$ 4,456,563</b>	<b>\$ 3,911,655</b>	<b>3,221,208</b>	<b>\$ 4,419,046</b>	<b>\$ 2,761,892</b>	<b>\$ 3,224,588</b>	<b>\$ 1,722,780</b>	<b>\$ 1,885,657</b>
<b>Department of Community Programs Special Revenue Fund</b>										
Non-spendable	\$ 222,830	\$ 212,129	\$ 255,034	\$ 274,742	\$ 200,007	\$ 157,383	\$ 191,639	\$ 122,702	\$ 143,843	\$ 160,643
Assigned	-	33,870	-	-	-	-	1,861	87,097	-	6,377
Unassigned (deficit)	26,785	-	204,091	256,849	(45,207)	91,868	-	-	106,268	-
<b>Total Dept of Community Programs Special Revenue Fd</b>	<b>\$ 196,045</b>	<b>\$ 245,999</b>	<b>\$ 50,943</b>	<b>\$ 17,893</b>	<b>\$ 154,800</b>	<b>\$ 85,516</b>	<b>\$ 193,500</b>	<b>\$ 209,799</b>	<b>\$ 38,575</b>	<b>\$ 167,020</b>
<b>Department of Social Services</b>										
Non-spendable	\$ 193,859	\$ 186,637	\$ 184,286	\$ 186,907	\$ 196,570	\$ 198,166	\$ 180,083	\$ 178,938	\$ 141,397	\$ 149,932
Assigned	198,194	289,018	234,495	205,289	431,501	356,291	472,417	144,057	98,600	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	5,882
<b>Total Dept of Social Services Special Revenue Fund</b>	<b>\$ 392,053</b>	<b>\$ 485,655</b>	<b>\$ 418,781</b>	<b>\$ 392,196</b>	<b>\$ 628,071</b>	<b>\$ 554,457</b>	<b>\$ 652,500</b>	<b>\$ 322,995</b>	<b>\$ 239,997</b>	<b>\$ 144,050</b>
<b>Capital Projects Main Hwy Garage</b>										
Restricted	\$ 791,426	\$ 1,817,194	\$ 2,707,789	\$ 147,149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Capital Projects Main Hwy Garage</b>	<b>\$ 791,426</b>	<b>\$ 1,817,194</b>	<b>\$ 2,707,789</b>	<b>\$ 147,149</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Debt Service</b>										
Restricted	\$ 2,920,826	\$ 3,875,572	\$ 2,877,492	\$ 2,943,302	\$ 3,374,553	\$ 2,525,365	\$ 2,610,839	\$ 3,724,366	\$ 4,448,863	\$ 3,190,714
<b>Total Debt Service Fund</b>	<b>\$ 2,920,826</b>	<b>\$ 3,875,572</b>	<b>\$ 2,877,492</b>	<b>\$ 2,943,302</b>	<b>\$ 3,374,553</b>	<b>\$ 2,525,365</b>	<b>\$ 2,610,839</b>	<b>\$ 3,724,366</b>	<b>\$ 4,448,863</b>	<b>\$ 3,190,714</b>
<b>All Other Governmental Funds</b>										
Non-spendable	\$ 1,400	\$ 1,373	\$ 1,346	\$ 1,272	\$ 3,946	\$ 2,941	\$ 2,986	\$ 2,792	\$ 2,166	\$ 2,123
Restricted	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Assigned	217,584	161,756	138,103	94,820	63,643	47,959	34,253	13,548	14,460	33,851
Unassigned (deficit)	-	-	-	-	-	-	-	2,792	2,166	-
<b>Total all other governmental funds</b>	<b>\$ 268,984</b>	<b>\$ 213,129</b>	<b>\$ 189,449</b>	<b>\$ 146,092</b>	<b>\$ 117,589</b>	<b>\$ 100,900</b>	<b>\$ 87,239</b>	<b>\$ 63,548</b>	<b>\$ 64,460</b>	<b>\$ 85,974</b>

Schedule 4

FOND DU LAC COUNTY, WISCONSIN  
Changes in Fund Balance, Governmental Funds  
Last Ten Fiscal Years

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues</b>										
Taxes	\$ 55,231,486	\$ 53,275,339	\$ 52,038,484	\$ 50,395,301	\$ 47,824,338	\$ 48,596,927	\$ 47,562,394	\$ 46,067,611	\$ 44,986,435	\$ 44,100,501
Intergovernmental	35,777,085	32,297,114	30,762,482	28,413,498	28,039,533	26,743,536	26,713,968	26,003,187	25,770,255	21,202,803
Licenses and permits	562,694	565,000	515,904	489,111	457,291	459,434	427,859	405,842	402,000	373,607
Fines and forfeits	415,108	413,561	439,363	424,202	568,450	513,319	495,172	573,122	668,309	560,376
Public charges for services	7,477,091	8,722,379	8,713,220	7,528,032	6,459,613	6,023,503	6,126,250	6,147,388	6,617,953	6,858,531
Intergovernmental charges for serv	3,924,184	4,696,015	3,906,997	4,432,016	6,001,566	6,139,230	5,942,959	5,068,699	4,533,692	5,271,865
Interdepartmental charges for serv	3,439,764	3,407,607	3,330,738	3,094,641	3,031,306	3,014,264	3,045,628	3,403,195	3,434,635	3,142,465
Miscellaneous	5,721,380	2,238,221	877,619	790,497	680,161	787,823	916,461	984,099	903,535	722,087
Investment earnings	366,405	1,461,283	1,001,056	442,627	260,053	174,381	179,795	194,434	243,096	197,402
Prior year revenue	-	-	509,480	217,321	894,649	175,792	133,326	384,406	607,924	496,904
<b>Total revenues</b>	<b>112,915,197</b>	<b>107,076,519</b>	<b>102,095,323</b>	<b>96,227,244</b>	<b>94,206,960</b>	<b>92,628,209</b>	<b>91,543,812</b>	<b>89,231,983</b>	<b>88,170,834</b>	<b>83,026,741</b>
<b>Expenditures</b>										
General government	13,981,480	13,637,469	12,497,016	12,582,190	13,009,047	13,314,682	12,271,446	11,931,569	11,035,611	11,308,750
Public safety	21,698,860	20,925,947	19,607,378	17,856,273	17,960,386	17,637,775	17,222,867	16,638,293	16,207,149	16,861,908
Public works	11,051,471	12,213,677	10,783,546	11,224,886	11,121,316	8,538,664	8,505,949	11,325,023	7,621,749	7,123,150
Health and human services	47,787,128	48,595,369	47,171,648	45,989,564	43,754,192	41,769,558	40,002,691	39,269,751	39,056,971	34,601,361
Culture, recreation and education	4,574,946	3,786,941	3,508,235	3,213,020	3,144,904	3,200,497	3,022,462	3,315,904	3,024,680	3,464,592
Conservation and development	2,829,248	3,714,152	6,270,504	1,913,354	2,088,330	2,479,734	8,690,651	2,247,807	2,553,719	2,029,471
Capital outlay	1,162,323	22,806,018	2,547,926	39,925	366,218	29,754	122,070	63,441	151,619	589,066
Contingency	-	-	-	-	-	-	-	-	-	-
Debt service										
Principal	12,023,443	11,180,187	10,705,000	10,740,000	9,835,000	9,875,000	9,920,000	8,995,000	3,891,319	5,535,202
Interest and fiscal charges	2,824,355	2,328,105	1,477,394	1,601,619	1,713,958	1,858,948	2,016,964	2,155,640	2,398,898	3,229,130
<b>Total Expenditures</b>	<b>117,933,665</b>	<b>139,187,865</b>	<b>114,568,647</b>	<b>105,160,831</b>	<b>102,993,351</b>	<b>98,704,612</b>	<b>101,775,100</b>	<b>95,942,428</b>	<b>86,041,715</b>	<b>84,642,630</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>(6,018,468)</b>	<b>(32,111,346)</b>	<b>(12,473,324)</b>	<b>(8,933,587)</b>	<b>(8,786,391)</b>	<b>(6,076,403)</b>	<b>(10,231,288)</b>	<b>(6,710,445)</b>	<b>2,128,119</b>	<b>(1,615,889)</b>

(continued)

Schedule 4

FOND DU LAC COUNTY, WISCONSIN  
Changes in Fund Balance, Governmental Funds (continued)  
Last Ten Fiscal Years

	2020	2019	2018	2017	Fiscal Year		2014	2013	2012	2011
					2016	2015				
Other Financing Sources (Uses)										
Long-term debt issued	\$ 9,040,000	\$ 28,390,000	\$ 15,033,630	\$ 5,910,000	\$ 5,435,000	\$ 4,835,000	\$ 3,000,000	\$ 11,000,000	\$ 8,125,000	\$ 33,270,000
Loan repayment		3,781,202	4,048,837	4,063,981	4,543,262	3,714,211	3,728,850	3,827,589	3,274,500	-
Issuance premium on long term debt	273,947	967,432	76,641	-	155,617	130,798	29,514	140,664	153,313	564,713
Discount on long term debt		-	-	-	-	-	-	-	(132,524)	-
Payment to escrow agent		-	-	-	-	-	-	-	(8,265,373)	-
Payment to current bondholder		-	-	-	-	-	-	-	(32,235,000)	-
Transfers in	4,202,887	4,218,910	3,214,908	1,526,492	2,068,288	2,153,621	2,736,093	2,681,006	2,680,539	2,286,311
Transfers out	3,268,416	3,960,736	3,579,192	1,194,655	2,614,833	3,815,716	5,428,548	2,487,609	2,956,551	2,701,000
Total other financing sources (uses)	10,248,418	33,396,808	19,794,824	10,305,818	9,587,334	7,017,914	4,067,909	15,161,650	29,346,096	33,420,024
Net change in fund balances	\$ 5,229,950	\$ 1,285,462	\$ 6,321,500	\$ 1,372,231	\$ 800,943	\$ 941,511	\$ 6,163,379	\$ 8,451,205	\$ 27,216,977	\$ 31,604,135
Debt service as a percentage of noncapital expenditures	14.2%	13.0%	12.0%	13.2%	12.6%	12.7%	12.6%	13.1%	12.5%	10.4%

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Schedule 5

FOND DU LAC COUNTY, WISCONSIN  
Equalized Value of Taxable Property (a)  
Last Ten Fiscal Years

Fiscal Year	Real Property							Personal Property	Total	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Manufacturing Property	Agricultural Property	Undeveloped Property	Forest Property	Other Property			
2011	4,975,521,300	1,173,023,900	213,137,700	53,494,800	37,745,600	36,251,800	280,902,800	195,359,900	6,965,437,800	5.257
2012	4,812,784,800	1,150,761,200	215,817,500	52,864,200	46,636,300	35,290,400	278,343,200	198,038,500	6,790,536,100	5.656
2013	4,790,459,400	1,149,915,000	229,939,700	49,969,100	51,891,200	37,456,600	274,947,400	189,270,000	6,773,848,400	5.740
2014	4,881,253,400	1,164,731,000	237,343,200	49,191,900	53,617,900	37,696,800	280,331,800	199,305,700	6,903,471,700	5.999
2015	4,969,365,700	1,216,961,700	238,568,800	49,919,300	55,188,800	37,374,100	289,144,900	209,676,600	7,086,199,900	5.860
2016	5,019,712,700	1,261,217,500	243,557,300	50,418,900	56,366,900	37,688,400	300,450,800	213,367,100	7,182,759,600	5.875
2017	5,136,787,200	1,343,820,800	256,607,100	51,103,600	51,786,300	38,494,700	306,874,400	218,747,400	7,404,221,300	5.770
2018	5,387,250,800	1,410,749,300	263,413,200	52,475,200	55,352,800	41,715,100	319,600,800	159,334,200	7,689,891,400	5.686
2019	5,667,838,300	1,447,400,300	267,052,600	53,935,700	56,233,800	43,449,400	347,485,400	163,042,500	8,046,438,000	5.523
2020	5,943,176,600	1,534,120,200	301,972,000	56,060,800	56,979,700	45,711,800	345,026,000	170,031,600	8,453,078,700	5.437

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Source: Bureau of Property Tax, Wisconsin Department of Revenue, Statement of Merged Equalized Values

(a) Equalized value is actual value determined by the State Department of Revenue, Bureau of Property Tax.

(b) Per \$1,000 of value.



Schedule 6  
**FOND DU LAC COUNTY, WISCONSIN**  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 (rate per \$1,000 of assessed value)

	Year Taxes are Payable									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>City Rates by School District</b>										
Ripon	\$ 23.37	\$ 24.18	\$ 22.33	\$ 22.41	\$ 23.42	\$ 24.89	\$ 24.61	\$ 24.16	\$ 24.00	\$ 24.28
Waupun	25.56	22.28	21.47	22.85	21.58	23.01	22.09	22.84	22.95	22.89
Fond du Lac										
Fond du Lac	22.97	22.99	24.34	24.03	24.12	24.33	23.64	23.88	23.17	23.07
N Fond du Lac	24.30	24.49	26.50	25.52	24.50	24.10	23.71	23.42	23.28	23.44
<b>Town Rates by School Districts</b>										
Alto										
Rosendale-Brandon	18.36	17.68	18.38	18.58	18.22	18.29	17.80	18.21	18.74	21.33
Waupun	19.13	19.84	19.74	19.74	19.73	21.00	19.63	20.11	19.95	22.18
Markesan	18.76	18.92	19.64	20.13	20.33	20.03	19.74	20.90	21.85	24.29
Ashtford										
Lomira	17.17	16.44	17.03	17.34	17.78	17.70	16.24	16.82	16.52	17.56
Campbellsport	17.13	17.26	17.48	18.07	17.73	17.79	17.50	18.13	17.59	17.22
Kewaskum	15.14	15.35	15.94	16.19	16.00	16.43	16.26	17.63	17.26	16.75
Auburn										
Campbellsport	18.95	19.14	18.23	17.62	17.77	16.89	16.40	16.88	16.22	16.38
Kewaskum	16.71	17.00	16.26	15.75	15.98	15.57	15.21	16.40	15.92	15.92
Byron										
Lomira	16.50	18.52	17.77	17.31	18.79	18.01	17.02	17.46	17.40	18.53
Campbellsport	16.16	19.43	18.19	18.02	18.74	18.11	18.33	18.80	18.51	18.38
Fond du Lac	15.34	17.62	16.03	16.02	17.10	17.22	17.20	18.18	18.23	18.22
Oakfield	15.53	18.41	18.04	18.60	18.75	18.25	18.75	18.44	19.36	18.99
Calumet										
New Holstein	17.72	17.38	16.51	15.54	16.43	17.28	17.13	17.92	17.37	17.51
Eden										
Lomira	16.44	18.10	17.75	17.39	18.52	18.08	16.61	17.32	16.92	17.57
Campbellsport	16.08	19.01	18.18	18.13	18.47	18.18	17.91	18.66	18.02	17.24
Fond du Lac	16.05	17.20	15.96	16.07	16.85	17.27	16.79	18.04	17.76	17.23
Eldorado										
N Fond du Lac	20.08	19.50	18.46	18.85	18.43	18.76	18.70	19.00	18.47	17.66
Rosendale-Brandon	18.22	16.62	16.83	17.17	17.31	17.97	18.12	18.92	18.70	16.96
Empire										
Campbellsport	18.61	18.79	18.95	18.27	18.15	17.67	17.47	18.08	17.58	17.29
Fond du Lac	17.43	17.02	16.67	16.21	16.56	16.79	16.38	17.48	17.33	17.29
Fond du Lac										
Fond du Lac	18.34	18.58	16.56	16.93	17.54	17.58	17.75	18.82	18.06	17.73
N Fond du Lac	19.86	20.33	18.99	18.41	17.91	17.36	17.82	18.36	18.17	18.07
Oakfield	18.37	19.40	37.43	19.59	19.17	18.61	19.31	19.09	19.13	18.70
Forest										
Campbellsport	18.41	18.53	18.39	18.04	17.69	17.95	17.83	18.03	17.98	17.35
Friendship										
N Fond du Lac	15.08	18.83	17.12	16.68	15.86	15.00	15.90	16.68	17.91	18.04
Lamartine										
N Fond du Lac	21.74	21.83	20.26	20.17	19.45	19.37	19.02	19.13	19.10	19.72
Oakfield	20.21	20.89	20.39	21.42	20.76	20.73	20.57	19.86	20.11	20.41
Rosendale-Brandon	19.66	18.62	18.44	18.62	18.26	18.54	18.42	19.04	19.32	18.94
Marshfield										
New Holstein	18.33	18.56	17.80	17.14	17.05	17.57	16.86	17.80	17.01	18.50
Metomen										
Ripon	20.22	19.70	18.93	19.17	19.21	21.01	20.58	20.18	19.17	19.35
Rosendale-Brandon	19.04	16.83	17.79	17.75	16.86	17.68	17.36	18.26	18.12	17.06
Markesan	19.42	17.93	18.96	19.17	18.71	19.30	19.17	20.79	20.41	19.52

Schedule 6  
**FOND DU LAC COUNTY, WISCONSIN**  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 (rate per \$1,000 of assessed value)

	Year Taxes are Payable									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Town Rates by School Districts</b>										
Oakfield										
Oakfield	17.63	15.21	18.51	19.24	20.42	20.77	21.45	21.12	21.28	20.70
Rosendale-Brandon	17.14	16.17	16.72	16.68	17.62	18.57	19.21	20.25	20.49	18.65
Waupun	17.82	18.12	17.96	17.73	19.10	20.75	21.13	22.24	21.48	21.35
Osceola										
Campbellsport	18.51	18.40	18.44	16.58	16.19	16.68	16.46	17.92	17.34	16.30
Ripon										
Ripon	18.47	19.70	20.15	20.23	20.71	21.77	23.08	22.58	22.53	22.88
Rosendale										
Ripon	17.59	18.33	18.67	19.36	19.52	20.89	20.61	21.24	21.14	21.35
Rosendale-Brandon	16.51	15.52	17.49	17.87	17.02	17.42	17.33	19.18	19.99	18.89
Springvale										
Ripon	19.66	21.23	19.01	18.95	20.04	21.11	21.35	20.67	19.78	19.65
Rosendale-Brandon	18.46	18.00	17.82	17.50	17.48	17.61	17.97	18.68	18.68	17.32
Waupun	19.20	20.15	19.13	18.59	18.94	19.66	19.77	20.53	19.63	18.90
Taycheedah										
New Holstein	17.73	17.23	17.35	16.89	17.28	18.20	17.46	18.15	17.68	17.23
Fond du Lac	17.44	16.81	16.46	16.55	17.28	17.94	17.37	18.58	18.22	17.42
Waupun										
Rosendale-Brandon	16.10	15.23	15.89	15.67	16.63	16.94	17.34	18.20	18.58	17.60
Waupun	16.80	17.20	17.14	16.71	18.15	19.10	19.23	20.15	19.56	19.01
<b>Village Rates by School District</b>										
Brandon										
Rosendale-Brandon	21.70	21.49	22.99	23.26	22.51	22.19	22.48	22.82	23.19	22.40
Campbellsport										
Campbellsport	24.57	24.58	25.71	25.42	25.31	24.59	24.76	24.98	23.80	23.80
Eden										
Campbellsport	16.14	16.73	16.69	16.87	16.63	16.74	16.94	17.55	16.83	16.21
Fairwater										
Ripon	18.09	19.66	21.42	23.15	23.60	23.86	24.24	23.80	23.38	23.58
Markesan	17.40	19.36	21.45	23.16	23.07	22.07	22.76	24.45	24.68	23.80
N Fond du Lac										
N Fond du Lac	25.97	25.63	24.50	24.48	24.05	23.37	23.76	24.48	24.93	24.71
Oakfield										
Oakfield	23.73	23.22	23.12	24.13	23.79	23.90	24.52	24.02	24.05	23.84
Rosendale										
Rosendale-Brandon	19.68	18.27	18.99	18.06	17.70	17.53	18.27	19.33	19.15	18.45
St. Cloud										
New Holstein	19.40	19.32	19.97	19.29	19.39	20.23	20.14	20.74	20.27	20.53
Mt Calvary										
New Holstein	19.48	19.63	17.93	17.46	17.81	17.85	17.14	17.39	16.67	16.91

Source: Bureau of Property Tax, Wisconsin Department of Revenue

Schedule 7

FOND DU LAC COUNTY, WISCONSIN  
Principal Property Tax Payers  
Current Year and Nine Years Ago

Compan	2020				2011			
	Equalized Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Equalized Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Mercury Marine	\$ 71,175,509	\$ 68,764,100	1	0.88%	\$ 37,517,353	\$ 36,994,300	1	0.53%
Agnesian Healthcare Inc	67,334,390	64,762,030	2	0.83%	33,315,818	32,858,820	2	0.47%
Alliance Laundry Services	40,334,360	37,690,800	3	0.48%	15,484,560	15,564,800	7	0.22%
Grande Cheese Company	37,366,439	36,377,280	4	0.47%				
John Mark Apt. Complexes	26,834,818	26,124,450	5	0.33%	26,209,313	25,941,480	3	0.37%
Aurora Medical Group	21,677,168	20,763,850	6	0.27%	21,609,088	21,315,390	4	0.31%
Edward Rose Dev. Co. Apt. Compl	19,284,538	18,774,040	7	0.24%				
Wal-Mart	15,936,417	15,514,550	8	0.20%	16,701,735	16,531,060	8	0.24%
JF Ahern Company	15,460,692	15,051,420	9	0.19%	14,966,685	14,813,740	9	0.21%
Seneca Foods Food Processing	14,195,729	12,894,400	10	0.17%				
VH Enterprises					10,450,494	10,343,700	10	0.15%
Eagle Fond du Lac LLC					19,805,694	19,603,300	5	0.28%
Simon Properties					17,904,769	17,721,800	6	0.25%
Totals	\$ 329,600,060	\$ 316,716,920		4.05%	\$ 213,965,509	\$ 211,688,390		3.04%

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Schedule 8

FOND DU LAC COUNTY, WISCONSIN  
Property Tax Levies and Collections  
Last Ten Years

Budget Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	156,387,386	151,171,312	96.66%	3,322,999	154,494,311	98.79%
2012	160,176,409	155,218,095	96.90%	3,201,264	158,419,359	98.90%
2013	163,838,338	158,951,285	97.02%	3,541,004	162,492,289	99.18%
2014	156,491,010	152,761,152	97.62%	2,529,954	155,291,106	99.23%
2015	166,176,362	162,715,981	97.92%	2,451,041	165,167,022	99.39%
2016	165,987,578	162,793,557	98.08%	2,158,918	164,952,475	99.38%
2017	168,331,747	165,191,112	98.13%	2,121,972	167,313,084	99.39%
2018	169,868,572	166,859,179	98.23%	2,113,923	168,973,102	99.47%
2019	176,966,593	174,405,030	98.55%	1,549,583	175,954,613	99.43%
2020	178,669,126	176,274,562	98.66%	1,545,826	177,820,388	99.52%

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Note: Total Tax Levy includes all taxing jurisdictions, County, School, VTAE, State, Local, etc

Schedule 9

FOND DU LAC COUNTY, WISCONSIN  
 Ratios of Outstanding Debt by Type and General Bonded Debt  
 Last Ten Years

Yr End	Governmental	Governmental	Business-Type	Total		Per Capita Income	Equalized Value Including TID	Percentage of Personal Income	Per Capita
	Activities General Obligation Bonds	Activities General Obligation Notes	Activities General Obligation Bonds	Primary Government	Population				
2011	44,560,000	65,030,000	-	109,590,000	101,740	24,933	6,965,437,800	4.32%	1,077.16
2012	42,310,000	31,655,000	-	73,965,000	101,955	24,558	6,790,536,100	2.95%	725.47
2013	39,575,000	36,395,000	-	75,970,000	101,984	26,961	6,773,848,400	2.76%	744.92
2014	35,595,000	33,455,000	-	69,050,000	102,424	26,174	6,903,471,700	2.58%	674.16
2015	32,045,000	31,965,000	-	64,010,000	103,124	26,345	7,066,199,900	2.36%	620.71
2016	28,570,000	31,040,000	-	59,610,000	103,290	27,657	7,182,759,600	2.09%	577.11
2017	24,925,000	29,855,000	-	54,780,000	103,704	28,875	7,404,221,300	1.83%	528.23
2018	21,225,000	37,883,630	-	59,108,630	104,035	30,109	7,689,891,400	1.89%	568.16
2019	17,375,000	58,943,443	-	76,318,443	104,423	30,844	8,046,438,000	2.37%	730.86
2020	13,350,000	59,985,000	-	73,335,000	104,370	31,653	8,453,078,700	2.22%	702.64

Yr End	Total Gross Bonded Debt of			Less Debt Service Fund	Total Net Bonded Debt Primary Government	Percentage of Personal Income	Per Capita Population	Net Debt as a Percentage of Equalized Value
	Primary Government	Bond Premium	Discount					
2011	109,590,000	177,355		31,900,714	77,866,641	3.07%	765.35	1.12%
2012	73,965,000	965,458		4,448,863	70,481,595	2.81%	691.30	1.04%
2013	75,970,000	1,051,193		3,724,366	73,296,827	2.67%	718.71	1.08%
2014	69,050,000	932,426		2,610,839	67,371,587	2.51%	657.77	0.98%
2015	64,010,000	871,117		2,525,365	62,355,752	2.30%	604.67	0.88%
2016	59,610,000	813,472		3,374,553	57,048,919	2.00%	552.32	0.79%
2017	54,780,000	724,112		2,943,302	52,560,810	1.76%	506.83	0.71%
2018	59,108,630	797,134		2,877,492	57,028,272	1.82%	548.16	0.74%
2019	76,318,443	1,479,017		3,875,572	73,921,888	2.30%	707.91	0.92%
2020	73,335,000	1,471,323		2,920,826	71,885,497	2.18%	688.76	0.85%

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Schedule 10

**FOND DU LAC COUNTY, WISCONSIN**  
Direct and Overlapping Governmental Activities Debt

Governmental Unit	Outstanding Principal as of 12/31/2020	Percent of Debt Applicable To Count	Net Debt Applicable to Count
<b>Direct</b>			
Fond du Lac County			
General obligation debt	\$ 73,335,000	100.00%	\$ 73,335,000
Debt premium	1,471,323	100.00%	1,471,323
<b>Overlapping</b>			
Towns (21)	39,700,007	100.00%	39,700,007
Villages (6)	12,514,187	100.00%	12,514,187
<b>Cities</b>			
Fond du Lac	70,195,000	100.00%	70,195,000
Ripon	13,949,133	100.00%	10,732,375
Waupun	11,435,000	52.95%	6,054,926
School Districts (10)	256,577,288	Various	155,799,908
Sanitary Districts	803,909	Various	807,883
Moraine Park TCD	31,410,000	20.80%	6,533,738
<b>Total Overlapping</b>	<b>436,584,524</b>		<b>302,338,023</b>
<b>Total Direct and Overlapping Debt</b>	<b>\$ 511,390,847</b>		<b>\$ 377,144,347</b>
Direct Debt Per Capita (Based on 2020 population estimate of 104,370)		\$	702.64
Direct Debt to 2020 Equalized Value			0.87%
Direct, Overlapping and Underlying Debt Per Capita (Based on pop of 104,370)		\$	3,613.53
Direct, Overlapping and Underlying Debt to 2020 Equalized Value			4.46%

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Schedule 11

FOND DU LAC COUNTY, WISCONSIN  
 Legal Debt Margin Information  
 Last Ten Calendar Years

Budget Year	State Equalized Value of Fond du Lac County including TID	State Statute 67.03 5% Max	Maximum Principal Debt Ceiling Limit \$	Outstanding Principal Balance of General Obligation Debt	Less Amount Available for Repayment of General Obligation Debt	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2011	6,965,437,800	5.00%	348,271,890	109,590,000	31,900,714	77,689,286	270,582,604	22.31%
2012	6,790,536,100	5.00%	339,526,805	73,965,000	4,448,863	69,516,137	270,010,668	20.47%
2013	6,773,848,400	5.00%	338,692,420	75,970,000	3,724,366	72,245,634	266,446,786	21.33%
2014	6,903,471,700	5.00%	345,173,585	69,050,000	2,610,839	66,439,161	278,734,424	19.25%
2015	7,066,199,900	5.00%	353,309,995	64,010,000	2,525,365	61,484,635	291,825,360	17.40%
2016	7,182,759,600	5.00%	359,137,980	59,610,000	3,374,553	56,235,447	302,902,533	15.66%
2017	7,404,221,300	5.00%	370,211,065	54,780,000	2,943,302	51,836,698	318,374,367	14.00%
2018	7,689,891,400	5.00%	384,494,570	59,108,630	2,877,492	56,231,138	328,263,432	14.62%
2019	8,046,438,000	5.00%	402,321,900	76,318,443	3,875,572	72,442,871	329,879,029	18.01%
2020	8,453,078,700	5.00%	422,653,935	73,335,000	2,920,826	70,414,174	352,239,761	16.66%

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Schedule 12

**FOND DU LAC COUNTY, WISCONSIN**  
 Demographic and Economic Statistics  
 Last Ten Calendar Years

Year	(1) Population	(2) Per Capita Personal Income	(3) Personal Income	(4) Median Age	(5) Public School Enrollment	(6) Unemployment Rate %
2011	101,740	24,933	2,536,683,420	40.2	14,183	7.3%
2012	101,955	24,558	2,503,810,890	40.2	14,166	6.5%
2013	101,984	26,961	2,749,590,624	40.6	14,012	6.1%
2014	102,424	26,174	2,680,845,776	40.9	14,015	4.9%
2015	103,124	26,345	2,716,801,780	41.0	13,788	4.1%
2016	103,290	27,657	2,856,691,530	41.2	13,880	3.5%
2017	103,704	28,875	2,994,453,000	41.5	13,847	2.8%
2018	104,035	30,109	3,132,389,815	41.6	13,690	2.2%
2019	104,423	30,844	3,220,823,012	40.2	13,726	2.9%
2020	104,370	31,653	3,303,623,610	40.2	13,517	5.9%

EDUCATIONAL ATTAINMENT (2)

Population 25 years and over	72,691
Less than High School diploma	5,910
High school graduate (includes equivalency)	26,438
Some college, no degree	14,814
Associate degree	8,854
Bachelor's degree	11,609
Graduate or professional degree	5,059
	6.96%

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POPULATION BY AGE (4)

0-4	5,420	5.2%
5-9	6,067	5.8%
10-19	13,084	12.5%
20-29	12,562	12.0%
30-39	12,740	12.2%
40-49	12,249	11.7%
50-59	14,577	14.0%
60-64	7,539	7.2%
65+	20,206	19.4%
	104,444	100.0%

(1) Source: Bond Issuance Statement dated March 1, 2021. Written by Hutchinson, Shockey, Erley & Co., Quarles & Brady LLP, Bond Counsel, and Investment Rating Aa2 by Moody's Investors Service.

(2) Source: U.S. Census Bureau

(3) Personal income is the result of multiplying the population times the per capita income

(4) Source: Fond du Lac County Economic Development Corp

(5) Source: Local School Districts

(6) Source: Bond Issuance Statement dated March 1, 2021. Written by Hutchinson, Shockey, Erley & Co., Quarles & Brady LLP, Bond Counsel, and Investment Rating Aa2 by Moody's Investors Service.





Schedule 14  
**FOND DU LAC COUNTY, WISCONSIN**  
 Full-time Equivalent County Government Employees by Function/Program  
 Last Ten Calendar Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Health / Human Services</b>											
Health Department	35.54	32.7	32.83	33.14	36.25	38.44	39.16	40.10	32.34	31.10	38.58
Family Support	17.37	16.81	16.93	16.17	16.07	16.07	16.00	16.00	16.00	16.00	16.00
Senior Services	9.44	16.73	17.44	17.67	17.35	17.56	17.70	17.61	15.95	15.85	16.52
Aging Nutrition	4.57	4.59	4.48	4.77	4.77	4.88	5.10	10.70	4.21	4.17	4.32
Veterans	3.12	2.9	2.85	2.81	3.62	3.02	2.69	2.48	2.39	2.39	2.39
Rolling Meadows Nrsrg/Rehab		-	-	-	-	-	-	-	-	-	124.75
Harbor Haven Health & Rehab	111.89	103.14	103.98	98.96	102.15	120.42	105.57	97.48	115.20	126.93	-
Dept of Community Programs	100.17	89.78	93.16	94.28	89.88	89.29	82.89	80.18	85.58	88.81	81.18
Dept of Social Services	143.8	141.36	143.54	146.30	144.62	143.73	142.00	143.89	135.38	139.72	142.14
<b>Total</b>	<b>425.90</b>	<b>408.01</b>	<b>415.22</b>	<b>414.10</b>	<b>414.71</b>	<b>433.41</b>	<b>411.11</b>	<b>408.44</b>	<b>407.05</b>	<b>424.97</b>	<b>425.88</b>
<b>Public Works</b>											
Highway Department	62	62	61.00	61.00	62.00	61.00	60.00	59.74	58.14	59.00	61.02
Airport	2.13	1.78	1.43	1.61	1.89	1.85	1.62	1.53	1.47	1.60	1.73
<b>Total</b>	<b>64.13</b>	<b>63.78</b>	<b>62.43</b>	<b>62.61</b>	<b>63.89</b>	<b>62.85</b>	<b>61.62</b>	<b>61.27</b>	<b>59.61</b>	<b>60.60</b>	<b>62.75</b>
<b>Culture / Recreation / Education</b>											
Parks	4.3	3.81	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Fairgrounds	2.42	1.47	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00
County Extension Office	3.74	3.44	3.47	3.51	3.85	3.87	3.80	4.20	3.86	3.62	3.50
Rolling Meadows Golf Course	13.26	6.41	6.73	6.65	6.94	7.23	7.98	7.25	6.30	6.12	5.34
<b>Total</b>	<b>23.72</b>	<b>15.13</b>	<b>14.20</b>	<b>14.16</b>	<b>14.79</b>	<b>16.10</b>	<b>17.78</b>	<b>17.45</b>	<b>16.16</b>	<b>15.74</b>	<b>14.84</b>
<b>Conservation / Development</b>											
Land/Water Conservation	7.86	7.46	7.22	7.18	7.50	7.49	7.28	5.48	7.21	7.59	7.59
Planning	1.51	1.6	1.60	1.60	1.60	1.70	1.70	1.70	2.00	2.00	2.00
Environmental Services	3.8	4	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
<b>Total</b>	<b>13.17</b>	<b>13.06</b>	<b>12.82</b>	<b>12.78</b>	<b>13.10</b>	<b>13.19</b>	<b>12.98</b>	<b>11.18</b>	<b>13.21</b>	<b>13.59</b>	<b>13.59</b>
<b>Grand Total</b>	<b>801.21</b>	<b>766.90</b>	<b>770.43</b>	<b>762.36</b>	<b>788.48</b>	<b>788.38</b>	<b>766.20</b>	<b>749.52</b>	<b>752.82</b>	<b>775.42</b>	<b>781.24</b>

Legislative is made up of 25 members. The Deputy Reserves are made up of 20 members.  
 Neither are counted or included as Full Time Equivalents for employment purposes.

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Schedule 15  
**FOND DU LAC COUNTY, WISCONSIN**  
 Selected Operating Indicators by Function / Program  
 Last Ten Calendar Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Government:</b>										
<b>County Clerk</b>										
DNR Licenses issued	167	217	244	214	294	471	441	444	469	494
Marriage License issued	469	513	595	566	528	560	562	539	574	562
Domestic Partnership License issued	-	-	-	-	-	-	-	2	1	5
<b>Clerk of Courts</b>										
Passport applications	756	1,669	1,727	1,978	1,913	1,657	1,737	1,626	1,699	1,599
Cases filed - Civil	431	606	587	518	564	611	569	682	950	959
Criminal	2317	2432	2,346	2,274	2,435	2,380	2,521	2,518	2,296	2,089
Family / Paternity	534	570	659	620	667	646	723	686	700	830
Juvenile	303	323	381	382	441	328	379	346	308	287
Small Claims	2111	3098	3,294	3,396	3,178	2,873	2,903	2,921	3,093	2,970
Traffic / Forfeitures	8532	9383	11,245	10,549	14,198	12,631	11,751	13,514	15,267	14,325
<b>Coroner/Medical Examiner</b>										
Number of cases investigated	754	568	546	547	463	419	497	469	444	419
Number of cremations	729	621	557	558	526	449	500	431	429	436
Number of FDL Co. autopsies performed	88	78	75	83	96	76	96	80	90	91
Number of referral autopsies performed	294	188	42	343	461	426	443	362	300	322
<b>District Attorney</b>										
Filed Complaints:										
Felony	906	856	830	723	671	718	671	708	646	506
Misdemeanor	1010	953	979	1,037	1,080	1,051	1,081	1,122	901	884
Traffic:										
Criminal	526	578	523	516	671	602	615	683	649	699
Forfeiture (not guilty cases)	1073	1039	1,245	1,119	1,506	1,273	1,063	1,142	4,097	4,350
Sheriff's Forfeitures (not guilty cases)	85	124	125	94	159	90	101	126	106	140
Juvenile:										
CHIPS	107	127	111	156	120	133	148	105	89	95
TPR	8	16	37	24	17	16	10	47	21	-
Other	131	142	180	166	150	151	163	150	134	116
<b>Probate</b>										
Number of probate cases filed	194	195	182	155	150	180	182	149	174	186
New guardianship petitions filed	76	55	57	60	58	43	46	67	43	45
Chapter 51 Commitments	288	242	282	317	332	351	346	415	423	452

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Schedule 15

**FOND DU LAC COUNTY, WISCONSIN**  
 Selected Operating Indicators by Function / Program  
 Last Ten Calendar Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>Register of Deeds</b>										
Number of documents recorded, land related	19,498	15,399	14,370	14,911	16,493	15,153	14,440	18,502	22,335	18,312
Number of vital records, birth/death/marriage/divorc	16,141	16,279	15,859	14,693	15,700	15,181	14,926	15,153	4,539	2,671
<b>Public Safety:</b>										
<b>Sheriff's Department and Jail</b>										
Number of calls for service	30,707	33,392	33,880	33,236	37,837	PRIOR YEARS INFORMATION UNAVAILABLE				
Traffic warnings/citations	11,266	12,940	15,838	14,080	17,968	16,395	16,370	16,374	20,210	17,721
Traffic fatalities	10	8	15	11	10	12	10	9	22	9
Average adult Jail population per month	209	265	283	257	263	263	279	246	225	255
Average adult count (includes GPS & Day Prog)	239	284	298	272	285	289	300	270	277	273
Average juvenile detention population per month	10	11	11	10	12	12	12	6	8	6
<b>Health and Human Services:</b>										
<b>Aging Services</b>										
No. delivered meals served under Title IIIC1 prog	33,969	22,798	22,089	26,050	26,057	25,945	24,462	27,327	26,498	27,223
No. of individuals served under Title IIIC2 prog	30,173	22,573	22,362	24,085	23,753	25,682	28,496	30,414	30,123	29,676
No. of transportations	11,267	41,087	45,438	49,391	52,118	55,076	57,608	57,454	57,385	57,501

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Schedule 16

**FOND DU LAC COUNTY, WISCONSIN**  
 Capital Asset Statistics by Function/Program  
 Last Ten Calendar Years

Function / Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Government:</b>										
Courthouse/Administration Building	1	1	1	1	1	1	1	1	1	1
Sheriff Administration Building	1	1	1	1	1	1	1	1	1	1
Jail Building	1	1	1	1	1	1	1	1	1	1
Western Ave Annex / Morgue	1	1	1	1	1	1	1	1	1	1
Elm Street Building	1	1	1	1	1	1	1	1	1	1
Manis Property	1	1	1	1	1	1	1	1	1	1
Portland Street Annex	1	1	1	1	1	1	1	1	1	1
Western Ave Property	1	1	1	1	1	1	1	1	1	1
<b>Public Safety:</b>										
Sheriff's Dept/Jail/Juvenile Detention	1	1	1	1	1	1	1	1	1	1
Sheriff Impound/Sr Services Bld	1									
<b>Public Works:</b>										
Airport	1	1	1	1	1	1	1	1	1	1
Highway Office & Maint Shop	1	1	1	1	1	1	1	1	1	1
Highway Cold Storage - Hickory	1									
Highway Dept. Satellite Shops	3	3	3	3	3	3	3	3	3	3
Salt Domes	3	3	3	3	3	3	3	3	3	3
Salt Sheds	6	7	7	7	7	5	5	5	5	5
<b>Health &amp; Human Services:</b>										
Care Management Organization	0	0	0	0	0	0	0	0	0	0
Department of Community Programs	1	1	1	1	1	1	1	1	1	1
Department of Social Services	1	1	1	1	1	1	1	1	1	1
Galow Group Home	1	1	1	1	1	1	1	1	1	1
Shelter Care Group Home	1	1	1	1	1	1	1	1	1	1
Harbor Haven Nursing & Rehabilitation	1	1	1	1	1	1	1	1	1	1
Rolling Meadows Nursing/Rehabilitation Ctr	1	0	0	0	0	0	0	0	0	0
<b>Culture, Recreation &amp; Education:</b>										
County Parks-building/equipment	8	8	8	8	8	8	8	8	8	8
Fairgrounds	1	1	1	1	1	1	1	1	1	1
Rolling Meadows Golf Course	1	1	1	1	1	1	1	1	1	1
University of Wisconsin Center FDL	1	1	1	1	1	1	1	1	1	1

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Schedule 17

FOND DU LAC COUNTY, WISCONSIN  
 Schedule of Insurance in Force  
 Year Ended December 31, 2020

Insurance	Policy Number	Effective Date	Limits	Premium
Workers Compensation	UB-1L613789-20-PA-R	1/1/20 to 12/31/20	\$ 1,000,000	\$708,197
Property Insurance	HJ-630-3F024387-TIL-20	1/1/20 to 12/31/20	\$110,040,035	\$ 88,494
Contractor Equipment	HJ-630-3F024387-TIL-20	1/1/20 to 12/31/20	\$10,999,978	Included in property premium
General Liability	ZLP-15S66974-20-PB	1/1/20 to 12/31/20	\$1,000,000 per occurrence	\$61,396
Cyber Liability	V2578B200201	1/1/20 to 12/31/20	\$ 3,000,000	\$23,140
Airport Liability	PR00189820	1/1/20 to 12/31/20	\$ 3,000,000	\$5,216
City-County Buildings	H6302J597142TIL20	1/1/20 to 12/31/20	\$ 73,530,230	\$61,439
Automobile	HJ-CAP-2C411772-TIL-20	1/1/20 to 12/31/20	\$ 1,000,000	\$166,641
Umbrella	ZUP-16N7349A	1/1/20 to 12/31/20	\$ 8,000,000	\$74,996
Equipment Breakdown	BME1-6K72665A-TIL	1/1/20 to 12/31/20	\$ 50,000,000	\$7,026
Crime	1014224	1/1/20 to 12/31/20	\$ 1,000,000	\$9,015
Law Enforcement Liability	ZLP-15S66974-20-PA	1/1/20 to 12/31/20	\$1,000,000 per occurrence	\$85,825
Healthcare Professional	6199760	1/1/20 to 12/31/20	\$3,000,000 per occurrence	\$156,550
Public Officials Liability	ZLP-15S66974-20-PA	1/1/20 to 12/31/20	\$1,000,000 per occurrence	\$66,662
Medical Payments	US1304875	1/1/20 to 12/31/20	\$25,000 any one person	\$1,120
Malicious Acts	B1262FC0239920	1/1/20 to 12/31/20	\$1,000,000 per occurrence	\$5,000
Total				\$ 1,520,717

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Schedule 18

FOND DU LAC COUNTY, WISCONSIN  
Miscellaneous Statistics  
December 31, 2020

Date of Incorporation	April 1, 1839
Form of Government	County Executive/County Board
Total Area	725 Square Miles
Center line Miles of Roads and Streets	
County	384.14
City/Town/Village miles	1,210.38
State Hwys	199.48
Acres of Industrial Land	6,950
Farming Acres	280,039
Libraries (Non-County operated)	7
Number of Hospitals (Non-County operated)	2
Recreation	
County Operated:	
Number of Golf Courses	1
Number of Disc Golf Courses	2
Number of Parks & Recreation Facilities	19
Acres of Parks & Recreation Facilities	1,493
Miles of Trails	63
Miles of Snowmobile Trails	297
State Recreation Lands	<u>Total Acres</u>
Eldorado Marsh Wildlife Area	6,381
Horicon National Wildlife Refuge	31,000
Kettle Moraine State Forest	30,000
Non-County Operated:	
Number of Golf Courses	6
Number of Parks and Recreation Areas	45
Acres of Public Hunting/Fishing	24,430
Utilities	
County Operated - Landfill - Closed	1
Non-County Operated:	
Number of Sanitary Sewer Districts	13
Natural Gas	2
Number of Wind Turbine Projects	3
Alliant-Cedar Ridge, (Towns of Eden/Empire), 41, 1.65 MW turbines	
WE Energy, (Towns of Calument/Marshfield), 88, 1.65 MW turbines	
Forward Wind Energy, (Towns of Oakfield/Byron), 86, 1.5 MW turbines	

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**APPENDIX B-2**

**Audited Financial Statements of Calumet County, Wisconsin**

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Calumet County, Wisconsin

Annual Financial Report

December 31, 2020

**CALUMET COUNTY, WISCONSIN**

Annual Financial Report  
December 31, 2020

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**CALUMET COUNTY, WISCONSIN**

Annual Financial Report  
December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the County Board  
Calumet County  
Chilton, Wisconsin

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Calumet County, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Calumet County's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Calumet County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Calumet County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Page 1

To the County Board  
Calumet County

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Calumet County, Wisconsin, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1, Calumet County adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2020. Our opinions are not modified with respect to this matter.

**Other Matters**

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Calumet County's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

**Prior-Year Comparative Information**

The summarized comparative prior year information included in the financial statements has been derived from Calumet County's 2019 financial statements. The financial statements of Calumet County as of December 31, 2019, were audited by other auditors whose report thereon dated July 24, 2020, expressed unmodified opinions on the financial statements. We have not audited, reviewed, or compiled the 2019 information, and, accordingly, we express no opinion on it.

To the County Board  
Calumet County



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Finance Department

**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2020**

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of Calumet County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Calumet County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Calumet County's internal control over financial reporting and compliance.

Madison, Wisconsin  
August 2, 2021

As management, we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information provided in the notes to the basic financial statements, which can be found on pages 31 through 62 of this report.

**Financial Highlights**

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$55,222,691 (*net position*). Of this amount, \$9,720,416 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$4,221,833. Several factors contributed to the overall increase as follows:
  - Strong budgetary performance in the County's governmental funds resulted in a \$2.8 million increase in fund balance in the County's general, special revenue, and sales tax capital projects fund. The County's overall governmental fund balances decreased \$2.7 million due to the following:
    - The County expended \$20.2 million in capital construction for the courthouse renovation and jail construction projects during 2020, using general obligation bond proceeds from 2019 and 2020. The related construction costs were capitalized and the debt obligations reported as liabilities in the government-wide financial statements.
    - The County applied \$.7 million of debt premium received in 2019 to reduce 2020 debt service expenditures. An additional \$.2 million of debt premium was received in 2020 and was applied in the County's 2021 budget.
  - Principal retirement of \$2,865,000 was financed by general property taxes.
  - Highway operations resulted in a net loss of \$448,180.
- At the end of the current year, unassigned fund balance for the general fund was \$10,912,372, or approximately 32% of total general fund and human services fund expenditures.
- The County has established a minimum fund balance policy; the minimum unassigned fund balance to be retained for 2020 is \$6,190,028. The County has also established a working capital requirement of \$1,900,000.
- The County's total general-obligation debt increased by \$12,135,000 (40%) during the current year due to the issuance of new debt in the amount of \$15.0 million (phase 2) for the remodeling of the 3rd floor of the courthouse and the construction of a new jail facility.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.



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Finance Department

**Management's Discussion and Analysis (Unaudited)  
 December 31, 2020**

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the County's assets, liabilities, and deferred outflows and inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, public works, health and human services, education and recreation, conservation and development and interest on long-term debt. The business-type activities of the County include a highway construction and maintenance operation.

The government-wide financial statements can be found on pages 17 to 19 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.



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Finance Department

**Management's Discussion and Analysis (Unaudited)  
 December 31, 2020**

The County maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the human services special revenue fund, the capital improvements capital projects fund and the debt service fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for all of its governmental funds. As part of the County's required supplementary information, budgetary comparison statements have been provided for the general fund and for each individual major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 20 to 25 of this report.

**Proprietary funds.** The County maintains a single type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses an enterprise fund to account for its highway construction and maintenance operation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the highway construction and maintenance operation, which is considered to be a major fund of the County.

The basic proprietary fund financial statements can be found on pages 26 to 28 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County maintains multiple custodial funds which are combined in the basic financial statements. Individual custodial fund information is provided in the form of combining statements elsewhere in this report.

The basic fiduciary fund financial statements can be found on pages 29 and 30 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 31 to 62 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, required supplementary information presents a schedule of funding progress for the other postemployment benefits plan, schedules of the proportionate share of the net pension liability (asset) and net OPEB liability (asset), schedules of employer contributions to the Wisconsin Retirement System (pension) and Local Retiree Life Insurance Fund (OPEB), as well as, a budgetary comparison schedule for the General Fund and the Human Services Special Revenue Fund to demonstrate compliance with the budget.

These schedules and related notes can be found on pages 63 to 69 of this report.



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Finance Department

**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2020**

The combining statements referred to earlier in connection with nonmajor governmental and custodial funds and other information related to the individual funds and capital assets used in governmental activities are presented immediately following the required supplementary information.

Combining and individual statements and schedules can be found on pages 70 to 88 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$55,222,691 at the close of the most recent year. By far the largest portion of the County's net position (75%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, etc.), less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of restricted and unrestricted net position amounting to \$13,762,989 may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current year, the County is able to report positive balances in all categories of net position, for the County as a whole. The County's business-type activities reflect positive balances in the categories of net position and negative balances in unrestricted net position. The County's total net position increased by \$4,221,833 during the current year.

Calumet County's Net Position				
	Governmental Activities	Business-Type Activities	Totals	
			2020	2019
Current and other assets	\$ 61,235,711	\$ (2,282,637)	\$58,953,074	\$57,282,169
Capital assets	67,138,470	10,397,209	77,535,679	57,613,932
Total assets	128,374,181	8,114,572	136,488,753	114,896,101
Deferred outflows of resources	7,998,100	673,098	8,671,198	10,261,184
Long-term liabilities outstanding	49,970,626	543,900	50,514,526	41,010,990
Other liabilities	6,571,864	207,308	6,779,172	5,615,818
Total liabilities	56,542,490	751,208	57,293,698	46,626,808
Deferred inflows of resources	31,846,345	797,217	32,643,562	27,529,619
Net Position:				
Net investment in capital assets	31,062,493	10,397,209	41,459,702	37,848,275
Restricted	3,780,674	261,899	4,042,573	2,824,961
Unrestricted (deficit)	13,140,279	(3,419,863)	9,720,416	10,327,622
Total net position	\$ 47,983,446	\$ 7,239,245	\$55,222,691	\$51,000,858



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**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2020**

**Governmental activities.** Governmental activities increased the County's net position by \$4,221,833, as summarized below.

Calumet County's Change in Net Position				
	Governmental Activities	Business-Type Activities	Totals	
			2020	2019
Revenues:				
Program revenues:				
Charges for service	\$ 7,434,438	\$ 6,186,413	\$13,620,851	\$14,745,590
Operating grants and contributions	14,211,654	-	14,211,654	10,454,808
Capital grants and contributions	-	-	-	165,851
General revenues:				
Property taxes	22,219,150	-	22,219,150	21,174,475
Sales taxes	4,333,613	-	4,333,613	4,073,899
Other taxes	261,924	-	261,924	254,781
Grants and contributions not restricted to specific programs	1,745,382	-	1,745,382	1,127,610
Other	471,187	164,943	636,130	560,102
Total revenues	50,677,348	6,351,356	57,028,704	52,557,116
Expenses:				
General government	6,737,044	-	6,737,044	6,853,398
Public safety	7,929,224	-	7,929,224	7,997,635
Public works	4,889,361	-	4,889,361	4,752,084
Health and social services	18,337,793	-	18,337,793	17,548,481
Education and recreation	4,269,128	-	4,269,128	4,283,326
Conservation and development	2,938,126	-	2,938,126	3,170,694
Interest on long-term debt	906,659	-	906,659	700,464
Highway operations	-	6,799,536	6,799,536	7,442,669
Total expenses	46,007,335	6,799,536	52,806,871	52,748,751
Increase (decrease) in net position	4,670,013	(448,180)	4,221,833	(191,635)
Net position - beginning	43,313,433	7,687,425	51,000,858	51,192,493
Net position - ending	\$ 47,983,446	\$ 7,239,245	\$55,222,691	\$51,000,858



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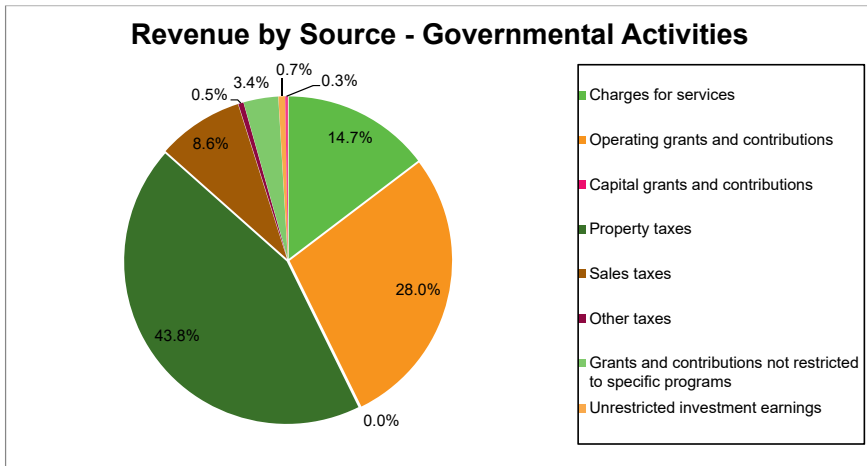
Finance Department

**Management's Discussion and Analysis (Unaudited)  
 December 31, 2020**

Key elements of this increase are as follows:

- Property taxes increased by \$1,044,675 (4.9%) during the year due, in part, a debt service increase of \$507,730 to finance principal and interest payments related to the jail and courthouse projects started in 2019.
- Sales taxes increased by \$259,714 (6%) despite the COVID-19 pandemic. The County implemented a 0.5% County sales tax in 2018 to eliminate debt issued for ongoing capital project expenditures.
- Operating grants and contributions increased as the County received the combined amount of \$1.5 million from the Coronavirus Aid, Relief, and Economic Security Act and Routes to Recovery funding to address costs incurred by the COVID-19 pandemic.
- Operating expense for governmental activities increased by \$701,253 as increased expenditures for addressing the COVID-19 pandemic were offset by projects delayed to 2021 due to the pandemic.

The County's primary revenues sources are property taxes and operating grants, as summarized below.



Operating grants and grants not restricted to specific programs increased during 2020 as the County received additional federal grants of approximately \$1.5 million to address the COVID-19 pandemic.

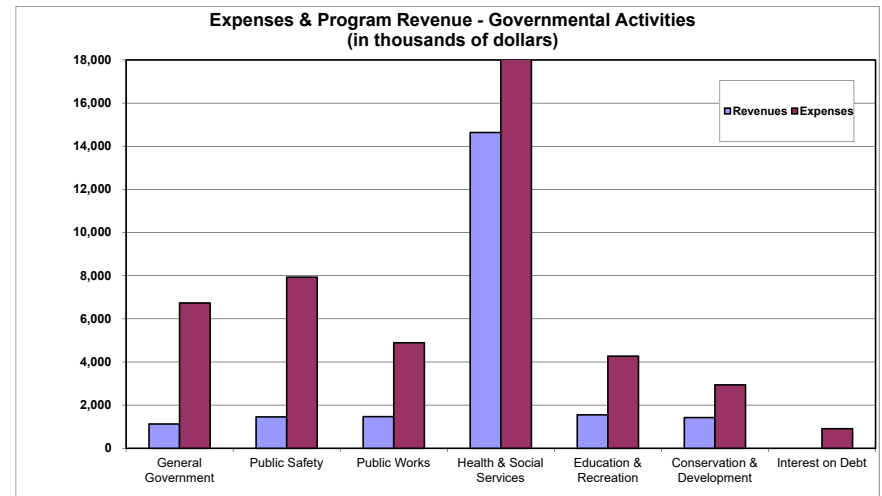


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**Management's Discussion and Analysis (Unaudited)  
 December 31, 2020**

The following chart illustrates functional expenses and related revenues. The difference between expenses and revenues is financed by general revenues, primarily property taxes and grants not specific to a function, like shared revenues provided by the State of Wisconsin. A significant portion of the County's expenses are focused on health and human services, as the County's human service department administers a variety of programs to assist residents of the County, which are primarily supported by federal and state grants and other charges for services. The public safety function consists of the sheriff and emergency management services.





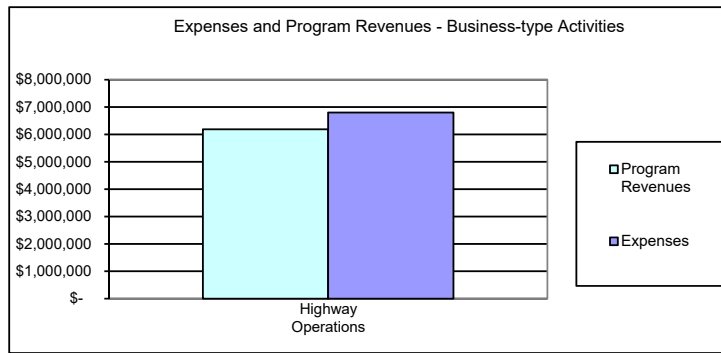
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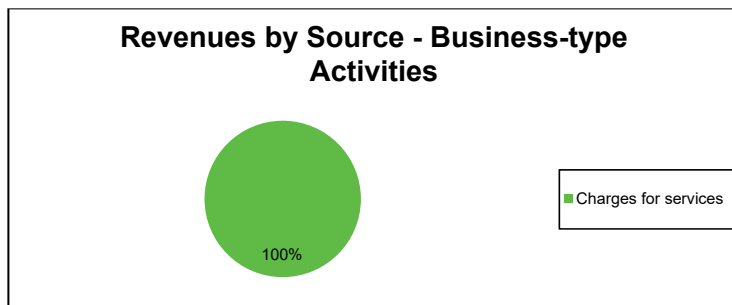
**Management's Discussion and Analysis (Unaudited)  
 December 31, 2020**

**Business-type activities.** Business-type activities decreased the County's net position by \$448,180. The following item affected the highway operations in 2020:

- Charges for services for highway construction and maintenance decreased by \$728,500 while operating costs only decreased by \$581,890, resulting in a \$146,610 increase in operating loss. The decrease in intergovernmental charges for services was due to lower utilization of the department's machinery.



The highway operations relies primarily on charges to the State of Wisconsin for maintaining state highways within the County and charges to the County's county roads and bridges special revenue and sales tax capital projects funds for construction and maintenance of the County highway system.



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**Management's Discussion and Analysis (Unaudited)  
 December 31, 2020**

**Financial Analysis of the Government Funds**

As noted earlier, Calumet County uses fund accounting to ensure and demonstrate compliance with finance-related legal issues.

**Governmental funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$28,947,377, a decrease of \$2,699,114 in comparison with the prior year. Approximately 38% of this amount (\$10,898,174) constitutes unassigned fund balance, which is available for spending at the County's discretion, as previously discussed. The remainder of the fund balance is restricted, committed, assigned or non-spendable to indicate that it is not available for new spending because it has already been obligated 1) for current year purchases of inventory and prepayments that benefit periods beyond the end of the current year (\$261,643), 2) for non-liquid delinquent taxes (\$525,903), 3) for advances to other funds that are not expected to be liquidated in the next year (\$2,751,894), 4) for fund balance applied in the 2021 budget and projects requested to be carried forward into the next budget cycle (\$2,292,366), 5) bond proceeds to be used to complete the jail construction project (\$6,629,329), 6) bond premium to offset future debt payments (\$154,707) and 7) for funds which are restricted or committed for a variety of other purposes (\$5,433,361).

The general fund is the main operating fund of the County. At the end of the current year, unassigned fund balance of the general fund was \$10,912,372, while total fund balance reached \$17,098,873. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 58 percent of the total general fund expenditures, while total fund balance represents 91 percent of that same amount.

The fund balance of the County's general fund increased by \$1,819,536 during the current year.

Key factors of this increase are as follows:

- The general fund recognized \$580,766 of Routes to Recovery funding to address the COVID-19 pandemic during 2020. While some of these funds reimbursed unbudgeted 2020 expenditures, the grant also covered salaries and benefits of employees who were redeployed to address the COVID-19 pandemic.
- COVID-19 impacted the County's ability to complete many 2020 budgeted projects, resulting in an increase of \$359,119 in budget carryovers to the 2021 budget year to provide additional time to complete the projects.
- The human services special revenue fund returned a surplus of \$1,329,263 to the general fund.





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The human services fund excess of revenues over expenditures amounted to \$1,329,263 which was transferred to the general fund. Key factors influencing the excess revenues over expenditures are as follows:

- Human services received \$886,250 of Routes to Recovery funding and additional public health grants to address the COVID-19 pandemic costs. While some of these funds reimbursed unbudgeted 2020 expenditures, these grants also covered salaries and benefits of employees who were redeployed to address the COVID-19 pandemic.

The capital improvements capital projects fund has a \$6,629,329 fund balance at the end of 2020 which represents remaining proceeds from the issuance of general obligation debt during 2020. A final debt issue of \$3 million occurred in 2021 to complete the construction of the new jail facility, with occupancy anticipated in October, 2021.

The debt service fund has a \$154,707 fund balance at the end of 2020, a decrease of \$439,076. As part of the 2020 budget, the County applied \$548,368 of debt premium received in 2019 to reduce 2020 debt service payments.

**Proprietary fund.** The County's proprietary fund provides the same type of information found in the County's government-wide financial statements, but in more detail. The unrestricted net position of the highway construction and maintenance operations amounted to a negative \$3,419,863. The change in total net position was a \$448,180 decrease, related primarily to the lower utilization of the County's machinery and equipment than budgeted.

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget amounted to a \$1,715,689 increase in appropriations and \$1,540,198 increase in estimated revenues, both of which can be briefly summarized as follows:

- Expenditures of \$1,296,849 and anticipated grant revenues of \$823,491 representing projects and multi-year grant awards not completed in 2019 were carried forward from 2019.
- Additional grant awards of \$716,707 were received in 2020, consisting primarily of the Routes to Recovery award received to address the COVID-19 pandemic. These additional grants resulted in an increase in appropriations of \$410,345, primarily for unbudgeted expenditures related to the pandemic.

The County's actual revenues were \$3,895,445 below budget, primarily in the intergovernmental and interest revenue sources. Interest earned was down due to lower interest rates than anticipated, in part due to the pandemic. The budgetary shortfall in intergovernmental revenues can be briefly summarized as follows:

- Multi-year grant awards of \$676,684 were carried forward to 2021.
- A CDBG closeout grant was budgeted at \$1.3 million while actual revenues were \$61 thousand, as the State made payments directly to County municipalities as part of the grant.
- A \$1.4 million land conservation grant was not received



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The County's actual expenditures were \$5,702,238 below budget, briefly summarized as follows:

- The County carried forward appropriations of \$832,472 in various departments for 2020 projects which were not completed as of the end of the year. The general government portion was \$586 thousand, with \$281 thousand related to IT projects.
- Of the \$676,684 of multi-year grants carried forward, \$298,698 related to the parks department and \$332,301 related to land conservation departments.
- Conservation and development expenditures of \$2.7 million were related to the intergovernmental variance discussed previously.

The County's 2020 budget applied fund balance of \$1,141,029 to support capital outlay expenditures of general fund departments and other projects due to the fund's strong fiscal position. Due to strong budgetary controls and projects delayed, the general fund departments returned a surplus of \$500 thousand.

**Capital Assets and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounts to \$77,535,679 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, public domain infrastructure (highways and bridges) and work in progress.

Major capital asset events during the year included the following:

- County Trunk Highway construction projects (public domain infrastructure) were completed during the year at a cost of \$2,485,446.
- A variety of machinery & equipment purchases were completed during the year at a cost of \$749,719.
- Work in Progress increased as a result of the new jail facility being constructed and the remodeling of the 3rd floor of the courthouse. The courthouse remodeling project was completed during 2020, and \$1,461,400 placed into service while the County expects the jail facility to be completed in fall of 2021.

	Calumet County's Capital Assets (net of accumulated depreciation)					
	Governmental activities		Business-type activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 4,028,171	\$ 3,678,171	\$ 26,191	\$ 26,191	\$ 4,054,362	\$ 3,704,362
Land Impr.	1,383,950	1,522,797	-	-	1,383,950	1,522,797
Buildings	8,390,921	7,153,240	7,258,580	7,412,519	15,649,501	14,565,759
Machinery & Equip.	4,019,662	4,273,100	3,067,051	2,631,489	7,086,713	6,904,589
Infrastructure	25,135,648	25,272,569	-	-	25,135,648	25,272,569
Work in Progress	24,180,118	5,372,075	45,387	271,781	24,225,505	5,643,856
Total	<u>\$67,138,470</u>	<u>\$47,271,952</u>	<u>\$10,397,209</u>	<u>\$10,341,980</u>	<u>\$77,535,679</u>	<u>\$57,613,932</u>



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**Management's Discussion and Analysis (Unaudited)  
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While overall capital assets increased \$19,921,747, the County's net investment in capital assets increased \$3,611,427 during the year, as the courthouse remodeling and jail construction costs were financed by bond proceeds. The County utilizes a County sales tax and available general fund balance to finance capital improvements annual.

The highway enterprise fund's net investment in capital assets remained consistent, as asset replacements generally equal depreciation expense on an annual basis.

Additional information on the County's capital assets can be found in note 3.C pages 43 and 44 of this report.

**Long-term debt.** At the end of the current year, the County had total general obligation debt outstanding of \$42,785,000. The full faith and credit of the County back all of this debt.

Calumet County's Outstanding Debt						
	Governmental activities		Business-type activities		Totals	
	2020	2019	2020	2019	2020	2019
General Obligation						
Bonds	\$31,475,000	\$17,000,000	\$-	\$-	\$31,475,000	\$17,000,000
Notes	11,310,000	13,650,000	-	-	11,310,000	13,650,000
<b>Total</b>	<b>\$42,785,000</b>	<b>\$30,650,000</b>	<b>\$-</b>	<b>\$-</b>	<b>\$42,785,000</b>	<b>\$30,650,000</b>

The County's total general obligation debt increased by \$12,135,000 (40%) during the current year. The key factor in this increase was the issuance of new debt in the amount of \$15,000,000 related to the construction of a new County jail facility. The final borrowing of \$3,000,000 for the project was completed in 2021.

The County's AA+ rating from Standard and Poor's was reaffirmed as part of the 2021 debt issue.

State statutes limit the amount of general obligation debt the County may issue to 5 percent of its total equalized valuation. The current debt limitation for the County is \$236,960,220; which is significantly greater than the County's \$42,785,000 in outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 3.E on pages 45 and 46 of this report.



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**Management's Discussion and Analysis (Unaudited)  
 December 31, 2020**

**Economic Factors and Next Year's Budgets and Rates**

- In Calumet County, the unemployment rates were 2.8% in 2019 and 4.7% in 2020. This compares favorably with the Wisconsin unemployment rates of 3.3% and 6.3% respectively. As of March 2021, Calumet County has the 2nd lowest unemployment rate of the state's seventy-two counties.
- Calumet's 2020 equalized property value stands at over \$4.7 billion, an increase of approximately 5.5 percent from 2019. In 2020, the County realized more than \$64.3 million (1.43%) increase in net new construction valuation, a 33.3% decrease from 2019.
- The population of Calumet County grew at an estimated rate of 8.9% since the 2010 census, continuing a pattern of rapid growth, which has placed the county as the 2nd fastest growing county in the state. This growth outpaces the population growth of the state at 2.95%.
- The 2019 Per Capita Personal Income of Calumet County was \$52,859 ranked thirteenth highest in the State and an increase of 4.1% over the previous year. The state-wide Per Capita Personal Income for the same time period was \$53,227.
- The County maintains an AA+ (Stable) bond rating from Standard & Poors Global Ratings Service, based in part on the relatively strong economic climate of the County.

All of these factors were considered in preparing the County's budget for the 2021 fiscal year.

Wisconsin enacted legislation in 2009 to impose a limit on the amount of the annual tax levy increase. This limit imposed on Wisconsin counties uses the baseline of 2010 levy adopted for the 2011 budget. The legislation limits the increase in the amount of the levy to the greater of 0.0% or growth in net new construction within the county for the 2021 budget. Net new construction is defined as "changes to equalized value due to construction of buildings and improvements to land minus changes to equalized value due to the demolishing or destruction of buildings and the removal of land improvements." Calumet County increased the 2020 tax levy for the 2021 budget by the maximum allowed under this legislation.

**Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Finance Director, Calumet County Finance Department, 206 Court Street, Chilton, WI 53014-1198.

**CALUMET COUNTY, WISCONSIN**

Statement of Net Position  
December 31, 2020

(With Summarized Financial Information as of December 31, 2019)

	Governmental Activities	Business-type Activity	Totals	
			2020	2019
<b>Assets</b>				
Cash and investments	\$ 29,375,937	\$ 50	\$ 29,375,987	\$ 31,470,558
Receivables				
Taxes receivable	21,816,301	-	21,816,301	21,552,347
Delinquent property taxes	634,609	-	634,609	742,628
Accounts	2,840,033	262,861	3,102,894	2,751,396
Loans	69,113	-	69,113	61,884
Internal balances	3,152,632	(3,152,632)	-	-
Inventories	31,175	345,185	376,360	334,211
Prepaid items	230,468	-	230,468	314,245
Other assets	54,900	-	54,900	54,900
Net pension asset	3,030,543	261,899	3,292,442	-
Capital assets (net of accumulated depreciation):				
Land	4,028,171	26,191	4,054,362	3,704,362
Land improvements	1,383,950	-	1,383,950	1,522,797
Buildings and improvements	8,390,921	7,258,580	15,649,501	14,565,759
Machinery and equipment	4,019,662	3,067,051	7,086,713	6,904,589
Infrastructure	25,135,648	-	25,135,648	25,272,569
Construction in progress	24,180,118	45,387	24,225,505	5,643,856
Total assets	128,374,181	8,114,572	136,488,753	114,896,101
<b>Deferred outflows of resources</b>				
Deferred outflows related to pension	7,102,431	585,886	7,688,317	9,702,894
Deferred outflows related to OPEB	895,669	87,212	982,881	558,290
Total deferred outflows of resources	7,998,100	673,098	8,671,198	10,261,184
<b>Liabilities</b>				
Accounts payable and accrued expenses	6,273,201	207,308	6,480,509	5,245,643
Due to other governments	19,641	-	19,641	-
Accrued interest payable	125,714	-	125,714	131,917
Unearned revenue	153,308	-	153,308	238,258
Noncurrent liabilities:				
Due within one year	3,439,418	99,389	3,538,807	3,399,332
Due in more than one year	42,332,709	-	42,332,709	30,165,652
Net pension liability	-	-	-	3,580,342
OPEB liability	4,198,499	444,511	4,643,010	3,865,664
Total liabilities	56,542,490	751,208	57,293,698	46,626,808
<b>Deferred inflows of resources</b>				
Property taxes levied for subsequent year	22,490,552	-	22,490,552	22,231,723
Deferred inflows related to pension	9,104,962	773,580	9,878,542	5,006,616
Deferred inflows related to OPEB	250,831	23,637	274,468	291,280
Total deferred inflows of resources	31,846,345	797,217	32,643,562	27,529,619
<b>Net Position</b>				
Net investment in capital assets	31,062,493	10,397,209	41,459,702	37,848,275
Restricted	3,780,674	261,899	4,042,573	2,824,961
Unrestricted (deficit)	13,140,279	(3,419,863)	9,720,416	10,327,622
Total net position	\$ 47,983,446	\$ 7,239,245	\$ 55,222,691	\$ 51,000,858

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The notes to the basic financial statements are an integral part of this statement.

**CALUMET COUNTY, WISCONSIN**

Statement of Activities  
For the Year Ended December 31, 2020  
(With Summarized Financial Information for the Year Ended December 31, 2019)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Totals	
							2020	2019
<b>Primary Government:</b>								
Governmental activities:								
General government	\$ 6,737,044	\$ 951,571	\$ 171,199	\$ -	\$ (5,614,274)	\$ -	\$ (5,614,274)	\$ (5,513,402)
Public safety	7,929,224	1,284,903	166,676	-	(6,477,645)	-	(6,477,645)	(6,953,499)
Public works	4,889,361	-	1,464,634	-	(3,424,727)	-	(3,424,727)	(4,726,874)
Health and social services	18,337,793	4,597,301	10,039,420	-	(3,701,072)	-	(3,701,072)	(3,539,696)
Education and recreation	4,269,128	326,957	1,221,540	-	(2,720,631)	-	(2,720,631)	(2,706,640)
Conservation and development	2,938,126	273,706	1,148,185	-	(1,516,235)	-	(1,516,235)	(2,794,392)
Interest on long-term debt	906,659	-	-	-	(906,659)	-	(906,659)	(687,793)
Total governmental activities	<u>46,007,335</u>	<u>7,434,438</u>	<u>14,211,654</u>	<u>-</u>	<u>(24,361,243)</u>	<u>-</u>	<u>(24,361,243)</u>	<u>(26,922,296)</u>
Business-type activity:								
Highway operations	6,799,536	6,186,413	-	-	-	(613,123)	(613,123)	(460,206)
Total primary government	<u>\$ 52,806,871</u>	<u>\$ 13,620,851</u>	<u>\$ 14,211,654</u>	<u>\$ -</u>	<u>(24,361,243)</u>	<u>(613,123)</u>	<u>(24,974,366)</u>	<u>(27,382,502)</u>
General revenues:								
Property taxes					22,219,150	-	22,219,150	21,174,475
Sales taxes					4,333,613	-	4,333,613	4,073,899
Other taxes					261,924	-	261,924	254,781
Grants and contributions not restricted to specific programs					1,745,382	-	1,745,382	1,127,610
Unrestricted investments earnings					333,292	-	333,292	560,102
Miscellaneous					137,895	-	137,895	-
Gain on sale of capital assets					-	164,943	164,943	-
Total general revenues					<u>29,031,256</u>	<u>164,943</u>	<u>29,196,199</u>	<u>27,190,867</u>
Change in net position					4,670,013	(448,180)	4,221,833	(191,635)
Net position - beginning					43,313,433	7,687,425	51,000,858	51,192,493
Net position - ending					<u>\$ 47,983,446</u>	<u>\$ 7,239,245</u>	<u>\$ 55,222,691</u>	<u>\$ 51,000,858</u>

The notes to the basic financial statements are an integral part of this statement.

**CALUMET COUNTY, WISCONSIN**

Balance Sheet – Governmental Funds  
December 31, 2020

(With Summarized Financial Information as of December 31, 2019)

	General	Human Services	Capital Improvements
<b>Assets</b>			
Cash and investments	\$ 14,515,430	\$ 175	\$ 9,710,514
Receivables			
Taxes receivable	12,263,169	4,985,024	-
Delinquent property taxes	634,609	-	-
Accounts	446,755	1,673,727	-
Loans	-	-	-
Due from other funds	436,335	-	-
Advances to other funds	3,152,632	-	-
Inventories	31,175	-	-
Prepaid items	230,263	205	-
Insurance capital deposits	54,900	-	-
Total assets	<u>\$ 31,765,268</u>	<u>\$ 6,659,131</u>	<u>\$ 9,710,514</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 1,562,361	\$ 987,450	\$ 3,081,185
Due to other governments	13,306	-	-
Due to other funds	-	434,681	-
Unearned revenue	153,308	-	-
Total liabilities	<u>1,728,975</u>	<u>1,422,131</u>	<u>3,081,185</u>
Deferred inflows of resources:			
Property taxes levied for subsequent year	12,937,420	4,985,024	-
Unavailable revenues	-	251,976	-
Loans receivable	-	-	-
Total deferred inflows of resources	<u>12,937,420</u>	<u>5,237,000</u>	<u>-</u>
Fund balances:			
Nonspendable	3,594,135	205	-
Restricted	-	-	6,629,329
Committed	300,000	-	-
Assigned	2,292,366	-	-
Unassigned	10,912,372	(205)	-
Total fund balances	<u>17,098,873</u>	<u>-</u>	<u>6,629,329</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,765,268</u>	<u>\$ 6,659,131</u>	<u>\$ 9,710,514</u>

Debt Service	Other Governmental Funds	Total Governmental Funds	
		2020	2019
\$ 154,707	\$ 4,995,111	\$ 29,375,937	\$ 31,270,508
3,001,491	1,566,617	21,816,301	21,552,347
-	-	634,609	742,628
-	719,551	2,840,033	2,516,058
-	69,113	69,113	-
-	-	436,335	83,432
-	-	3,152,632	1,924,802
-	-	31,175	40,234
-	-	230,468	247,080
-	-	54,900	54,900
<u>\$ 3,156,198</u>	<u>\$ 7,350,392</u>	<u>\$ 58,641,503</u>	<u>\$ 58,431,989</u>
\$ -	642,205	\$ 6,273,201	\$ 4,047,299
-	6,335	19,641	12,573
-	1,654	436,335	83,432
-	-	153,308	238,258
-	650,194	6,882,485	4,381,562
3,001,491	1,566,617	22,490,552	22,219,150
-	-	251,976	122,902
-	69,113	69,113	61,884
<u>3,001,491</u>	<u>1,635,730</u>	<u>22,811,641</u>	<u>22,403,936</u>
-	-	3,594,340	2,904,953
154,707	721,138	7,505,174	13,140,571
-	4,357,323	4,657,323	3,526,583
-	-	2,292,366	1,614,382
-	(13,993)	10,898,174	10,460,002
<u>154,707</u>	<u>5,064,468</u>	<u>28,947,377</u>	<u>31,646,491</u>
<u>\$ 3,156,198</u>	<u>\$ 7,350,392</u>	<u>\$ 58,641,503</u>	<u>\$ 58,431,989</u>

The notes to the basic financial statements are an integral part of this statement.

**CALUMET COUNTY, WISCONSIN**

Reconciliation of the Balance Sheet – Governmental Funds  
To the Statement of Net Position  
December 31, 2020  
(With Summarized Financial Information as of December 31, 2019)

<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>	2020	2019
Total fund balances as shown on previous page	\$ 28,947,377	\$ 31,646,491
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	67,138,470	47,271,952
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Net pension asset	3,030,543	-
Loans receivable	69,113	61,884
Accounts receivable	251,976	122,902
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred outflows related to pensions	7,102,431	8,952,119
Deferred inflows related to pensions	(9,104,962)	(4,620,577)
Deferred outflows related to other postemployment benefits	895,669	514,172
Deferred inflows related to other postemployment benefits	(250,831)	(265,926)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(42,785,000)	(30,650,000)
Debt premiums	(948,975)	(774,924)
Capital leases	(20,274)	(26,240)
Compensated absences	(2,017,878)	(1,993,328)
Net pension liability	-	(3,304,277)
Other postemployment benefit liability	(4,198,499)	(3,488,898)
Accrued interest on long-term obligations	(125,714)	(131,917)
Net position of governmental activities as reported on the statement of net position (see page 17)	<b>\$ 47,983,446</b>	<b>\$ 43,313,433</b>

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The notes to the basic financial statements are an integral part of this statement.

**CALUMET COUNTY, WISCONSIN**

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds  
For the Year Ended December 31, 2020  
(With Summarized Financial Information for the Year Ended December 31, 2019)

	General	Human Services	Capital Improvements	Debt Service	Other Governmental Funds	Total Governmental Funds	
						2020	2019
<b>Revenues</b>							
Taxes	\$ 12,802,581	\$ 4,985,024	\$ -	\$ 3,164,735	\$ 5,862,347	\$ 26,814,687	\$ 25,503,155
Intergovernmental	3,289,612	9,943,765	-	-	2,723,659	15,957,036	12,706,152
Licenses and permits	150,357	-	-	-	35,462	185,819	102,846
Fines and forfeitures	78,679	-	-	-	-	78,679	-
Public charges for services	2,064,001	2,038,334	-	-	-	264,629	-
Intergovernmental charges for services	264,629	-	-	-	-	333,292	595,677
Interest	219,444	-	113,848	-	-	418,086	786,795
Miscellaneous	418,086	-	-	-	-	-	-
<b>Total revenues</b>	<b>19,287,389</b>	<b>16,967,123</b>	<b>113,848</b>	<b>3,164,735</b>	<b>11,165,723</b>	<b>50,698,818</b>	<b>46,027,725</b>
<b>Expenditures</b>							
Current:							
General government	6,502,147	-	-	-	16,349	6,518,496	6,471,957
Public safety	7,807,107	-	-	-	-	7,807,107	11,986,130
Sanitation	-	-	-	-	2,464,066	18,271,786	16,799,402
Health and social services	169,860	15,637,860	-	-	1,813,684	1,813,684	4,939,967
Public works	-	-	-	-	2,240,225	4,172,888	4,060,155
Education and recreation	1,932,663	-	-	-	297,552	2,682,891	3,079,350
Conservation and development	2,385,339	-	-	-	3,357,243	23,527,269	31,555
Capital outlay	-	-	20,170,026	2,865,000	-	2,865,000	3,114,326
Debt service:							
Principal retirement	-	-	-	848,103	-	848,103	575,978
Interest and other charges	-	-	-	123,000	-	123,000	-
Debt issuance costs	-	-	-	3,836,103	10,189,119	68,630,224	51,140,578
<b>Total expenditures</b>	<b>18,797,116</b>	<b>15,637,860</b>	<b>20,170,026</b>	<b>(671,368)</b>	<b>976,604</b>	<b>(17,931,406)</b>	<b>(5,112,853)</b>
Excess (deficiency) of revenues over (under) expenditures	490,273	1,329,263	(20,056,178)	-	-	15,000,000	17,000,000
<b>Other financing sources (uses)</b>							
Long term debt issued	-	-	15,000,000	232,292	-	232,292	787,595
Capital leases issued	-	-	-	-	-	1,329,263	932,239
Premium on long term debt issued	-	-	-	-	-	(1,329,263)	(932,239)
Transfers in	1,329,263	-	-	232,292	-	15,232,292	17,819,150
Transfers out	-	(1,329,263)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,329,263</b>	<b>(1,329,263)</b>	<b>15,000,000</b>	<b>(439,076)</b>	<b>976,604</b>	<b>(2,699,114)</b>	<b>12,706,297</b>
Net change in fund balances	1,819,536	-	(5,056,178)	593,783	4,087,864	31,646,491	18,940,194
Fund balances - beginning	15,279,337	-	11,685,507	\$ 154,707	\$ 5,064,468	\$ 28,947,377	\$ 31,646,491
Fund balances - ending	\$ 17,098,873	\$ -	\$ 6,629,329				

The notes to the basic financial statements are an integral part of this statement.

**CALUMET COUNTY, WISCONSIN**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance –  
Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2020  
(With Summarized Financial Information for the Year Ended December 31, 2019)

	2020	2019
<b>RECONCILIATION TO THE STATEMENT OF ACTIVITIES</b>		
Net change in fund balances as shown on previous page	\$ (2,699,114)	\$ 12,706,297
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	23,940,153	8,060,299
Depreciation expense reported in the statement of activities	(3,947,115)	(3,640,650)
Net book value of disposals	(126,520)	(33,571)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		
Net pension asset	3,030,543	(2,727,321)
Loans receivable	7,229	(385,491)
Accounts receivable	129,074	(80,252)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(15,000,000)	(17,000,000)
Capital leases issued	-	(31,555)
Premium on debt issued	(232,292)	(787,595)
Long-term debt principal paid	2,865,000	2,290,000
Capital leases principal paid	5,966	824,326
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt	6,203	(97,579)
Amortization of debt premiums	58,241	12,671
Compensated absences	(24,550)	(25,802)
Net pension liability	3,304,277	(3,304,277)
Deferred outflows of resources related to pensions	(1,849,688)	3,968,574
Deferred inflows of resources related to pensions	(4,484,385)	801,665
Other postemployment benefits liability	(709,601)	(287,250)
Deferred outflows of resources related to other postemployment benefits	381,497	242,880
Deferred inflows of resources related to other postemployment benefits	15,095	(236,798)
Change in net position of governmental activities as reported in the statement of activities (see pages 18 - 19)	<u>\$ 4,670,013</u>	<u>\$ 268,571</u>

The notes to the basic financial statements are an integral part of this statement.

**CALUMET COUNTY, WISCONSIN**

Statement of Net Position – Proprietary Fund  
Highway Operations Enterprise Fund  
December 31, 2020  
With Comparative Totals as of December 31, 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 50	\$ 200,050
Accounts receivable	262,861	297,222
Inventories	345,185	293,977
Prepaid items	-	67,165
Total current assets	<u>608,096</u>	<u>858,414</u>
Noncurrent Assets:		
Net pension asset	261,899	-
Capital assets:		
Land	26,191	26,191
Construction in progress	45,387	271,781
Buildings	7,258,580	7,412,519
Machinery and equipment	3,067,051	2,631,489
Total noncurrent assets	<u>10,659,108</u>	<u>10,341,980</u>
Total Assets	<u>11,267,204</u>	<u>11,200,394</u>
<b>Deferred outflows of resources</b>		
Deferred outflows related to pension	585,886	750,775
Deferred outflows related to OPEB	87,212	44,118
Total deferred outflows of resources	<u>673,098</u>	<u>794,893</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	207,308	1,198,344
Advances from general fund	400,738	-
Compensated absences	99,389	120,492
Total current liabilities	<u>707,435</u>	<u>1,318,836</u>
Noncurrent liabilities:		
Advances from general fund	2,751,894	1,924,802
Net pension liability	-	276,065
OPEB liability	444,511	376,766
Total noncurrent liabilities	<u>3,196,405</u>	<u>2,577,633</u>
Total Liabilities	<u>3,903,840</u>	<u>3,896,469</u>
<b>Deferred inflows of resources</b>		
Deferred inflows related to pension	773,580	386,039
Deferred inflows related to OPEB	23,637	25,354
Total deferred inflows of resources	<u>797,217</u>	<u>411,393</u>
<b>Net Position</b>		
Net investment in capital assets	10,397,209	10,341,980
Restricted for pension benefits	261,899	-
Unrestricted (deficit)	(3,419,863)	(2,654,555)
Total Net Position	<u>\$ 7,239,245</u>	<u>\$ 7,687,425</u>

The notes to the basic financial statements are an integral part of this statement.



**CALUMET COUNTY, WISCONSIN**

Statement of Revenues, Expenses and Changes in Net Position- Proprietary Fund  
 Highway Operations Enterprise Fund  
 For the Year Ended December 31, 2020  
 With Comparative Totals for the Year Ended December 31, 2019

	2020	2019
<b>OPERATING REVENUES</b>		
Charges for services		
Public	\$ 15,809	\$ 10,629
Intergovernmental	1,412,704	1,790,570
Interdepartmental	4,757,900	5,113,714
Total Operating Revenues	<u>6,186,413</u>	<u>6,914,913</u>
<b>OPERATING EXPENSES</b>		
Salaries	1,392,917	1,355,108
Benefits	783,539	617,021
Contract services	72,209	194,986
Operating	3,993,939	4,657,023
Depreciation	556,932	557,288
Total Operating Expenses	<u>6,799,536</u>	<u>7,381,426</u>
Operating loss	<u>(613,123)</u>	<u>(466,513)</u>
<b>NONOPERATING REVENUES</b>		
Gain on disposal of capital assets	164,943	6,307
Total Nonoperating Revenues	<u>164,943</u>	<u>6,307</u>
Change in Net Position	(448,180)	(460,206)
Total net position - beginning	<u>7,687,425</u>	<u>8,147,631</u>
Total net position - ending	<u>\$ 7,239,245</u>	<u>\$ 7,687,425</u>

The notes to the basic financial statements are an integral part of this statement.

**CALUMET COUNTY, WISCONSIN**

Statement of Cash Flows- Proprietary Fund  
 Highway Operations Enterprise Fund  
 For the Year Ended December 31, 2020  
 With Comparative Totals for the Year Ended December 31, 2019

	2020	2019
<b>Cash flows from operating activities</b>		
Receipts from customers and users	\$ 1,462,874	\$ 2,191,194
Receipts from interfund services provided	4,757,900	4,518,174
Payments to suppliers	(5,041,227)	(4,195,617)
Payments to employees	(2,160,159)	(1,872,060)
Net cash provided by (used in) operating activities	<u>(980,612)</u>	<u>641,691</u>
<b>Cash flows from noncapital financing activities</b>		
Advances received from (returned) to the general fund	1,227,830	(174,756)
Net cash provided (used) by noncapital financing activities	<u>1,227,830</u>	<u>(174,756)</u>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from sale of assets	164,943	67,550
Purchase of capital assets	(612,161)	(534,485)
Net cash used in capital and related financing activities	<u>(447,218)</u>	<u>(466,935)</u>
Net change in cash and cash equivalents	(200,000)	-
Cash and cash equivalents - January 1	200,050	200,050
Cash and cash equivalents - December 31	<u>\$ 50</u>	<u>\$ 200,050</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
Operating loss	\$ (613,123)	\$ (466,513)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	556,932	557,288
Changes in assets, deferred outflows, liabilities and deferred inflows		
Accounts receivable	34,361	(90,493)
Inventories and prepaid items	15,957	(151,280)
Net pension asset / liability	(537,964)	510,298
Net pension related deferred outflows	164,889	(328,467)
Change in WRS pension related deferred inflows	387,541	(79,644)
Accounts payable	(991,036)	747,083
Unearned revenue	-	(81,833)
Compensated absences payable	(21,103)	22,020
OPEB liability	67,745	(1,262)
OPEB related deferred outflows	(43,094)	(17,795)
OPEB related deferred inflows	(1,717)	22,289
Net cash provided by (used in) operating activities	<u>\$ (980,612)</u>	<u>\$ 641,691</u>

The notes to the basic financial statements are an integral part of this statement.

**CALUMET COUNTY, WISCONSIN**

Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2020

	Custodial Funds
<b>Assets</b>	
Cash and investments	\$ 4,616,343
<b>Liabilities</b>	
Due to other governments	4,006,962
<b>Fiduciary net position</b>	
Fiduciary net position	<u>\$ 609,381</u>

The notes to the basic financial statements are an integral part of this statement.

**CALUMET COUNTY, WISCONSIN**

Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2020

	Custodial Funds
<b>Additions</b>	
Property taxes collected for other governments	\$ 3,917,116
Deposits for human services clients	1,069,536
Fines, fees, forfeitures and general trust	1,263,184
Inmate deposits	407,187
Total additions	<u>6,657,023</u>
<b>Deductions</b>	
Property taxes distributed to other governments	\$ 3,917,116
Payments for human services clients	992,331
Fines, fees and forfeitures	852,435
General trust	521,725
Inmate disbursements	400,986
Total deductions	<u>6,684,593</u>
Change in fiduciary net position	(27,570)
Fiduciary net position - beginning (as restated)	<u>636,951</u>
Fiduciary net position - ending	<u>\$ 609,381</u>

The notes to the basic financial statements are an integral part of this statement.

CALUMET COUNTY, WISCONSIN

Notes to Basic Financial Statements  
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Calumet County, Wisconsin (the "County"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described below:

A. REPORTING ENTITY

Calumet County is a municipal corporation governed by an elected twenty-one member board. In accordance with GAAP, the basic financial statements are required to include the County and any separate component units that have a significant operational or financial relationship with the County. The County has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The County implemented as of January 1, 2020.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

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 or segment. *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 properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The County has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

General Fund

This is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Human Services Fund

This fund accounts for the County's many comprehensive and integrated programs which deal with the physical, social, mental, emotional, economic, vocational and nutritional needs of individuals and families. Primary revenues consist of property taxes, federal and state aids.

Capital Improvements Capital Projects Fund

This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. Primary revenues consist of debt proceeds.

Debt Service Fund

This fund accounts for financial resources to be used for the payment of long-term principal and interest of debt.

CALUMET COUNTY, WISCONSIN

Notes to Basic Financial Statements  
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County reports the following major proprietary fund:

*Highway operations fund* accounts for the activities associated with the maintenance and/or construction of roadways located within the County.

Additionally, the County reports the following fund types:

- ▶ *Special revenue funds* are used to account for the proceeds of specific revenue sources that are legally restricted or committed for specific purposes. The County reports the following non-major special revenue funds:

Home Nursing	Land Records
School for Handicapped	Micro Loan Program
County Roads & Bridges	Dog Licenses
Jail Maintenance	

- ▶ *Capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The County reports the following non-major capital project fund:

County Sales Tax

- ▶ *Fiduciary funds – custodial funds* are used to account for and report assets controlled by the County and asset are for the benefit of individuals, private organizations and/or other governmental units. The County reports the following custodial funds:

Tax Collections	Clerk of Courts
Representative Payee	Inmate Trust

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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 County's public works function and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CALUMET COUNTY, WISCONSIN

Notes to Basic Financial Statements  
December 31, 2020

CALUMET COUNTY, WISCONSIN

Notes to Basic Financial Statements  
December 31, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund are charges to customers for services. Operating expenses for enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

**1. Cash and Investments**

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

**2. Property Tax Apportionments**

Property taxes are apportioned annually in November to local taxing units within the County for financing state charges and the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as a deferred inflows of resources at year-end. Property tax payments from individual property owners are due in two installments by January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent. The delinquent taxes are then acquired by the County's General Fund in accordance with state statutes in order to provide the County with a statutory lien.

Property taxes of \$22,490,552 are recorded on December 31, 2020 for collection in 2021 for the County apportionment. The County apportionment is for financing 2021 operations and will be transferred in 2021 from deferred inflows of resources to current revenues of the County's governmental and proprietary funds.

**3. Accounts Receivable**

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

**4. Loans Receivable**

The County records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the County records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**5. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation. The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

**6. Inventories**

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

**7. Prepaid Items**

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepayments and are expensed in the periods benefited.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

**8. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental	Business-type
	Activities	Activities
	Years	
Land improvements	20	-
Buildings and improvements	50	15 - 50
Machinery and equipment	5 - 25	3 - 25
Infrastructure	20 - 100	-

**9. Compensated Absences**

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

CALUMET COUNTY, WISCONSIN

Notes to Basic Financial Statements  
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

10. **Deferred Outflows/Inflows of Resources**

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

Governmental funds may report deferred inflows of resources for unavailable revenues. The County reports unavailable revenues for loan receivables. These inflows are recognized as revenues in the government-wide financial statements.

11. **Long-term Obligations**

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds when considered material. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

12. **Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. **Other Postemployment Benefits Other Than Pensions (OPEB)**

*Single Employer Plan*

Qualifying employees are provided with other postemployment benefits. The OPEB is a single employer defined benefit plan administered by the County. For purposes of measuring the OPEB liability, related deferred outflows and inflows and OPEB expense, the County has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

*Local Retiree Life Insurance Fund*

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

CALUMET COUNTY, WISCONSIN

Notes to Basic Financial Statements  
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

14. **Fund Equity**

**Governmental Fund Financial Statements**

Fund balance of governmental funds is 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:

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the County Board. These constraints can only be removed or changed by the County Board using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of County administrative services committee, upon recommendation of the County administrator and finance director. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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.

**Government-Wide and Proprietary Fund Statements**

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

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed 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.  
**Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

**E. USE OF ESTIMATES**

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

**F. PRIOR YEAR INFORMATION**

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the County's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

**CALUMET COUNTY, WISCONSIN**

Notes to Basic Financial Statements  
December 31, 2020

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**G. RECLASSIFICATIONS**

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

**NOTE 2: STEWARDSHIP AND COMPLIANCE**

**A. EXCESS OF EXPENDITURES OVER BUDGET APPROPRIATIONS**

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2020 as follows:

Funds	Excess Expenditures
Special revenue fund	
Home Nursing	\$ 107,681
School for Handicapped	15,160
Land Records	8,172
Micro Loan Program	12,197
Debt service fund	
Debt issuance costs	123,000
Capital projects fund	
General government	159,449

**B. DEFICIT FUND BALANCE**

The following governmental fund had a deficit fund balance as of December 31, 2020 as follows:

Fund	Deficit Fund Balance
Special revenue fund	
Land Records	\$ 13,993

**C. PROPERTY TAX LEVY LIMIT**

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2020 and 2021 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the County's January 1 equalized value as a result of net new construction. The actual limit for the County for the 2020 budget was 2.29%. The actual limit for the County for the 2021 budget was 1.43%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

**CALUMET COUNTY, WISCONSIN**

Notes to Basic Financial Statements  
December 31, 2020

**NOTE 3: DETAILED NOTES ON ALL FUNDS**

**A. CASH AND INVESTMENTS**

The County maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the County's cash and investments totaled \$33,992,330 on December 31, 2020 as summarized below:

Petty cash and cash on hand	\$ 5,702
Deposits with financial institutions	18,728,469
Investments	
U.S. Treasury securities	385,148
Money market mutual fund	504,166
Federal National Mortgage Association	1,862,437
Federal Home Loan Mortgage Corporation	681,081
Federal Farm Credit Banks	3,274,649
Wisconsin local government investment pool	8,550,678
	<u>\$ 33,992,330</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 29,375,987
Fiduciary fund statement of net position	
Cash and investments	4,616,343
	<u>\$ 33,992,330</u>

**Fair Value Measurements**

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The County has the following fair value measurements as of December 31, 2020:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
U.S. Treasury securities	\$ -	\$ 385,148	\$ -
Federal National Mortgage Association	-	1,862,437	-
Federal Home Loan Mortgage Corporation	-	681,081	-
Federal Farm Credit Banks	-	3,274,649	-
	<u>\$ -</u>	<u>\$ 6,203,315</u>	<u>\$ -</u>

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the County's deposits and investments and the related risks.

**CALUMET COUNTY, WISCONSIN**

Notes to Basic Financial Statements  
December 31, 2020

**NOTE 3: DETAILED NOTES ON ALL FUNDS**

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The County has the following additional custodial credit policy.

Limiting investments to the safest types of securities.

Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the County will do business.

Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

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 the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing 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 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 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 determining custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government). SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash.

As of December 31, 2020, \$13,423,481 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits, which were fully collateralized with securities held by the pledging financial institution or its trust department or an agent.

As of December 31, 2020, \$500,000 of the County's investments are covered by the SPIC. In addition, the custodian of the County's investments provides additional coverage in excess of SIPC.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The County does not have an additional credit risk policy.

**CALUMET COUNTY, WISCONSIN**

Notes to Basic Financial Statements  
December 31, 2020

**NOTE 3: DETAILED NOTES ON ALL FUNDS**

Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	Aaa / AA +	Not Rated
U.S. Treasury securities	\$ 385,148	\$ 385,148	\$ -	\$ -
Money market mutual fund	504,166	-	-	504,166
Federal National Mortgage Association	1,862,437	-	1,862,437	-
Federal Home Loan Mortgage Corporation	681,081	-	681,081	-
Federal Farm Credit Banks	3,274,649	-	3,274,649	-
Wisconsin local government investment pool	8,550,678	-	-	8,550,678
Totals	<u>\$ 15,258,159</u>	<u>\$ 385,148</u>	<u>\$ 5,818,167</u>	<u>\$ 9,054,844</u>

County investments were rated AAA by Moody's and AA+ by Standard and Poors.

**Concentration of Credit Risk**

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total County investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Total Investments
Federal National Mortgage Association	Bonds	\$ 1,862,437	12%
Federal Farm Credit Bureau	Bonds	3,274,649	21%

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County has the following formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates:

Structuring the investment portfolio so that securities mature to meet cash requirement for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

**CALUMET COUNTY, WISCONSIN**

Notes to Basic Financial Statements  
December 31, 2020

**CALUMET COUNTY, WISCONSIN**

Notes to Basic Financial Statements  
December 31, 2020

**NOTE 3: DETAILED NOTES ON ALL FUNDS**

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S Treasury securities	\$ 385,148	\$ -	\$ 385,148	\$ -	\$ -
Money market mutual fund	504,166	504,166	-	-	-
Federal National Mortgage Association	1,862,437	251,657	-	1,610,780	-
Federal Home Loan Mortgage Corporation	681,081	-	-	681,081	-
Federal Farm Credit Bank	3,274,649	381,915	-	2,892,734	-
Wisconsin local government investment pool	8,550,678	8,550,678	-	-	-
<b>Totals</b>	<b>\$ 15,258,159</b>	<b>\$ 9,688,416</b>	<b>\$ 385,148</b>	<b>\$ 5,184,595</b>	<b>\$ -</b>

**Wisconsin Local Government Investment Pool**

The County has investments in the Wisconsin Local Government Investment Pool of \$8,550,678 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

The County's investment in the Wisconsin Local Government Investment Pool is not rated.

**B. DELINQUENT PROPERTY TAXES - GENERAL FUND**

Delinquent property taxes of the General Fund represent unpaid property taxes on real estate, including state and local government equities therein. Under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deeded properties.

On December 31, 2020, the County's general fund showed an investment of \$634,609 in delinquent taxes as follows:

Tax certificates	\$ 616,232
Delinquent special assessments	14,829
Tax deeds	3,548
<b>Total</b>	<b>\$ 634,609</b>

An aging of the delinquent taxes and special assessments of \$634,609 on December 31, 2020 follows:

**NOTE 3: DETAILED NOTES ON ALL FUNDS**

Year Acquired	General
Prior to 2013	\$ 2,581
2014	1,380
2015	1,390
2016	7,154
2017	39,136
2018	171,918
2019	392,673
	616,232
Delinquent special assessments	14,829
Tax deeds	3,548
<b>Total</b>	<b>\$ 634,609</b>

Of the total of \$634,609 for delinquent taxes and special assessments, \$93,877 was collected within 60 days of year-end and \$14,829 is payable to municipalities upon collections. The remaining balance of \$525,903 is recorded as nonspendable fund balance for the general fund.



**CALUMET COUNTY, WISCONSIN**

Notes to Basic Financial Statements  
December 31, 2020

**CALUMET COUNTY, WISCONSIN**

Notes to Basic Financial Statements  
December 31, 2020

**NOTE 3: DETAILED NOTES ON ALL FUNDS**

**C. CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 3,678,171	\$ 350,000	\$ -	\$ 4,028,171
Construction in progress	5,372,075	20,269,443	1,461,400	24,180,118
Total capital assets, nondepreciable	<u>9,050,246</u>	<u>20,619,443</u>	<u>1,461,400</u>	<u>28,208,289</u>
Capital assets, depreciable:				
Land improvements	5,432,797	-	-	5,432,797
Buildings and improvements	14,711,156	1,546,945	-	16,258,101
Machinery and equipment	8,583,860	749,719	278,015	9,055,564
Infrastructure	86,167,201	2,485,446	1,156,936	87,495,711
Subtotals	<u>114,895,014</u>	<u>4,782,110</u>	<u>1,434,951</u>	<u>118,242,173</u>
Less accumulated depreciation for:				
Land improvements	3,910,000	138,847	-	4,048,847
Buildings and improvements	7,557,916	309,264	-	7,867,180
Machinery and equipment	4,310,760	876,637	151,495	5,035,902
Infrastructure	60,894,632	2,622,367	1,156,936	62,360,063
Subtotals	<u>76,673,308</u>	<u>3,947,115</u>	<u>1,308,431</u>	<u>79,311,992</u>
Total capital assets, depreciable, net	<u>38,221,706</u>	<u>834,995</u>	<u>126,520</u>	<u>38,930,181</u>
Governmental activities capital assets, net	<u>\$47,271,952</u>	<u>\$21,454,438</u>	<u>\$ 1,587,920</u>	67,138,470
Less: Capital related general obligation debt				33,074,486
Less: Capital related accounts and retainage payable				3,001,491
Net investment in capital assets				<u>\$ 31,062,493</u>
<b>Business-type activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 26,191	\$ -	\$ -	\$ 26,191
Construction in progress	271,781	45,387	271,781	45,387
Total capital assets, nondepreciable	<u>297,972</u>	<u>45,387</u>	<u>271,781</u>	<u>71,578</u>
Capital assets, depreciable:				
Buildings and improvements	8,189,785	16,843	-	8,206,628
Machinery and equipment	7,136,042	821,712	189,628	7,768,126
Subtotals	<u>15,325,827</u>	<u>838,555</u>	<u>189,628</u>	<u>15,974,754</u>
Less accumulated depreciation for:				
Buildings and improvements	777,266	170,782	-	948,048
Machinery and equipment	4,504,553	386,150	189,628	4,701,075
Subtotals	<u>5,281,819</u>	<u>556,932</u>	<u>189,628</u>	<u>5,649,123</u>
Total capital assets, depreciable, net	<u>10,044,008</u>	<u>281,623</u>	<u>-</u>	<u>10,325,631</u>
Business-type activities capital assets, net	<u>\$10,341,980</u>	<u>\$ 327,010</u>	<u>\$ 271,781</u>	<u>\$ 10,397,209</u>

**NOTE 3: DETAILED NOTES ON ALL FUNDS**

Depreciation expense was charged to functions of the County as follows:

<b>Governmental activities</b>	
General government	\$ 314,279
Public safety	614,732
Public works	2,684,801
Health and social services	94,137
Education and recreation	205,594
Conservation and development	33,572
Total depreciation expense - governmental activities	<u>\$ 3,947,115</u>
<b>Business-type activities</b>	
Highway operations	<u>\$ 556,932</u>

**D. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS**

Interfund receivables and payables between individual funds of the County, as reported in the fund financial statements, as of December 31, 2020 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary cash advances to finance operating cash deficits		
Governmental funds		
General	\$ 436,335	-
Human Services	-	434,681
Land Records	-	1,654
Subtotal	<u>436,335</u>	<u>436,335</u>
Long-term advances to finance operating cash deficits		
Governmental fund		
General	3,152,632	-
Proprietary fund	-	3,152,632
Highway operations	-	3,152,632
Subtotal	<u>3,152,632</u>	<u>3,152,632</u>
Totals	<u>\$ 3,588,967</u>	<u>\$ 3,588,967</u>

No schedule repayment schedule exists and interest is not charged the highway operations fund.

Interfund transfers for the year ended December 31, 2020 were as follows:

Funds	Transfer In	Transfer Out
General	\$ 1,329,263	\$ -
Human Services	-	1,329,263
	<u>\$ 1,329,263</u>	<u>\$ 1,329,263</u>

Transfers were used for the following purposes:

Operating surplus returned to general fund	<u>\$ 1,329,263</u>
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**NOTE 3: DETAILED NOTES ON ALL FUNDS**

**E. LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2020:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation debt					
Bonds	\$17,000,000	\$15,000,000	\$525,000	\$31,475,000	\$-
Notes	13,650,000	-	2,340,000	11,310,000	2,165,000
Total general obligation debt	30,650,000	15,000,000	2,865,000	42,785,000	2,165,000
Debt premium	774,924	232,292	58,241	948,975	71,906
Capital leases	26,240	-	5,966	20,274	6,700
Compensated absences	1,993,328	2,017,878	1,993,328	2,017,878	1,195,812
Governmental activities Long-term obligations	<u>\$33,444,492</u>	<u>\$17,250,170</u>	<u>\$4,922,535</u>	<u>\$45,772,127</u>	<u>\$3,439,418</u>
<b>Business-type activities:</b>					
Compensated absences	\$120,492	\$99,389	\$120,492	\$99,389	\$99,389

Total interest paid during the year on long-term debt totaled \$848,103.

**General Obligation Debt**

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
General obligation notes	10/06/14	12/01/23	2.10 - 2.30%	\$3,200,000	\$1,325,000
General obligation notes	12/01/15	12/01/25	2.00%	5,000,000	3,480,000
General obligation notes	11/07/16	12/01/25	2.00%	7,640,000	3,760,000
General obligation notes	11/19/18	12/01/27	3.00 - 3.50%	2,945,000	2,745,000
General obligation bonds	09/09/19	12/01/38	2.00 - 3.00%	17,000,000	16,475,000
General obligation bonds	09/29/20	12/01/39	1.25 - 2.00%	15,000,000	15,000,000
Total outstanding general obligation debt					<u>\$42,785,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$42,785,000 on December 31, 2020 are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$2,165,000	\$991,197	\$3,156,197
2022	2,205,000	896,631	3,101,631
2023	2,250,000	848,781	3,098,781
2024	2,050,000	798,931	2,848,931
2025	2,090,000	754,081	2,844,081
2026-2030	10,140,000	3,077,855	13,217,855
2031-2035	11,620,000	1,782,012	13,402,012
2036-2039	10,265,000	522,307	10,787,307
	<u>\$42,785,000</u>	<u>\$9,671,795</u>	<u>\$52,456,795</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

**NOTE 3: DETAILED NOTES ON ALL FUNDS**

**Legal Margin for New Debt**

The County's legal margin for creation of additional general obligation debt on December 31, 2020 was \$194,329,927 as follows:

Equalized valuation of the County		\$4,739,204,400
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>236,960,220</u>
Total outstanding general obligation debt applicable to debt limitation	\$42,785,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	154,707	
Net outstanding general obligation debt applicable to debt limitation		<u>42,630,293</u>
Legal margin for new debt		<u>\$194,329,927</u>

**Capital Lease**

The County has entered into lease agreements as lessee for financing the acquisition of various units of equipment for use in the County's governmental funds. Equipment acquired through these lease agreements includes copiers/printers. No down payments were required for these lease agreements.

The agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at present value of their future minimum lease payments as of the date of their inception. The cost of the capital assets under capital leases is \$35,915 and the related accumulated depreciation is \$21,550 as of December 31, 2020.

The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at December 31, 2020:

Year Ending	Governmental Activities
2021	\$8,706
2022	8,706
2023	6,113
Subtotal	<u>23,525</u>
Less: Amount representing interest	3,251
Present value of future minimum lease payments	<u>\$20,274</u>

**F. PENSION PLAN**

**Plan Description**

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issued a standalone WRS Financial Report, which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**Vesting**

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity.

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**NOTE 3: DETAILED NOTES ON ALL FUNDS**

Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits Provided**

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

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

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

The WRS also provides death and disability benefits for employees.

**Post-Retirement Adjustments**

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

**Contributions**

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

**CALUMET COUNTY, WISCONSIN**

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**NOTE 3: DETAILED NOTES ON ALL FUNDS**

During the year ending December 31, 2020, the WRS recognized \$1,076,567 in contributions from the County.

Contribution rates for the reporting period ending December 31, 2020 are:

Employee Category	Employee	Employer
General (including executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

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

At December 31, 2020, the County reported an asset of \$3,292,442 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the County's proportion was 0.10210845%, which was an increase of 0.00147163% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the County recognized pension expense of \$1,090,286.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 6,249,808	\$ 3,127,611
Net differences between projected and actual earnings on pension plan investments	-	6,730,924
Changes in assumptions	256,568	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,346	20,007
Employer contributions subsequent to the measurement date	1,172,595	-
Total	<u>\$ 7,688,317</u>	<u>\$ 9,878,542</u>

The \$1,172,595 reported as deferred outflows related to pension resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows/ Inflows of Resources (net)
2021	\$ (1,005,824)
2022	(745,949)
2023	119,151
2024	(1,730,198)
Total	<u>\$ (3,362,820)</u>

**CALUMET COUNTY, WISCONSIN**

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**CALUMET COUNTY, WISCONSIN**

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**NOTE 3: DETAILED NOTES ON ALL FUNDS**

**Actuarial Assumptions**

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2018
Measurement date of net pension liability (asset):	December 31, 2019
Actuarial cost method:	Entry Age Normal
Asset valuation method:	Fair Value
Long-term expected rate of return:	7.0%
Discount rate:	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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

	Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
<b>Core Fund Asset Class</b>			
Global Equities	49%	8.0%	5.1%
Fixed Income	24.5%	4.9%	2.1%
Inflation Sensitive Assets	15.5%	4.0%	1.2%
Real Estate	9%	6.3%	3.5%
Private Equity/Debt	8%	10.6%	7.6%
Multi-asset	4%	6.9%	4.0%
Total Core Fund	110%	7.5%	4.6%
<b>Variable Fund Asset Class</b>			
U.S. Equities	70%	7.5%	4.6%
International Equities	30%	8.2%	5.3%
Total Variable Fund	100%	7.8%	4.9%

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

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

**NOTE 3: DETAILED NOTES ON ALL FUNDS**

**Single Discount Rate.** A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
County's proportionate share of the net pension liability (asset)	\$ 8,478,628	\$ (3,292,442)	\$ (12,092,671)

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

**Payables to the Pension Plan**

At December 31, 2020, the County reported no amount outstanding for contributions to the pension plan for the year ended December 31, 2020.

**G. OTHER POSTEMPLOYMENT BENEFITS**

The County reports OPEB related balances at December 31, 2020 as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Local Retiree Life Insurance Fund (LRLIF)	\$ 1,222,600	\$ 546,707	\$ 189,248	\$ 142,634
Single-employer defined OPEB plan	3,420,410	436,174	85,220	388,498
Total pension liability	<u>\$ 4,643,010</u>	<u>\$ 982,881</u>	<u>\$ 274,468</u>	<u>\$ 531,132</u>

CALUMET COUNTY, WISCONSIN

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NOTE 3: DETAILED NOTES ON ALL FUNDS

1. Single-employer Defined Postemployment Benefit Plan

**Plan Description**

The County administers a single-employer defined benefit postemployment health plan that covers retired employees of the County. Eligible retired employees have access to group medical coverage through the County's group plan. County paid medical benefits are paid for as indicated below. All employees of the County are eligible for the Plan if they meet the following age and service requirements below. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Benefits Provided**

The County provides medical (including prescription drugs) and dental coverage for retired employees through the County's self-insured plans.

**Employees Covered by Benefit Terms**

At January 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	17
Active employees	243
	<u>260</u>

**Contributions**

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of insurance premiums based on the employee group and their retirement date. County paid medical and dental benefits are paid until the retiree or surviving spouse becomes eligible for Medicare.

**OPEB Liability**

The County's OPEB liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2019, and then rolled forward to the measurement date.

**Actuarial Assumptions.** The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.74%
Salary increases:	
Inflation	3.00%
Seniority/Merit	0.2% - 4.8%
Healthcare cost trend rates:	5.70% for 2020, decreasing to 4.60% by 2030. 3.80% ultimate rate

Mortality rates are the same as those used in the 2018 Wisconsin Retirement System Actuarial Valuation reports. The actuarial assumptions used in the January 1, 2020 valuation were based on the "Wisconsin Retirement System 2015 - 2017 Experience Study".

**Discount Rate.** The discount rate used to measure the total OPEB liability was 2.74, which is based on the municipal bond rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

CALUMET COUNTY, WISCONSIN

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NOTE 3: DETAILED NOTES ON ALL FUNDS

**Changes in the Total OPEB Liability**

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at December 31, 2019	\$ 3,149,484
Changes for the year:	
Service cost	223,800
Interest	135,223
Effect of economic/demographic gains or losses	5,034
Effect of assumptions changes or inputs	58,717
Benefit payments	<u>(151,848)</u>
Net changes	270,926
Balance at December 31, 2020	<u>\$ 3,420,410</u>

**Sensitivity of the Total OPEB liability to changes in the discount rate.** The following presents the Total OPEB liability of the County, as well as what the County's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10%) than the current rate:

	1% Decrease to Discount Rate (3.10%)	Current Discount Rate (4.10%)	1% Increase to Discount Rate (5.10%)
Total OPEB liability	<u>\$ 3,684,776</u>	<u>\$ 3,420,410</u>	<u>\$ 3,169,524</u>

**Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates.** The following presents the Total OPEB liability of the County, as well as what the County's Total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	<u>\$ 2,998,645</u>	<u>\$ 3,420,410</u>	<u>\$ 3,921,675</u>

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

For the year ended December 31, 2020, the County recognized OPEB expense of \$361,291. At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,461	\$ 72,286
Changes in assumptions	284,798	12,934
County contributions subsequent to the measurement date	146,915	-
Total	<u>\$ 436,174</u>	<u>\$ 85,220</u>

**CALUMET COUNTY, WISCONSIN**

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**NOTE 3: DETAILED NOTES ON ALL FUNDS**

The \$146,915 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other postemployment benefits expense as follows:

Year Ended December 31,	Deferred Outflows/ Inflows of Resources (net)
2021	\$ 29,475
2022	29,475
2023	29,475
2024	31,849
2025	29,149
Thereafter	54,616
Total	\$ 204,039

**Payable to the OPEB Plan**

At December 31, 2020, the County reported no amount payable for contributions to the Plan required for the year ended December 31, 2020.

**Plan Financial Report**

The County has not established a separate, irrevocable trust to fund the annual OPEB cost and does not issue separate plan statements.

**2. Local Retiree Life Insurance Fund**

**Plan Description**

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

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/qasb75Local.do>.

**Benefits Provided**

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

**Contributions**

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

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

**NOTE 3: DETAILED NOTES ON ALL FUNDS**

Contribution rates as of December 31, 2020 are:

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

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2019 are as listed below:

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

During the year ending December 31, 2020, the LRLIF recognized \$5,190 in contributions from the employer.

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

At December 31, 2020, the County reported a liability (asset) of \$1,222,600 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the County's proportion was 0.28711700%, which was an increase of 0.0095640% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the County recognized OPEB expense of \$94,360.

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**NOTE 3: DETAILED NOTES ON ALL FUNDS**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 54,771
Net differences between projected and actual earnings on OPEB plan investments	23,062	-
Changes in assumptions	451,022	134,477
Changes in proportion and differences between employer contributions and proportionate share of contributions	66,704	-
Employer contributions subsequent to the measurement date	5,919	-
<b>Total</b>	<b>\$ 546,707</b>	<b>\$ 189,248</b>

\$5,919 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability (Asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Deferred Outflows/ Inflows of Resources (net)
2021	\$ 61,866
2022	61,866
2023	59,380
2024	56,818
2025	45,462
Thereafter	66,148
<b>Total</b>	<b>\$ 351,540</b>

**Actuarial assumptions.** The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date:	January 1, 2019
Measurement date of net OPEB liability (asset):	December 31, 2019
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	2.74%
Long-term expected rate of return:	4.25%
Discount rate:	2.87%
Salary increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

**NOTE 3: DETAILED NOTES ON ALL FUNDS**

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

Asset Class	Index	Target Allocation	Long-term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	45%	2.12%
U.S. Long Credit Bonds	Barclays Long Credit	5%	2.90%
U.S. Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-term expected rate of return			4.25%

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

**Single discount rate.** A single discount rate of 2.87% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

CALUMET COUNTY, WISCONSIN

Notes to Basic Financial Statements  
December 31, 2020

NOTE 3: DETAILED NOTES ON ALL FUNDS

**Sensitivity of the County's proportionate share of net OPEB liability (asset) to changes in the discount rate.** The following presents the County's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.22%, as well as what the County's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22%) or 1-percentage-point higher (5.22%) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
County's proportionate share of the net OPEB liability (asset)	\$ 1,688,206	\$ 1,222,600	\$ 868,365

**OPEB Plan Fiduciary Net Position**

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

**H. FUND EQUITY**

**Nonspendable Fund Balance**

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact.

At December 31, 2020, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Delinquent property taxes	\$ 525,903
Advances to other funds	2,751,894
Inventories	31,175
Prepaid items	230,263
Insurance capital deposits	54,900
Total General Fund nonspendable fund balance	<u>3,594,135</u>
Special Revenue Fund	
Nonspendable	
Human services - prepaid items	<u>205</u>
Total nonspendable fund balance	<u>\$ 3,594,340</u>

CALUMET COUNTY, WISCONSIN

Notes to Basic Financial Statements  
December 31, 2020

NOTE 3: DETAILED NOTES ON ALL FUNDS

**Restricted Fund Balance**

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2020, restricted fund balance was as follows:

Special Revenue Funds	
Restricted for	
Home nursing program	\$ 331,385
School for handicapped	280,587
Jail maintenance	108,166
Dog licenses	1,000
Total Special Revenue Funds restricted fund balance	<u>721,138</u>
Debt Service Fund	
Restricted for	
Debt service	<u>154,707</u>
Capital Projects Fund	
Restricted for	
Capital projects	<u>6,629,329</u>
Total restricted fund balance	<u>\$ 7,505,174</u>

**Committed Fund Balance**

In the fund financial statements, portions of government fund balances are committed by County Board action. At December 31, 2020, governmental fund balance was committed as follows:

General Fund	
Committed for subsequent years' expenditures	
Self insurance retention	<u>\$ 300,000</u>
Special Revenue Funds	
Committed for	
Highway maintenance	1,584,263
Economic development	34,003
Total Special Revenue Funds committed fund balance	<u>1,618,266</u>
Capital Projects Fund	
Committed for	
Capital projects	<u>2,739,057</u>
Total committed fund balance	<u>\$ 4,657,323</u>



**CALUMET COUNTY, WISCONSIN**

Notes to Basic Financial Statements  
December 31, 2020

**NOTE 3: DETAILED NOTES ON ALL FUNDS**

**Assigned Fund Balance**

In the fund financial statements, portions of government fund balances are assigned by County Board action. At December 31, 2020, governmental fund balance was assigned as follows:

General Fund	
Assigned for:	
Subsequent year budget	\$ 1,459,894
Finance	21,405
Information services	280,535
County board	46,988
Human resources	43,112
Economic development	2,485
Treasurer	23,925
Register of deeds	168,187
Maintenance	2,300
Sheriff	95,680
Emergency management	5,161
Parks	107,725
Land and water conservation	30,219
Planning	4,750
	<u>2,292,366</u>
Total	<u>\$ 2,292,366</u>

**Minimum General Fund Balance Policy**

The County has also adopted a minimum fund balance policy of 15% of current year expenditures for the governmental funds except debt service and capital projects. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

2020 Governmental Fund Expenditures	\$ 68,630,224
Less:	
Debt service fund expenditures	(3,836,103)
Capital projects fund expenditures	(23,527,269)
Subtotal	<u>41,266,852</u>
Minimum Fund Balance %	(x) 15%
Minimum Fund Balance Amount	<u>\$ 6,190,028</u>

The County is in compliance with the minimum fund balance policy.

**CALUMET COUNTY, WISCONSIN**

Notes to Basic Financial Statements  
December 31, 2020

**NOTE 3: DETAILED NOTES ON ALL FUNDS**

**Net Position**

The County reports restricted net position at December 31, 2020 as follows:

Governmental activities	
Restricted for	
Home nursing	\$ 331,385
School for handicapped	280,587
Jail maintenance	108,166
Dog licenses	1,000
Debt service	28,993
Pension benefits	3,030,543
Total governmental activities restricted net position	<u>3,780,674</u>
Business-type activities	
Restricted for	
Pension benefits	261,899
Total restricted net position	<u>\$ 4,042,573</u>

**NOTE 4: OTHER INFORMATION**

**A. RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The County completes an annual review of its insurance coverage to ensure adequate coverage. A description of the County's risk management programs is presented below:

**Property and Liability Insurance**

The County is a member of the Wisconsin County Mutual insurance Corporation (WCMIC). WCMIC was created by several governmental units within the State of Wisconsin to provide general, auto and other liability insurance services to its members. The County pays premiums to WCMIC for its liability insurance coverage. The actuary for WCMIC determines charges to its members for the expected losses and loss adjustment expenses on which premiums are based. Premium charges for WCMIC are recorded as expenditures or expenses in various funds of the County. The County's self-insured retention limit was \$25,000 for each occurrence for 2020, with a maximum limit of \$150,000 annually. A separate financial report is issued annually by WCMIC.

The County also purchases commercial insurance policies for various property and other liability risks. Payments of premiums for these policies are also recorded as expenditures or expenses in various funds of the County. Settlements have not exceeded insurance coverage for each of the past three years. There have also been no significant changes in insurance coverage from the prior year.

**CALUMET COUNTY, WISCONSIN**

Notes to Basic Financial Statements  
December 31, 2020

**CALUMET COUNTY, WISCONSIN**

Notes to Basic Financial Statements  
December 31, 2020

**NOTE 4: OTHER INFORMATION**

**B. WORKERS COMPENSATION**

The County has established a worker's compensation program to finance workers compensation awards for County employees. The program is funded by charges to County departments. The program is supplemented by stop loss protection, which limits the County's annual liability to \$300,000 per specific claim. Expenses consist of payments for claims, stop loss insurance premiums and administrative costs. A claims liability was reported in the general fund at December 31, 2020, based on the requirements of GASB Statement No. 10, which requires that a liability be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability for 2020 and 2019 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability December 31
2019	\$ 344,688	\$ 60,043	\$ 207,190	\$ 197,541
2020	197,541	57,724	70,209	185,056

For the County's self-insured risk management areas, there have been no significant reductions in insurance coverage in comparison to the prior year. Also, the amount of insurance settlements for each of the County's self-insured risk management areas has not exceeded insurance coverage in any of the past three years.

**C. COMMITMENTS**

On May 21, 2019, the County Board adopted the Initial Resolution authorizing General Obligation Bonds and/or Promissory Notes in an amount not to exceed \$35,000,000 for the construction of a new County jail facility and renovation of the County courthouse. The County issued general obligation bonds in three phases to provide funds for Project construction which began in fall of 2019 and is expected to be completed in fall 2021. The County issued \$17,000,000 of General Obligation County Building Bonds dated September 9, 2019; \$15,000,000 of General Obligation County Building Bonds dated September 27, 2020 as phase 2; and \$3,000,000 of General Obligation County Building Bonds dated July 1, 2021.

The Courthouse renovation project was completed during 2020 and placed into service. The County has entered into contracts with an architect and general contractor totaling \$32.9 million for the jail project, with total incurred costs of \$24 million as of December 31, 2020. The remaining project budget will be carried forward into 2021 to finance the completion of the project.

**D. CONTINGENCIES**

The County has identified the following items as potential liabilities not recorded on the basic financial statements:

1. The County participates in a number of federal and state assisted grant agreements. These programs are subject to program compliance audits by the grantors or their representatives. An audit under Federal *Uniform Guidance* and the *State Audit Guidelines* has been conducted but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.
2. From time to time, the County is party to other pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the Corporation Counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

**NOTE 4: OTHER INFORMATION**

**E. UPCOMING ACCOUNTING PRONOUNCEMENTS**

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32.*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years. When they become effective, application of these standards may restate portions of these financial statements.

**F. SUBSEQUENT EVENTS**

The federal government passed the American Rescue Plan Act (ARPA) of 2021 on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts, including assisting state and local governments cover increased expenditures, replenish lost revenue, mitigate economic harm from the COVID-19 pandemic, and potential capital improvements. The County's ARPA award is \$9,729,201, with \$4,864,601 received in May, 2021, and the remaining balance expected a year later. The County may use these funds are to cover costs incurred by December 31, 2024.

On July 1, 2021, the County issued \$3,000,000 General Obligation County Building Bonds to complete the financing of a new County jail facility and renovation of the County Courthouse approved by the County Board in 2019. The bonds are due from 2024 through 2039, and bear interest of 1.15% to 3.0%.

**CALUMET COUNTY, WISCONSIN**

General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual  
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 12,796,377	\$ 12,796,377	\$ 12,802,581	\$ 6,204
Intergovernmental	5,480,543	6,936,063	3,289,612	(3,646,451)
Licenses and permits	150,765	150,765	150,357	(408)
Fines and forfeitures	120,000	120,000	78,679	(41,321)
Public charges for services	1,847,559	1,932,237	2,064,001	131,764
Intergovernmental charges for services	275,874	275,874	264,629	(11,245)
Interest	600,600	600,600	219,444	(381,156)
Miscellaneous	370,918	370,918	418,086	47,168
Total revenues	<u>21,642,636</u>	<u>23,182,834</u>	<u>19,287,389</u>	<u>(3,895,445)</u>
<b>Expenditures</b>				
Current:				
General government	7,360,319	7,812,609	6,502,147	1,310,462
Public safety	7,764,884	8,061,463	7,807,107	254,356
Health and social services	180,734	180,734	169,860	10,874
Education and recreation	2,339,504	2,523,505	1,932,663	590,842
Conservation and development	5,138,224	5,921,043	2,385,339	3,535,704
Total expenditures	<u>22,783,665</u>	<u>24,499,354</u>	<u>18,797,116</u>	<u>5,702,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,141,029)</u>	<u>(1,316,520)</u>	<u>490,273</u>	<u>1,806,793</u>
<b>Other financing sources</b>				
Transfers in	-	-	1,329,263	1,329,263
Net change in fund balance	(1,141,029)	(1,316,520)	1,819,536	3,136,056
Fund balance - beginning	15,279,337	15,279,337	15,279,337	-
Fund balance - ending	<u>\$ 14,138,308</u>	<u>\$ 13,962,817</u>	<u>\$ 17,098,873</u>	<u>\$ 3,136,056</u>

See notes to required supplementary information.

**CALUMET COUNTY, WISCONSIN**

Human Services Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual  
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 4,985,024	\$ 4,985,024	\$ 4,985,024	\$ -
Intergovernmental	8,770,951	9,143,607	9,943,765	800,158
Public charges for services	1,971,771	1,971,771	2,038,334	66,563
Total revenues	<u>15,727,746</u>	<u>16,100,402</u>	<u>16,967,123</u>	<u>866,721</u>
<b>Expenditures</b>				
Current:				
Health and social services	15,727,746	15,814,444	15,637,860	176,584
Total expenditures	<u>15,727,746</u>	<u>15,814,444</u>	<u>15,637,860</u>	<u>176,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>285,958</u>	<u>1,329,263</u>	<u>1,043,305</u>
<b>Other financing uses</b>				
Transfers out	-	-	(1,329,263)	(1,329,263)
Net change in fund balance	-	285,958	-	(285,958)
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ 285,958</u>	<u>\$ -</u>	<u>\$ (285,958)</u>

See notes to required supplementary information.

**CALUMET COUNTY, WISCONSIN**

Schedule of Proportionate Share of the Net Pension Liability (Asset)  
Wisconsin Retirement System  
Last 10 Fiscal Years

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.09459513%	\$ (2,323,515)	\$ 12,531,666	18.54%	102.74%
12/31/15	0.09618635%	1,563,010	13,435,242	11.63%	98.20%
12/31/16	0.09744080%	803,145	13,442,417	5.97%	99.12%
12/31/17	0.09974523%	(2,961,554)	14,053,383	21.07%	102.93%
12/31/18	0.10063682%	3,580,342	14,614,753	24.50%	96.45%
12/31/19	0.10210845%	(3,292,442)	15,252,852	21.59%	102.96%

Schedule of Contributions  
Wisconsin Retirement System  
Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 962,845	\$ 962,845	\$ -	\$ 13,435,242	7.17%
12/31/16	935,915	935,915	-	13,442,417	6.96%
12/31/17	1,027,293	1,027,293	-	14,053,383	7.31%
12/31/18	1,053,342	1,053,342	-	14,614,753	7.21%
12/31/19	1,076,567	1,076,567	-	15,252,852	7.06%
12/31/20	1,172,597	1,172,597	-	15,849,543	7.40%

See notes to required supplementary information.

**CALUMET COUNTY, WISCONSIN**

Schedule of Proportionate Share of the Net OPEB Liability (Asset)  
Local Retiree Life Insurance Fund  
Last 10 Fiscal Years

Plan Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.27377400%	\$ 823,671	\$ 11,512,980	7.15%	44.81%
12/31/18	0.27755300%	716,180	13,722,000	5.22%	48.69%
12/31/19	0.28711700%	1,222,600	14,059,000	8.70%	37.58%

Schedule of Contributions  
Local Retiree Life Insurance Fund  
Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 5,369	\$ 5,369	\$ -	\$ 13,722,000	0.04%
12/31/19	5,347	5,347	-	14,059,000	0.04%
12/31/20	5,919	5,919	-	15,849,543	0.04%

See notes to required supplementary information.

**CALUMET COUNTY, WISCONSIN**

Schedule of Changes in OPEB Liability and Related Ratios  
Last 10 Fiscal Years

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 223,800	\$ 238,050	\$ 219,343	\$ 218,172
Interest	135,223	101,027	100,186	87,899
Differences between expected and actual experience	5,034	(93,610)	-	-
Changes of assumptions	58,717	263,449	49,423	(28,242)
Benefit payments	(151,848)	(115,437)	(87,226)	(94,257)
Net change in total OPEB liability	<u>270,926</u>	<u>393,479</u>	<u>281,726</u>	<u>183,572</u>
Total OPEB liability - beginning	<u>3,149,484</u>	<u>2,756,005</u>	<u>2,474,279</u>	<u>2,290,707</u>
Total OPEB liability - ending	<u>\$ 3,420,410</u>	<u>\$ 3,149,484</u>	<u>\$ 2,756,005</u>	<u>\$ 2,474,279</u>
Covered-employee payroll	\$ 15,849,543	\$ 15,252,852	\$ 14,614,753	\$ 14,053,383
County's total OPEB liability as a percentage of covered payroll	21.58%	20.65%	18.86%	17.61%

\* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

See notes to required supplementary information.

**CALUMET COUNTY, WISCONSIN**

Notes to Required Supplementary Information  
December 31, 2020

**A. BUDGETS AND BUDGETARY ACCOUNTING**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The County prepares an annual budget in accordance with Chapter 65 of the Wisconsin Statutes for each year ending December 31.

The County adopts annual appropriated budgets for the general, special revenue, debt service, capital project, and enterprise funds. For the proprietary fund types, the budget is viewed as an approved operating plan.

During September and October of each year, all departments of Calumet County submit written requests for appropriations to the County Administrator so that a budget may be prepared.

The County's Administrator and the Administrative Services Committee hold several budgetary review meetings to consider departmental budgets.

Any modifications of budget items as a result of these meetings require notification to the departments and/or committees of jurisdiction.

If the department or committee of jurisdiction request to be heard in rebuttal, the County's Administrator and the Administrative Services Committee shall grant that opportunity.

1. In October, the preliminary budget as approved by the Administrative Services Committee is introduced by the County Administrator to the County Board of Supervisors. Fifteen days before final adoption of the budget, a public hearing notice is posted, and the public is invited to inspect the budget. The public hearing on the budget is held. Discussion and/or changes may be made to the budget. Subsequently, the final version of the budget is approved (a majority vote of members present is required) through the County's property tax resolution and the budget is formally adopted at the functional level of expenditures.
2. Major budgetary transfers and changes must be introduced by the Administrative Services Committee through resolutions. All such resolutions must be approved by the County Board of Supervisors. Minor budgetary transfers and changes, defined as ten percent or less of a department's annual approved budget, are approved by the County's Finance Director. The final budgeted amounts presented in the basic financial statements include any amendments made.
3. All annual appropriations lapse at year-end unless specifically authorized as non-lapsing appropriations by the County's Administrative Services Committee. The portion of fund balance representing non-lapsing appropriations is reported as a committed fund balance.
4. Encumbrance accounting is used by the County as an extension of formal budgetary control during the year. Encumbrances outstanding at year-end (e.g., construction related purchase orders and contracts) are reported as committed fund balances.

The County did not have any material violations of legal or contractual provisions for the fiscal year ended December 31, 2020.

**B. WISCONSIN RETIREMENT SYSTEM**

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

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in the WRS.

*Changes of assumptions.* There were no changes of assumptions for any participating employer in the WRS.

**CALUMET COUNTY, WISCONSIN**

Notes to Required Supplementary Information  
December 31, 2020

**C. OTHER POSTEMPLOYMENT BENEFITS**

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

*Single-employer Defined Postemployment Benefit Plan*

There were no changes in benefit terms. Several actuarial assumptions changed from the prior year, including the single discount rate and healthcare cost trend rates. Please refer to the Actuarial Assumptions section for additional details.

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

*Local Retiree Life Insurance Fund (LRLIF)*

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

*Changes of assumptions.* Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions section for additional details.

**CALUMET COUNTY, WISCONSIN**

Combining Balance Sheet –  
Nonmajor Governmental Funds  
December 31, 2020

	Home Nursing	School for Handicapped	County Roads & Bridges	Jail Maintenance	Land Records	Micro Loan Program	Dog Licenses	County Sales Tax	Total Nonmajor Governmental Funds
<b>Assets</b>									
Cash and investments	\$ 271,681	\$ 609,103	\$ 1,584,172	\$ 108,166	\$ -	\$ 34,003	\$ 15,946	\$ 2,372,040	\$ 4,995,111
Taxes receivable	-	1,094,385	400,678	-	71,554	-	-	-	1,566,617
Accounts	202,738	129,375	91	-	20,330	-	-	367,017	719,551
Loans	-	-	-	-	-	69,113	-	-	69,113
Total assets	<u>\$ 474,419</u>	<u>\$ 1,832,863</u>	<u>\$ 1,984,941</u>	<u>\$ 108,166</u>	<u>\$ 91,884</u>	<u>\$ 103,116</u>	<u>\$ 15,946</u>	<u>\$ 2,739,057</u>	<u>\$ 7,350,392</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>									
Liabilities:									
Accounts payable	\$ 143,034	\$ 457,891	\$ -	\$ -	\$ 26,334	\$ -	\$ 14,946	\$ -	\$ 642,205
Due to other governments	-	-	-	-	6,335	-	-	-	6,335
Due to other funds	-	-	-	-	1,654	-	-	-	1,654
Total liabilities	<u>143,034</u>	<u>457,891</u>	<u>-</u>	<u>-</u>	<u>34,323</u>	<u>-</u>	<u>14,946</u>	<u>-</u>	<u>650,194</u>
Deferred inflows of resources:									
Property taxes levied for subsequent year	-	1,094,385	400,678	-	71,554	-	-	-	1,566,617
Loans receivable	-	-	-	-	-	69,113	-	-	69,113
Total deferred inflows of resources	<u>-</u>	<u>1,094,385</u>	<u>400,678</u>	<u>-</u>	<u>71,554</u>	<u>69,113</u>	<u>-</u>	<u>-</u>	<u>1,635,730</u>
Fund balances (deficit):									
Restricted									
Home nursing program	331,385	-	-	-	-	-	-	-	331,385
School for handicapped	-	280,587	-	-	-	-	-	-	280,587
Jail maintenance	-	-	-	108,166	-	-	-	-	108,166
Dog licenses	-	-	-	-	-	-	1,000	-	1,000
Committed									
Highway maintenance	-	-	1,584,263	-	-	-	-	-	1,584,263
Capital projects	-	-	-	-	-	-	-	2,739,057	2,739,057
Economic development	-	-	-	-	-	34,003	-	-	34,003
Unassigned (deficit)	-	-	-	-	(13,993)	-	-	-	(13,993)
Total fund balances (deficit)	<u>331,385</u>	<u>280,587</u>	<u>1,584,263</u>	<u>108,166</u>	<u>(13,993)</u>	<u>34,003</u>	<u>1,000</u>	<u>2,739,057</u>	<u>5,064,468</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 474,419</u>	<u>\$ 1,832,863</u>	<u>\$ 1,984,941</u>	<u>\$ 108,166</u>	<u>\$ 91,884</u>	<u>\$ 103,116</u>	<u>\$ 15,946</u>	<u>\$ 2,739,057</u>	<u>\$ 7,350,392</u>

**CALUMET COUNTY, WISCONSIN**

Statement of Revenues, Expenditures and Changes in Fund Balance –  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2020

	Home Nursing	School for Handicapped	County Roads & Bridges	Jail Maintenance	Land Records	Micro Loan Program	Dog Licenses	County Sales Tax	Total Nonmajor Governmental Funds
<b>Revenues</b>									
Taxes	\$ -	\$ 958,287	\$ 507,036	\$ -	\$ 63,411	\$ -	\$ -	\$ 4,333,613	\$ 5,862,347
Intergovernmental	83,797	1,096,724	1,464,634	-	78,504	-	-	-	2,723,659
Licenses and permits	-	-	-	19,113	-	-	16,349	-	35,462
Public charges for services	2,430,193	-	-	-	69,109	44,953	-	-	2,544,255
<b>Total revenues</b>	<u>2,513,990</u>	<u>2,055,011</u>	<u>1,971,670</u>	<u>19,113</u>	<u>211,024</u>	<u>44,953</u>	<u>16,349</u>	<u>4,333,613</u>	<u>11,165,723</u>
<b>Expenditures</b>									
Current:									
General government	-	-	-	-	-	-	16,349	-	16,349
Public works	-	-	1,813,684	-	-	-	-	-	1,813,684
Health and social services	2,464,066	-	-	-	-	-	-	-	2,464,066
Education and recreation	-	2,240,225	-	-	-	-	-	-	2,240,225
Conservation and development	-	-	-	-	248,983	48,569	-	-	297,552
Capital outlay:									
General government	-	-	-	-	-	-	-	28,246	28,246
Public works	-	-	-	-	-	-	-	2,876,322	2,876,322
Education and recreation	-	-	-	-	-	-	-	452,675	452,675
<b>Total expenditures</b>	<u>2,464,066</u>	<u>2,240,225</u>	<u>1,813,684</u>	<u>-</u>	<u>248,983</u>	<u>48,569</u>	<u>16,349</u>	<u>3,357,243</u>	<u>10,189,119</u>
Net change in fund balances	49,924	(185,214)	157,986	19,113	(37,959)	(3,616)	-	976,370	976,604
Fund balances - beginning	281,461	465,801	1,426,277	89,053	23,966	37,619	1,000	1,762,687	4,087,864
Fund balances (deficit) - ending	<u>\$ 331,385</u>	<u>\$ 280,587</u>	<u>\$ 1,584,263</u>	<u>\$ 108,166</u>	<u>\$ (13,993)</u>	<u>\$ 34,003</u>	<u>\$ 1,000</u>	<u>\$ 2,739,057</u>	<u>\$ 5,064,468</u>



**CALUMET COUNTY, WISCONSIN**

Home Nursing Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance –  
 Budget and Actual  
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 83,797	\$ 83,797
Public charges for services	2,356,385	2,356,385	2,430,193	73,808
Total revenues	<u>2,356,385</u>	<u>2,356,385</u>	<u>2,513,990</u>	<u>157,605</u>
<b>Expenditures</b>				
Current:				
Health and social services	2,356,385	2,356,385	2,464,066	(107,681)
Total expenditures	<u>2,356,385</u>	<u>2,356,385</u>	<u>2,464,066</u>	<u>(107,681)</u>
Net change in fund balance	-	-	49,924	49,924
Fund balance - beginning	<u>281,461</u>	<u>281,461</u>	<u>281,461</u>	<u>-</u>
Fund balance - ending	<u>\$ 281,461</u>	<u>\$ 281,461</u>	<u>\$ 331,385</u>	<u>\$ 49,924</u>

**CALUMET COUNTY, WISCONSIN**

School for Handicapped Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance –  
 Budget and Actual  
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 958,287	\$ 958,287	\$ 958,287	\$ -
Intergovernmental	1,046,778	1,046,778	1,096,724	49,946
Total revenues	<u>2,005,065</u>	<u>2,005,065</u>	<u>2,055,011</u>	<u>49,946</u>
<b>Expenditures</b>				
Current:				
Education and recreation	2,225,065	2,225,065	2,240,225	(15,160)
Total expenditures	<u>2,225,065</u>	<u>2,225,065</u>	<u>2,240,225</u>	<u>(15,160)</u>
Net change in fund balance	(220,000)	(220,000)	(185,214)	34,786
Fund balance - beginning	<u>465,801</u>	<u>465,801</u>	<u>465,801</u>	<u>-</u>
Fund balance - ending	<u>\$ 245,801</u>	<u>\$ 245,801</u>	<u>\$ 280,587</u>	<u>\$ 34,786</u>

**CALUMET COUNTY, WISCONSIN**

County Roads and Bridges Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance –  
 Budget and Actual  
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 507,036	\$ 507,036	\$ 507,036	\$ -
Intergovernmental	1,477,893	1,477,893	1,464,634	(13,259)
Total revenues	<u>1,984,929</u>	<u>1,984,929</u>	<u>1,971,670</u>	<u>(13,259)</u>
<b>Expenditures</b>				
Current:				
Public works	1,984,929	2,124,875	1,813,684	311,191
Total expenditures	<u>1,984,929</u>	<u>2,124,875</u>	<u>1,813,684</u>	<u>311,191</u>
Net change in fund balance	-	(139,946)	157,986	297,932
Fund balance - beginning	<u>1,426,277</u>	<u>1,426,277</u>	<u>1,426,277</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,426,277</u>	<u>\$ 1,286,331</u>	<u>\$ 1,584,263</u>	<u>\$ 297,932</u>

**CALUMET COUNTY, WISCONSIN**

Jail Maintenance Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance –  
 Budget and Actual  
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Licenses and permits	\$ 18,000	\$ 18,000	\$ 19,113	\$ 1,113
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>19,113</u>	<u>1,113</u>
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Net change in fund balance	18,000	18,000	19,113	1,113
Fund balance - beginning	<u>89,053</u>	<u>89,053</u>	<u>89,053</u>	<u>-</u>
Fund balance - ending	<u>\$ 107,053</u>	<u>\$ 107,053</u>	<u>\$ 108,166</u>	<u>\$ 1,113</u>

**CALUMET COUNTY, WISCONSIN**

Land Records Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance –  
 Budget and Actual  
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 63,411	\$ 63,411	\$ 63,411	\$ -
Intergovernmental	96,000	120,400	78,504	(41,896)
Public charges for services	57,000	57,000	69,109	12,109
Total revenues	<u>216,411</u>	<u>240,811</u>	<u>211,024</u>	<u>(29,787)</u>
<b>Expenditures</b>				
Current:				
Conservation and development	216,411	240,811	248,983	(8,172)
Total expenditures	<u>216,411</u>	<u>240,811</u>	<u>248,983</u>	<u>(8,172)</u>
Net change in fund balance	-	-	(37,959)	(37,959)
Fund balance - beginning	23,966	23,966	23,966	-
Fund balance (deficit) - ending	<u>\$ 23,966</u>	<u>\$ 23,966</u>	<u>\$ (13,993)</u>	<u>\$ (37,959)</u>

**CALUMET COUNTY, WISCONSIN**

Micro Loan Program Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance –  
 Budget and Actual  
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Public charges for services	\$ 36,372	\$ 36,372	\$ 44,953	\$ 8,581
Total revenues	<u>36,372</u>	<u>36,372</u>	<u>44,953</u>	<u>8,581</u>
<b>Expenditures</b>				
Current:				
Conservation and development	36,372	36,372	48,569	(12,197)
Total expenditures	<u>36,372</u>	<u>36,372</u>	<u>48,569</u>	<u>(12,197)</u>
Net change in fund balance	-	-	(3,616)	(3,616)
Fund balance - beginning	37,619	37,619	37,619	-
Fund balance - ending	<u>\$ 37,619</u>	<u>\$ 37,619</u>	<u>\$ 34,003</u>	<u>\$ (3,616)</u>

**CALUMET COUNTY, WISCONSIN**

Dog License Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance –  
 Budget and Actual  
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Licenses and permits	\$ 19,429	\$ 19,429	\$ 16,349	\$ (3,080)
Total revenues	<u>19,429</u>	<u>19,429</u>	<u>16,349</u>	<u>(3,080)</u>
<b>Expenditures</b>				
Current:				
General government	19,429	19,429	16,349	3,080
Total expenditures	<u>19,429</u>	<u>19,429</u>	<u>16,349</u>	<u>3,080</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	1,000	1,000	1,000	-
Fund balance - ending	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>

**CALUMET COUNTY, WISCONSIN**

Debt Service Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance –  
 Budget and Actual  
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 3,164,735	\$ 3,164,735	\$ 3,164,735	\$ -
Total revenues	<u>3,164,735</u>	<u>3,164,735</u>	<u>3,164,735</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
Principal retirement	2,865,000	2,865,000	2,865,000	-
Interest and other charges	848,103	848,103	848,103	-
Debt issuance costs	-	-	123,000	(123,000)
Total expenditures	<u>3,713,103</u>	<u>3,713,103</u>	<u>3,836,103</u>	<u>(123,000)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(548,368)</u>	<u>(548,368)</u>	<u>(671,368)</u>	<u>(123,000)</u>
<b>Other financing sources</b>				
Debt premium received	-	-	232,292	232,292
Net change in fund balance	(548,368)	(548,368)	(439,076)	109,292
Fund balance - beginning	593,783	593,783	593,783	-
Fund balance - ending	<u>\$ 45,415</u>	<u>\$ 45,415</u>	<u>\$ 154,707</u>	<u>\$ 109,292</u>

**CALUMET COUNTY, WISCONSIN**

Capital Improvements Capital Projects Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance –  
 Budget and Actual  
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Interest	\$ -	\$ -	\$ 113,848	\$ 113,848
Total revenues	-	-	113,848	113,848
<b>Expenditures</b>				
Capital outlay				
General government	750,000	1,329,235	1,238,157	91,078
Public safety	9,250,000	28,512,267	18,931,869	9,580,398
Total expenditures	10,000,000	29,841,502	20,170,026	9,671,476
Excess (deficiency) of revenues over (under) expenditures	(10,000,000)	(29,841,502)	(20,056,178)	9,785,324
<b>Other financing sources</b>				
Long term debt issued	10,000,000	10,000,000	15,000,000	5,000,000
Net change in fund balance	-	(19,841,502)	(5,056,178)	14,785,324
Fund balance - beginning	11,685,507	11,685,507	11,685,507	-
Fund balance - ending	\$ 11,685,507	\$ (8,155,995)	\$ 6,629,329	\$ 14,785,324

**CALUMET COUNTY, WISCONSIN**

County Sales Tax Capital Projects Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance –  
 Budget and Actual  
 For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 3,689,744	\$ 4,039,744	\$ 4,333,613	\$ 293,869
Total revenues	3,689,744	4,039,744	4,333,613	293,869
<b>Expenditures</b>				
Capital outlay:				
General government	225,000	235,986	28,246	207,740
Public safety	-	250,000	-	250,000
Public works	3,362,744	3,883,004	2,876,322	1,006,682
Education and recreation	102,000	665,050	452,675	212,375
Total expenditures	3,689,744	5,034,040	3,357,243	1,676,797
Net change in fund balance	-	(994,296)	976,370	1,970,666
Fund balance - beginning	1,762,687	1,762,687	1,762,687	-
Fund balance - ending	\$ 1,762,687	\$ 768,391	\$ 2,739,057	\$ 1,970,666

**CALUMET COUNTY, WISCONSIN**

Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2020

	Custodial Funds				Totals
	Tax Collections	Representative Payee	Clerk of Courts	Inmate Trust	
<b>Assets</b>					
Cash and investments	\$ 3,917,116	\$ 280,124	\$ 377,228	\$ 41,875	\$ 4,616,343
<b>Liabilities</b>					
Due to other governments	3,917,116	-	54,172	35,674	4,006,962
<b>Fiduciary net position</b>	<u>\$ -</u>	<u>\$ 280,124</u>	<u>\$ 323,056</u>	<u>\$ 6,201</u>	<u>\$ 609,381</u>

**CALUMET COUNTY, WISCONSIN**

Combining Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2020

	Custodial Funds				Totals
	Tax Collections	Representative Payee	Clerk of Courts	Inmate Trust	
<b>Additions</b>					
Property taxes collected for other governments	\$ 3,917,116	\$ -	\$ -	\$ -	\$ 3,917,116
Deposits for human services clients	-	1,069,536	-	-	1,069,536
Fines, fees, forfeitures and general trust	-	-	1,263,184	-	1,263,184
Inmate deposits	-	-	-	407,187	407,187
Total additions	<u>3,917,116</u>	<u>1,069,536</u>	<u>1,263,184</u>	<u>407,187</u>	<u>6,657,023</u>
<b>Deductions</b>					
Property taxes distributed to other governments	3,917,116	-	-	-	3,917,116
Payments for human services clients	-	992,331	-	-	992,331
Fines, fees and forfeitures	-	-	852,435	-	852,435
General trust	-	-	521,725	-	521,725
Inmate disbursements	-	-	-	400,986	400,986
Total deductions	<u>3,917,116</u>	<u>992,331</u>	<u>1,374,160</u>	<u>400,986</u>	<u>6,684,593</u>
Change in fiduciary net position	-	77,205	(110,976)	6,201	(27,570)
Fiduciary net position - beginning (as restated)	-	202,919	434,032	-	636,951
Fiduciary net position - ending	<u>\$ -</u>	<u>\$ 280,124</u>	<u>\$ 323,056</u>	<u>\$ 6,201</u>	<u>\$ 609,381</u>

**CALUMET COUNTY, WISCONSIN**

Schedule of Capital Assets Used in the Operation of Governmental Funds  
December 31, 2020

<b>Governmental funds capital assets:</b>	
Land	\$ 4,028,171
Land improvements	5,432,797
Buildings	16,258,101
Machinery and equipment	9,055,564
Infrastructure	87,495,711
Construction in progress	24,180,118
Total governmental funds capital assets	<u>\$ 146,450,462</u>
<b>Investments in governmental funds capital assets by source:</b>	
General fund	\$ 31,911,637
Special revenue funds	89,094,127
Capital projects funds	
General obligation debt	25,444,698
Total governmental funds capital assets	<u>\$ 146,450,462</u>

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**CALUMET COUNTY, WISCONSIN**

Schedule of Capital Assets by Function and Activity  
December 31, 2020

	Land		Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
	Land	Improvements					
<b>General government:</b>							
County buildings	\$ 174,416	\$1,048,845	\$13,808,176	\$ 519,702	\$ 1,127,605	\$ 4,320	\$ 16,683,064
Circuit court	-	-	-	14,545	-	-	14,545
County clerk	-	-	-	32,601	-	-	32,601
Information services	-	-	-	2,083,086	-	-	2,083,086
Register of deeds	-	-	-	107,750	-	-	107,750
Total general government	<u>174,416</u>	<u>1,048,845</u>	<u>13,808,176</u>	<u>2,757,684</u>	<u>1,127,605</u>	<u>4,320</u>	<u>18,921,046</u>
<b>Public safety:</b>							
Sheriff	141,853	-	222,424	5,115,213	66,319	23,993,390	29,539,199
<b>Public works:</b>							
County roads and bridges	1,151,000	-	-	-	86,058,200	-	87,209,200
<b>Health and social services:</b>							
Health & human services	-	-	-	312,082	-	-	312,082
<b>Education and recreation:</b>							
Calumet county parks system	2,560,902	4,383,952	2,227,501	685,490	243,587	182,408	10,283,840
<b>Conservation and development:</b>							
Land and water conservation	-	-	-	77,491	-	-	77,491
Planning	-	-	-	107,604	-	-	107,604
Total conservation and development	-	-	-	185,095	-	-	185,095
Total governmental funds capital assets	<u>\$4,028,171</u>	<u>\$5,432,797</u>	<u>\$16,258,101</u>	<u>\$9,055,564</u>	<u>\$87,495,711</u>	<u>\$24,180,118</u>	<u>\$146,450,462</u>

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**CALUMET COUNTY, WISCONSIN**

Schedule of Capital Asset Additions and Deletions by Function and Activity  
For the Year Ended December 31, 2020

	Beginning Balance	Increases	Decreases	Ending Balance
<b>General government:</b>				
County buildings	15,404,748	1,278,316	-	16,683,064
Circuit court	14,545	-		14,545
County clerk	-	32,601		32,601
Information services	1,998,495	101,391	16,800	2,083,086
Register of deeds	107,750	-	-	107,750
Total general government	<u>17,525,538</u>	<u>1,412,308</u>	<u>16,800</u>	<u>18,921,046</u>
<b>Public safety:</b>				
Sheriff	10,372,762	19,412,077	245,640	29,539,199
<b>Public works:</b>				
County roads and bridges	85,880,690	2,485,446	1,156,936	87,209,200
<b>Health and social services:</b>				
Health & human services	312,082			312,082
<b>Education and recreation:</b>				
Calumet county parks system	9,723,718	560,122		10,283,840
<b>Conservation and development:</b>				
Land and water conservation	64,561	28,505	15,575	77,491
Planning	65,909	41,695		107,604
Total conservation and development	130,470	70,200	15,575	185,095
Total governmental funds capital assets	<u>\$ 123,945,260</u>	<u>\$ 23,940,153</u>	<u>\$ 1,434,951</u>	<u>\$ 146,450,462</u>

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**APPENDIX B-3**

**Audited Financial Statements of Jackson County, Wisconsin**

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**JACKSON COUNTY, WISCONSIN  
FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT  
Year Ended December 31, 2020**

**Johnson Block & Company, Inc.  
Certified Public Accountants  
1315 Bad Axe Court; P.O. Box 271  
Viroqua, Wisconsin 54665  
Phone: 888-308-8281  
Fax: 608-515-5881**

JACKSON COUNTY, WISCONSIN

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Supervisors  
Jackson County  
Black River Falls, Wisconsin

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Jackson County, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



**Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Jackson County, Wisconsin, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, effective January 1, 2020, Jackson County, Wisconsin, adopted the provisions of Statement No. 84 of the Governmental Accounting Standards Board (GASB), Fiduciary Activities. Our opinions are not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the Local Retiree Life Insurance Fund schedules, and Wisconsin Retirement System schedules on pages 55 - 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County, Wisconsin's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.





**Other Matters (Continued)**

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we will issue a report on our consideration of Jackson County, Wisconsin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Jackson County, Wisconsin's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Jackson County, Wisconsin's internal control over financial reporting and compliance.

Johnson Block & Company, Inc.  
October 22, 2021

**BASIC FINANCIAL STATEMENTS**



JACKSON COUNTY, WISCONSIN  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
December 31, 2020

	Governmental Activities	Business- Type Activities	Total
<b>Assets</b>			
<b>Current assets:</b>			
Cash and investments	\$ 19,735,451	\$ 2,809,376	\$ 22,544,827
Receivables	13,689,743	27,406	13,717,149
Internal balances	2,198,866	(2,198,866)	-
Inventories and prepaid items	30,204	883,907	914,111
Due from other governments	-	421,192	421,192
Restricted assets:			
Cash and investments	1,755,269	478,938	2,234,207
Net pension asset	1,774,897	317,303	2,092,200
<b>Total current assets</b>	<b>39,184,430</b>	<b>2,739,256</b>	<b>41,923,686</b>
<b>Noncurrent assets:</b>			
Loans receivable	501,112	-	501,112
Capital assets not being depreciated	18,421,850	326,507	18,748,357
Other capital assets, net of depreciation	44,278,094	4,640,002	48,918,096
<b>Total noncurrent assets</b>	<b>63,201,056</b>	<b>4,966,509</b>	<b>68,167,565</b>
<b>Total assets</b>	<b>102,385,486</b>	<b>7,705,765</b>	<b>110,091,251</b>
<b>Deferred Outflows of Resources</b>			
Pension related	4,180,994	747,447	4,928,441
OPEB related	538,627	188,189	726,816
<b>Total deferred outflows of resources</b>	<b>4,719,621</b>	<b>935,636</b>	<b>5,655,257</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 107,105,107</b>	<b>\$ 8,641,401</b>	<b>\$ 115,746,508</b>

See accompanying notes to financial statements.

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JACKSON COUNTY, WISCONSIN  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
December 31, 2020

	Governmental Activities	Business- Type Activities	Total
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 1,596,881	\$ 253,563	\$ 1,850,444
Accrued liabilities and expenses	615,359	34,349	649,708
Due to other governments	267,809	-	267,809
<b>Total current liabilities</b>	<b>2,480,049</b>	<b>287,912</b>	<b>2,767,961</b>
<b>Noncurrent liabilities:</b>			
Due within one year	951,511	104,531	1,056,042
Due in more than one year	6,021,168	71,202	6,092,370
Net OPEB liability	1,250,530	436,916	1,687,446
<b>Total noncurrent liabilities</b>	<b>8,223,209</b>	<b>612,649</b>	<b>8,835,858</b>
<b>Total liabilities</b>	<b>10,703,258</b>	<b>900,561</b>	<b>11,603,819</b>
<b>Deferred Inflows of Resources</b>			
2020 tax apportionment	10,781,423	-	10,781,423
Unearned revenue	-	61,458	61,458
Pension related	5,329,907	952,841	6,282,748
OPEB related	199,759	69,792	269,551
<b>Total deferred inflows of resources</b>	<b>16,311,089</b>	<b>1,084,091</b>	<b>17,395,180</b>
<b>Net Position</b>			
Net investment in capital assets	57,021,944	4,966,509	61,988,453
Restricted for special purposes:			
Revolving loans	1,382,771	-	1,382,771
Environmental impact	684,405	-	684,405
Jail assessment	104,744	-	104,744
Commission on Aging	111,298	-	111,298
Debt service	9,469	-	9,469
Ho-Chunk Nation appropriations	316,215	-	316,215
Unrestricted	20,459,914	1,690,240	22,150,154
<b>Total net position</b>	<b>80,090,760</b>	<b>6,656,749</b>	<b>86,747,509</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 107,105,107</b>	<b>\$ 8,641,401</b>	<b>\$ 115,746,508</b>

See accompanying notes to financial statements.

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**JACKSON COUNTY, WISCONSIN  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Gov't. Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 5,098,773	\$ 937,634	\$ 702,209	\$ 1,579	\$ (3,457,351)	\$ -	\$ (3,457,351)
Public safety	5,335,310	254,048	200,040	4,276	(4,876,946)	-	(4,876,946)
Public works	3,292,081	-	971,487	-	(2,320,594)	-	(2,320,594)
Health and social services	9,648,806	1,153,124	6,154,602	-	(2,341,080)	-	(2,341,080)
Culture and recreation	1,605,447	675,224	415,800	-	(514,423)	-	(514,423)
Conservation and development	1,762,236	705,739	952,376	-	(104,121)	-	(104,121)
Interest and fiscal charges	120,853	-	-	-	(120,853)	-	(120,853)
<b>Total governmental activities</b>	<b>26,863,506</b>	<b>3,725,769</b>	<b>9,396,514</b>	<b>5,855</b>	<b>(13,735,368)</b>	<b>-</b>	<b>(13,735,368)</b>
<b>Business-type activities:</b>							
Highway	2,653,603	2,240,157	-	-	-	(413,446)	(413,446)
<b>Total business-type activities</b>	<b>2,653,603</b>	<b>2,240,157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(413,446)</b>	<b>(413,446)</b>
<b>Total</b>	<b>\$ 29,517,109</b>	<b>\$ 5,965,926</b>	<b>\$ 9,396,514</b>	<b>\$ 5,855</b>	<b>(13,735,368)</b>	<b>(413,446)</b>	<b>(14,148,814)</b>
<b>General revenues:</b>							
Property taxes							
General purpose				7,524,240	-	7,524,240	
Debt service				293,748	-	293,748	
Human services				2,193,133	-	2,193,133	
Highway				2,630,813	-	2,630,813	
State and federal aids not restricted to specific functions							
State shared taxes				993,012	-	993,012	
Ho-Chunk Nation agreement				471,820	-	471,820	
Interest and investment earnings				370,764	-	370,764	
Miscellaneous				888,424	96,574	984,998	
<b>Total general revenues</b>				<b>15,365,954</b>	<b>96,574</b>	<b>15,462,528</b>	
<b>Change in net position</b>				<b>1,630,586</b>	<b>(316,872)</b>	<b>1,313,714</b>	
<b>Net position, January 1</b>				<b>78,460,174</b>	<b>6,973,621</b>	<b>85,433,795</b>	
<b>Net position, December 31</b>				<b>\$ 80,090,760</b>	<b>\$ 6,656,749</b>	<b>\$ 86,747,509</b>	

See accompanying notes to financial statements.

**JACKSON COUNTY, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2020**

	Major Funds			Total
	General	Human Services	Nonmajor Funds	Gov't. Funds
<b>ASSETS</b>				
Cash and investments	\$ 16,265,307	\$ 801,276	\$ 2,668,868	\$ 19,735,451
Receivables:				
Taxes	5,730,717	2,060,884	1,371,012	9,162,613
Accounts	338,689	861,729	793,814	1,994,232
Loans	501,112	-	-	501,112
Due from other funds	32,508	-	-	32,508
Prepaid expenses	30,204	-	-	30,204
Restricted assets:				
Cash and cash equivalents	1,541,705	-	213,564	1,755,269
<b>Total assets</b>	<b>\$ 24,440,242</b>	<b>\$ 3,723,889</b>	<b>\$ 5,047,258</b>	<b>\$ 33,211,389</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 900,126	\$ 350,793	\$ 345,967	\$ 1,596,886
Accrued liabilities	294,129	41,994	91,708	427,831
Due to other funds	-	-	32,508	32,508
Due to other governments	307,450	-	-	307,450
<b>Total liabilities</b>	<b>1,501,705</b>	<b>392,787</b>	<b>470,183</b>	<b>2,364,675</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2020 tax apportionment	4,816,627	2,060,884	1,371,012	8,248,523
Interest on delinquent taxes	106,451	-	-	106,451
Deferred loans	501,112	-	-	501,112
Unearned revenue	-	-	137,136	137,136
<b>Total deferred inflows of resources</b>	<b>5,424,190</b>	<b>2,060,884</b>	<b>1,508,148</b>	<b>8,993,222</b>
<b>FUND BALANCES</b>				
Nonspendable	944,294	-	-	944,294
Restricted	2,615,409	-	236,261	2,851,670
Assigned	3,456,348	1,270,218	2,832,912	7,559,478
Unassigned (deficit)	10,498,296	-	(246)	10,498,050
<b>Total fund balances</b>	<b>17,514,347</b>	<b>1,270,218</b>	<b>3,068,927</b>	<b>21,853,492</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 24,440,242</b>	<b>\$ 3,723,889</b>	<b>\$ 5,047,258</b>	<b>\$ 33,211,389</b>

See accompanying notes to financial statements.

**JACKSON COUNTY, WISCONSIN  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
December 31, 2020**

	Total Gov't. Funds	
<b>Total fund balances from prior page</b>	\$ 21,853,492	
<i>Total net position reported for governmental activities in the Statement of Net Position are different from the amount reported as total governmental funds' fund balance because:</i>		
Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the Statement of Net Position are:		
Governmental capital assets	\$ 103,895,175	
Governmental accumulated depreciation	(41,195,231)	62,699,944
Net pension asset is not a current financial resource, and is therefore not reported in the fund statements.		
		1,774,897
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Interest and penalty on taxes	106,451	
Loans receivable - Industrial	7,635	
Loans receivable - Housing	493,477	607,563
Highway operations related to governmental activities		2,198,866
Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the plans. These items are reflected in the Statement of Net Position and are being amortized with pension and OPEB expense in the Statement of Activities. The deferred outflows of resources are not financial resources or uses and therefore are not reported in the fund statements.		
Deferred outflows of resources	4,719,621	
Deferred inflows of resources	(5,529,666)	(810,045)
Long term liabilities, including bonds and notes payable, are not due in the current period, and therefore are not reported in the fund statements.		
Long-term liabilities reported in the Statement of Net Position that are not reported in the Governmental Funds Balance Sheet are:		
Long-term debt	(5,940,500)	
Bond premium	(70,892)	
Landfill post-closure care	(253,644)	
Accrued interest on general obligation debt	(10,748)	
Vested employee benefits	(707,643)	
Net OPEB liability	(1,250,530)	(8,233,957)
<b>Total net position - governmental activities</b>	\$ 80,090,760	

See accompanying notes to financial statements.

**JACKSON COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2020**

	Major Funds			
	General	Human Services	Nonmajor Funds	
<b>Revenues:</b>				
Taxes	\$ 6,729,940	\$ 2,193,133	\$ 1,098,961	\$ 10,022,034
Intergovernmental	2,626,853	3,965,548	2,976,345	9,568,746
Licenses and permits	170,589	-	107,611	278,200
Penalties and forfeitures	153,060	-	31,823	184,883
Public charges for services	601,098	452,955	1,864,449	2,918,502
Intergovernmental charges for services	735,757	-	-	735,757
Miscellaneous general revenues	867,166	-	689,844	1,557,010
<b>Total revenues</b>	11,884,463	6,611,636	6,769,033	25,265,132
<b>Expenditures:</b>				
Current:				
General government	4,379,053	-	78,094	4,457,147
Public safety	4,958,202	-	24,200	4,982,402
Public works	12,500	-	-	12,500
Health and social services	80,666	6,594,236	2,914,747	9,589,649
Culture and recreation	291,811	-	1,008,704	1,300,515
Conservation and development	838,993	-	771,904	1,610,897
Capital outlay	1,579,628	-	1,199,500	2,779,128
Debt service:				
Principal retirement	-	-	500,000	500,000
Interest and fiscal charges	950	-	132,769	133,719
<b>Total expenditures</b>	12,141,803	6,594,236	6,629,918	25,365,957
<b>Excess (deficiency) of revenues over expenditures</b>	(257,340)	17,400	139,115	(100,825)
<b>Other financing sources (uses):</b>				
Sale of capital assets	29,325	-	-	29,325
Transfers in	100,087	619,190	337,021	1,056,298
Transfers out	(257,046)	-	(799,252)	(1,056,298)
Proceeds from long-term debt	262,500	-	528,000	790,500
<b>Total other financing sources (uses)</b>	134,866	619,190	65,769	819,825
<b>Net change in fund balances</b>	(122,474)	636,590	204,884	719,000
<b>Fund balances, January 1</b>	17,636,821	633,628	2,864,043	21,134,492
<b>Fund balances, December 31</b>	\$ 17,514,347	\$ 1,270,218	\$ 3,068,927	\$ 21,853,492

See accompanying notes to financial statements.

**JACKSON COUNTY, WISCONSIN**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2020**

<b>Net change in fund balances - total governmental funds</b>	\$	719,000	
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>			
Receivables which are not available are deferred in the governmental fund statements, while full accrual of revenues occurs in the Statement of Activities.			
Interest and penalty on delinquent taxes	\$	(10,913)	
Loans receivable - industrial		(8,171)	
Loans receivable - housing		44,855	
<b>Increase (decrease) in unavailable receivables in the current period:</b>			25,771
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.			
Capital outlay reported in governmental fund statements		2,779,128	
Capital outlay not included in capital assets		(665,433)	
Infrastructure assets reported in highway operations		1,493,231	
Depreciation expense reported in the Statement of Activities		(2,458,370)	
<b>Amount by which capital outlays are greater (less) than depreciation in the current period:</b>			1,148,556
The County disposed of various capital assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the Statement of Net Position as a net loss and has no effect on the Governmental Funds Balance Sheet.			
The value of capital assets disposed of during the year was		(837,976)	
The amount of depreciation recapture for the year was		704,099	(133,877)
Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the Statement of Net Position, and does not affect the Statement of Activities.			
			(790,500)
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset/liability from the prior year to the current year, with some adjustments.			
Amount of current year required contributions into the defined benefit pension plan		659,743	
Actuarially determined change in net pension asset/liability between years, with some adjustments		(654,912)	
<b>The amount of pension expense incurred:</b>			4,831
Vested employee benefits and OPEB are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year.			
Change in compensated absences		(41,979)	
Change in other post-employment benefits - group life insurance, with some adjustments		(88,259)	
<b>Amounts paid are greater (less) than amounts earned by:</b>			(130,238)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.			
The amount of long-term debt principal payments in the current year is		500,000	
The amount of landfill post-closure care payments in the current year is		(20,238)	
Some of the expenses and revenues of highway are reported within the governmental activities.			295,365
In governmental funds, interest payments on outstanding long-term debt are reported as an expenditure when paid. In the Statement of Activities, interest is reported as incurred.			
The amount of interest paid during the current period		133,719	
The amount of interest accrued during the current period		(129,335)	
Amortization of bond premium		7,532	
<b>Interest paid is greater (less) than interest accrued by:</b>			11,916
<b>Change in net position - governmental activities</b>			<u>\$ 1,630,586</u>

See accompanying notes to financial statements.

**JACKSON COUNTY, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**December 31, 2020**

<b>ASSETS</b>		<u>Highway</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$	2,809,376
Receivables:		
Taxes		2,532,900
Accounts		27,406
Inventories		883,907
Due from other governments		421,192
<b>Total current assets</b>		<u>6,674,781</u>
<b>Restricted assets:</b>		
Net pension asset		317,303
Restricted cash		478,938
<b>Total restricted assets</b>		<u>796,241</u>
<b>Capital assets:</b>		
Property, plant and equipment		12,713,713
Accumulated depreciation		(7,747,204)
<b>Net capital assets</b>		<u>4,966,509</u>
<b>Total assets</b>		<u>12,437,531</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension outflows		747,447
Deferred OPEB outflows		188,189
<b>Total deferred outflows of resources</b>		<u>935,636</u>
<b>Total assets and deferred outflows of resources</b>		<u>\$ 13,373,167</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	\$	253,563
Accrued liabilities		34,349
Current portion of long-term obligations		104,531
<b>Total current liabilities</b>		<u>392,443</u>
<b>Long-term liabilities:</b>		
Long-term obligations, net of current portion		71,202
Net OPEB liability		436,916
<b>Total long-term liabilities</b>		<u>508,118</u>
<b>Total liabilities</b>		<u>900,561</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2020 tax apportionment		2,532,900
Unearned revenue		61,458
Pension related		952,841
OPEB related		69,792
<b>Total deferred inflows of resources</b>		<u>3,616,991</u>
<b>NET POSITION</b>		
Net investment in capital assets		4,966,509
Unrestricted		3,889,106
<b>Total net position</b>		<u>8,855,615</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>		<u>\$ 13,373,167</u>
<b>TOTAL NET POSITION FROM ABOVE</b>		\$ 8,855,615
<i>Total net position reported for business-type activities in the Government-wide Statement of Net Position are different from the amount reported above because:</i>		
Highway operations related to governmental activities		(2,198,866)
<b>Total net position - business-type activities</b>		<u>\$ 6,656,749</u>

See accompanying notes to financial statements.

JACKSON COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
For the Year Ended December 31, 2020

	Highway
<b>Operating revenues:</b>	
Intergovernmental charges	\$ 2,240,157
<b>Total operating revenues</b>	2,240,157
<b>Operating expenses:</b>	
Highway	5,460,217
Depreciation	500,320
<b>Total operating expenses</b>	5,960,537
<b>Operating income (loss)</b>	(3,720,380)
<b>Nonoperating revenues (expenses):</b>	
Nonoperating income	96,573
Tax levy	2,630,813
Intergovernmental grants	971,487
<b>Total nonoperating revenues (expenses)</b>	3,698,873
<b>Change in net position</b>	(21,507)
<b>Net position, January 1</b>	8,877,122
<b>Net position, December 31</b>	\$ 8,855,615
 <b>NET CHANGE IN NET POSITION AS SHOWN ABOVE</b>	 \$ (21,507)
<b>Amounts reported for business-type activities in the Government-wide Statement of Activities are different because:</b>	
Net highway operations related to governmental activities	(295,365)
<b>Change in net position of business-type activities as reported in the Statement of Activities</b>	<b>\$ (316,872)</b>

See accompanying notes to financial statements.

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JACKSON COUNTY, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended December 31, 2020

	Highway
<b>Cash flows from operating activities:</b>	
Cash received from user charge	\$ 2,892,743
Cash paid to suppliers	(3,880,247)
Cash payments to employees for services	(1,768,023)
<b>Net cash provided (used) by operating activities</b>	(2,755,527)
<b>Cash flows from non-capital financing activities:</b>	
Property taxes	2,630,813
Intergovernmental grants	971,487
Nonoperating income	96,573
<b>Net cash provided (used) by non-capital financing activities</b>	3,698,873
<b>Cash flows from capital and related financing activities:</b>	
Capital asset additions	(406,477)
<b>Net cash provided (used) by capital and related financing activities</b>	(406,477)
<b>Net increase (decrease) in cash and cash equivalents</b>	536,869
<b>Cash and cash equivalents, January 1</b>	2,751,445
<b>Cash and cash equivalents, December 31</b>	<b>\$ 3,288,314</b>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Position:</b>	
Cash and cash equivalents	\$ 2,809,376
Restricted cash	478,938
	<b>\$ 3,288,314</b>

See accompanying notes to financial statements.

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**JACKSON COUNTY, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Year Ended December 31, 2020**

	Highway
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>	
Operating income (loss)	\$ (3,720,380)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	500,320
Loss on disposal of asset	47,046
Changes in assets, liabilities, and deferrals	
Accounts receivable	688,781
Inventory	(73,709)
Due from other governments	111,420
Prepaid expense	3,098
Pension related assets and deferrals	4,285
OPEB related assets and deferrals	40,528
Accounts payable	(173,887)
Accrued liabilities	(43,563)
Compensated absences	8,149
Deferred inflows for road use	(147,615)
<b>Net cash flows from operating activities</b>	<b>\$ (2,755,527)</b>

See accompanying notes to financial statements.

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**JACKSON COUNTY, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
December 31, 2020**

	Custodial Funds
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 21,154
<b>Total assets</b>	<b>\$ 21,154</b>
<b><u>LIABILITIES AND NET POSITION</u></b>	
Net position:	
Restricted	\$ 21,154
<b>Total net position</b>	<b>21,154</b>
<b>Total liabilities and net position</b>	<b>\$ 21,154</b>

See accompanying notes to financial statements.

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**JACKSON COUNTY, WISCONSIN**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**Year Ended December 31, 2020**

	Custodial Funds
<b><u>ADDITIONS</u></b>	
Property tax collections for other governments	\$ 8,874,692
Nutrition deposits	78,318
Restitution deposits	43,375
Sheriff deposits	15,286
<b>Total additions</b>	<b>9,011,671</b>
<b><u>DEDUCTIONS</u></b>	
Payments of taxes to other governments	8,874,692
Nutrition payments	91,396
Restitution payments	43,939
Sheriff payments	15,277
<b>Total deductions</b>	<b>9,025,304</b>
<b>Change in net position</b>	<b>(13,633)</b>
<b>Net position, January 1</b>	-
<b>Prior period adjustment</b>	34,787
<b>Net position, January 1, restated</b>	34,787
<b>Net position, December 31</b>	<b>\$ 21,154</b>

NOTES TO FINANCIAL STATEMENTS

See accompanying notes to financial statements.

**JACKSON COUNTY, WISCONSIN  
INDEX TO NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

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**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Jackson County conform to generally accepted accounting principles as applicable to governmental units.

**A. REPORTING ENTITY**

This report includes all of the funds of Jackson 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. 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. There are no component units to report.

**B. BASIS OF FINANCIAL STATEMENT PRESENTATION**

**Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures.



JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

**Fund Financial Statements (Continued)**

Funds are organized as major funds or nonmajor funds within the governmental and fiduciary statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental fund that the County believes is particularly important to financial statement users may be reported as a major fund.

**Governmental Funds**

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The County has presented the following governmental funds:

**General Fund** – The General Fund is the County’s primary operating fund and is always classified as a major fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

**Special Revenue Funds** – Special Revenue Funds are used to account for and report the specific revenue sources comprising a substantial portion of the fund’s resources on an ongoing basis that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

**Debt Service Fund** – The Debt Service Fund is used to account for and report the financial resources that are restricted, committed or assigned to expenditure for principal and interest.

**Capital Projects Fund** – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays (other than those financed by proprietary funds and trust funds).

The County reports the following major governmental funds:

- General Fund
- Human Services Fund – used to account for and report financial resources related to human, health, and social services provided by the County and funded by federal and state assistance.

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

**Governmental Funds (Continued)**

The County reports the following nonmajor governmental funds:

- Debt Service Fund
- Special Revenue Funds:
  - Economic Support Services
  - Public Health
  - Child Support Agency
  - Commission on Aging
  - Wildlife Management
  - State Aided Forestry
  - County Parks and Trails
  - Combined Forestry
  - Animal Control
  - Watershed Project
  - Jail Assessment
  - County Conservation Cost Share
  - Land and Water Resource Management
  - Drug Free Communities Grant
  - Recertification Training
  - Family Mediation
  - Housing Authority - Trail House
  - Non-Metallic Mining
  - Multi-Discharger Variance

Capital Projects Funds:

- Courthouse Rebuilding and Remodeling
- Space Utilization
- County Road R Building

**Proprietary Funds**

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow.

The County reports the following major proprietary fund:

- Major Enterprise Fund:**
  - Highway Fund** – Accounts for the activities of the County’s Highway Department which includes maintenance of county, state, and local roads.

**Fiduciary Funds (Not included in Government-Wide Statements)**

Fiduciary funds consist of pension (and other employer benefit) trust funds, private-purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government *controls* the assets that finance the activity, b) Assets are *not* generated from *the government’s own-source revenues* or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a *qualifying trust* or the government does *not* have *administrative involvement* and the assets are *not* generated from the *government’s delivery of goods or services* to the beneficiaries *or* the assets are for the benefit of *entities that are not part of the government’s reporting entity*. The County’s Custodial Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units, and include Nutrition, Juvenile Restitution, MEG/Sheriff Trust, and Tax Custodial Funds.

**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. BASIS OF ACCOUNTING**

The government-wide financial statements and fund financial statements for the proprietary funds are presented 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 recognized at the time the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Deferred outflows of resources represent a consumption of resources that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of resources that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Highway's operating revenues are from providing services to repair and maintain county, state, and local roads. Operating expenses for proprietary funds include the cost of providing these services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. However, the County also judgmentally uses an extended period of time, mainly due to delays from the State of Wisconsin, to avoid artificially distorting normal revenue patterns. 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.

The County's property taxes are levied on or before December 31 on the equalized valuation as of the prior January 1 for all general property located in the County. The taxes are due and payable in the following year. Property taxes are recorded in the year levied as taxes receivable and deferred inflows. The aggregate amount of property taxes to be levied for County purposes is determined according to provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the County are certified to local taxing districts for collection. Property taxes attach as an enforceable lien as of January 1.

**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. BASIS OF ACCOUNTING (Continued)**

Local property taxes as levied are collected by local treasurers, typically through the last day of January in each year. By February 20, the County treasurer and local treasurers settle for all collections and amounts paid timely through January 31 due the various taxing districts. On February 1, tax collection becomes the responsibility of the County and delinquent taxes receivable represent unpaid taxes levied for all taxing entities within the County. On August 20, the County purchases uncollected property taxes from other taxing authorities at the unpaid amount to facilitate the collection of the taxes. The purchases are a financing arrangement and are not included in property tax revenues.

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

Property tax calendar – 2020 tax roll:

Levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale – delinquent real estate taxes	August 2021

On September 1, the tax lien date, all unpaid taxes are reflected as tax certificates. No allowance for losses on delinquent taxes has been provided because the County has demonstrated its ability to recover any losses through the sale of the property.

Property taxes are recognized in the appropriate fund as revenues in the succeeding year when they are collected and available to finance services. If not collected by July 31, the delinquent property taxes are recorded as delinquent taxes receivable and deferred inflows in the General Fund. Delinquent property taxes are recognized as revenue when collected. Delinquent taxes collected by February 28 of the subsequent year are also recognized as revenue in the current year. Interest on delinquent property taxes is recognized as revenue when received.

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

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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**C. BASIS OF ACCOUNTING (Continued)**

For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows also arise when resources are received before the 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 the County has a legal claim to the resources, deferred inflows are removed from the balance sheet and revenue is recognized.

The preparation of financial statements in conformity with U.S. 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. MEASUREMENT FOCUS**

On the Government-Wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred inflows or nonspendable fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

**E. CASH AND INVESTMENTS**

The County’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

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. Fair value of investments in the Local Government Investment Pool (LGIP) is based on information provided by the State of Wisconsin Investment Board.

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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**E. CASH AND INVESTMENTS (Continued)**

**Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities 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.

**F. INVENTORIES AND PREPAID ITEMS**

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Highway inventory is generally used for construction and for operation and maintenance work. They are valued at cost which approximates market, using the first-in, first-out method. The cost is recorded as an expenditure at the time individual inventory items are used rather than when purchased.

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.

**G. CAPITAL ASSETS**

**Government-Wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of \$5,000 or higher for general capital assets and infrastructure assets with an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated acquisition value at the date of donation.

Prior to January 2003, 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. Retroactive reporting of all major general infrastructure assets is encouraged but not required. The County has retroactively reported all major 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. 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.

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. CAPITAL ASSETS (Continued)

Government-Wide Statements (Continued)

Depreciation of all exhaustible fixed 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	20 - 50 years
Land improvements	10 - 30 years
Machinery and equipment	3 - 15 years
Infrastructure	20 - 50 years

Fund Financial Statements

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

H. INTERFUND RECEIVABLES AND PAYABLES

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". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide, proprietary, and fiduciary 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 death, 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, 2020 are determined on the basis of current salary rates and include salary related payments.

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. LONG-TERM OBLIGATIONS

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes, bonds or loans payable, landfill post-closure care and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

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

Debt issue costs are recognized in the current period for the government-wide, proprietary, and governmental fund statements.

K. 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 statement. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year end.

L. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

M. OTHER POSTEMPLOYMENT BENEFITS

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

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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**N. PENSIONS**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**O. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The deferred outflows of resources are for the WRS pension system and the OPEB plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The deferred inflows of resources are for unearned revenues, property taxes, the WRS pension system, and the OPEB plan.

**P. EQUITY CLASSIFICATIONS**

**Government-Wide Statements**

Equity is reported 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position – Consists of net positions with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets”.

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

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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**P. EQUITY CLASSIFICATIONS (Continued)**

**Fund Statements**

Governmental fund equity is reported as fund balance and is classified as follows:

- a. Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – amounts with externally imposed constraints placed on the use of resources by constitution, external resource providers, or through enabling legislation.
- c. Committed – amounts that can only be spent for specific purposes pursuant to constraints imposed by formal action by the County Board. A formal resolution by the County Board is required to establish, modify, or rescind a fund balance commitment.
- d. Assigned – amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The County Board has designated the Finance Committee as the officials authorized to assign amounts to a specific purpose.
- e. Unassigned – the residual classification for the General Fund representing amounts not restricted, committed, or assigned to specific purposes. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific purposes.

When the County incurs an expenditure for purposes for which various fund balance classifications can be used, it is the County's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

**Q. CHANGE IN ACCOUNTING PRINCIPLE**

Effective January 1, 2020, the County adopted provisions of Statement No. 84 of the Governmental Accounting Standards Board (GASB), Fiduciary Activities. GASB No. 84 on Fiduciary Activities establishes general criteria for determining what activities should be reported in the fiduciary funds and requires the recognition of a liability when an event has occurred that requires the disbursement of fiduciary resources. Implementation of GASB No. 84, Fiduciary Activities, replaces Agency Fund types with a Custodial Funds for the accumulation of assets for entities outside the government's reporting entity. Unlike Agency Funds, Custodial Funds present a statement of net position and a statement of changes in net position. The statement of changes in fiduciary net position reports additions and deductions for taxes collected and distributed on behalf of, or to, other governments. A prior period adjustment of \$34,787 was recorded to restate the beginning balance of the Custodial Funds as of January 1, 2020.

**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 2. 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 1.C.

Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds with a tax levy. A budget has been adopted for all funds.

The budgeted amounts presented include any amendments made during the year. The finance committee may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by two-thirds board action. Appropriations lapse at year end unless specifically carried over. Budgets are adopted at the program level of expenditure.

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

As part of the state budget, 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 greater of the percentage change in the County's equalized value due to new construction, or 0% for the 2019 levy collected in 2020 and 0% for the 2020 levy collected in 2021. Changes in debt service from one year to the next are generally exempt from this limit.

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 limitations.

**C. DEFICIT BALANCES**

Generally accepted accounting principles require disclosure of individual nonmajor funds that have deficit balances at year end. As of December 31, 2020, the following individual nonmajor fund held a deficit balance:

Fund	Amount	Reason
County Conservation Cost Share	\$ (246)	Unrecovered costs

**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 3. DETAILED NOTES ON ALL FUNDS**

**A. CASH AND INVESTMENTS**

Investment of County funds is restricted by State Statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State of Wisconsin.
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, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or by the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The Local Government Investment Pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The carrying amount of the County's cash and investments totaled \$24,787,874 on December 31, 2020 and is summarized below:

Petty cash funds	\$ 550
Deposits with financial institutions	19,426,045
Investments:	
Wisconsin Investment Series Cooperative	1,038,313
Local Government Investment Pool	4,322,966
	<u>\$ 24,787,874</u>

**Reconciliation to the basic financial statements:**

Government-Wide Statement of Net Position:	
Cash and investments	\$ 22,544,827
Restricted cash and investments	2,221,893
Fiduciary Funds:	
Custodial Funds	21,154
	<u>\$ 24,787,874</u>

**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**A. CASH AND INVESTMENTS (Continued)**

Deposits and investments of the County are subject to various risks. Following is a discussion of the specific risks and the County's policy related to the risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure the County's deposits may not be returned to it. The County evaluates custodial credit risk through periodic monitoring of the financial condition of financial institutions where deposits are held. Formal written custodial risk policies have not been adopted by the County.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings deposits and \$250,000 for demand deposits. Credit unions are insured by NCUSIF (National Credit Union Share Insurance Fund) for \$250,000. Deposits, Wisconsin Investment Series Cooperative (WISC), and the Local Government Investment Pool (LGIP) are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual organizations. This coverage has not been considered in computing the above amounts.

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. As of December 31, 2020, \$18,190,156 of the County's deposits with financial institutions totaling \$19,895,862 was exposed to custodial credit risk as follows.

Uninsured and uncollateralized	\$ 3,928,620
Uninsured and collateralized with securities held by pledging financial institutions	14,261,536
Total	\$ 18,190,156

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Wisconsin State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years. As of December 31, 2020, the Local Government Investment Pool had an average maturity of 39 days and a fair value of \$4,322,966. As of December 31, 2020, the WISC had an average maturity of 207 days and a fair value of \$1,038,313.

**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**A. CASH AND INVESTMENTS (Continued)**

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin Statute limits investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

The 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 LGIP was not rated as of December 31, 2020. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the County's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the District.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund investment guidelines.

Investment allocation in the LGIP as of December 31, 2020 was: 86.76% in U.S. Government Securities, 2.39% in Certificates of Deposit and Bankers' Acceptances and 10.85% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

The WISC was established pursuant to an intergovernmental cooperation agreement under the Wisconsin intergovernmental cooperation statute. The WISC is governed by a commission, made up of superintendents and business officials of participating public entities, in accordance with the terms on the Intergovernmental Cooperation Agreement. The WISC's portfolios' investments at all times consist solely of securities and instruments in which public entities are permitted to invest. The WISC was given a rating of "AAA" by Standard & Poor's as of December 31, 2020.

Concentration of Credit Risk – The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. The County had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total County investments.

**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**B. RECEIVABLES**

Loans receivable are made up of economic development loans and housing rehabilitation loans. The economic development loans bear interest at rates ranging from 1% - 4.5% and have monthly payments over varying terms. The Housing Rehabilitation loans are 0% interest deferred until sale of home. They are secured by liens against the property, and upon repayment, the loan proceeds plus interest are used to make additional loans to eligible applicants. The County had \$501,112 in loans outstanding at December 31, 2020.

Delinquent property taxes of the General Fund represent unpaid property taxes on real estate, including state and local government equities therein. Under State Statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deeded properties.

An aging of the total delinquent tax certificates, tax deeds, and property taxes at December 31, 2020 is as follows:

Tax certificates (year acquired) -		
2019	\$	392,810
2018		172,010
2017		79,717
2016		30,537
2015		76
2014		1,389
2013		174
2012		91
2011		91
2010		46
2009		43
2008		39
2007		36
2006		36
2005		36
2004		36
2003		160
Tax deeds		109,741
Interest and penalty on taxes		127,022
Total delinquent taxes receivable		914,090
Property taxes receivable		8,248,523
Total taxes receivable in governmental funds	\$	<u>9,162,613</u>

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. RESTRICTED ASSETS**

The County had restricted cash of \$2,221,894, which consisted of:

	Major Funds	Nonmajor Funds	Business-type Activities	Total
CDBG - economic development	\$ 881,659	\$ -	\$ -	\$ 881,659
CDBG - housing assistance	135,641	-	-	135,641
Huber cash	63,064	-	-	63,064
Clerk of court traffic trust	230,569	-	-	230,569
Landfill closure	230,772	-	-	230,772
Commission on Aging	-	98,985	-	98,985
Jail assessment	-	102,266	-	102,266
County bridge aid	-	-	478,938	478,938
	<u>\$ 1,541,705</u>	<u>\$ 201,251</u>	<u>\$ 478,938</u>	<u>\$ 2,221,894</u>

**D. CAPITAL ASSETS**

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

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 17,928,333	\$ 455,383	\$ -	\$ 18,383,716
Construction work in progress	3,233,537	814,087	4,009,490	38,134
Total capital assets not being depreciated	<u>21,161,870</u>	<u>1,269,470</u>	<u>4,009,490</u>	<u>18,421,850</u>
Capital assets being depreciated:				
Infrastructure	60,384,547	1,493,231	641,517	61,236,261
Buildings and building improvements	13,102,470	4,139,811	60,555	17,181,726
Machinery and equipment	6,477,340	713,903	135,905	7,055,338
Total capital assets being depreciated	<u>79,964,357</u>	<u>6,346,945</u>	<u>837,977</u>	<u>85,473,325</u>
Total capital assets	<u>\$ 101,126,227</u>	<u>\$ 7,616,415</u>	<u>\$ 4,847,467</u>	<u>\$ 103,895,175</u>



**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. CAPITAL ASSETS (Continued)**

Capital asset activity for governmental activities (continued):

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
Accumulated depreciation:				
Infrastructure	\$ (31,062,250)	\$ (1,535,543)	\$ (545,150)	\$ (32,052,643)
Buildings and building improvements	(5,353,386)	(371,317)	(30,984)	(5,693,719)
Machinery and equipment	(3,025,324)	(551,510)	(127,965)	(3,448,869)
Total accumulated depreciation	<u>\$ (39,440,960)</u>	<u>\$ (2,458,370)</u>	<u>\$ (704,099)</u>	<u>\$ (41,195,231)</u>
Capital assets, net of depreciation	<u>\$ 61,685,267</u>	<u>\$ 5,158,045</u>	<u>\$ 4,143,368</u>	<u>\$ 62,699,944</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities</b>	
General government	\$ 234,632
Public safety	329,978
Highway	1,478,377
Health and social services	156,918
Culture and recreation	249,691
Conservation and development	8,774
Total governmental activities depreciation expense	<u>\$ 2,458,370</u>

**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**D. CAPITAL ASSETS (Continued)**

Capital asset activity for business-type activities for the year ended December 31, 20120 was as follows:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 74,669	\$ -	\$ -	\$ 74,669
Construction work in progress	-	251,838	-	251,838
Total capital assets not being depreciated	<u>74,669</u>	<u>251,838</u>	<u>-</u>	<u>326,507</u>
Capital assets being depreciated:				
Land improvements	3,192	-	-	3,192
Buildings and building improvements	2,562,889	-	-	2,562,889
Machinery and equipment	9,979,749	154,462	313,086	9,821,125
Total capital assets being depreciated	<u>12,545,830</u>	<u>154,462</u>	<u>313,086</u>	<u>12,387,206</u>
Total capital assets	<u>12,620,499</u>	<u>406,300</u>	<u>313,086</u>	<u>12,713,713</u>
Accumulated depreciation:				
Land improvements	(3,192)	-	-	(3,192)
Buildings and building improvements	(1,353,757)	(76,827)	-	(1,430,584)
Machinery and equipment	(6,155,974)	(423,493)	(266,039)	(6,313,428)
Total accumulated depreciation	<u>(7,512,923)</u>	<u>(500,320)</u>	<u>(266,039)</u>	<u>(7,747,204)</u>
Capital assets, net of depreciation	<u>\$ 5,107,576</u>	<u>\$ (94,020)</u>	<u>\$ 47,047</u>	<u>\$ 4,966,509</u>

Depreciation expense was charged to functions as follows:

<b>Business-Type Activities:</b>	
Highway Fund	\$ 500,320
Total business-type activities depreciation expense	<u>\$ 500,320</u>

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**E. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The following is a schedule of interfund transfers:

Transferred To:	Transferred From:	Principal Purpose:	Amount
General Fund	Jail Assessment	Surplus transfer	\$ 20,000
General Fund	Combined Forestry	Surplus transfer	80,087
Human Services	Economic Support Services	Expense allocation	176,374
Human Services	Public Health	Expense allocation	252,184
Human Services	Child Support	Expense allocation	68,669
Human Services	Commission on Aging	Expense allocation	121,963
Combined Forestry	State Aided Forestry	Surplus transfer	69,975
Combined Forestry	Wildlife Management	Surplus transfer	10,000
Debt Service	General Fund	Supplemental appropriation	228,650
Debt Service	General Fund	Supplemental appropriation	19,539
Animal Control	General Fund	Supplemental appropriation	8,857

Transfers are used to move resources for salary and fringe benefit adjustments, as well as revenues from the fund that is required to collect them, to the fund that is required or allowed to expend them.

For the Government-Wide Statement of Activities, transfers which are between funds within the governmental activities or business-type activities are netted and eliminated.

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**F. LONG-TERM OBLIGATIONS**

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

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation	\$ 5,650,000	\$ 528,000	\$ 500,000	\$ 5,678,000	\$ 511,138
Add: premium on debt	78,424	-	7,532	70,892	-
Total bonds and notes payable	<u>5,728,424</u>	<u>528,000</u>	<u>507,532</u>	<u>5,748,892</u>	<u>511,138</u>
Other liabilities:					
Landfill post-closure care	233,406	20,238	-	253,644	23,164
Forestry loan	-	262,500	-	262,500	-
Compensated absences	665,665	41,978	-	707,643	417,209
Total other liabilities	<u>899,071</u>	<u>324,716</u>	<u>-</u>	<u>1,223,787</u>	<u>440,373</u>
Total governmental activities long-term liabilities	<u>\$ 6,627,495</u>	<u>\$ 852,716</u>	<u>\$ 507,532</u>	<u>\$ 6,972,679</u>	<u>\$ 951,511</u>
<b>Business-Type Activities</b>					
Other liabilities:					
Compensated absences	\$ 167,584	\$ 8,149	\$ -	\$ 175,733	\$ 104,531
Total business-type activities long-term liabilities	<u>\$ 167,584</u>	<u>\$ 8,149</u>	<u>\$ -</u>	<u>\$ 175,733</u>	<u>\$ 104,531</u>

General Obligation Debt

All general obligation bonds and notes payable are backed by the full faith and credit of the County. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed five percent of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2020 was \$88,556,270. Total general obligation debt outstanding at year end was \$5,678,000.

**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**F. LONG-TERM OBLIGATIONS (Continued)**

Below is a schedule of governmental general obligation debt:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2020
<b>Governmental activities:</b>					
G.O. bonds	2012	2024	1% - 2.1%	\$ 2,600,000	\$ 1,045,000
G.O. bonds	2015	2025	2.00%	2,050,000	1,080,000
G.O. bonds	2019	2039	2.35% - 4.00%	3,075,000	3,075,000
G.O. promissory note	2020	2025	0.99%	128,000	78,000
G.O. promissory note	2020	2025	0.99%	400,000	400,000
Total general obligation debt					<u>\$ 5,678,000</u>
Other Long-Term Debt:					
Forestry loan	2020	**	0.00%	\$ 262,500	<u>262,500</u>
Total other long-term debt					<u>262,500</u>
Total debt					<u>\$ 5,940,500</u>

\*\*Due upon sale of timber

Debt service requirements to maturity are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 511,138	\$ 124,005	\$ 635,143
2022	521,484	114,358	635,842
2023	531,999	104,343	636,342
2024	542,512	93,996	636,508
2025	660,867	83,703	744,570
2026-2030	925,000	295,463	1,220,463
2031-2035	1,055,000	163,322	1,218,322
2036-2039	930,000	44,197	974,197
Totals	<u>\$ 5,678,000</u>	<u>\$ 1,023,387</u>	<u>\$ 6,701,387</u>

All payments on general obligation long-term debt are made from the Debt Service Fund.

Estimated payments of the forestry loan are not included in the debt service requirement schedules. The landfill post-closure care and compensated absences liabilities attributable to governmental activities will be liquidated primarily by the General Fund. Likewise, no debt service requirement schedule has been provided as no repayment schedule has been determined.

**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**G. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES**

Governmental activities net position reported on the Government-Wide Statement of Net Position at December 31, 2020 includes the following:

Net investment in capital assets:	
Land and construction work in progress	\$ 18,421,850
Other capital assets, net of accumulated depreciation	44,278,094
Less: related long-term debt outstanding	<u>(5,678,000)</u>
Total net investment in capital assets	<u>57,021,944</u>
Restricted for special purposes:	
Revolving loans	1,382,771
Environmental impact	684,405
Jail assessment	104,744
Commission on Aging	111,298
Debt service	9,469
Ho-Chunk Nation appropriations	<u>316,215</u>
Total restricted	<u>2,608,902</u>
Unrestricted	<u>20,459,914</u>
Total governmental activities net position	<u>\$ 80,090,760</u>

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

<b>Nonspendable</b>	
Major Fund:	
General Fund:	
Delinquent Taxes	\$ 914,090
Prepayments	<u>30,204</u>
Total nonspendable	<u>944,294</u>

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**G. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (Continued)**

Governmental fund balances (Continued):

<b>Restricted</b>	
Major Fund:	
General Fund:	
Revolving Loans	\$ 1,382,771
Ho-Chunk Nation Appropriations	316,215
Landfill Closure	232,018
Environmental Impact	684,405
Nonmajor Funds	236,261
Total restricted	<u>2,851,670</u>
<b>Assigned</b>	
Major Funds:	
General Fund:	
Capital Reserve	2,100,708
UW Extension	15,082
Property Restoration	5,622
Community Policing	78,404
Capital Replacement	467,873
Continuing Appropriations:	
Register of Deeds	5,362
Surveyor	152,266
Computer	119,686
Drug Court	198,555
Employee Wellness	14,385
Contingency	298,405
Human Services Fund	1,270,218
Nonmajor Funds	2,832,912
Total assigned	<u>7,559,478</u>
<b>Unassigned</b>	
Major Fund:	
General Fund	10,498,296
Nonmajor Funds (deficit)	(246)
Total unassigned	<u>10,498,050</u>
Total governmental fund balance	<u>\$ 21,853,492</u>

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**H. OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN**

**General Information about the Other Post-Employment Benefits**

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

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

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

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

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

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

Contribution rates as of December 31, 2020 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**H. OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (Continued)**

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2019 are as listed below:

**Life Insurance Employee Contribution Rates\*  
For the Year Ended December 31, 2019**

Attained Age	Basic	Supplemental
Under 30	\$ 0.05	\$ 0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$7,163 in contributions from the employer.

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

At December 31, 2020, the LRLIF Employer reported a liability (asset) of \$1,687,446 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the County's proportion was 0.396282%, which was an increase of 0.000919% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020 the County recognized OPEB expense of \$188,408.

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**H. OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (75,595)
Changes of assumptions	622,506	(185,606)
Net differences between projected and actual earnings on OPEB plan investments	31,831	-
Changes in proportion and differences between County contributions and proportion share of contributions	51,860	(8,350)
County contributions subsequent to the measurement date	20,619	-
Totals	<u>\$ 726,816</u>	<u>\$ (269,551)</u>

\$20,619 reported as deferred outflows related to OPEB resulting from the County's employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Net Deferred Outflows (Inflows) of Resources
2021	\$ 76,932
2022	76,932
2023	73,500
2024	69,965
2025	54,157
Thereafter	85,160
<b>Total</b>	<u>\$ 436,646</u>

**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**H. OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN  
(Continued)**

Actuarial assumptions. The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate	2.87%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

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

Asset Allocation Targets and Expected Returns		As of December 31, 2019	
Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Credit Bonds	Barclays Credit	45%	2.12%
US Long Credit Bonds	Barclays Long Credit	5%	2.90%
US Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

**JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**H. OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE-EMPLOYER LIFE INSURANCE PLAN  
(Continued)**

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single Discount Rate. A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate of calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Sensitivity of the County's proportionate share of the net OPEB liability (asset) to changes in the discount rate. The following presents the County's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what the County's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
County's proportionate share of the net OPEB liability (asset)	\$ 2,330,080	\$ 1,687,446	\$ 1,198,526

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. PENSION PLAN**

**General Information about the Pension Plan**

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. PENSION PLAN (Continued)**

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

Year	Core Fund Adjustment %	Variable Fund Adjustment %
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

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

During the reporting period, the WRS recognized \$700,027 in contributions from the employer.

Contribution rates as of December 31, 2020 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with social security	6.75%	11.65%
Protective without social security	6.75%	16.25%

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. PENSION PLAN (Continued)**

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

At December 31, 2020, the County reported a liability (asset) of (\$2,092,200) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the County's proportion was 0.06488537%, which was an increase of 0.00121828% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the County recognized pension expense of \$781,394. At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,971,474	\$ (1,987,457)
Changes of assumptions	163,038	-
Net difference between projected and actual earnings on pension plan investments	-	(4,277,202)
Changes in proportion and difference between County contributions and proportionate share of contributions	16,242	(18,089)
County contributions subsequent to the measurement date	777,687	-
Total	<u>\$ 4,928,441</u>	<u>\$ (6,282,748)</u>

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. PENSION PLAN (Continued)**

\$777,687 reported as deferred outflows of resources related to pension resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

<b>Year Ended December 31:</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2021	\$ (639,111)
2022	(472,313)
2023	76,654
2024	(1,097,224)
2025	-
Total	<u>\$ (2,131,994)</u>

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

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.



JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. PENSION PLAN (Continued)**

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

**Retirement Funds – Asset Allocation Targets and Expected Returns**  
As of December 31, 2019

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
<b>Variable Fund Asset Class</b>			
US Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

Note: New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

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

Single Discount Rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in the Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid.

The project of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**I. PENSION PLAN (Continued)**

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (included expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
County's proportionate share of the net pension liability (asset)	\$ 5,387,790	\$ (2,092,200)	\$ (7,684,353)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available <https://etf.wi.gov/about-etf/report-and-studies/financial-reports-and-statements>.

**Allocation of Pension Plan**

Pension amounts are allocated between the Proprietary Funds and the General Fund based on the percentage of required contributions of each fund to the whole.

**J. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS**

The County acquired a landfill by tax deed in a prior year. The landfill is not actively receiving waste or refuse. State and federal laws and regulations require a landfill operator to place a final cover on its landfill site when it stops accepting waste (closure costs) and to perform certain maintenance and monitoring functions (post-closure care) at the site for thirty years after the landfill stops accepting waste. Most closure costs are paid when individual landfill increments reach capacity for accepting waste and post-closure care costs will normally only be paid after the entire landfill stops accepting waste.

The reported post-closure care liability represents the estimated cumulative cost to perform all post-closure care. Actual costs may differ due to inflation or deflation, changes in technology, or changes in applicable laws or regulations. The estimated liability for landfill post-closure care cost as of December 31, 2020 was \$253,644 and has been reported on the Statement of Net Position.

The County is required by State laws and regulations to maintain money in a trust account or obtain a letter of credit to finance closure and post-closure care. The County is in compliance with these requirements, and, at December 31, 2020, deposits of \$230,772 are held for these purposes. Future costs of the closed landfill are expected to be funded by the trust. However, if interest earnings are inadequate or additional post-closure care requirements are determined, these costs may need to be covered by future tax revenue.

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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**NOTE 4. OTHER INFORMATION**

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**A. COMMITMENTS AND CONTINGENCIES**

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

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Funding for the operating budget of the 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 the County. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. 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 the County.

**B. RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions, medical malpractice, business interruptions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in the past three years. There were no significant reductions in coverage compared to the prior year.

For its errors and omissions (liability) coverage, the County is a participant in the Wisconsin County Mutual Insurance Corporation (WCMIC), a public entity risk pool operated by the participating counties in the state. The County pays an annual premium to WCMIC for this coverage. WCMIC is considered a self-sustaining risk pool that provides coverage for its members for up to \$10,000,000 per insured event.

**C. WORKERS' COMPENSATION**

Effective August 1, 1988, the County adopted a Self-Insurance Workers' Compensation Insurance Program, which is administered by a third-party administrator. The County has stop-loss insurance through the third-party administrator. The Workers' Compensation Fund is combined with the General Fund in the financial statements.

The County also purchases commercial insurance policies for various property and other liability risks. The payment of premiums for these policies is also recorded as expenditures or expenses in various funds of the County.

JACKSON COUNTY, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

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**NOTE 4. OTHER INFORMATION (Continued)**

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**D. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 87, *Leases*. When this becomes effective, application of this standard may restate portions of these financial statements.

**JACKSON COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget- Favorable (Unfavorable)
<b>Revenues:</b>				
Property taxes	\$ 6,723,301	\$ 6,723,301	\$ 6,729,940	\$ 6,639
Intergovernmental	2,011,880	2,262,548	2,626,853	364,305
Licenses and permits	123,600	123,600	170,589	46,989
Penalties and forfeitures	145,440	145,440	153,060	7,620
Public charges for services	533,680	536,380	601,098	64,718
Intergovernmental charges for services	-	-	735,757	735,757
Miscellaneous general revenues	758,165	758,165	867,166	109,001
<b>Total revenues</b>	<u>10,296,066</u>	<u>10,549,434</u>	<u>11,884,463</u>	<u>1,335,029</u>
<b>Expenditures:</b>				
Current:				
General government	3,816,400	5,190,358	4,379,053	811,305
Public safety	5,100,534	5,260,469	4,958,202	302,267
Public works	12,500	12,500	12,500	-
Health and social services	79,956	81,201	80,666	535
Culture and recreation	330,767	338,267	291,811	46,456
Conservation and development	663,944	663,944	838,993	(175,049)
Debt service:				
Interest and fiscal charges	1,100	1,100	950	150
Capital outlay	792,205	1,074,793	1,579,628	(504,835)
<b>Total expenditures</b>	<u>10,797,406</u>	<u>12,622,632</u>	<u>12,141,803</u>	<u>480,829</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(501,340)</u>	<u>(2,073,198)</u>	<u>(257,340)</u>	<u>1,815,858</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	25,000	25,000	29,325	4,325
Transfers in	20,000	20,000	100,087	80,087
Transfers out	-	-	(257,046)	(257,046)
Proceeds from long-term debt	-	-	262,500	262,500
<b>Total other financing sources (uses)</b>	<u>45,000</u>	<u>45,000</u>	<u>134,866</u>	<u>89,866</u>
<b>Net change in fund balance</b>	<u>(456,340)</u>	<u>(2,028,198)</u>	<u>(122,474)</u>	<u>1,905,724</u>
<b>Fund balance, January 1</b>	<u>17,636,821</u>	<u>17,636,821</u>	<u>17,636,821</u>	<u>-</u>
<b>Fund balance, December 31</b>	<u>\$ 17,180,481</u>	<u>\$ 15,608,623</u>	<u>\$ 17,514,347</u>	<u>\$ 1,905,724</u>

REQUIRED SUPPLEMENTARY INFORMATION

See notes to required supplementary information.

**JACKSON COUNTY, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - HUMAN SERVICES FUND**  
**For the Year Ended December 31, 2020**

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues:</b>				
Property taxes	\$ 2,193,133	\$ 2,193,133	\$ 2,193,133	\$ -
Intergovernmental	3,591,464	3,591,464	3,965,548	374,084
Public charges for services	458,907	458,907	452,955	(5,952)
<b>Total revenues</b>	<u>6,243,504</u>	<u>6,243,504</u>	<u>6,611,636</u>	<u>368,132</u>
<b>Expenditures:</b>				
Current:				
Health and social services	7,000,164	7,000,164	6,594,236	405,928
<b>Total expenditures</b>	<u>7,000,164</u>	<u>7,000,164</u>	<u>6,594,236</u>	<u>405,928</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(756,660)</u>	<u>(756,660)</u>	<u>17,400</u>	<u>774,060</u>
<b>Other financing sources (uses):</b>				
Transfers in	752,095	752,095	619,190	(132,905)
<b>Total other financing sources (uses)</b>	<u>752,095</u>	<u>752,095</u>	<u>619,190</u>	<u>(132,905)</u>
<b>Net change in fund balance</b>	<u>(4,565)</u>	<u>(4,565)</u>	<u>636,590</u>	<u>641,155</u>
<b>Fund balance, January 1</b>	<u>633,628</u>	<u>633,628</u>	<u>633,628</u>	<u>-</u>
<b>Fund balance, December 31</b>	<u>\$ 629,063</u>	<u>\$ 629,063</u>	<u>\$ 1,270,218</u>	<u>\$ 641,155</u>

See notes to required supplementary information.

**JACKSON COUNTY, WISCONSIN**  
**LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES**  
**For the Year Ended December 31, 2020**

**Schedule of County's Proportionate Share of the Net OPEB Liability (Asset)**  
Last 10 Calendar Years

Year ended December 31,	County's proportionate share of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	County's covered-employee payroll	Collective net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2019	39.62820000%	\$ 1,687,446	\$ 9,406,000	17.94%	37.58%
2018	0.39536300%	1,020,170	8,905,000	11.46%	48.69%
2017	0.39961600%	1,202,277	16,804,996	7.15%	44.81%

**Schedule of Contributions**  
Last 10 Calendar Years

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2020	\$ 20,232	\$ (20,232)	\$ -	\$ 10,135,234	0.20%
2019	19,459	(19,459)	-	9,406,000	0.21%
2018	18,753	(18,753)	-	8,905,000	0.21%

See notes to required supplementary information.

**JACKSON COUNTY, WISCONSIN  
WISCONSIN RETIREMENT SYSTEM SCHEDULES  
For the Year Ended December 31, 2020**

**Schedule of County's Proportionate Share of the Net Pension Liability (Asset)**  
Last 10 Calendar Years

Year ended December 31,	County's proportionate share of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	County's covered-employee payroll	Collective net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2019	0.06488537%	\$ (2,092,200)	\$ 9,716,031	(21.53%)	102.93%
2018	0.06366709%	2,265,075	9,038,349	25.06%	96.45%
2017	0.06269667%	(1,861,538)	8,749,584	(21.28%)	102.93%
2016	0.06147336%	506,687	8,583,517	5.90%	99.12%
2015	0.05996338%	974,393	8,164,369	11.93%	98.20%
2014	0.05939500%	(1,458,503)	7,883,896	18.50%	102.74%

**Schedule of Contributions**  
Last 10 Calendar Years

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2020	\$ 700,027	\$ (700,027)	\$ -	\$ 10,433,800	6.71%
2019	697,075	(697,075)	-	9,716,031	7.17%
2018	659,676	(659,676)	-	9,038,349	7.30%
2017	644,318	(644,318)	-	8,749,584	7.36%
2016	602,171	(602,171)	-	8,583,517	7.02%
2015	590,515	(590,515)	-	8,164,369	7.23%

See notes to required supplementary information.

**JACKSON COUNTY, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended December 31, 2020**

**NOTE 1. WISCONSIN RETIREMENT SYSTEM SCHEDULES**

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 4 preceding years.

*Changes of Benefit Terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes of Assumptions.* No significant changes in assumptions were noted from prior year.

**NOTE 2. EXCESS EXPENDITURES OVER APPROPRIATIONS**

The County controls expenditures at the department level. The General Fund experienced expenditures which exceeded appropriations:

Fund	Final Budgeted Expenditures	Actual Expenditures	Expenditures Over Appropriations
General Fund:			
Current:			
Conservation and development	\$ 663,944	\$ 838,993	\$ (175,049)
Capital outlay	1,074,793	1,579,628	(504,835)

The deficits were financed by favorable revenue variances and fund balance.

**NOTE 3. LOCAL RETIREE LIFE INSURANCE SCHEDULES**

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 7 preceding years.

*Changes of Benefit Terms.* There were no changes of benefit terms for any participating employer in LRLIF.

*Changes of Assumptions.* Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return and expected inflation. Please refer to the Actuarial Assumptions sections in Note 3.H to the financial statements for additional details.

**OTHER SUPPLEMENTARY INFORMATION**

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**JACKSON COUNTY, WISCONSIN  
COMBINING BALANCE SHEET  
NONMAJOR FUNDS  
December 31, 2020**

	Special Revenue Funds								
	Economic Support Services	Public Health	Child Support Agency	Commission on Aging	Wildlife Management	State Aided Forestry	County Parks and Trails	Combined Forestry	Animal Control
<b>ASSETS</b>									
Cash and investments	\$ 37,901	\$ 494,360	\$ 191,523	\$ 117,275	\$ 10,674	\$ -	\$ 402,400	\$ 599,374	\$ 131,951
Restricted cash and investments	-	-	-	111,298	-	-	-	-	-
Receivables:									
Taxes	58,087	438,274	-	263,283	-	-	-	-	60,110
Accounts	80,908	236,188	91,522	199,647	-	46,800	93,121	573	5,559
<b>Total assets</b>	<b>\$ 176,896</b>	<b>\$ 1,168,822</b>	<b>\$ 283,045</b>	<b>\$ 691,503</b>	<b>\$ 10,674</b>	<b>\$ 46,800</b>	<b>\$ 495,521</b>	<b>\$ 599,947</b>	<b>\$ 197,620</b>
<b>LIABILITIES</b>									
Accounts payable	\$ 1,401	\$ 25,874	\$ 348	\$ 43,960	\$ -	\$ -	\$ 151,799	\$ 90,545	\$ 1,080
Due to other funds	-	-	-	-	-	13,543	-	-	-
Accrued liabilities	2,073	13,817	3,585	10,504	-	-	4,195	55,048	1,837
<b>Total liabilities</b>	<b>3,474</b>	<b>39,691</b>	<b>3,933</b>	<b>54,464</b>	<b>-</b>	<b>13,543</b>	<b>155,994</b>	<b>145,593</b>	<b>2,917</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
2020 tax apportionment	58,087	438,274	-	263,283	-	-	-	-	60,110
Unearned revenue	-	-	-	-	-	-	137,136	-	-
<b>Total deferred inflows of resources</b>	<b>58,087</b>	<b>438,274</b>	<b>-</b>	<b>263,283</b>	<b>-</b>	<b>-</b>	<b>137,136</b>	<b>-</b>	<b>60,110</b>
<b>FUND BALANCES</b>									
Restricted	-	-	-	111,298	-	-	-	-	-
Assigned	115,335	690,857	279,112	262,458	10,674	33,257	202,391	454,354	134,593
<b>Total fund balances (deficit)</b>	<b>115,335</b>	<b>690,857</b>	<b>279,112</b>	<b>373,756</b>	<b>10,674</b>	<b>33,257</b>	<b>202,391</b>	<b>454,354</b>	<b>134,593</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 176,896</b>	<b>\$ 1,168,822</b>	<b>\$ 283,045</b>	<b>\$ 691,503</b>	<b>\$ 10,674</b>	<b>\$ 46,800</b>	<b>\$ 495,521</b>	<b>\$ 599,947</b>	<b>\$ 197,620</b>

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**JACKSON COUNTY, WISCONSIN  
COMBINING BALANCE SHEET  
NONMAJOR FUNDS  
(CONTINUED)  
December 31, 2020**

	Special Revenue Funds (continued)							
	Watershed Project	Jail Assessment	County Conservation Cost Share	Land & Water Resource Management	Drug Free Communities Grant	Recertification Training	Family Mediation	Housing Authority - Trail House
<b>ASSETS</b>								
Cash and investments	\$ 27,317	\$ -	\$ -	\$ -	\$ 21,812	\$ 53,247	\$ 12,546	\$ 39,787
Restricted cash and investments	-	102,266	-	-	-	-	-	-
Receivables:								
Taxes	1,000	-	15,000	-	-	-	5,400	-
Accounts	-	2,478	-	18,719	-	-	105	-
<b>Total assets</b>	<b>\$ 28,317</b>	<b>\$ 104,744</b>	<b>\$ 15,000</b>	<b>\$ 18,719</b>	<b>\$ 21,812</b>	<b>\$ 53,247</b>	<b>\$ 18,051</b>	<b>\$ 39,787</b>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 729
Due to other funds	-	-	246	18,719	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	600
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>246</b>	<b>18,719</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,329</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
2020 tax apportionment	1,000	-	15,000	-	-	-	5,400	-
<b>Total deferred inflows of resources</b>	<b>1,000</b>	<b>-</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,400</b>	<b>-</b>
<b>FUND BALANCES</b>								
Restricted	-	104,744	-	-	-	-	-	-
Assigned	27,317	-	-	-	21,812	53,247	12,651	38,458
Unassigned (deficit)	-	-	(246)	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>27,317</b>	<b>104,744</b>	<b>(246)</b>	<b>-</b>	<b>21,812</b>	<b>53,247</b>	<b>12,651</b>	<b>38,458</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 28,317</b>	<b>\$ 104,744</b>	<b>\$ 15,000</b>	<b>\$ 18,719</b>	<b>\$ 21,812</b>	<b>\$ 53,247</b>	<b>\$ 18,051</b>	<b>\$ 39,787</b>

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**JACKSON COUNTY, WISCONSIN  
COMBINING BALANCE SHEET  
NONMAJOR FUNDS  
(CONTINUED)  
December 31, 2020**

	Special Revenue Funds (continued)		Debt Service Fund	Capital Projects Funds			Totals
	Non-Metallic Mining	Multi-Discharger Variance		Courthouse Rebuilding and Remodeling	Space Utilization	County Road R Building	
<b>ASSETS</b>							
Cash and investments	\$ 26,400	\$ 9,200	\$ 20,219	\$ 305,675	\$ 15,143	\$ 152,064	\$ 2,668,868
Restricted cash and investments	-	-	-	-	-	-	213,564
Receivables:							
Taxes	-	-	375,819	154,039	-	-	1,371,012
Accounts	-	-	-	18,194	-	-	793,814
<b>Total assets</b>	<b>\$ 26,400</b>	<b>\$ 9,200</b>	<b>\$ 396,038</b>	<b>\$ 477,908</b>	<b>\$ 15,143</b>	<b>\$ 152,064</b>	<b>\$ 5,047,258</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 16,073	\$ 13,624	\$ 534	\$ 345,967
Due to other funds	-	-	-	-	-	-	32,508
Accrued liabilities	-	-	-	-	-	49	91,708
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,073</b>	<b>13,624</b>	<b>583</b>	<b>470,183</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
2020 tax apportionment	-	-	375,819	154,039	-	-	1,371,012
Unearned revenue	-	-	-	-	-	-	137,136
<b>Total deferred inflows     of resources</b>	<b>-</b>	<b>-</b>	<b>375,819</b>	<b>154,039</b>	<b>-</b>	<b>-</b>	<b>1,508,148</b>
<b>FUND BALANCES</b>							
Restricted	-	-	20,219	-	-	-	236,261
Assigned	26,400	9,200	-	307,796	1,519	151,481	2,832,912
Unassigned (deficit)	-	-	-	-	-	-	(246)
<b>Total fund balances (deficit)</b>	<b>26,400</b>	<b>9,200</b>	<b>20,219</b>	<b>307,796</b>	<b>1,519</b>	<b>151,481</b>	<b>3,068,927</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 26,400</b>	<b>\$ 9,200</b>	<b>\$ 396,038</b>	<b>\$ 477,908</b>	<b>\$ 15,143</b>	<b>\$ 152,064</b>	<b>\$ 5,047,258</b>

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**JACKSON COUNTY, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR FUNDS  
For the Year Ended December 31, 2020**

	Special Revenue Funds								
	Economic Support Services	Public Health	Child Support Agency	Commission on Aging	Wildlife Management	State Aided Forestry	County Parks and Trails	Combined Forestry	Animal Control
<b>Revenues:</b>									
Taxes	\$ 58,087	\$ 438,274	\$ -	\$ 131,035	\$ -	\$ -	\$ -	\$ -	\$ 54,010
Intergovernmental	224,124	773,919	346,523	959,899	32,861	95,278	358,505	3,047	-
Licenses and permits	-	80,171	-	-	-	-	-	25,640	-
Public charges for services	-	98,830	-	426,107	-	-	675,224	655,098	6,115
Miscellaneous	-	-	2,073	-	-	-	42,710	13,141	526,678
<b>Total revenues</b>	<b>282,211</b>	<b>1,391,194</b>	<b>348,596</b>	<b>1,517,041</b>	<b>32,861</b>	<b>95,278</b>	<b>1,076,439</b>	<b>696,926</b>	<b>586,803</b>
<b>Expenditures:</b>									
Current:									
Health and social services	230,449	1,014,399	330,869	1,264,942	-	-	-	-	74,088
Culture and recreation	-	-	-	-	-	-	1,008,704	-	-
Conservation and development	-	-	-	-	18,020	-	-	565,075	-
Capital outlay	-	-	-	30,920	-	-	103,440	101,924	527,942
<b>Total expenditures</b>	<b>230,449</b>	<b>1,014,399</b>	<b>330,869</b>	<b>1,295,862</b>	<b>18,020</b>	<b>-</b>	<b>1,112,144</b>	<b>666,999</b>	<b>602,030</b>
<b>Excess (deficiency) of     revenues over expenditures</b>	<b>51,762</b>	<b>376,795</b>	<b>17,727</b>	<b>221,179</b>	<b>14,841</b>	<b>95,278</b>	<b>(35,705)</b>	<b>29,927</b>	<b>(15,227)</b>
<b>Other financing sources (uses):</b>									
Transfers in	-	-	-	-	-	-	-	79,975	8,857
Transfers out	(176,374)	(252,184)	(68,669)	(121,963)	(10,000)	(69,975)	-	(80,087)	-
Proceeds from long-term debt	-	-	-	-	-	-	-	-	128,000
<b>Total other financing     sources (uses)</b>	<b>(176,374)</b>	<b>(252,184)</b>	<b>(68,669)</b>	<b>(121,963)</b>	<b>(10,000)</b>	<b>(69,975)</b>	<b>-</b>	<b>(112)</b>	<b>136,857</b>
<b>Net change in fund balances</b>	<b>(124,612)</b>	<b>124,611</b>	<b>(50,942)</b>	<b>99,216</b>	<b>4,841</b>	<b>25,303</b>	<b>(35,705)</b>	<b>29,815</b>	<b>121,630</b>
<b>Fund balances, January 1 (deficit)</b>	<b>239,947</b>	<b>566,246</b>	<b>330,054</b>	<b>274,540</b>	<b>5,833</b>	<b>7,954</b>	<b>238,096</b>	<b>424,539</b>	<b>12,963</b>
<b>Fund balances, December 31 (deficit)</b>	<b>\$ 115,335</b>	<b>\$ 690,857</b>	<b>\$ 279,112</b>	<b>\$ 373,756</b>	<b>\$ 10,674</b>	<b>\$ 33,257</b>	<b>\$ 202,391</b>	<b>\$ 454,354</b>	<b>\$ 134,593</b>

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**JACKSON COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**(CONTINUED)**  
**For the Year Ended December 31, 2020**

	Special Revenue Funds (continued)							
	Watershed Project	Jail Assessment	County Conservation Cost Share	Land & Water Resource Management	Drug Free Communities Grant	Recertification Training	Family Mediation	Housing Authority - Trail House
<b>Revenues:</b>								
Taxes	\$ 1,000	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ 5,400	\$ -
Intergovernmental	-	-	-	93,243	-	6,720	-	-
Licenses and permits	-	-	-	-	-	1,800	-	-
Penalties and forfeitures	-	31,823	-	-	-	-	-	-
Public charges for services	-	-	-	-	-	3,075	-	-
Miscellaneous	-	-	-	-	-	-	-	3,631
<b>Total revenues</b>	<b>1,000</b>	<b>31,823</b>	<b>15,000</b>	<b>93,243</b>	<b>-</b>	<b>6,720</b>	<b>10,275</b>	<b>3,631</b>
<b>Expenditures:</b>								
Current:								
General government	-	-	-	-	-	9,500	-	-
Public safety	-	20,000	-	-	1,700	2,500	-	-
Conservation and development	-	-	15,815	92,997	-	-	-	2,471
<b>Total expenditures</b>	<b>-</b>	<b>20,000</b>	<b>15,815</b>	<b>92,997</b>	<b>1,700</b>	<b>2,500</b>	<b>9,500</b>	<b>2,471</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,000</b>	<b>11,823</b>	<b>(815)</b>	<b>246</b>	<b>(1,700)</b>	<b>4,220</b>	<b>775</b>	<b>1,160</b>
<b>Other financing sources (uses):</b>								
Transfers out	-	(20,000)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(20,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,000</b>	<b>(8,177)</b>	<b>(815)</b>	<b>246</b>	<b>(1,700)</b>	<b>4,220</b>	<b>775</b>	<b>1,160</b>
<b>Fund balances, January 1 (deficit)</b>	<b>26,317</b>	<b>112,921</b>	<b>569</b>	<b>(246)</b>	<b>23,512</b>	<b>49,027</b>	<b>11,876</b>	<b>37,298</b>
<b>Fund balances, December 31 (deficit)</b>	<b>\$ 27,317</b>	<b>\$ 104,744</b>	<b>\$ (246)</b>	<b>\$ -</b>	<b>\$ 21,812</b>	<b>\$ 53,247</b>	<b>\$ 12,651</b>	<b>\$ 38,458</b>

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**JACKSON COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**(CONTINUED)**  
**For the Year Ended December 31, 2020**

	Special Revenue Funds (continued)			Capital Projects Funds			
	Non-Metallic Mining	Multi-Discharger Variance	Debt Service Fund	Courthouse Rebuilding and Remodeling	Space Utilization	County Road R Building	Totals
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ 293,748	\$ 102,407	\$ -	\$ -	\$ 1,098,961
Intergovernmental	-	82,226	-	-	-	-	2,976,345
Licenses and permits	-	-	-	-	-	-	107,611
Penalties and forfeitures	-	-	-	-	-	-	31,823
Public charges for services	-	-	-	-	-	-	1,864,449
Miscellaneous	-	-	-	65,784	-	35,827	689,844
<b>Total revenues</b>	<b>-</b>	<b>82,226</b>	<b>293,748</b>	<b>168,191</b>	<b>-</b>	<b>35,827</b>	<b>6,769,033</b>
<b>Expenditures:</b>							
Current:							
General government	-	-	-	56,870	-	11,724	78,094
Public safety	-	-	-	-	-	-	24,200
Health and social services	-	-	-	-	-	-	2,914,747
Culture and recreation	-	-	-	-	-	-	1,008,704
Conservation and development	4,500	73,026	-	-	-	-	771,904
Debt service:							
Principal	-	-	500,000	-	-	-	500,000
Interest and fiscal charges	-	-	132,769	-	-	-	132,769
Capital outlay	-	-	-	33,768	398,606	2,900	1,199,500
<b>Total expenditures</b>	<b>4,500</b>	<b>73,026</b>	<b>632,769</b>	<b>90,638</b>	<b>398,606</b>	<b>14,624</b>	<b>6,629,918</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,500)</b>	<b>9,200</b>	<b>(339,021)</b>	<b>77,553</b>	<b>(398,606)</b>	<b>21,203</b>	<b>139,115</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	248,189	-	-	-	337,021
Transfers out	-	-	-	-	-	-	(799,252)
Proceeds from long-term debt	-	-	-	-	400,000	-	528,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>248,189</b>	<b>-</b>	<b>400,000</b>	<b>-</b>	<b>65,769</b>
<b>Net change in fund balances</b>	<b>(4,500)</b>	<b>9,200</b>	<b>(90,832)</b>	<b>77,553</b>	<b>1,394</b>	<b>21,203</b>	<b>204,884</b>
<b>Fund balances, January 1 (deficit)</b>	<b>30,900</b>	<b>-</b>	<b>111,051</b>	<b>230,243</b>	<b>125</b>	<b>130,278</b>	<b>2,864,043</b>
<b>Fund balances, December 31 (deficit)</b>	<b>\$ 26,400</b>	<b>\$ 9,200</b>	<b>\$ 20,219</b>	<b>\$ 307,796</b>	<b>\$ 1,519</b>	<b>\$ 151,481</b>	<b>\$ 3,068,927</b>

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**JACKSON COUNTY, WISCONSIN  
COMBINING STATEMENT OF NET POSITION  
FIDUCIARY FUNDS - CUSTODIAL FUNDS  
December 31, 2020**

**JACKSON COUNTY, WISCONSIN  
COMBINING STATEMENT OF  
CHANGES IN NET POSITION  
FIDUCIARY FUNDS - CUSTODIAL FUNDS  
Year Ended December 31, 2020**

	Nutrition	Juvenile Restitution	MEG/Sheriff Trust	Property Taxes	Totals
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 7,068	\$ 112	\$ 13,974	\$ -	\$ 21,154
<b>Total assets</b>	<b>\$ 7,068</b>	<b>\$ 112</b>	<b>\$ 13,974</b>	<b>\$ -</b>	<b>\$ 21,154</b>
<b><u>LIABILITIES AND NET POSITION</u></b>					
Net position:					
Restricted	\$ 7,068	\$ 112	\$ 13,974	\$ -	\$ 21,154
<b>Total net position</b>	<b>7,068</b>	<b>112</b>	<b>13,974</b>	<b>-</b>	<b>21,154</b>
<b>Total liabilities and net position</b>	<b>\$ 7,068</b>	<b>\$ 112</b>	<b>\$ 13,974</b>	<b>\$ -</b>	<b>\$ 21,154</b>

	Nutrition	Juvenile Restitution	MEG/Sheriff Trust	Property Taxes	Totals
<b><u>ADDITIONS</u></b>					
Property tax collections for other governments	\$ -	\$ -	\$ -	\$ 8,874,692	\$ 8,874,692
Nutrition deposits	78,318	-	-	-	78,318
Restitution deposits	-	43,375	-	-	43,375
Sheriff deposits	-	-	15,286	-	15,286
<b>Total additions</b>	<b>78,318</b>	<b>43,375</b>	<b>15,286</b>	<b>8,874,692</b>	<b>9,011,671</b>
<b><u>DEDUCTIONS</u></b>					
Payments of taxes to other governments	-	-	-	8,874,692	8,874,692
Nutrition payments	91,396	-	-	-	91,396
Restitution payments	-	43,939	-	-	43,939
Sheriff payments	-	-	15,277	-	15,277
<b>Total deductions</b>	<b>91,396</b>	<b>43,939</b>	<b>15,277</b>	<b>8,874,692</b>	<b>9,025,304</b>
<b>Change in net position</b>	<b>(13,078)</b>	<b>(564)</b>	<b>9</b>	<b>-</b>	<b>(13,633)</b>
<b>Net position, January 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior period adjustment</b>	<b>20,146</b>	<b>676</b>	<b>13,965</b>	<b>-</b>	<b>34,787</b>
<b>Net position, January 1, restated</b>	<b>20,146</b>	<b>676</b>	<b>13,965</b>	<b>-</b>	<b>34,787</b>
<b>Net position, December 31</b>	<b>\$ 7,068</b>	<b>\$ 112</b>	<b>\$ 13,974</b>	<b>\$ -</b>	<b>\$ 21,154</b>

**APPENDIX B-4**

**Audited Financial Statements of Marathon County, Wisconsin**

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# **Marathon County**

Financial Statements and  
Supplementary Information

December 31, 2020

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December 31, 2020

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## Independent Auditors' Report

To the County Board and the Finance and Property Committee of  
Marathon County

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marathon County, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Marathon County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the North Central Health Care, which represent 57 percent, 83 percent and 40 percent, respectively, of the assets, revenues, and net position of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for North Central Health Care, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Marathon County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Marathon County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marathon County, Wisconsin, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note I, Marathon County adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2020. Our opinions are not modified with respect to this matter.

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

#### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marathon County's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of Marathon County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Marathon County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marathon County's internal control over financial reporting and compliance.



Madison, Wisconsin  
July 28, 2021

**Marathon County**  
Statement of Net Position  
December 31, 2020

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 83,389,939	\$ 52,390,630	\$ 135,780,569	\$ 24,446,414
Receivables (net):				
Taxes receivable	48,355,485	8,331,159	56,686,644	-
Accounts receivable	2,718,898	956,486	3,675,374	5,426,294
Accrued interest receivable	451,772	-	451,772	-
Due from other governments	4,499,482	538,193	5,037,675	5,488,003
Inventories and prepaid items	62,070	1,774,197	1,836,267	694,303
Restricted assets:				
Cash and investments	1,969,240	14,952,277	16,921,517	740,751
Accrued interest receivable	-	30,942	30,942	-
OPEB asset	-	-	-	76,954
Net pension asset	7,275,278	960,487	8,235,765	8,381,670
Deposit in Wisconsin Municipal Mutual Insurance Company	1,519,000	-	1,519,000	-
Investment in joint venture	394,362	-	394,362	-
Capital assets:				
Capital assets not depreciated	62,825,146	602,569	63,427,715	34,409,190
Capital assets, net of accumulated depreciation/amortization	217,850,322	21,636,845	239,487,167	77,460,281
Total assets	431,310,984	102,173,785	533,484,769	157,123,860
<b>Deferred Outflows of Resources</b>				
OPEB related amounts	-	-	-	1,266,543
Pension related amounts	16,899,770	2,254,940	19,154,710	19,500,450
Total deferred outflows of resources	16,899,770	2,254,940	19,154,710	20,766,993
<b>Liabilities</b>				
Accounts payable	7,452,443	1,062,311	8,514,754	2,760,518
Accrued items	3,008,255	11,048	3,019,303	2,175,786
Accrued liability, claims payable	3,509,614	-	3,509,614	503,000
Due to other governments	1,162,471	1,308,772	2,471,243	1,039,489
Unearned revenues	-	-	-	263,842
Liabilities payable from restricted assets:				
Special deposits	2,023,355	-	2,023,355	105,009
Noncurrent liabilities:				
Due within one year:				
Current portion of capital lease liability	-	261,368	261,368	27,987
Current portion of general obligation notes payable	1,705,000	-	1,705,000	3,635,000
Current portion of compensated absences	579,915	82,986	662,901	2,503,541
Due in more than one year:				
General obligation notes payable (including unamortized premium)	36,403,279	-	36,403,279	10,596,872
Forest crop loan payable	1,195,921	-	1,195,921	-
Capital lease	-	784,295	784,295	47,905
Due to other governments	-	-	-	28,137,785
Landfill closure and long-term care payable	-	16,660,692	16,660,692	-
OPEB liability	-	-	-	2,506,809
Compensated absences	4,267,085	746,872	5,013,957	188,512
Total liabilities	61,307,338	20,918,344	82,225,682	54,492,055
<b>Deferred Inflows Of Resources</b>				
Property taxes levied for next period	43,610,947	8,331,159	51,942,106	-
Other deferred revenues	-	81,078	81,078	-
OPEB related amounts	-	-	-	432,953
Pension related amounts	21,884,405	2,888,178	24,772,583	25,120,397
Total deferred inflows of resources	65,495,352	11,300,415	76,795,767	25,553,350
<b>Net Position</b>				
Net investment in capital assets	243,186,876	21,193,751	264,380,627	69,423,922
Restricted for:				
Debt service	2,310,266	-	2,310,266	-
Land records	842,874	-	842,874	-
Capital improvements	231,462	-	231,462	-
Jail improvements	302,506	-	302,506	-
Pension	7,275,278	960,487	8,235,765	8,381,670
OPEB	-	-	-	76,954
Social services	7,609,387	-	7,609,387	106,042
Passenger facility charges	-	-	-	635,487
Unrestricted	59,649,415	50,055,728	109,705,143	19,221,373
Total net position	\$ 321,408,064	\$ 72,209,966	\$ 393,618,030	\$ 97,845,448

See notes to financial statements



**Marathon County**  
Statement of Activities  
Year Ended December 31, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
Governmental activities:								
General government:								
Public safety	\$ 34,063,490	\$ 4,559,668	\$ 3,999,261	\$ -	\$ (25,504,541)	\$ -	\$ (25,504,541)	\$ -
Transportation	27,475,491	2,271,445	885,793	2,043,251	(22,275,002)	-	(22,275,002)	-
Health	8,706,668	-	166,270	2,537,200	(6,003,198)	-	(6,003,198)	-
Social services	5,384,204	636,145	2,002,497	-	(2,745,562)	-	(2,745,562)	-
Leisure and education	17,608,163	929,646	12,069,972	-	(4,608,545)	-	(4,608,545)	-
Conservation and development	6,546,670	922,831	605,316	-	(5,018,523)	-	(5,018,523)	-
Interest on long-term debt	1,093,042	515,604	1,214,292	-	636,854	-	636,854	-
Total governmental activities	428,930	-	-	-	(428,930)	-	(428,930)	-
Business-type activities:								
Landfill	101,306,658	9,835,339	20,943,421	4,580,451	(65,947,447)	-	(65,947,447)	-
Highway	4,803,583	4,435,044	-	-	-	(368,539)	(368,539)	-
Total business-type activities	13,034,669	5,499,133	4,176,008	-	-	(3,359,528)	(3,359,528)	-
Total primary government	17,838,252	9,934,177	4,176,008	-	-	(3,728,067)	(3,728,067)	-
Total primary government	\$ 119,144,910	\$ 19,769,516	\$ 25,119,429	\$ 4,580,451	(65,947,447)	(3,728,067)	(69,675,514)	-
<b>Component Units</b>								
Governmental activities:								
Children with Disabilities Education Board	8,577,809	5,065,036	1,593,201	-	-	-	-	(1,919,572)
Business-type activities:								
Central Wisconsin airport	6,070,136	2,855,523	-	4,444,109	-	-	-	1,229,496
North central health care	89,283,105	65,356,348	19,697,885	2,423,086	-	-	-	(1,805,786)
Total business-type activities, component units	\$ 95,353,241	\$ 68,211,871	\$ 19,697,885	\$ 6,867,195	-	-	-	(576,290)
<b>General Revenues</b>								
Taxes:								
Property taxes					42,199,647	8,244,599	50,444,246	-
Sales taxes					13,699,878	-	13,699,878	-
Other taxes					1,617,231	-	1,617,231	-
Vehicle registration fee					-	2,959,785	2,959,785	-
Grants and contributions not restricted to specific programs					7,605,407	-	7,605,407	-
Unrestricted investment earnings					1,817,840	1,765,074	3,582,914	365,637
Gain on sale of capital assets					4,555	30,546	35,101	-
Unrestricted state and federal aid					-	-	-	3,768,693
Miscellaneous					545,688	259,868	805,556	142,655
<b>Special Item</b>					-	-	-	2,970,286
<b>Transfers</b>					3,854,296	(3,854,296)	-	-
Total general revenues, special item and transfers					71,344,542	9,405,576	80,750,118	7,247,271
Change in net position					5,397,095	5,677,509	11,074,604	4,751,409
<b>Net Position, Beginning</b>					316,010,969	66,532,457	382,543,426	93,094,039
<b>Net Position, Ending</b>					\$ 321,408,064	\$ 72,209,966	\$ 393,618,030	\$ 97,845,448

See notes to financial statements

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**Marathon County**

Balance Sheet- Governmental Funds  
December 31, 2020

	General	Social Improvement	Capital Improvement	Nonmajor Governmental Fund Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 45,348,914	\$ 8,966,942	\$ 7,732,761	\$ 2,557,585	\$ 64,606,202
Receivables:					
Taxes receivable	38,398,927	7,794,648	370,000	1,791,910	48,355,485
Accounts receivable	2,198,354	404,324	5,272	-	2,607,950
Accrued interest receivable	451,772	-	-	-	451,772
Due from other governments	3,232,466	1,267,016	-	-	4,499,482
Due from other funds	10,246	-	-	-	10,246
Inventories and prepaid items	29,250	4,345	28,475	-	62,070
Restricted assets:					
Cash and investments	1,903,682	65,558	-	-	1,969,240
Total assets	<u>\$ 91,573,611</u>	<u>\$ 18,502,833</u>	<u>\$ 8,136,508</u>	<u>\$ 4,349,495</u>	<u>\$ 122,562,447</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,868,435	\$ 1,587,987	\$ 3,873,736	\$ -	\$ 7,330,158
Accrued items	2,703,231	-	-	-	2,703,231
Due to other governments	1,148,175	14,296	-	-	1,162,471
Due to other funds	-	-	10,246	-	10,246
Liabilities payable from restricted assets:					
Special deposits	526,840	1,496,515	-	-	2,023,355
Total liabilities	<u>6,246,681</u>	<u>3,098,798</u>	<u>3,883,982</u>	<u>-</u>	<u>13,229,461</u>
<b>Deferred Inflows of Resources</b>					
Property taxes levied for next period	33,654,388	7,794,648	370,000	1,791,910	43,610,946
Unavailable revenues	1,043,126	-	-	-	1,043,126
Total deferred inflows of resources	<u>34,697,514</u>	<u>7,794,648</u>	<u>370,000</u>	<u>1,791,910</u>	<u>44,654,072</u>
<b>Fund Balances</b>					
Nonspendable	3,360,157	4,345	28,475	-	3,392,977
Restricted	1,376,842	7,605,042	619,687	2,557,585	12,159,156
Assigned	10,042,156	-	3,234,364	-	13,276,520
Unassigned	35,850,261	-	-	-	35,850,261
Total fund balances	<u>50,629,416</u>	<u>7,609,387</u>	<u>3,882,526</u>	<u>2,557,585</u>	<u>64,678,914</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 91,573,611</u>	<u>\$ 18,502,833</u>	<u>\$ 8,136,508</u>	<u>\$ 4,349,495</u>	<u>\$ 122,562,447</u>

See notes to financial statements

**Marathon County**

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
December 31, 2020

**Total Fund Balances, Governmental Funds** \$ 64,678,914

Amounts reported for governmental activities in the statement of net position are different because:

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

Land	35,834,826
Construction in progress	26,990,320
Other capital assets net of accumulated depreciation	217,850,322

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements, but are recognized as revenue when earned in the government-wide statements. 1,043,126

The net pension asset does not relate to current financial resources and is not reported in the governmental funds (less internal service funds \$33,907). 7,241,371

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. (less internal service funds \$87,551). 16,812,219

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. (less internal service funds \$146,855). (21,737,550)

The County's investment in joint venture not a financial resource and, therefore, is not reported in the funds. 394,362

Internal service funds are reported in the statement of net position as governmental funds. 16,612,435

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(37,305,000)
Forest crop loan	(1,195,921)
Compensated absences	(4,847,000)
Less internal service fund compensated absences	86,239
Accrued interest	(247,320)
Unamortized premium on debt issue	(803,279)

**Net position of governmental activities** \$ 321,408,064

See notes to financial statements

**Marathon County**

Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
Year Ended December 31, 2020

	General	Social Improvement	Capital Improvement	Nonmajor Governmental Fund Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 47,912,798	\$ 7,904,594	\$ -	\$ 1,709,431	\$ 57,526,823
Intergovernmental grants and aids	14,203,000	12,014,821	-	-	26,217,821
Licenses and permits	436,815	-	-	-	436,815
Fines and forfeitures	612,453	-	-	-	612,453
Public charges for services	4,893,099	488,094	-	105,682	5,486,875
Intergovernmental charges for services	2,058,230	-	-	-	2,058,230
Miscellaneous revenue	2,556,724	222,516	1,752,170	137,667	4,669,077
<b>Total revenues</b>	<b>72,673,119</b>	<b>20,630,025</b>	<b>1,752,170</b>	<b>1,952,780</b>	<b>97,008,094</b>
<b>Expenditures</b>					
Current:					
General government	25,675,126	-	-	-	25,675,126
Public safety	26,205,641	-	-	-	26,205,641
Health	5,341,167	-	-	-	5,341,167
Social services	235,337	17,236,765	-	-	17,472,102
Leisure activities and education	7,641,451	-	-	-	7,641,451
Conservation and economic development	1,079,885	-	-	-	1,079,885
Capital outlay	173,954	-	35,200,787	-	35,374,741
Debt service:					
Principal	-	-	-	1,537,165	1,537,165
Bond issue costs	-	-	154,452	-	154,452
Interest and paying agent fees	-	-	-	311,636	311,636
<b>Total expenditures</b>	<b>66,352,561</b>	<b>17,236,765</b>	<b>35,355,239</b>	<b>1,848,801</b>	<b>120,793,366</b>
Excess (deficiency) of revenues over expenditures	6,320,558	3,393,260	(33,603,069)	103,979	(23,785,272)
<b>Other Financing Sources (Uses)</b>					
Transfers in:					
General fund	-	-	1,958,621	-	1,958,621
Social improvement fund	-	-	942,141	-	942,141
Capital improvement fund	298,379	-	-	-	298,379
Sales of capital assets	6,378	-	392	-	6,770
Debt issued	-	-	26,345,000	-	26,345,000
Premium on debt issued	-	-	105,327	507,811	613,138
State forest loan program debt issued	14,811	-	-	-	14,811
Transfers out:					
General fund	-	-	(298,379)	-	(298,379)
Capital improvement fund	(1,958,621)	(942,141)	-	-	(2,900,762)
County highway fund	-	-	(316,602)	-	(316,602)
<b>Total other financing sources (uses)</b>	<b>(1,639,053)</b>	<b>(942,141)</b>	<b>28,736,500</b>	<b>507,811</b>	<b>26,663,117</b>
Net change in fund balance	4,681,505	2,451,119	(4,866,569)	611,790	2,877,845
<b>Fund Balance, Beginning</b>	<b>45,947,911</b>	<b>5,158,268</b>	<b>8,749,095</b>	<b>1,945,795</b>	<b>61,801,069</b>
<b>Fund Balance, Ending</b>	<b>\$ 50,629,416</b>	<b>\$ 7,609,387</b>	<b>\$ 3,882,526</b>	<b>\$ 2,557,585</b>	<b>\$ 64,678,914</b>

See notes to financial statements

**Marathon County**

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of the Governmental Funds  
to the Statement of Activities  
Year Ended December 31, 2020

**Net Change in Fund Balance, Total Governmental Funds** \$ 2,877,845

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense reported in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide statements including infrastructure assets.	35,374,741
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements.	919,796
Depreciation is reported in the government-wide statements.	(13,951,196)
Infrastructure financed by the highway fund.	4,170,898
Contributed capital assets are reported as revenues in the government-wide statements.	2,537,200
Net book value of assets retired.	(9,832)
Receivables not currently available are reported as deferred revenue in the fund financial statements, but are recognized as revenue when earned in the government-wide financial statements.	(665,321)
The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides nor uses current financial resources, and is not reported in the fund financial statements.	(211,832)
Debt proceeds provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(26,359,811)
Principal repaid	1,537,165
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences - less internal service funds	(142,777)
Increase in net pension asset/liability - less internal service funds	15,394,995
Deferred outflows of resources related to pensions - less internal service funds	(4,933,814)
Deferred inflows of resources related to pensions - less internal service funds	(10,585,912)
Accrued interest on debt	(167,367)
Government funds report the effect of premiums, discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Current year premium	(613,138)
Amortization of discount and premium	99,198
Internal service funds are used by management to charge the costs of insurance to individual funds. The increase in net position of the internal service funds is reported with governmental activities.	126,257
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 5,397,095</b>

See notes to financial statements

**Marathon County**

Statement of Net Position - Proprietary Funds  
December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Landfill	County Highway	Total	
<b>Assets and Deferred Outflows of Resources</b>				
<b>Current Assets</b>				
Cash and investments	\$ 3,565,370	\$ 48,825,260	\$ 52,390,630	\$ 18,783,737
Taxes receivable	-	8,331,159	8,331,159	-
Accounts receivable (net of allowance)	864,514	91,972	956,486	110,938
Due from other governments	-	538,193	538,193	-
Inventories	112,006	1,662,191	1,774,197	-
Total current assets	<u>4,541,890</u>	<u>59,448,775</u>	<u>63,990,665</u>	<u>18,894,675</u>
<b>Noncurrent Assets</b>				
Restricted assets:				
Cash and investments	14,952,277	-	14,952,277	-
Net pension asset	102,594	857,893	960,487	33,907
Accrued interest receivable	30,942	-	30,942	-
Deposit in Wisconsin Municipal Mutual Insurance Company	-	-	-	1,519,000
Capital assets:				
Land	482,465	81,804	564,269	-
Construction work in process	38,300	-	38,300	-
Buildings	1,577,327	6,616,478	8,193,805	-
Improvements	33,408,497	781,194	34,189,691	-
Equipment	3,744,642	19,264,725	23,009,367	58,466
Total capital assets	39,251,231	26,744,201	65,995,432	58,466
Less accumulated depreciation	<u>(26,228,413)</u>	<u>(17,527,605)</u>	<u>(43,756,018)</u>	<u>(58,466)</u>
Net capital assets	<u>13,022,818</u>	<u>9,216,596</u>	<u>22,239,414</u>	<u>-</u>
Total noncurrent assets	<u>28,108,631</u>	<u>10,074,489</u>	<u>38,183,120</u>	<u>1,552,907</u>
Total assets	<u>32,650,521</u>	<u>69,523,264</u>	<u>102,173,785</u>	<u>20,447,582</u>
<b>Deferred Outflows of Resources</b>				
Pension related amounts	250,262	2,004,678	2,254,940	87,551
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable	720,822	341,489	1,062,311	122,285
Accrued items	-	11,048	11,048	57,705
Due to other governments	1,308,772	-	1,308,772	-
Current portion of compensated absences	5,020	77,966	82,986	8,624
Current portion of capital lease payable	261,368	-	261,368	-
Total current liabilities	<u>2,295,982</u>	<u>430,503</u>	<u>2,726,485</u>	<u>188,614</u>
<b>Long-Term Liabilities</b>				
Landfill closure and long-term care payable	16,660,692	-	16,660,692	-
Accrued liability, claims payable	-	-	-	3,509,614
Capital lease payable	784,295	-	784,295	-
Compensated absences	45,182	701,690	746,872	77,615
Total long-term liabilities	17,490,169	701,690	18,191,859	3,587,229
Total liabilities	<u>19,786,151</u>	<u>1,132,193</u>	<u>20,918,344</u>	<u>3,775,843</u>
<b>Deferred Inflows of Resources</b>				
Property taxes levied for next period	-	8,331,159	8,331,159	-
Other deferred revenues	-	81,078	81,078	-
Pension related amounts	316,849	2,571,329	2,888,178	146,855
Total deferred inflows of resources	<u>316,849</u>	<u>10,983,566</u>	<u>11,300,415</u>	<u>146,855</u>
<b>Net Position</b>				
Net investment in capital assets	11,977,155	9,216,596	21,193,751	-
Restricted for pension	102,594	857,893	960,487	33,907
Unrestricted	718,034	49,337,694	50,055,728	16,578,528
Total net position	<u>\$ 12,797,783</u>	<u>\$ 59,412,183</u>	<u>\$ 72,209,966</u>	<u>\$ 16,612,435</u>

See notes to financial statements

**Marathon County**

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Landfill	County Highway	Total	
<b>Operating Revenues</b>				
Licenses and permits	\$ -	\$ 16,590	\$ 16,590	\$ -
Public charges for services	4,435,044	-	4,435,044	-
Intergovernmental charges for services	-	5,482,543	5,482,543	-
Interdepartmental charges for services	-	-	-	14,273,082
Total operating revenues	<u>4,435,044</u>	<u>5,499,133</u>	<u>9,934,177</u>	<u>14,273,082</u>
<b>Operating Expenses</b>				
Salaries and benefits	887,802	3,895,725	4,783,527	1,058,650
Contractual services	1,313,541	510,398	1,823,939	422,077
Materials and supplies	388,421	813,569	1,201,990	3,803
Construction and maintenance	-	3,443,003	3,443,003	-
Landfill closure and long term care	725,008	-	725,008	-
Building and equipment rent	-	3,011,281	3,011,281	-
Insurance and claims	-	172,439	172,439	13,059,388
Loss and loss adjustment expense	-	-	-	(348,432)
Insurance and administration costs	29,529	-	29,529	680,815
Depreciation	1,283,048	1,188,254	2,471,302	-
Other operating expenses	176,234	-	176,234	-
Total operating expenses	<u>4,803,583</u>	<u>13,034,669</u>	<u>17,838,252</u>	<u>14,876,301</u>
Operating loss	<u>(368,539)</u>	<u>(7,535,536)</u>	<u>(7,904,075)</u>	<u>(603,219)</u>
<b>Nonoperating Revenues (Expenses)</b>				
General property taxes	-	8,244,599	8,244,599	-
Vehicle registration fee	-	2,959,785	2,959,785	-
Intergovernmental grants and aids	-	4,176,008	4,176,008	-
Investment income	284,969	1,480,105	1,765,074	681,183
Insurance recoveries	-	-	-	26,473
Infrastructure construction expense for governmental activities	-	(4,170,898)	(4,170,898)	-
Gain on sale of capital assets	17,388	13,158	30,546	-
Other income	16,070	243,798	259,868	21,820
Total nonoperating revenues (expenses), net	<u>318,427</u>	<u>12,946,555</u>	<u>13,264,982</u>	<u>729,476</u>
Income (loss) before transfers	<u>(50,112)</u>	<u>5,411,019</u>	<u>5,360,907</u>	<u>126,257</u>
<b>Transfers in</b>				
	-	316,602	316,602	-
Change in net position	<u>(50,112)</u>	<u>5,727,621</u>	<u>5,677,509</u>	<u>126,257</u>
<b>Net Position, Beginning</b>	<u>12,847,895</u>	<u>53,684,562</u>	<u>66,532,457</u>	<u>16,486,178</u>
<b>Net Position, Ending</b>	<u>\$ 12,797,783</u>	<u>\$ 59,412,183</u>	<u>\$ 72,209,966</u>	<u>\$ 16,612,435</u>

See notes to financial statements

**Marathon County**

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	County Landfill	Highway	Total	
<b>Cash Flows From Operating Activities</b>				
Cash received from the sale of goods and services	\$ -	\$ 5,742,779	\$ 5,742,779	\$ -
Collections from landfill disposal services	4,221,043	-	4,221,043	-
Collections from departments and other insurance purchasers	-	-	-	14,311,209
Cash paid to employees for services	(887,802)	(3,895,725)	(4,783,527)	(1,058,650)
Cash paid to suppliers for goods and services	(590,997)	(8,631,416)	(9,222,413)	(14,120,284)
Net cash provided (used) by operating activities	2,742,244	(6,784,362)	(4,042,118)	(867,725)
<b>Cash Flows From Noncapital Financing Activities</b>				
General property taxes	-	8,244,599	8,244,599	-
Vehicle registration fee	-	2,959,785	2,959,785	-
Intergovernmental grants and aids	-	4,176,008	4,176,008	-
Transfers	-	316,602	316,602	-
Net cash provided by noncapital financing activities	-	15,696,994	15,696,994	-
<b>Cash Flows From Capital Financing Activities</b>				
Payments for capital acquisitions	(1,698,091)	(986,607)	(2,684,698)	-
Infrastructure construction expense for governmental activities	-	(4,170,898)	(4,170,898)	-
Net cash provided (used) by capital financing activities	(1,698,091)	(5,157,505)	(6,855,596)	-
<b>Cash Flows From Investing Activities</b>				
Investments purchased	(1,208,173)	-	(1,208,173)	-
Interest received on investments	284,969	1,480,105	1,765,074	681,183
Net cash provided (used) by investing activities	(923,204)	1,480,105	556,901	681,183
Net increase in cash and cash equivalents	120,949	5,235,232	5,356,181	(186,542)
<b>Cash and Cash Equivalents, Beginning</b>	3,444,421	43,590,028	47,034,449	18,970,279
<b>Cash and Cash Equivalents, Ending</b>	\$ 3,565,370	\$ 48,825,260	\$ 52,390,630	\$ 18,783,737

See notes to financial statements  
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**Marathon County**

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	County Landfill	Highway	Total	
<b>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities</b>				
Operating loss	\$ (368,539)	\$ (7,535,536)	\$ (7,904,075)	\$ (603,219)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation expense	1,283,048	1,188,254	2,471,302	-
Insurance recoveries	-	-	-	26,473
Other income (expense)	16,070	256,956	273,026	21,820
Effects of (increase) decrease in operating assets, deferred outflows, and increase (decrease) in operating liabilities and deferred inflows:				
Accounts receivable	(230,071)	51,186	(178,885)	7,348
Due from other governments	-	402,026	402,026	-
Inventories	-	(523,865)	(523,865)	-
Prepayments	-	(115)	(115)	-
Accounts payable	585,885	(145,210)	440,675	11,997
Accrued expenses	-	-	-	(2,909)
Due to other governments	(318,769)	-	(318,769)	-
Landfill closure and long-term care payable	1,770,671	-	1,770,671	-
Unearned revenues	-	(463,848)	(463,848)	-
Accrued liabilities, claims payable	-	-	-	(348,534)
Compensated absences	14,962	(77,549)	(62,587)	19,299
Pension related deferrals and liabilities	(11,013)	63,339	52,326	-
Net cash provided (used) by operating activities	\$ 2,742,244	\$ (6,784,362)	\$ (4,042,118)	\$ (867,725)
<b>Noncash Investing, Capital and Noncapital Financing Activities</b>				
None				

See notes to financial statements  
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**Marathon County**

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 December 31, 2020

	<u>Custodial Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,687,080
Accounts receivable	32,281
Due from other governments	975,631
	<hr/>
Total assets	2,694,992
<b>Liabilities</b>	
Accounts payable	131,258
Accrued liabilities	7,439
Due to other governments	2,042,328
Deposits	2,744
Other long term liabilities	218,595
Held for inmates	61,493
	<hr/>
Total liabilities	2,463,857
<b>Net Position</b>	
Restricted	231,135
	<hr/>
Total net position	<u>\$ 231,135</u>

See notes to financial statements

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**Marathon County**

Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 Year Ended December 31, 2020

	<u>Custodial Funds</u>
<b>Additions</b>	
Fines and forfeitures, traffic, bonds and other court items	\$ 5,890,598
Inmate deposits	1,302,143
Intergovernmental	6,186,503
Donations	500,607
Investment income (loss)	(1,660)
	<hr/>
Total additions	13,878,191
<b>Deductions</b>	
ADRC activities	6,333,847
Disposition of court collections	5,887,904
Other court	2,694
Funds released to former inmates	1,302,143
	<hr/>
Total deductions	13,526,588
	<hr/>
Change in fiduciary net position	351,603
	<hr/>
<b>Net Position (Deficit), Beginning</b>	(120,468)
	<hr/>
<b>Net Position, Ending</b>	<u>\$ 231,135</u>

See notes to financial statements

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**Marathon County**

Statement of Net Position  
Major Discretely Presented Component Units  
December 31, 2020

	North Central Health Care	Central Wisconsin Airport	Children With Disabilities Education Board	Major Discretely Presented Component Units Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and investments	\$ 4,549,152	\$ 3,629,661	\$ 2,641,533	\$ 10,820,346
Patient accounts receivable (net)	4,659,972	-	-	4,659,972
Accounts receivable	510,888	255,634	-	766,522
Due from other governments	4,532,015	645,765	310,223	5,488,003
Prepaid items	264,970	-	-	264,970
Inventories	429,333	-	-	429,333
Total current assets	14,946,130	4,531,060	2,951,756	22,428,946
<b>Noncurrent Assets</b>				
<b>Restricted assets:</b>				
Cash and investments	105,264	635,487	-	740,751
OPEB asset	-	-	76,954	76,954
Net pension asset	7,280,177	210,464	891,029	8,381,670
Investments	11,635,464	-	-	11,635,464
Assets limited as to use	1,990,604	-	-	1,990,604
<b>Capital assets:</b>				
Land	65,133	614,983	-	680,116
Construction in progress	22,840,218	10,888,856	-	33,729,074
Buildings	54,605,848	39,101,520	-	93,707,368
Improvements	1,782,870	54,485,660	-	56,268,530
Equipment	27,364,192	11,244,749	13,669	38,622,610
Total capital assets	106,658,261	116,335,768	13,669	223,007,698
Total accumulated depreciation and amortization	(52,766,548)	(58,363,477)	(8,202)	(111,138,227)
Net capital assets	53,891,713	57,972,291	5,467	111,869,471
Total noncurrent assets	74,903,222	58,818,242	973,450	134,617,960
Total assets	89,849,352	63,349,302	3,925,206	157,123,860
<b>Deferred Outflows of Resources</b>				
OPEB related amounts	1,177,048	-	89,495	1,266,543
Pension related amounts	17,085,360	483,929	1,931,161	19,500,450
Total deferred outflows of resources	18,262,408	483,929	2,020,656	20,766,993
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
<b>Current Liabilities</b>				
Accounts payable	1,686,643	339,743	734,132	2,760,518
Accrued items	2,140,159	-	-	2,140,159
Deposits	88,178	16,831	-	105,009
Interest payable	21,838	13,789	-	35,627
Accrued liability, claims payable	503,000	-	-	503,000
Due to other governments	-	1,039,489	-	1,039,489
Unearned revenues	39,190	-	224,652	263,842
Current portion of compensated absences	2,353,882	25,706	123,953	2,503,541
Current portion of bonds payable liability	2,970,000	665,000	-	3,635,000
Current portion of capital lease liability	27,987	-	-	27,987
Total current liabilities	9,830,877	2,100,558	1,082,737	13,014,172
<b>Long-Term Liabilities</b>				
General obligation notes payable (net of unamortized premiums)	6,167,972	4,428,900	-	10,596,872
Long-term portion of capital lease liability	47,905	-	-	47,905
Due to other governments	28,137,785	-	-	28,137,785
OPEB liability	2,506,809	-	-	2,506,809
Compensated absences	-	188,512	-	188,512
Total long-term liabilities	36,860,471	4,617,412	-	41,477,883
Total liabilities	46,691,348	6,717,970	1,082,737	54,492,055
<b>Deferred Inflows of Resources</b>				
OPEB related amounts	416,857	-	16,096	432,953
Pension related amounts	21,809,049	638,808	2,672,540	25,120,397
Total deferred inflows of resources	22,225,906	638,808	2,688,636	25,553,350
<b>Net Position</b>				
Net investment in capital assets	16,540,064	52,878,391	5,467	69,423,922
<b>Restricted:</b>				
Pension	7,280,177	210,464	891,029	8,381,670
OPEB	-	-	76,954	76,954
Birth to 3 program	-	-	106,042	106,042
Passenger facility charges	-	635,487	-	635,487
Unrestricted	15,374,265	2,752,111	1,094,997	19,221,373
Total net position	\$ 39,194,506	\$ 56,476,453	\$ 2,174,489	\$ 97,845,448

See notes to financial statements

**Marathon County**

Statement of Revenues, Expenses and Changes in Net Position  
Major Discretely Presented Component Units  
Year Ended December 31, 2020

	North Central Health Care	Central Wisconsin Airport	Children With Disabilities Education Board	Major Discretely Presented Component Units Total
<b>Expenses</b>				
<b>Transportation:</b>				
Airport	\$ -	\$ 6,070,136	\$ -	\$ 6,070,136
<b>Social services:</b>				
North Central Community Services	88,984,329	-	-	88,984,329
Children with Disabilities Education Board	-	-	3,847,065	3,847,065
<b>Instruction:</b>				
Children with Disabilities Education Board	-	-	4,730,744	4,730,744
Total expenses	88,984,329	6,070,136	8,577,809	103,632,274
<b>Program Revenues</b>				
Charges for service	65,356,348	2,855,523	5,065,036	73,276,907
Operating grants and contributions	19,697,885	-	1,593,201	21,291,086
Capital grants and contributions	2,423,086	4,444,109	-	6,867,195
Total program revenues	87,477,319	7,299,632	6,658,237	101,435,188
Net income (expense)	(1,507,010)	1,229,496	(1,919,572)	(2,197,086)
<b>General Revenues (Expenses)</b>				
Unrestricted investment earnings	276,065	89,572	-	365,637
Interest expense	(242,363)	-	-	(242,363)
Loss on sale of capital assets	(56,413)	-	-	(56,413)
<b>State and federal aids not restricted to specific functions:</b>				
Categorical aid	-	2,080,923	1,687,770	3,768,693
Miscellaneous	-	91,223	51,432	142,655
Total general revenues	(22,711)	2,261,718	1,739,202	3,978,209
<b>Special Item</b>	2,970,286	-	-	2,970,286
Change in net position	1,440,565	3,491,214	(180,370)	4,751,409
<b>Net Position, Beginning</b>	37,753,941	52,985,239	2,354,859	93,094,039
<b>Net Position, Ending</b>	\$ 39,194,506	\$ 56,476,453	\$ 2,174,489	\$ 97,845,448

See notes to financial statements

**Marathon County**

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December 31, 2020

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**Marathon County**

Notes to Financial Statements  
December 31, 2020

**1. Summary of Significant Accounting Policies**

Marathon County (the County) was incorporated in 1850 and operates under the provisions of the Wisconsin State Statutes, Chapter 59. The County operates under a County Board form of government, with an appointed County Administrator. The powers and duties of the County Administrator are to coordinate and direct all administrative and management functions of the County government not otherwise vested by law in boards or commissions or in other elected officials. The County provides the following services as authorized by its charter: public safety, highways, solid waste, health and social services, culture-recreation, education, judiciary services, planning and zoning, and general administrative services.

The accounting policies of Marathon County, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

**Reporting Entity**

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

Component units are reported using one of three methods, discrete presentation, blended, or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and its component unit have substantially the same governing body and a financial benefit or burden relationship exists; (2) the primary government and the component unit have substantially the same governing body and management of the primary government has operational responsibility for the component unit; (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens; or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.



## Marathon County

Notes to Financial Statements  
December 31, 2020

### Discretely Presented Component Units

#### North Central Health Care

The government-wide financial statements include the North Central Health Care (NCHC) as a component unit. NCHC is a legally separate organization operated jointly by Marathon, Lincoln, and Langlade counties. The board of NCHC is appointed by the respective counties' boards. The NCHC has been presented as a discrete component unit because of the nature and significance of its relationship with the County. The County appoints a majority of the board and, based upon the bylaws of the NCHC, the County has the ability to impose its will upon NCHC, and also to create a possible financial benefit or burden. See Note 3. The information presented is for the fiscal year ended December 31, 2020. Separately issued financial statements of North Central Health Care may be obtained from NCHC's office.

#### Central Wisconsin Airport

The government-wide financial statements include the Central Wisconsin Airport (CWA) as a component unit. The CWA is a legally separate organization operated jointly by Marathon and Portage counties. The board of the CWA is appointed by the respective counties. The CWA has been presented as a discrete component unit because of the nature and significance of its relationship with the County. CWA is fiscally dependent upon the County and a financial benefit or burden exists. While both Portage and Marathon County operate CWA, Marathon County retains the majority interest based upon each county's equalized values. See Note 3. The information presented is for the fiscal year ended December 31, 2020. The CWA does not issue separate financial statements.

#### Children With Disabilities Education Board

The government-wide financial statements include the Children with Disabilities Education Board (CDEB) as a component unit. The CDEB is a legally separate organization. The board is made up of six members, one from each participating school district. The CDEB has been presented as a discrete component unit because of the nature and significance of its relationship with the County. The County Administrator appoints CDEB's board members for three-year terms. Based upon CDEB's board policies, the County has significant influence over its activities and can create a financial benefit or burden. See Note 3. The information presented is for the fiscal year ended June 30, 2020. Separately issued financial statements of the Children with Disabilities Education Board may be obtained from the Board's office.

### Government-Wide and Fund Financial Statements

#### Government-Wide Financial Statements

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2020.

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

## Marathon County

Notes to Financial Statements  
December 31, 2020

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

### Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which 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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditure/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- The same element of the individual governmental 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.
- In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds, and custodial funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

General Fund - accounts for the County's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Social Improvement Fund - accounts for and reports grants, local revenues, and other resources legally restricted to supporting expenditures for various community service programs.

Capital Improvement Fund - accounts for and reports resources to be used for the acquisition or construction of major capital facilities.

## Marathon County

Notes to Financial Statements  
December 31, 2020

The County reports the following major enterprise funds:

Landfill Fund - accounts for operations of the County operated landfill.

County Highway Fund - accounts for operations of the highway systems.

The County reports the following nonmajor governmental fund:

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

In addition, the County reports the following fund types:

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

Property Casualty Insurance

Employee Benefits Insurance

Custodial funds are used to account for and report assets controlled by the County and the assets are for the benefit of individuals, private organizations, and/or other governmental units.

Aging and Disability Resource Center of Central Wisconsin (ADRC-CW)

Clerk of Courts

Sheriff Adult Inmate

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

#### Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's Landfill and County Highway 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.

## Marathon County

Notes to Financial Statements  
December 31, 2020

### Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Sales taxes are recognized as revenues in the year in which the underlying sales relating to it take place.

Intergovernmental aids and grants are recognized as revenues in the period the County is entitled to the resources and the amounts are available. Amounts owed to a county which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met and recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Landfill and County Highway funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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.

## Marathon County

Notes to Financial Statements  
December 31, 2020

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

#### Deposits and Investments

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

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

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

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

**Custodial credit risk** - The County investment policy states that where allowed by state law, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

**Credit risk** - The County limits its investments to the "Aa" or higher rating issued by a nationally recognized rating service such as Moody's or Standard and Poors (S&P) for the issuing organization at the time of issuance.

**Interest rate risk** - The County manages its exposure to interest rate risk by attempting to match investment maturities with anticipated expenses. No more than 70 percent of the portfolio may be invested beyond 12 months, and the weighted average maturity of the short-term portfolio shall never exceed one year. The weighted average maturity of the intermediate portfolio shall not exceed three years.

The policy does not address concentration of credit risk.

## Marathon County

Notes to Financial Statements  
December 31, 2020

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 municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3. for further information.

#### Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. They are not legally available for appropriation until the ensuing year. In addition to property taxes for the County, taxes are collected for and remitted to the state and county governments 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 governments on the Statement of Fiduciary Net Position.

Property tax calendar, 2020 tax roll:

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

The City of Wausau has adopted an ordinance for three installments per Wisconsin Statute 74.12. The City Treasurer collects January 31, April 30, and July 31 installments and settles with the County and other jurisdictions by the 15th of the month following due dates.

Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. 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 governmental-wide financial statements as internal balances.

## Marathon County

Notes to Financial Statements  
December 31, 2020

The County has a 0.5 percent sales tax which is collected by the State of Wisconsin and remitted to the County monthly. Sales tax is accrued as a receivable when the underlying sale relating to it takes place. At December 31, 2020, the County has accrued two months of the subsequent year's collections as receivable.

Accounts receivable in the governmental funds are reported at gross with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided in the governmental funds since it is believed that the amount of such an allowance would not be material. An allowance in the amount of \$472,576 has been recorded in the Employee Benefits Insurance internal service fund to account for workers compensation amounts not likely to be collected.

### Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund, internal service fund, and discretely presented component unit inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on FIFO, and charged to construction and/or 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.

### Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities 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.

### Capital Assets

#### Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$50,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets, works of art, and similar items, in addition to capital assets received in a service concession arrangement, are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to capital accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from capital accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

## Marathon County

Notes to Financial Statements  
December 31, 2020

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. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Buildings	20 - 50
Land improvements	2 - 20
Machinery and equipment	3 - 10
Infrastructure	5 - 75
Library collection	5 - 25

### Fund Financial Statements

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

### Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

### Compensated Absences

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable 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, 2020 are determined on the basis of current salary rates and include salary related payments.

In addition to pension benefits provided through the Wisconsin Retirement System described in Note 4, the County provides certain health care and life insurance benefits as provided for by union contracts or management ordinance. Retired employees who qualify are allowed to convert a maximum of 50 percent of their accumulated sick leave balance at the time of retirement into monetary value using the employee's year-end hourly rate and deposited into the employee's Post Employment Health Plan (PEHP) account. The 2020 funding (including CWA as a discretely presented component unit) was estimated in the annual budget at \$183,606 with an actual cost of \$388,166. There were fourteen (28) employees eligible for benefits as of year-end.

## Marathon County

Notes to Financial Statements  
December 31, 2020

### Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences. Other postemployment benefits are no longer considered material to the County.

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

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

The County participates in a program authorized by State Statutes, whereby counties which have established and maintained a county forest, are eligible to receive from the state an annual payment, such as a noninterest bearing, no scheduled payment loan to be used for the purchase, development, preservation and maintenance of the County forest lands.

On timber cut from County forest lands, the County pays a severance share of not less than 20 percent of the actual stumpage sales value of timber. Such severance share payments are credited against the cumulative loan made by the state to the County, the repayment of which is driven by timber cutting activity, at predetermined calendar time periods. Severance share payments will not exceed the balance due. This form of debt is not capital-related.

For forest lands withdrawn from the program, the County reimburses the State for the amount previously paid to the County, except that the State may waive all or part of such reimbursement if it finds the lands are withdrawn for a higher public use, or that the amount of such reimbursement is unreasonable when compared to the value of the land.

### Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period, and therefore, will not be recognized as an inflow of resources (revenue) until that future time.

### Equity Classifications

#### Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definitions of "restricted" or "net investment in capital assets."

## Marathon County

Notes to Financial Statements  
December 31, 2020

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

### Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action (resolution) of the County. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the County that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. Fund balance may be assigned by the Finance Committee through a formally approved motion. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The County considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

The County has a formal minimum fund balance policy for the general fund. That policy is to maintain a working capital fund of 8.3 percent of the current year's general fund, social improvement fund, and debt service fund's budgeted expenditures. The balance at year-end was \$26,169,276 and is included in unassigned general fund balance. The County also has a minimum fund balance for the highway fund. That policy is to maintain a working capital fund of 10 percent of the current year budgeted expenditures. The balance at year-end was \$6,463,743, and is included in unrestricted net position.

See Note 3. for further information.

**Marathon County**

Notes to Financial Statements  
December 31, 2020

**Pension**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**2. Stewardship, Compliance and Accountability**

**Excess Expenditures Over Appropriations**

The capital improvement fund had \$30,483,930 in expenditures and other financing uses in excess of appropriations at the legal level of budgetary control for the year ended December 31, 2020.

**Limitations on the County's Tax Levy**

Wisconsin law limits the County's future tax levies. Generally, the County is limited to its prior tax levy dollar amount, increased by the greater of the percentage change in the County's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The County is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

**3. Detailed Notes on All Funds**

**Deposits and Investments**

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. The County's deposits and investments at year-end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits and cash on hand	\$ 38,471,162	\$ 39,897,758	Custodial credit
U.S. Treasuries	26,658,054	26,658,054	Custodial credit, interest rate
U.S. Agencies, implicitly guaranteed	31,199,834	31,199,834	Custodial credit, interest rate, credit, concentration of credit
State and local bonds	1,137,721	1,137,721	Custodial credit, interest rate, credit, concentration of credit
National agency bonds and notes	4,276,846	4,276,846	Custodial credit, interest rate, credit, concentration of credit
Corporate bonds	12,665,985	12,665,985	Custodial credit, interest rate, credit, concentration of credit
Certificates of deposits, negotiable	12,836,341	12,836,341	Custodial credit, interest rate, credit, concentration of credit
Commercial paper	9,720,497	9,720,497	Custodial credit, interest rate, credit, concentration of credit
Collateralized mortgage obligations	21,221,192	21,221,192	Custodial credit, interest rate, credit, concentration of credit
LGIP	460,216	460,216	Credit, interest rate
Petty Cash	6,466	-	N/A
<b>Total deposits and investments</b>	<b>\$ 158,654,314</b>	<b>\$ 159,874,444</b>	

**Marathon County**

Notes to Financial Statements  
December 31, 2020

	Carrying Value
Reconciliation to the financial statements:	
Per statement of net position:	
Unrestricted cash and investments	\$ 135,780,569
Restricted cash and investments	16,921,517
Per statement of fiduciary net position:	
Custodial funds	1,687,080
Per statement of net position, major discretely presented component unit (CWA):	
Unrestricted cash and investments	3,629,661
Restricted cash and investments	635,487
<b>Total deposits and investments</b>	<b>\$ 158,654,314</b>

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment Type	December 31, 2020			Total
	Level 1	Level 2	Level 3	
U.S. treasuries	\$ 26,658,054	\$ -	\$ -	\$ 26,658,054
U.S. agencies, implicitly guaranteed	-	31,199,834	-	31,199,834
Certificates of deposit, negotiable	-	12,836,341	-	12,836,341
Corporate bonds	-	12,665,985	-	12,665,985
Commercial paper	-	9,720,497	-	9,720,497
State and local bonds	-	1,137,721	-	1,137,721
National agency bonds and notes	-	4,276,846	-	4,276,846
Collateralized mortgage obligations	-	21,221,192	-	21,221,192
<b>Total</b>	<b>\$ 26,658,054</b>	<b>\$ 93,058,416</b>	<b>\$ -</b>	<b>\$ 119,716,470</b>

**Marathon County**

Notes to Financial Statements  
December 31, 2020

The valuation methods for recurring fair value measurements are as follows:

Investment Type	Valuation Method
Corporate bonds and state and local bonds, national agency bonds and notes, collateralized mortgage obligations Commercial paper	Institutional bond quotes - evaluations based on various market and industry inputs \$1 per share
U.S. agencies - implicitly guaranteed	Institutional bond quotes - evaluations based on various market and industry inputs
U.S. treasuries	Institutional bond quotes - evaluations based on various market and industry inputs
Negotiable certificates of deposit	Institutional bond quotes - evaluations based on various market and industry inputs

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

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

The County maintains an \$11,000,000 irrevocable stand-by letter of credit with U.S. Bank to securitize its deposits throughout the year.

**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, 2020, \$27,397,700 of the County's total bank balances was exposed to custodial credit risk.

**Investments**

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

U.S. treasuries: Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 26,658,054</u>
U.S. agencies, implicitly guaranteed: Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 31,199,834</u>
Corporate bonds: Neither insured nor registered and held by counterparty's trust department of agent not in the County's name	<u>\$ 12,665,985</u>

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**Marathon County**

Notes to Financial Statements  
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Commercial paper: Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 9,720,497</u>
National agency bonds/notes: Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 4,276,846</u>
Certificates of deposit, negotiable: Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 12,836,341</u>
State and local bonds: Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 1,137,721</u>
Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 21,221,192</u>

**Credit Risk**

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

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

Investment Type	Standard & Poors
Corporate bonds	A, A-, AA-, AA+, AAA
U.S. agencies, implicitly guaranteed	AA+
Commercial paper	A-1, A-1+
National agency bonds and notes	AAA
Certificates of deposit, negotiable	A-1, AA-
Collateralized mortgage obligations	AAA
State and local bonds	AA+, unrated

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

Local Government Investment Pool

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2020, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Fannie Mae - LT	U.S. agencies – implicitly guaranteed	5.74%
Freddie Mac - LT	U.S. agencies – implicitly guaranteed	10.80%

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**Marathon County**

Notes to Financial Statements  
December 31, 2020

**Interest Rate Risk**

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

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

Investment Types	Fair Value	Maturity (In Years)		
		Less Than 1 Year	1-4 Years	Greater Than 4 Years
U.S. Treasuries	\$ 26,658,054	\$ 753,750	\$ 25,904,304	\$ -
U.S. Agencies, implicitly guaranteed	31,199,834	2,208,603	27,874,493	1,116,738
Corporate bonds	12,665,985	507,633	12,158,352	-
Commercial paper	9,720,497	9,720,497	-	-
National agency bonds and notes	4,276,846	-	4,276,846	-
Certificates of deposit, negotiable	12,836,341	10,216,175	2,620,166	-
State and local bonds	1,137,721	150,674	987,047	-
<b>Total</b>	<b>\$ 98,495,278</b>	<b>\$ 23,557,332</b>	<b>\$ 73,821,208</b>	<b>\$ 1,116,738</b>

As of December 31, 2020, the LGIP investments had an average maturity of 39 days.

See Note 1. for further information on deposit and investment policies.

**Receivables**

All of the receivables are expected to be collected within one year, except for delinquent taxes not collected within 60 days of year-end.

Governmental funds report *unavailable or unearned 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 *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Property taxes receivable for subsequent year	\$ -	\$ 43,610,946	\$ 43,610,946
Delinquent property taxes receivable	917,389	-	917,389
Other receivables	123,737	-	123,737
Grant amounts not yet received	2,000	-	2,000
<b>Total unavailable/unearned revenue for governmental funds</b>	<b>\$ 1,043,126</b>	<b>\$ 43,610,946</b>	<b>\$ 44,654,072</b>

**Marathon County**

Notes to Financial Statements  
December 31, 2020

Delinquent property taxes purchased from other taxing authorities are reflected as nonspendable fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available to replenish cash flow and are, therefore, excluded from the nonspendable portion of fund balances. Delinquent property taxes levied by the County are reflected as unavailable revenue and are excluded from the fund balance to the extent they are not collected within sixty days subsequent to year-end and, thus, are not available for payment of current expenditures.

Enterprise funds report deferred revenue in connection with resources that have been received, but not yet earned. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in the enterprise funds were as follows:

	Deferred
Property taxes receivable for subsequent year	\$ 8,331,159
Revenue collected in advance	81,078
<b>Total deferred revenue for enterprise funds</b>	<b>\$ 8,412,237</b>

Taxes receivable represent current taxes and unpaid taxes for 2020 and prior years as follows:

Year of Settlement	County Tax Levied	County Purchased	Balance December 31, 2020
2019	\$ 358,153	\$ 1,432,702	\$ 1,790,855
2018	201,796	790,087	991,883
2017	119,261	457,255	576,516
2016	89,696	338,771	428,467
2015	57,818	218,636	276,454
2014	36,829	160,988	197,817
2013	33,026	127,860	160,886
2012	22,120	83,696	105,816
2011	19,187	68,424	87,611
2010	10,418	36,154	46,572
2009	3,356	11,107	14,463
2008	1,181	3,767	4,948
<b>Total tax certificates</b>	<b>\$ 952,841</b>	<b>\$ 3,729,450</b>	<b>4,682,288</b>
Tax deeds			62,250
Current taxes			51,942,106
<b>Total taxes receivable</b>			<b>\$ 56,686,644</b>

Delinquent taxes collected within the sixty-day period subsequent to year-end aggregated \$97,702 and \$398,542 for delinquent taxes levied and purchased by the County, respectively.

**Restricted Assets**

The following represent the balances of the restricted assets:

**Land Records**

Statutorily assessed fees for social security redaction and other land records projects.



**Marathon County**

Notes to Financial Statements  
December 31, 2020

**Jail Assessments**

Statutorily assessed jail surcharges to be applied to construction, remodeling, repair, or other areas allowed by state statutes for county jails.

**Special Deposits and Impressed Cash Accounts**

Accounts for deposits and accounts not legally available to the County to finance current operations.

**Community Options Programming**

The County has received cash and must maintain a special trust for Community Options Programming.

**Landfill Long-term Care and Closure Costs**

Accounts for amounts legally required by the State of Wisconsin to be held for landfill closure and post-closure costs.

**Net Pension Asset**

Restricted assets have been reported in connection with the net pension asset balances since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2020:

Restricted assets:	
Land records	\$ 842,874
Jail improvements	302,506
Special deposits and impressed cash accounts	783,415
Community Options Programming	40,445
Landfill long-term care and closure costs	14,952,277
Net pension asset	8,235,765
Accrued interest receivable	<u>30,942</u>
<b>Total restricted assets</b>	<b><u>\$ 25,188,224</u></b>

**Marathon County**

Notes to Financial Statements  
December 31, 2020

**Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 35,464,436	\$ 370,390	\$ -	\$ 35,834,826
Construction in progress	21,220,707	24,786,003	19,016,390	26,990,320
<b>Total capital assets not being depreciated</b>	<b>56,685,143</b>	<b>25,156,393</b>	<b>19,016,390</b>	<b>62,825,146</b>
Capital assets being depreciated:				
Buildings	97,064,680	13,403,437	1,066,506	109,401,611
Improvements	11,353,905	12,334,229	-	23,688,134
Equipment	25,154,230	2,512,566	448,391	27,218,405
Infrastructure	233,309,392	8,196,200	4,125,106	237,380,486
Library collection	5,145,700	416,200	400,400	5,161,500
<b>Total capital assets being depreciated</b>	<b>372,027,907</b>	<b>36,862,632</b>	<b>6,040,403</b>	<b>402,850,136</b>
<b>Total capital assets</b>	<b>428,713,050</b>	<b>62,019,025</b>	<b>25,056,793</b>	<b>465,675,282</b>
Less accumulated depreciation for:				
Buildings	(63,304,817)	(3,373,579)	1,066,506	(65,611,890)
Improvements	(8,053,647)	(572,436)	-	(8,626,083)
Equipment	(22,259,309)	(1,101,499)	439,459	(22,921,349)
Infrastructure	(80,795,116)	(8,466,782)	4,125,106	(85,136,792)
Library collection	(2,666,300)	(436,900)	399,500	(2,703,700)
<b>Total accumulated depreciation</b>	<b>(177,079,189)</b>	<b>(13,951,196)</b>	<b>6,030,571</b>	<b>(184,999,814)</b>
<b>Net capital assets being depreciated</b>	<b>194,948,718</b>	<b>22,911,436</b>	<b>9,832</b>	<b>217,850,322</b>
<b>Total governmental activities capital assets, net of accumulated depreciation</b>	<b>\$ 251,633,861</b>	<b>\$ 48,067,829</b>	<b>\$ 19,026,222</b>	<b>\$ 280,675,468</b>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 2,829,574
Public safety	996,756
Transportation	8,466,782
Health	2,779
Social services	1,271
Leisure and education	<u>1,654,034</u>
<b>Total governmental activities depreciation expense</b>	<b><u>\$ 13,591,196</u></b>

**Marathon County**

Notes to Financial Statements  
December 31, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 564,269	\$ -	\$ -	\$ 564,269
Construction in progress	-	38,300	-	38,300
Total capital assets not being depreciated	<u>564,269</u>	<u>38,300</u>	<u>-</u>	<u>602,569</u>
Capital assets being depreciated:				
Buildings	8,193,805	-	-	8,193,805
Improvements	33,739,915	449,776	-	34,189,691
Equipment	21,350,320	2,320,564	661,517	23,009,367
Total capital assets being depreciated	<u>63,284,040</u>	<u>2,770,340</u>	<u>661,517</u>	<u>65,392,863</u>
Total capital assets	<u>63,848,309</u>	<u>2,808,640</u>	<u>661,517</u>	<u>65,995,432</u>
Less accumulated depreciation for:				
Buildings	(6,741,143)	(197,187)	-	(6,938,330)
Improvements	(22,348,849)	(977,710)	-	(23,326,559)
Equipment	(12,749,687)	(1,296,405)	554,963	(13,491,129)
Total accumulated depreciation	<u>(41,839,679)</u>	<u>(2,471,302)</u>	<u>554,963</u>	<u>(43,756,018)</u>
Net capital assets being depreciated	<u>21,444,361</u>	<u>299,038</u>	<u>106,554</u>	<u>21,636,845</u>
Business-type capital assets, net of accumulated depreciation				
	<u>\$ 22,008,630</u>	<u>\$ 337,338</u>	<u>\$ 106,554</u>	<u>\$ 22,239,414</u>

Depreciation expense was charged to functions as follows:

<b>Business-Type Activities</b>	
Landfill	\$ 1,283,048
Highway	1,188,254
Total business-type activities depreciation expense	<u>\$ 2,471,302</u>

**Marathon County**

Notes to Financial Statements  
December 31, 2020

**Interfund Receivables/Payables and Transfers**

**Interfund Receivables/Payables**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Capital projects fund	\$ 10,246
Less fund eliminations		(10,246)
Total internal balances - government-wide statement of net position		<u>\$ -</u>

The principal purpose of this interfund is 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.

**Transfers**

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	Capital improvement fund	\$ 298,379	Fund facility project staff
Capital improvement fund	General fund	495,000	Fund land records software
Capital improvement fund	General fund	1,463,621	Fund capital projects
Capital improvement fund	Social improvement fund	942,141	Fund capital projects
Highway fund	Capital improvement fund	316,602	Fund highway rolling stock
Total fund financial statements		3,515,743	
Less fund eliminations		(3,199,141)	
Less government-wide eliminations		<u>(633,204)</u>	
Subtotal		(316,602)	
Infrastructure costs assigned by the highway fund to governmental activities		<u>4,170,898</u>	
Total transfers, government-wide statement of activities		<u>\$ 3,854,296</u>	

**Marathon County**

Notes to Financial Statements  
December 31, 2020

Fund Transferred To	Fund Transferred From	Amount
Governmental activities	Business-type activities	\$ 4,170,898
Business-type activities	Governmental activities	(316,602)
Total government-wide financial statements		<u>\$ 3,854,296</u>

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

**Long-Term Obligations**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 12,435,000	\$ 26,345,000	\$ 1,475,000	\$ 37,305,000	\$ 1,705,000
Premium on debt	289,339	613,138	99,198	803,279	-
Forest crop loan payable	1,243,275	14,811	62,165	1,195,921	-
Subtotal	<u>13,967,614</u>	<u>26,972,949</u>	<u>1,636,363</u>	<u>39,304,200</u>	<u>1,705,000</u>
Other liabilities:					
Vested compensated absences:					
Governmental funds	4,617,984	696,936	554,159	4,760,761	571,291
Internal service fund	78,544	15,549	7,854	86,239	8,624
Total other liabilities	<u>4,696,528</u>	<u>712,485</u>	<u>562,013</u>	<u>4,847,000</u>	<u>579,915</u>
Total governmental activities long-term liabilities	<u>\$ 18,664,142</u>	<u>\$ 27,685,434</u>	<u>\$ 2,198,376</u>	<u>\$ 44,151,200</u>	<u>\$ 2,284,915</u>
<b>Business-Type Activities</b>					
Other liabilities:					
Capital lease	\$ -	\$ 1,045,663	\$ -	\$ 1,045,663	\$ 261,368
Vested compensated absences	892,445	26,658	89,245	829,858	82,986
Cell A long-term care and postclosure costs	941,470	-	81,066	860,404	-
Cell B closure costs	4,606,309	-	185,199	4,421,110	-
Cell B long-term care and postclosure costs	5,365,157	-	274,120	5,091,037	-
Blue Bird Ridge closure	1,970,424	526,161	-	2,496,585	-
Blue Bird Ridge long-term care and postclosure costs	3,052,324	739,232	-	3,791,556	-
Total business-type activities long-term liabilities	<u>\$ 16,828,129</u>	<u>\$ 2,337,714</u>	<u>\$ 629,630</u>	<u>\$ 18,536,213</u>	<u>\$ 244,354</u>

**Marathon County**

Notes to Financial Statements  
December 31, 2020

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed 5 percent of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2020 was \$618,879,845. Total general obligation debt outstanding at year-end was \$42,345,000 (including \$5,040,000 issued by Marathon County for the Central Wisconsin Airport - see component unit note).

In addition to the liabilities above, information on the net pension liability (asset) is provided in Note 4.

**General Obligation Debt**

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

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2020
<b>Governmental Activities</b>					
General obligation debt:					
General Obligation Promissory Notes Series 2018					
	06/04/18	02/01/21	5.00%	\$ 4,500,000	\$ 1,460,000
General Obligation Promissory Notes Series 2019					
	12/05/19	12/31/29	2.00%	9,500,000	9,500,000
General Obligation Promissory Notes Series 2020A					
	3/18/20	2/1/30	1.00%-2.00%	8,500,000	8,500,000
General Obligation Promissory Notes Series 2020B					
	10/7/20	12/31/40	1.00%-2.00%	17,845,000	17,845,000
Total					<u>\$ 37,305,000</u>

Debt service requirements to maturity are as follows:

Years ending December 31:	Governmental Activities General Obligation Debt	
	Principal	Interest
2021	\$ 1,705,000	\$ 621,857
2022	2,110,000	578,575
2023	3,035,000	539,725
2024	3,105,000	495,625
2025	3,160,000	449,519
2026-2030	13,620,000	1,590,494
2031-2035	5,025,000	809,750
2036-2040	5,545,000	281,750
Total	<u>\$ 37,305,000</u>	<u>\$ 5,367,295</u>

**Marathon County**

Notes to Financial Statements  
December 31, 2020

**Forest Crop Loan**

The State of Wisconsin has provided for a noninterest bearing loan fund to be used for the acquisition and construction of forest land and other forest related facilities. The noninterest bearing loan has no specific payment schedule and is repaid from the proceeds of the sale of forest crops. The balance of the Forest Crop Loan at December 31, 2020 is \$1,195,921. The current outstanding loan balance is non-capital related.

**Other Debt Information**

Estimated payments of other long-term liabilities (compensated absences) and the pension liability/(asset) are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities has been, and will continue to be, liquidated primarily by the general fund. The net pension liability/(asset) will be financed through future contributions and changes to the plan's assets and will be liquidated primarily by the general fund.

**Lease Disclosures**

**Lessor - Operating Leases**

The Forestry Department leases (as lessor) land for farmland. The book value and carrying amount of the leased farmland is \$98,805. The future minimum lease receipts as of December 31, 2020 are as follows:

	<b>Governmental Activities Principal</b>
Years ending December 31:	\$
2021	2,847
2022	897
2023	897
2024	897
2025	897
2026-2064	34,989
<b>Total</b>	<b>\$ 41,424</b>

**Marathon County**

Notes to Financial Statements  
December 31, 2020

**Lessee - Capital Leases**

The Landfill acquired capital assets through a lease/purchase agreement. The gross amount of the asset under capital leases is \$1,045,663 and are presented in the capital assets in the business-type activities. The assets acquired through capital leases are as follows:

The future principal and interest payments as of December 31, 2020, are as follows:

	<b>Business-Type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
<b>Years:</b>			
2021	\$ 261,368	\$ 3,260	\$ 264,628
2022	259,844	4,784	264,628
2023	261,428	3,199	264,627
2024	263,023	1,604	264,627
<b>Subtotal</b>	<b>\$ 1,045,663</b>	<b>\$ 12,847</b>	<b>1,058,510</b>
<b>Less amount representing interest</b>			<b>(12,847)</b>
<b>Present value of minimum lease payments</b>			<b>\$ 1,045,663</b>

**Closure and Postclosure Care Cost**

State and federal laws and regulations require the County to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for forty years after closure. The County completed final closure of cell A in 1993. The County expects to close cell B in the year 2021. Cells B and Blue Bird Ridge remain open at the end of 2020. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The amounts noted below for the landfill postclosure care liability at December 31, 2020 represent the total amount needed by the County for post closure care costs for each landfill site according to state and federal regulations. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

	<b>Cell A</b>	<b>Cell B</b>	<b>Blue Bird</b>	<b>Total</b>
Postclosure care liability	\$ 860,404	\$ 9,512,147	\$ 6,288,141	\$ 16,660,692
Capacity used at year-end	100%	94.55%	71.45%	

**Marathon County**

Notes to Financial Statements  
December 31, 2020

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care for all three of its landfills. The County is in compliance with these requirements, and, at December 31, 2020, \$14,952,277 of investments are held at U.S. Bank for these purposes and reviewed annually by the DNR. These are reported as restricted assets on the statement of net position. In addition, the landfill maintains an irrevocable letter of credit issued by U.S. Bank to fulfill its financial responsibility pursuant to state statutes. 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 law or regulations, for example), these costs may need to be covered by changes to future landfill users or from future tax revenue.

**Self-Funded Pollution Liability**

During 1996, the County Board of Supervisors created an agreement with the Solid Waste Management Board to create a self-funded pollution liability account. In the past, the Landfill Fund carried \$2 million of pollution insurance coverage. The general financing plan, which is funded by a portion of the tipping fee, did not require any additional funding in 2020 because it has surpassed the approximate \$2 million required. All interest earned on these funds are accumulated for this purpose and recorded in the fund. The County Board has pledged its full faith and credit to the financing plan during the years the account is not fully funded. The financing plan was fully funded as of December 31, 2006 and has a balance of \$2,556,730 as of December 31, 2020. No amounts were paid from this account in 2020.

**Net Position/Fund Balances**

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

**Governmental Activities**

Net investment in capital assets:

Land	\$ 35,834,826
Construction in progress	26,990,320
Other capital assets, net of accumulated depreciation	217,850,322
Add: unspent bond proceeds	619,687
Less: long-term capital debt outstanding, net of unamortized premium	<u>(38,108,279)</u>

Total net investment in capital assets 243,186,876

Restricted:

Debt service	2,310,266
Land records	842,874
Capital improvements	231,462
Jail improvements	302,506
Net pension asset	7,275,278
Social services	<u>7,609,387</u>

Total restricted 18,571,773

Unrestricted

59,649,415

Total governmental activities net position \$ 321,408,064

**Marathon County**

Notes to Financial Statements  
December 31, 2020

**Governmental Funds**

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

	<u>General Fund</u>	<u>Social Improvement</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Total</u>
<b>Fund Balance</b>					
Nonspendable:					
Inventories and prepaid items	\$ 29,250	\$ 4,345	\$ 28,475	\$ -	\$ 62,070
Non-County levy portion of delinquent property taxes receivable	<u>3,330,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,330,907</u>
Total nonspendable	<u>3,360,157</u>	<u>4,345</u>	<u>28,475</u>	<u>-</u>	<u>3,392,977</u>
Restricted for:					
UW dorm capital maintenance	231,462	-	-	-	231,462
Land records	842,874	-	-	-	842,874
Jail assessments	302,506	-	-	-	302,506
Capital projects	-	-	619,687	-	619,687
Debt service	-	-	-	2,557,585	2,557,585
Social improvement	<u>-</u>	<u>7,605,042</u>	<u>-</u>	<u>-</u>	<u>7,605,042</u>
Total restricted	<u>1,376,842</u>	<u>7,605,042</u>	<u>619,687</u>	<u>2,557,585</u>	<u>12,159,156</u>
Assigned to:					
Conservation (ATC powerline easement)	1,095,348	-	-	-	1,095,348
Subsequent year's budget	6,014,226	-	-	-	6,014,226
Compensated absences	2,932,582	-	-	-	2,932,582
Capital projects	<u>-</u>	<u>-</u>	<u>3,234,364</u>	<u>-</u>	<u>3,234,364</u>
Total assigned	<u>10,042,156</u>	<u>-</u>	<u>3,234,364</u>	<u>-</u>	<u>13,276,520</u>
Unassigned	<u>35,850,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,850,261</u>
Total fund balances	<u>\$ 50,629,416</u>	<u>\$ 7,609,387</u>	<u>\$ 3,882,526</u>	<u>\$ 2,557,585</u>	<u>\$ 64,678,914</u>

**Business-Type Activities**

Investment in capital assets:

Land	\$ 564,269
Construction in progress	38,300
Other capital assets, net of accumulated depreciation	21,636,845
Less long-term capital debt outstanding	<u>(1,045,663)</u>

Total investment in capital assets 21,193,751

Restricted 960,487  
Unrestricted 50,055,728

Total business-type activities net position \$ 72,209,966

## Marathon County

Notes to Financial Statements  
December 31, 2020

### University of Wisconsin - Marathon County

State Statute 59.56(4) places the responsibility for the construction and maintenance of capital facilities for the two-year campuses on the local tax base, in this case, Marathon County. In some areas, the local tax base could be shared among several local units of government. The four-year campuses are the responsibility of the State. The operating costs for all campuses remain the responsibility of the State.

### Component Units

#### North Central Health Care

This report contains the North Central Health Care (NCHC), 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.

#### Basis of Accounting/Measurement Focus

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

#### Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 4,654,416	\$ 7,178,040	Custodial credit
Certificates of deposit	11,635,464	11,635,464	Custodial credit
Total deposits and investments	<u>\$ 16,289,880</u>	<u>\$ 18,813,504</u>	

#### Custodial Credit Risk

The NCHC does not have any deposits of investments exposed to custodial credit risk.

## Marathon County

Notes to Financial Statements  
December 31, 2020

### Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 51,300	\$ 13,833	\$ -	\$ 65,133	N/A
Construction in progress	6,391,915	30,050,867	(13,602,564)	22,840,218	N/A
Depreciable land improvements	1,331,887	454,531	(3,548)	1,782,870	10-40
Buildings and building improvements	27,373,847	27,267,339	(35,338)	54,605,848	10-40
Equipment	20,554,172	6,846,007	(166,348)	27,233,831	3-40
Capital lease	130,361	-	-	130,361	5
Software	1,820,763	-	(1,820,763)	-	3-15
Less accumulated depreciation/amortization	<u>(40,880,153)</u>	<u>(12,033,201)</u>	<u>146,806</u>	<u>(52,766,548)</u>	
	<u>\$ 16,774,092</u>	<u>\$ 52,599,376</u>	<u>\$ (15,481,755)</u>	<u>\$ 53,891,713</u>	

In 2018, NCHC began planning for a significant master facility project at the Wausau campus. The project, which includes an aquatic pool and a redesign of the Wausau campus is expected to cost approximately \$73.3 million and is expected to be completed in 2022. The project will be financed with proceeds from an aquatic pool capital campaign and general obligation bonds issued by Marathon County. NCHC had commitments to this master facility plan project totaling \$44,700,000 at December 31, 2020.

Construction in progress at December 31, 2020 consisted primarily of master facility plan related costs.

### Long-Term Debt

Pursuant to a resolution adopted on November 8, 2016, Lincoln County, Wisconsin (the County) authorized the issuance of \$7,000,000 Taxable Note Anticipation Notes (Series 2016 NANs) to provide interim financing for purposes of paying a portion of the cost of the construction of an addition to Pine Crest, renovation of a portion of the existing Pine Crest nursing home, and acquisition of related equipment. The Series 2016 NANs dated December 1, 2016, matured on March 1, 2017. On February 14, 2017, the County issued \$6,950,000 General Obligation Refunding Bonds (the Bonds) maturing December 1, 2036, and \$2,600,000 Note Anticipation Notes (the "Notes") maturing December 1, 2021 (collectively the Securities). Proceeds of the Securities were used to refund the Series 2016 NANs at maturity on March 1, 2017, with the remainder available to pay for costs of the construction project.

The Bonds carry interest rates ranging from 2.0 percent to 3.5 percent. The Bonds require semiannual interest only payments through June 1, 2018, and semiannual payments of interest and principal (with principal amounts varying from \$350,000 on December 1, 2019, to \$480,000 on December 1, 2036). The Notes carry an interest rate of 2.09 percent and require semiannual interest only payments with the balance due on December 1, 2021.

**Marathon County**

Notes to Financial Statements  
December 31, 2020

Long-term debt consisted of the following at December 31, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Series 2017 General Obligation Refunding Bonds with interest of 2.78%	\$ 6,590,000	\$ -	\$ 360,000	\$ 6,230,000	\$ 370,000
Series 2017 Note Anticipation Notes with interest of 2.09%	2,600,000	-	-	2,600,000	2,600,000
Deferred amounts - Premium	338,499	-	30,527	307,972	-
<b>Total</b>	<b>\$ 9,528,499</b>	<b>\$ -</b>	<b>\$ 390,527</b>	<b>\$ 9,137,972</b>	<b>\$ 2,970,000</b>

Long-term debt service requirements for maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,970,000	\$ 362,050	\$ 3,332,050
2022	114,000	185,900	300,900
2023	135,000	178,500	313,500
2024	111,000	164,250	275,250
2025	145,000	154,700	299,700
2026-2030	1,871,000	632,150	2,503,150
2031-2035	710,000	211,784	921,784
2036-2040	480,000	16,800	496,800
<b>Total</b>	<b>\$ 4,844,000</b>	<b>\$ 1,896,734</b>	<b>\$ 6,740,734</b>

**Leases**

**Obligations Under Capital Leases**

Obligations under capital leases consisted of an obligation for copiers, payable in 60 monthly installments of \$2,437 including interest, due August 2023.

Future minimum lease payments on the capital leases at December 31, 2020 are as follows:

2021	\$ 29,249
2022	29,249
2023	<u>19,499</u>
<b>Total minimum lease payments</b>	<b>77,997</b>
<b>Amount representing interest</b>	<b><u>2,105</u></b>
<b>Present value of net minimum lease payments</b>	<b>75,892</b>
<b>Less current portion</b>	<b><u>27,987</u></b>
<b>Long-term obligations under capital leases</b>	<b><u>\$ 47,905</u></b>

**Marathon County**

Notes to Financial Statements  
December 31, 2020

Equipment under capital leases had a cost and net book value of \$130,361 and \$47,905 at December 31, 2020.

**Compensated Absences**

Compensated absences activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 1,791,731	\$ 2,353,882	\$ 1,791,731	\$ 2,353,882	\$ 2,353,882

**Employee Retirement Plan - Wisconsin Retirement System (WRS)**

For general employee retirement plan information, see Note 4. Below is information specific to NCHC.

At December 31, 2020, NCHC reported an asset of \$7,280,177 for its proportionate share of the net pension asset. The net pension asset was measured as of the calendar year that falls within NCHC's fiscal year and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation one year prior to that date rolled forward to the measurement date. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. NCHC's proportion of the net pension asset was based on NCHC's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, NCHC's proportion was .22577999% (a decrease of .00066174% from the prior year).

For the year ended December 31, 2020, NCHC recognized pension expense of \$2,206,101.

During the reporting period, the WRS recognized \$2,449,628 in contributions from the employer.

**Marathon County**

Notes to Financial Statements  
December 31, 2020

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 13,819,441	\$ -
Changes in assumptions	567,318	-
Net difference between projected and actual earnings on pension plan investments	-	14,883,272
Changes in proportion and differences between employer contributions and proportionate share of contributions	88,041	6,915,705
Employer contributions subsequent to the measurement date	2,610,560	10,072
<b>Total</b>	<b>\$ 17,085,360</b>	<b>\$ 21,809,049</b>

Deferred outflows of \$2,610,560 related to pension resulting from NCHC's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

	<b>Total</b>
<b>Years ending December 31:</b>	
2020	\$ (2,170,535)
2021	(1,625,115)
2022	276,704
2023	(3,815,303)

**Marathon County**

Notes to Financial Statements  
December 31, 2020

*Sensitivity of the Agency's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate:* The following presents NCHC's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what NCHC's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
NCHC's proportionate share of the net pension (asset) liability	\$ 18,747,757	\$ (7,280,177)	\$ (26,739,052)

At December 31, 2020, NCHC reported a payable of \$593,829 for the outstanding amount of contributions to the pension plan.

**Other Postemployment Benefits**

**Local Retiree Life Insurance Fund (LRLIF)**

**Plan Description**

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

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

**Benefits Provided**

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

**Contributions**

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

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



**Marathon County**

Notes to Financial Statements  
December 31, 2020

Contribution rates for the plan year reported as of December 31, 2020 are:

Coverage Type	Employer Contributions
25% Post Retirement Coverage	20% of Employee Contribution

During the year ended December 31, 2020, the LRIF recognized \$10,641 in contributions from the employer.

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the plan year ended December 31, 2019 are as listed below:

Life Insurance Employee Contribution Rates for the Plan Year		
Attained Age	Basic	Supplemental
Under 30	0.05	\$0.05
30-34	0.06	0.06
34-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

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

At December 31, 2020, NCHC reported a liability of \$2,506,809 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. NCHC's proportion of the net OPEB liability was based on NCHC's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, NCHC's proportion was 0.58870230 percent, which was an increase of .04718830 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, NCHC recognized OPEB expense of \$773,551.

**Marathon County**

Notes to Financial Statements  
December 31, 2020

At December 31, 2020, NCHC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 112,301
Net difference between projected and actual earnings on OPEB pension plan investments	924,773	178,949
Changes in assumptions	68,308	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	175,682	125,607
Employer contributions subsequent to the measurement date	8,285	-
<b>Total</b>	<b>\$ 1,177,048</b>	<b>\$ 416,857</b>

Deferred outflows of \$8,285 related to OPEB resulting from NCHC's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Outflows (Inflows) of Resources
Years ending December 31:	
2020	\$ (128,605)
2021	(128,605)
2022	(123,507)
2023	(118,254)
2024	(103,492)
Thereafter	(149,443)

**Actuarial Assumptions**

The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2019
Measurement date of net OPEB liability (asset)	December 31, 2019
Actuarial cost method	Entry Age Normal
20-year tax-exempt municipal bond yield	2.74%
Long-Term expected rate of return	4.30%
Discount Rate:	2.90%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

**Marathon County**

Notes to Financial Statements  
December 31, 2020

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

**Local OPEB Life Insurance  
Asset Allocation Targets and Expected Returns  
As of December 31, 2019**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. government bonds	Barclays Credit	45.00 %	2.12 %
U.S. long credit bonds	Barclays Long Credit	5.00	2.90
U.S. mortgages	Barclays MBS	55.00	1.53
Inflation			2.20
Long-term expected rate of return			4.25

**Single Discount Rate**

A single discount rate of 2.87 percent was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 4.22 percent for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10 percent as of December 31, 2018, to 2.74 percent as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

**Marathon County**

Notes to Financial Statements  
December 31, 2020

Sensitivity of NCHC's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents NCHC's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what NCHC's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (1.87 percent) or 1 percentage point higher (3.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
NCHC's proportionate share of the net OPEB liability	\$ 3,461,483	\$ 2,506,809	\$ 1,780,488

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

**Charity Care**

NCHC provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community including the health of low-income patients. Consistent with the mission of NCHC, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources.

Patients who meet certain criteria for community care, generally based on federal poverty guidelines, are provided care based on qualifying criteria as defined in NCHC's charity care policy and from applications completed by patients and their families.

The estimated cost of providing care to patients under NCHC's community care policy was approximately \$3,185,000 in 2020, calculated by multiplying the ratio of cost to gross charges by the gross uncompensated charges associated with providing community care.

**Related Party Transaction**

NCHC 51.42/437 operations are financed, in part, by Marathon, Langlade, and Lincoln Counties. Contributions for operations are based on NCHC budget amounts. A Joint County Human Services Agreement delineates the methodology for calculating each county's actual contribution and the resulting overpayment or underpayment for that particular year. NCHC also receives contributions from Marathon County and Lincoln County for the nursing home operations.

In 2020, NCHC received \$4,921,389, \$959,977, and \$150,876 from Marathon, Lincoln, and Langlade Counties, respectively, to assist in meeting operating costs and for additions and improvements to capital assets.

Land and buildings, with a cost of \$59,087,376 at December 31, 2020, utilized by the 51.42/437 program and MVCC nursing home are held in title by Marathon County. These capital assets, net of accumulated depreciation, are included in the statement of net position under capital assets - net and in net position invested in capital assets. Depreciation on this property is included in the financial statements of NCHC.

**Marathon County**Notes to Financial Statements  
December 31, 2020

Land, buildings and equipment with a cost of \$20,542,722 at December 31, 2020, utilized by Pine Crest nursing home are held in title by Lincoln County. These capital assets, net of accumulated depreciation, are included in the statement of net position under capital assets - net and in net position invested in capital assets. Depreciation on this property is included in the financial statements of NCHC.

At December 31, 2020, NCHC had receivables due from Marathon County of \$641,408. At December 31, 2020, NCHC had amounts payable to Lincoln County of \$138,309. In addition, at December 31, 2020, NCHC had amounts due to Marathon County totaling \$28,137,785 for the master facility plan project previously discussed. Upon completion of the master facility plan project and approval of the previously noted master facility plan, the amounts due to Marathon County will be converted to an amortization schedule based on terms of general obligation bonds issued by Marathon County to finance the master facility plan project.

The City-County Information Technology Commission (the Commission) is a joint and cooperative agreement between Marathon County, the City of Wausau, and NCHC. The purpose of the commission is to provide for the implementation and operation of a cooperative data and management system and to foster efficiency in the provision of services under the direction of the governing Board of Commissioners. The CCITC is governed by an eight member Board of Commissioners consisting of the City of Wausau Mayor and Finance Director, Marathon County Chairman of the Board of Supervisors, County Administrator, and NCHC CEO and Finance Director. The Board of Commissioners has the authority to fix cost sharing charges for members in an amount sufficient to provide the funds required by the budget. Funding for services is recovered through three sources. The City, County, and NCHC split the operating costs not recovered through outside user fees 21 percent, 41 percent, and 38 percent, respectively. Each member pays one-third of capital costs, unless otherwise shown to benefit for only one owner. In 2020, NCHC paid \$1,610,479 to the Commission for services rendered. At December 31, 2020, NCHC had accounts payable due to CCITC totaling \$256,662.

**Reimbursement Arrangement with Third-Party Payors**

NCHC has agreements with third-party payors that provide for reimbursement to NCHC at amounts, which vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows:

**Medicare**

In 2020, approximately 23 percent of NCHC's revenues for services provided to patients whose bills are paid in whole or in part by the Medicare program.

Inpatient services rendered to Medicare program beneficiaries are paid based on prospectively determined rates based on a patient classification system. Outpatient services are paid primarily on prospectively determined rates also based on a patient classification system or fixed fee schedules. Nursing home resident care is paid based on a predetermined rate per inpatient day, which varies depending upon the patient's level of care and types of services provided.

**Medicaid**

In 2020, approximately 65 percent of NCHC's revenue was for services provided to patients whose bills are paid in whole or in part by the Medicaid program. Hospital and nursing home services rendered to Medicaid program beneficiaries are reimbursed primarily based upon prospectively determined rates which varies depending on the patient's level of care and types of services provided.

**Marathon County**Notes to Financial Statements  
December 31, 2020**Accounting for Contractual Adjustments**

The hospital is reimbursed for cost-reimbursable items at an interim rate with final settlements determined after audit of NCHC's related annual cost reports by the Medicare fiscal intermediary. Estimated provisions to approximate the final expected settlements after review by the intermediary are included in the accompanying financial statements. The cost reports have been audited by the Medicare fiscal intermediary through December 31, 2018.

**Compliance**

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, particularly those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Violations of these laws and regulations could result in the imposition of fines and penalties, as well as repayments of previously billed and collected revenue from patient services. Management believes NCHC is in substantial compliance with current laws and regulations.

The Centers for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RACs) to search for potentially inaccurate Medicaid payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts. Once the RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the providers' Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. NCHC has not been notified by the RAC of any potential significant reimbursement adjustments.

**Patient Accounts Receivable - Net**

Patient accounts receivable consisted of the following at December 31, 2020:

	<b>51,421,437</b>		
	<b>Program</b>	<b>Nursing Home</b>	<b>Total</b>
Patient accounts receivable	\$ 4,281,518	\$ 2,550,067	\$ 6,831,585
Less allowance for doubtful accounts	(389,354)	(256,238)	(645,592)
Contractual adjustments	<u>(1,514,673)</u>	<u>(11,348)</u>	<u>(1,526,021)</u>
Patient accounts receivable, net	<b>\$ 2,377,491</b>	<b>\$ 2,282,481</b>	<b>\$ 4,659,972</b>

**Marathon County**Notes to Financial Statements  
December 31, 2020**Net Patient Service Revenue**

Net patient service revenue consisted of the following at December 31, 2020:

	51.42/.437 Program	Nursing Home	Total
Gross patient service revenue:			
Medical assistance	\$ 31,323,997	\$ 24,654,320	\$ 55,978,317
Medicare	13,790,479	6,147,861	19,938,340
Private pay	4,182,648	2,338,332	6,520,980
Insurance and other	2,375,660	1,079,686	3,455,346
Total	51,672,784	34,220,199	85,892,983
Less:			
Contractual adjustments	(18,681,407)	(3,698,112)	(22,379,519)
Provision for bad debts	(414,986)	(129,104)	(544,090)
Net patient service revenue	<u>\$ 32,576,391</u>	<u>\$ 30,392,983</u>	<u>\$ 62,969,374</u>

**Self-Funded Insurance**

NCHC has a self-funded health insurance plan, which provides benefits to employees and their dependents. Health costs are expensed as incurred. Health expense is based upon claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end. The health plan has reinsurance to cover catastrophic individual claims over \$225,000.

NCHC also has a self-funded dental insurance plan, which provides benefits to employees and their dependents. Dental costs are expensed as incurred. Dental expense is based upon claims paid, administration fees, and unpaid claims at year-end. The plan covers annual individual claims up to \$1,000 and has no reinsurance.

Unpaid health and dental claims liability activity for the years ended December 31, was as follows:

	2020	2019
Unpaid claims liability, beginning	\$ 670,000	\$ 847,000
Claims expense	7,965,002	7,871,471
Claim payments	(8,132,002)	(8,048,471)
Unpaid claims liability, ending	<u>\$ 503,000</u>	<u>\$ 670,000</u>

**Comprehensive General and Professional Liability Insurance**

NCHC's comprehensive general liability insurance covers losses of up to \$1,000,000 per claim with \$3,000,000 annual aggregate for claims incurred during a policy year regardless of when the claim was filed (occurrence-based coverage). NCHC's professional liability insurance covers losses up to \$1,000,000 per claim with \$3,000,000 annual aggregate for claims reported during a policy year (claims-made coverage). NCHC also carries an umbrella liability policy of \$3,000,000 for claims reported during a policy year (claims-made coverage).

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**Marathon County**Notes to Financial Statements  
December 31, 2020

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with NCHC. Although there exists the possibility of claims arising from services provided to patients through December 31, 2020 which have not yet been asserted, NCHC is unable to determine the ultimate costs, if any, of such possible claims and, accordingly, no provision has been made for them. These insurance policies are renewable annually and have been renewed by the insurance carrier for the annual period extending through January 1, 2022.

**Concentration of Credit Risk**

Financial instruments that potentially subject NCHC to credit risk consist principally of cash deposits in excess of insurance limits, investments of surplus operating funds, as previously discussed, and accounts receivable.

Patient accounts receivable consists of amounts due from patients, their insurers, or governmental agencies. NCHC grants credit to its patients, primarily residents of Langlade, Lincoln, and Marathon Counties for these services. NCHC is also required to meet the Wisconsin Statutes and Administrative Code under the Uniform Fee and Ability to Pay Provisions. The mix of receivables from patients and third-party payors was as follows at December 31, 2020:

Medicare	21 %
Medicaid	50
Private pay	16
Insurance and other	13
Total	<u>100 %</u>

**Special Item**

Effective January 1, 2020, Lincoln County entered into a management agreement with NCHC for management of Pine Crest, which is owned by Lincoln County. Under terms of the management agreement, NCHC assumed operational and management responsibility for Pine Crest and the majority of Pine Crest employees became employees of NCHC. As a result of this agreement, Pine Crest is reflected in the NCHC combined financial statements. The cumulative effect of this transaction is being reported as a special item.

**Central Wisconsin Airport**

This report contains the Central Wisconsin Airport (CWA), 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.

**Basis of Accounting/Measurement Focus**

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

**Deposits and Investments**

At year-end, the carrying amount of the CWA's cash and cash equivalents was \$4,265,148 and is part of the County's commingled cash. See Note 3.

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**Marathon County**

Notes to Financial Statements  
December 31, 2020

**Restricted Assets**

The following represent the balances of the restricted assets:

**Unspent Passenger Facility Charges**

Used to finance various FAA approved construction projects.

The CWA had restricted assets from unspent passenger facility charges at December 31, 2020 of \$635,487.

**Capital Assets**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Useful Lives (Years)</u>
Land	\$ 614,983	\$ -	\$ -	\$ 614,983	N/A
Construction in progress	5,875,526	5,013,330	-	10,888,856	N/A
Buildings	39,101,520	-	-	39,101,520	20-50
Improvements	54,460,551	25,109	-	54,485,660	2-20
Equipment	10,157,371	1,139,327	(51,949)	11,244,749	3-10
Less accumulated depreciation	(55,142,725)	(3,257,151)	36,399	(58,363,477)	
<b>Total</b>	<b>\$ 55,067,226</b>	<b>\$ 2,920,615</b>	<b>\$ (15,550)</b>	<b>\$ 57,972,291</b>	

**Long-Term Obligations**

CWA long-term obligations are payable by revenues from public charges for services. Long-term obligations activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General obligation debt	\$ 5,470,000	\$ -	\$ 430,000	\$ 5,040,000	\$ 665,000
Add deferred amounts for premiums	61,592	-	7,692	53,900	-
Subtotal	5,531,592	-	437,692	5,093,900	665,000
Other liabilities:					
Vested compensated absences	218,588	21,861	26,231	214,218	25,706
Subtotal	218,588	21,861	26,231	214,218	25,706
<b>Total</b>	<b>\$ 5,750,180</b>	<b>\$ 21,861</b>	<b>\$ 463,923</b>	<b>\$ 5,308,118</b>	<b>\$ 690,706</b>

**Marathon County**

Notes to Financial Statements  
December 31, 2020

**Component Unit General Obligation Debt**

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance</u>
2010A General Obligation Promissory Note	12/15/2010	12/1/2025	2.0-4.0%	\$ 2,450,000	\$ 930,000
2012 General Obligation Promissory Note	12/27/2012	12/1/2028	2.0-3.38%	2,650,000	1,565,000
2015 General Obligation Bond	6/1/2015	12/1/2030	3.0-3.5%	2,545,000	2,545,000
<b>Total component unit, general obligation debt</b>					<b>\$ 5,040,000</b>

Marathon and Portage County are partners in cooperating and sharing costs of the airport as defined in an agreement signed July 18, 1967. The two counties have determined that lease revenue of the airport will be sufficient to fully pay the principal and interest when due. An agreement was entered into and approved by resolution during 2015 authorizing the terminal expansion and financing of these costs by the two counties.

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 665,000	\$ 165,462	\$ 830,462
2022	610,000	143,762	753,762
2023	620,000	123,662	743,662
2024	635,000	103,212	738,212
2025	650,000	82,262	732,262
2026-2030	1,860,000	169,124	2,029,124
<b>Total</b>	<b>\$ 5,040,000</b>	<b>\$ 787,484</b>	<b>\$ 5,827,484</b>

**Employee Retirement System**

The CWA employees are included in the Wisconsin Retirement System. Information on the net pension liability (asset) is provided in Note 4.

**Lease Disclosures**

**Lessors-Operating Leases**

The CWA leases farmland, terminal space, hanger space, and parking space. The cost of the leased space is \$13,423,812. The carrying amount of the leased space at CWA is \$4,536,706. The difference between the two figures is the accumulated depreciation of \$8,887,106. The future minimum lease receipts as of December 31, 2020 are as follows:

	<u>Principal</u>
Years ending December 31:	
2021	\$ 78,278
2022	76,716
2023	55,236
<b>Total</b>	<b>\$ 210,230</b>

**Marathon County**

Notes to Financial Statements  
December 31, 2020

**Children With Disabilities Education Board**

This report contains the Children with Disabilities Education Board (CDEB), 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.

**Basis of Accounting/Measurement Focus**

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

**Deposits and Investments**

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 960,707	\$ 1,207,686	Custodial credit
LGIP	1,680,826	1,680,826	Credit
Total deposits and investments	<u>\$ 2,641,533</u>	<u>\$ 2,888,512</u>	

**Custodial Credit Risk**

**Deposits**

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

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

**Credit Risk**

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

The CDEB held investments in the following external pool which was not rated:

Local Government Investment Pool

**Restricted Assets**

Restricted assets have been reported in connection with the net OPEB asset since this balance must be used to fund employee benefits.

**Marathon County**

Notes to Financial Statements  
December 31, 2020

**Capital Assets**

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Equipment	\$ 13,669	\$ -	\$ -	\$ 13,669	10
Less accumulated depreciation	(5,468)	(2,734)	-	(8,202)	
Total	<u>\$ 8,201</u>	<u>\$ (2,734)</u>	<u>\$ -</u>	<u>\$ 5,467</u>	

**Long-Term Obligations**

Long-term obligations activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Vested compensated absences	\$ 40,881	\$ 123,953	\$ 40,881	\$ 123,953	\$ 123,953
Total	<u>\$ 40,881</u>	<u>\$ 123,953</u>	<u>\$ 40,881</u>	<u>\$ 123,953</u>	<u>\$ 123,953</u>

**Employee Retirement System**

For general employee retirement plan information, see Note 4. Below is information specific to CDEB.

At June 30, 2019, CDEB reported a liability/(asset) of (\$891,029) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The department's proportion of the net pension liability/(asset) was based on the department's share of Marathon County's contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, CDEB's proportion was .02763345 percent, which was an increase of .00059168 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, CDEB recognized pension expense of \$291,445. During the reporting period, the WRS recognized \$287,500 in contributions from the employer.

**Marathon County**

Notes to Financial Statements  
December 31, 2020

At June 30, 2020, CDEB reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,691,376	\$ 846,420
Changes in actuarial assumptions	69,435	-
Net difference between projected and actual earnings on pension plan investments	-	1,821,579
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	4,541
Employer contributions subsequent to the measurement date	170,350	-
Total	<u>\$ 1,931,161</u>	<u>\$ 2,672,540</u>

\$170,350 is reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date and will be recognized as a reduction to the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years ending June 30:	Total
2021	\$ (271,193)
2022	(202,542)
2023	30,687
2024	(468,681)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
CDEB's proportionate share of the net pension liability (asset)	\$ 2,294,558	\$ (891,029)	\$ (3,272,621)

**Lease Disclosures**

CDEB leases office space from North Central Health Care on an annual basis. Rent expensed by CDEB for the current fiscal year totaled \$60,855.

**Marathon County**

Notes to Financial Statements  
December 31, 2020

**Postemployment Benefits Other Than Pensions**

CDEB administers a single-employer defined benefit postemployment healthcare plan (the Retiree Health Plan). The plan provides health insurance contributions for eligible retirees through the department's group health insurance plan, which covers both active and retired members. Benefit provisions are established through employment agreements and state that eligible retirees qualify for benefits up to \$24,000 that may be used to pay for eligible medical expenses and insurance premium payments.

**General Information About the OPEB Plan**

**Plan Membership**

At June 30, 2020, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefit payments	-
Active plan members	<u>92</u>
Total	<u>92</u>

**Contributions**

The Board grants the authority to establish and amend the contribution requirements of the department and employees to the department OPEB plan. The Board establishes contributions based on status of the department OPEB plan. For the year ended June 30, 2020, CDEB did not make any contributions to the plan in the current year. Employees are not required to contribute to the plan.

**Investments**

**Investment Policy**

The CDEB's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk of investment principal. The Board has determined that CDEB's OPEB plan shall hold its funds in a fixed annuity account that earns a reasonable rate of return with a guarantee minimum rate of return of not less than three percent. The account shall be held with a major insurance company and rated at least A+ by A.M. Best, AA+ by Standard & Poor's, and Aa2 by Moody's.

**Rate of Return**

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 4.35 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability/Asset**

The CDEB's net OPEB liability/asset was measured as of June 30, 2020, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2018.

## Marathon County

Notes to Financial Statements  
December 31, 2020

### Actuarial Assumptions

The total OPEB liability/asset in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary increases	3.0%, plus merit increases based on years of service ranging from 0.2% to 5.6%
Investment rate of return	2.25%
	7.5%, decreasing 0.5% per year to 6.5%, then by 0.1% per year to 5.0% and level thereafter
Healthcare cost trend rates	

Mortality rates were based on the Wisconsin 2012 Mortality Table.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014.

Since plan assets are invested in a fixed interest account, the long-term expected rate of return on OPEB plan investments was based upon the 20-year AA municipal bond rate and applied to all periods of projected benefit payments to determine the total OPEB liability.

### Discount Rate

The discount rate used to measure the total OPEB liability was 2.25 percent. This rate is equivalent to the Bond Buyer Go 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

### Changes in the Net OPEB Liability/Asset

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance at June 30, 2019	\$ 341,705	\$ 459,288	\$ (117,583)
Changes for the year:			
Service cost	22,364	-	22,364
Interest	10,767	-	10,767
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions or other input	14,311	-	14,311
Net investment income	-	6,813	(6,813)
Benefit payments	(90,536)	(90,536)	-
Net changes	(43,094)	(83,723)	(40,629)
Balance at June 30, 2020	\$ 298,611	\$ 375,565	\$ (76,954)

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## Marathon County

Notes to Financial Statements  
December 31, 2020

### Sensitivity of the Net OPEB Liability (Asset) To Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the CDEB, as well as what the CDEB's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Net OPEB liability (asset)	\$ (65,364)	\$ (76,954)	\$ (88,426)

### Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability (asset) of the department, as well as what the department's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% Decreasing to 5.0%)	1% Increase (8.5% Decreasing to 6.0%)
Net OPEB liability (asset)	\$ (80,753)	\$ (76,954)	\$ (73,052)

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

At June 30, 2020, the department reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,947	\$ -
Changes of assumptions or other input	13,417	16,096
Net difference between projected and actual earnings on OPEB plan investments	16,131	-
Total	\$ 89,495	\$ 16,096

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## Marathon County

Notes to Financial Statements  
December 31, 2020

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

	<b>Net Deferred Outflows (Inflows) of Resources (Net)</b>
Years ending June 30:	
2021	\$ 9,494
2022	9,493
2023	7,526
2024	5,506
2025	3,972
Thereafter	37,408

#### 4. Other Information

##### Employees' Retirement System

###### Plan Description

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

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

###### Vesting

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

###### Benefits Provided

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

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

## Marathon County

Notes to Financial Statements  
December 31, 2020

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

The WRS also provides death and disability benefits for employees.

##### Postretirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10)

##### Contributions

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

During the reporting period, the WRS recognized \$2,660,702 in contributions from the County, and \$68,001 from the CWA.

**Marathon County**

Notes to Financial Statements  
December 31, 2020

Contribution rates as of December 31, 2020 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

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

At December 31, 2020, the County reported a liability/(asset) of \$8,235,765 for its proportionate share of the net pension liability/(asset) and CWA reported a net pension asset of \$210,464 for its share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension liability/(asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the County's proportion was .255426200 percent, which was an increase of .0001293200 percent from its proportion measured as of December 31, 2019. The CWA's proportion was .0065280700 percent, which was an increase of .0000033100 percent from its proportioned measure.

For the year ended December 31, 2020, the County recognized pension expense of \$2,912,647 and CWA recognized pension expense of \$78,335.

**Marathon County**

Notes to Financial Statements  
December 31, 2020

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

	County Deferred Outflows of Resources	County Deferred Inflows of Resources	CWA Deferred Outflows of Resources	CWA Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,768,520	\$ 7,998,180	\$ 398,569	\$ 194,222
Changes in actuarial assumptions	651,636	-	15,679	-
Net differences between projected and actual earnings on pension plan investments	-	16,731,474	-	443,524
Changes in proportion and differences between employer contributions and proportionate share of contributions	30	42,929	(1)	1,062
Employer contributions subsequent to the measurement date	2,734,524	-	69,682	-
<b>Total</b>	<b>\$ 19,154,710</b>	<b>\$ 24,772,583</b>	<b>\$ 483,929</b>	<b>\$ 638,808</b>

\$2,734,524 for the County and \$69,682 for CWA reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

	Net County	Net CWA
Years ending December 31:		
2021	\$ (2,471,984)	\$ (66,484)
2022	(1,846,213)	(49,654)
2023	279,717	7,523
2024	(4,313,917)	(115,946)

## Marathon County

Notes to Financial Statements  
December 31, 2020

### Actuarial assumptions

The total pension asset in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

### Long-Term Expected Return on Plan Assets

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49%	8.0%	5.1%
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	3.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.5	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

## Marathon County

Notes to Financial Statements  
December 31, 2020

### Single Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

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

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
County's proportionate share of the net pension liability/(asset)	\$ 21,209,447	\$ (8,235,765)	\$ (30,250,044)
CWA's proportionate share of the net pension liability/(asset)	542,062	(210,464)	(773,117)

### Pension Plan Fiduciary Net Position

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

At December 31, 2020, the County reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

### Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The County participates in a public entity risk pool called to provide coverage for losses from torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and dental care of its employees. However, other risks, such as health care of its employees are accounted for and financed by the County in the employee benefit insurance fund.

**Marathon County**

Notes to Financial Statements  
December 31, 2020

**Public Entity Risk Pool**

**Wisconsin Municipal Mutual Insurance Company (WMMIC)**

Wisconsin Municipal Mutual Insurance Company (WMMIC) was organized in 1987 by municipal members in the State of Wisconsin under Wisconsin Insurance Laws as a nonassessable municipal mutual insurance company. WMMIC writes general, auto and other liability insurance, and workers compensation insurance for participating members in the State of Wisconsin on terms calling recognition of premium upon the effective date of the policy. Responsibility for the operations and management of WMMIC is vested in its executive director and Board of Directors, which is comprised of various municipal officials. At December 31, 2020, WMMIC consisted of twenty members.

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

WMMIC had a general automobile and other liability reinsurance contract in force for the year ended. This is a quota share reinsurance agreement with General Reinsurance Corporation (60.0 percent) and Governmental Entities Mutual (GEM) Insurance Company (40.0 percent) for excess of loss reinsurance. The contract covered losses (in excess of the self-insured retention of each member) which exceed \$1,500,000 per occurrence up to the maximum loss of \$10,000,000 per occurrence. WMMIC retains the first \$1,500,000 of the loss excess of each member's self-insured retention. The members retain all losses greater than \$10,000,000 per occurrence or greater than \$15,000,000 of aggregate losses for public officials' liability only. GEM has established and funded a trust account for its anticipated loss obligations to WMMIC to satisfy state regulatory requirements due to its current status as an unauthorized reinsurer in Wisconsin.

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

The County's investment in WMMIC is reported on the statement of net position as a deposit. The amount reported is the initial investment of \$1,519,000.

**Property Insurance Fund**

During 2016, the County joined the Municipal Property Insurance Company (MPIC). MPIC was formed by three municipal insurance companies: Wisconsin Municipal Mutual Insurance Company, Cities & Villages Mutual Insurance Company, and the League of Wisconsin Municipal Mutual Insurance. This coverage provides protection on a replacement cost basis with a \$25,000 deductible applying to buildings, contents, and property in the open losses and a \$5,000 deductible applying to contractor's equipment losses. Also, the County is self-funded for its fleet collision coverage. The annual actuarial evaluation conducted includes the same assurances for these coverages and is reflected in the liabilities of the Property Casualty Insurance Fund.

**Marathon County**

Notes to Financial Statements  
December 31, 2020

The 2020 claims liability of \$2,086,338 reported in the Property Casualty Insurance fund at December 31, 2020 is based on the requirements of GASB, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Included in this liability is an amount of \$100,000, which is the estimated catastrophic load. The County does not allocate overhead costs or other nonincremental costs to the claims liabilities. The amount has been fully funded. Changes in the fund's claim liability amount for 2019 and 2020 are as follows:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2019	\$ 2,017,770	\$ 856,319	\$ (787,751)	\$ 2,086,338
2020	2,086,338	980,705	(980,705)	2,086,338

The County also purchases commercial insurance policies for various property and other liability risks. Payments of premiums for these policies are recorded as expenditures or expenses in various other funds of the County. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year. All funds of the County participate in the risk management program. Amounts payable to the fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. \$3,439,171 was assigned for that reserve at year-end, and is included in unrestricted net position of the Property Casualty Insurance internal service fund.

On January 1, 1992, the County combined its workers' compensation fund with the previously self-funded highway workers' compensation fund to create a single self-funded plan. All County employees (except volunteers) are covered to the statutory limits of coverage as set by the State of Wisconsin. The program is supplemented by excess liability protection, which limits the County's exposure to \$550,000 per claim/occurrence. The claims liability of \$1,423,276 reported in the Employee Benefits Insurance fund at December 31, 2020 is also based on the requirements of GASB.

Changes in the fund's claim liability amount for 2019 and 2020 are as follows:

	Worker's Comp Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2019	\$ 2,013,768	\$ 72,596	\$ (314,554)	\$ 1,771,810
2020	1,771,810	(275,691)	(72,843)	1,423,276

Starting in 1992, the County conducts an annual actuarial evaluation of the individual employee benefit programs. The Loss Triangulation method was used for the calculations of the liability recorded by the Internal Service/Employee Benefits Insurance Fund including estimated settlements for claims reported but not settled as of December 31, 2020 as well as an estimate of claims incurred but not reported. A determination of the appropriate reserves was calculated and funding is assured at the 95th percentile and includes an estimate of catastrophic loss.

## Marathon County

Notes to Financial Statements  
December 31, 2020

### Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The County and North Central Community Services Program (NCCSP) are in the process of finalizing a ground facility lease and use agreement. When this agreement is finalized, it will require NCCSP to pay the County for costs the County incurred for improvements at the North Central Health Care (NCHC) campus. These improvements were financed with the issuance of the 2018, 2019 and 2020 promissory notes. As of December 31, 2020, the amount of costs accumulated for these improvements was approximately \$29.8M.

### Related Organizations/Jointly Governed Organizations

#### City-County Information Technology Commission

The City-County Information Technology Commission (CCITC) is a joint function with Marathon County, the City of Wausau and NCHC to provide for the implementation and operation of a data and management information service. The CCITC is governed by an eight member board of Commissioners consisting of the City of Wausau Mayor and Finance Director, Marathon County chairman of the Board of Supervisors, County Administrator, NCHC CEO and Finance Director. To ensure a balance of influence on the Board of Commissioners, two members are appointed at large from within the County. These members must have a professional background in data processing services. The Board of Commissioners has the authority to fix cost sharing charges for members in an amount sufficient to provide the funds required by the budget. Funding for services is recovered through three sources. The City, County, and NCHC split the operating costs not recovered through outside user fees 21 percent, 41 percent, and 38 percent, respectively. Each member pays one-third of capital costs, unless otherwise shown to benefit for only one owner. Marathon County contributed \$1,480,069 for operating assessments, \$402,981 for maintenance support, and \$32,221 for capital contributions. The County has an equity interest of \$394,362 in the commission that is accounted for in the governmental activities.

Financial information of the CCITC as of December 31, 2020 is available directly from the commission's office.

#### Regional Planning Commission

The County, in conjunction with Vilas, Forest, Oneida, Lincoln, Langlade, Portage, Wood, Juneau, and Adams counties, and major cities within these counties, has created the North Central Wisconsin Regional Planning Commission (NCWRPC). NCWRPC's governing body is comprised of two members from each of the ten counties and a representative from each major city. The County's representatives are appointed by the County Board Chair and approved by the County Board. Marathon County's 2020 appropriation for NCWRPC was \$43,000.

## Marathon County

Notes to Financial Statements  
December 31, 2020

### Aging and Disability Resources Center of Central Wisconsin

The Marathon County and Wood County, Lincoln County, and Wood County jointly operate the regional agency, which is called the Aging and Disability Resources Center of Central Wisconsin (ADRC-CW) and provides quality programs to enhance the quality of life for the aged and disabled residents of the four counties.

The governing body is made up of citizens from each community. Local representatives are appointed by the member counties. The governing body has authority to adopt its own budget and control the financial affairs of the district.

Financial information of the ADRC-CW as of December 31, 2020 is available directly from the ADRC-CW's office.

Under the terms of the agreement, the portion of the County funding to maintain and operate the ADRC-CW is the County's respective share of equalized value. Marathon County's share of funding based on equalized value is 46 percent. Marathon County paid \$395,367. The agreement can be terminated if sixteen months advance notice is given to the member counties.

### Subsequent Events

The federal government passed the American Rescue Plan Act on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. The County's estimated award is \$26.3 million, which will be used to combat the negative effects of the public health emergency in the local economy. The County has received 50 percent of the funds in June 2021, with the remaining expected a year later. The funds are to cover costs incurred by December 31, 2024.

On March 17, 2021, the County issued general obligation notes, Series 2021A, in the amount of \$5,830,000 with an interest rate of 1.00 – 2.00 percent. This amount will be used to fund the County capital projects.

On March 17, 2021, the County issued general obligation notes, Series 2021B, in the amount of \$19,000,000 with an interest rate of 2.00 – 2.125 percent. This amount will be used to fund the health care building project.

### Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*

## **Marathon County**

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Notes to Financial Statements  
December 31, 2020

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32.*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Marathon County**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes:				
General property taxes	\$ 32,752,227	\$ 32,752,227	\$ 32,595,689	\$ (156,538)
Forest crop taxes	65,300	65,300	189,399	124,099
Transfer tax	350,000	350,000	441,664	91,664
Sales tax	13,479,150	13,479,150	13,699,878	220,728
Interest on delinquent taxes	800,000	800,000	658,797	(141,203)
Penalties on delinquent taxes	400,000	400,000	327,371	(72,629)
<b>Total taxes</b>	<b>47,846,677</b>	<b>47,846,677</b>	<b>47,912,798</b>	<b>66,121</b>
Intergovernmental grants and aids:				
Wisconsin shared revenue	6,048,446	6,048,446	5,702,642	(345,804)
Exempt computer aid	335,792	335,792	602,658	266,866
Environmental impact fee	-	-	59,902	59,902
Federal grants	235,020	441,542	2,987,723	2,546,181
State grants	3,883,498	6,857,958	4,827,115	(2,030,843)
Local government grants	97,305	58,521	22,960	(35,561)
<b>Total intergovernmental grants and aids</b>	<b>10,600,061</b>	<b>13,742,259</b>	<b>14,203,000</b>	<b>460,741</b>
Licenses and permits:				
Licenses	49,200	49,200	38,635	(10,565)
Permits	347,150	347,150	398,180	51,030
<b>Total licenses and permits</b>	<b>396,350</b>	<b>396,350</b>	<b>436,815</b>	<b>40,465</b>
Fines and forfeitures:				
County ordinance fines and forfeitures	169,312	169,312	118,210	(51,102)
County share of state fines and forfeitures	498,626	608,626	494,243	(114,383)
<b>Total fines and forfeitures</b>	<b>667,938</b>	<b>777,938</b>	<b>612,453</b>	<b>(165,485)</b>
Public charges for services:				
General government:				
Recording fees	318,000	318,000	430,595	112,595
Certified copies	76,000	76,000	80,703	4,703
Land record fees	84,346	84,346	198,902	114,556
Court fees and costs	759,000	759,000	767,233	8,233
Other charges	527,206	527,206	496,866	(30,340)
<b>Total general government</b>	<b>1,764,552</b>	<b>1,764,552</b>	<b>1,974,299</b>	<b>209,747</b>
Public safety:				
Board of prisoners	309,000	309,000	320,016	11,016
Processing fees	180,000	180,000	87,619	(92,381)
Other charges	628,575	628,575	488,193	(140,382)
<b>Total public safety</b>	<b>1,117,575</b>	<b>1,117,575</b>	<b>895,828</b>	<b>(221,747)</b>

See notes to required supplementary information

**Marathon County**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - General Fund  
 Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Health:				
General health	\$ 9,500	\$ 9,500	\$ 5,991	\$ (3,509)
Lab contract work	93,407	93,407	85,761	(7,646)
Environmental permits	516,000	516,000	484,487	(31,513)
Other charges	94,810	94,810	59,906	(34,904)
<b>Total health</b>	<b>713,717</b>	<b>713,717</b>	<b>636,145</b>	<b>(77,572)</b>
Social services	5,000	5,000	1,701	(3,299)
Library	67,000	67,000	16,929	(50,071)
Recreation and public areas:				
Camping fees	183,400	183,400	249,198	65,798
Park concessions	37,448	37,448	7,165	(30,283)
Shelter rental and forfeitures	28,000	28,000	16,094	(11,906)
Fairgrounds building rents	102,800	102,800	33,664	(69,136)
Organized hockey rents	225,000	225,000	228,662	3,662
Cross country fees	69,908	69,908	69,646	(262)
Other charges	355,375	442,777	286,891	(155,886)
<b>Total recreation and public areas</b>	<b>1,001,931</b>	<b>1,089,333</b>	<b>891,320</b>	<b>(198,013)</b>
Education	21,900	21,900	11,964	(9,936)
Conservation:				
Forest resources	351,500	351,500	427,030	75,530
Agricultural resources	37,750	37,750	37,883	133
<b>Total conservation</b>	<b>389,250</b>	<b>389,250</b>	<b>464,913</b>	<b>75,663</b>
<b>Total public charges for services</b>	<b>5,080,925</b>	<b>5,168,327</b>	<b>4,893,099</b>	<b>(275,228)</b>
Intergovernmental charges for services:				
State and federal	541,237	541,237	597,433	56,196
Local districts:				
General government	106,592	106,592	82,590	(24,002)
Register of deeds services	75,000	75,000	107,227	32,227
Postage	60,000	60,000	35,720	(24,280)
Telephone	8,000	8,000	2,179	(5,821)
Sheriff's services	321,840	321,840	304,090	(17,750)
Other charges	327,601	327,601	628,725	301,124
Local departments	466,132	467,132	300,266	(166,866)
<b>Total intergovernmental charges for services</b>	<b>1,906,402</b>	<b>1,907,402</b>	<b>2,058,230</b>	<b>150,828</b>
Miscellaneous revenue:				
Investment income	466,135	466,135	768,058	301,923
Rental income	929,973	929,973	822,177	(107,796)
Donations	368,942	357,719	319,812	(37,907)
Other revenues	2,335,529	3,557,156	646,677	(2,910,479)
<b>Total miscellaneous revenue</b>	<b>4,100,579</b>	<b>5,310,983</b>	<b>2,556,724</b>	<b>(2,754,259)</b>
<b>Total revenues</b>	<b>\$ 70,598,932</b>	<b>\$ 75,149,936</b>	<b>\$ 72,673,119</b>	<b>\$ (2,476,817)</b>

See notes to required supplementary information

**Marathon County**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual - General Fund  
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures</b>				
General government:				
Legislative:				
Personal services	\$ 336,642	\$ 336,642	\$ 380,397	\$ (43,755)
Contractual services	47,900	117,560	43,032	74,528
Materials and supplies	91,000	91,000	51,375	39,625
Total legislative	475,542	545,202	474,804	70,398
Judicial:				
Personal services	2,864,520	2,864,520	2,693,892	170,628
Contractual services	1,183,620	1,183,620	1,154,906	28,714
Materials and supplies	93,450	93,450	98,077	(4,627)
Fixed charges	4,803	4,803	2,553	2,250
Total judicial	4,146,393	4,146,393	3,949,428	196,965
Executive:				
Personal services	474,086	474,086	391,442	82,644
Contractual services	62,650	62,650	47,279	15,371
Materials and supplies	39,546	39,546	13,290	26,256
Grants and contributions	228,133	228,133	232,573	(4,440)
Total executive	804,415	804,415	684,584	119,831
General administration:				
Personal services	772,357	772,357	789,452	(17,095)
Contractual services	255,350	255,350	182,908	72,442
Materials and supplies	363,450	363,450	291,868	71,582
Total general administration	1,391,157	1,391,157	1,264,228	126,929
Financial administration:				
Personal services	1,140,700	1,140,700	958,671	182,029
Contractual services	189,800	189,800	134,676	55,124
Materials and supplies	60,000	60,000	30,166	29,834
Fixed charges	-	-	492,075	(492,075)
Grants and contributions	8,757,477	8,757,477	8,428,772	328,705
Total financial administration	10,147,977	10,147,977	10,044,360	103,617
Legal:				
Personal services	1,910,956	1,910,956	1,870,238	40,718
Contractual services	62,340	62,340	34,156	28,184
Materials and supplies	94,164	94,164	62,374	31,790
Total legal	2,067,460	2,067,460	1,966,768	100,692
Property records and control:				
Personal services	475,814	475,814	428,777	47,037
Contractual services	41,900	41,900	886	41,014
Materials and supplies	29,875	29,875	31,431	(1,556)
Fixed charges	1,200	1,200	-	1,200
Total property records and control	548,789	548,789	461,094	87,695

See notes to required supplementary information

**Marathon County**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual - General Fund  
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures</b>				
County planning and zoning:				
Personal services	\$ 1,864,180	\$ 1,864,180	\$ 1,783,473	\$ 80,707
Contractual services	548,748	639,011	392,689	246,322
Materials and supplies	98,075	99,706	68,068	31,638
Fixed charges	5,438	5,438	5,438	-
Grants and contributions	112,500	112,500	138,851	(26,351)
Total county planning and zoning	2,628,941	2,720,835	2,388,519	332,316
Building maintenance:				
Personal services	2,478,265	2,478,265	2,258,124	220,141
Contractual services	1,899,330	1,941,959	1,716,833	225,126
Materials and supplies	203,510	203,510	154,650	48,860
Fixed charges	36,907	36,907	14,785	22,122
Capital outlay	317,600	317,600	296,949	20,651
Total building maintenance	4,935,612	4,978,241	4,441,341	536,900
Total general government	27,146,286	27,350,469	25,675,126	1,675,343
Public safety:				
Sheriff:				
Personal services	12,435,943	12,559,167	13,220,077	(660,910)
Contractual services	671,848	1,083,482	1,176,300	(92,818)
Materials and supplies	967,507	1,237,084	1,075,380	161,704
Fixed charges	67,973	67,973	75,255	(7,282)
Grants and contributions	3,600	45,822	88,207	(42,385)
Capital outlay	-	156,806	119,465	37,341
Total sheriff	14,146,871	15,150,334	15,754,684	(604,350)
Emergency services:				
Personal services	207,133	207,133	261,316	(54,183)
Contractual services	414,400	14,400	180,613	(166,213)
Materials and supplies	85,900	86,900	368,882	(281,982)
Fixed charges	5,500	5,500	5,130	370
Grants and contributions	22,500	25,000	11,349	13,651
Total emergency services	735,433	338,933	827,290	(488,357)
Adult corrections:				
Personal services	5,698,115	5,698,115	4,507,741	1,190,374
Contractual services	4,784,759	4,784,759	3,980,464	804,295
Materials and supplies	271,081	268,429	260,751	7,678
Fixed charges	32,800	32,800	39,633	(6,833)
Capital outlay	3,000	188,000	341,539	(153,539)
Total adult corrections	10,789,755	10,972,103	9,130,128	1,841,975

See notes to required supplementary information



**Marathon County**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual - General Fund  
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures</b>				
Juvenile corrections:				
Contractual services	\$ 49,800	\$ 49,800	\$ 38,513	\$ 11,287
Materials and supplies	12,734	12,734	7,433	5,301
Total juvenile corrections	62,534	62,534	45,946	16,588
Shelter home:				
Personal services	536,472	536,472	436,058	100,414
Materials and supplies	1,000	1,000	30	970
Total shelter home	549,972	549,972	447,593	102,379
Total public safety	26,284,565	27,073,876	26,205,641	868,235
Health:				
Personal services	3,422,452	4,851,235	3,275,592	1,575,643
Contractual services	1,011,801	1,905,925	1,777,425	128,500
Materials and supplies	223,779	880,344	288,150	592,194
Total health	4,657,832	7,637,504	5,341,167	2,296,337
Social services:				
Veterans:				
Personal services	218,116	218,116	219,454	(1,338)
Contractual services	5,100	5,100	3,456	1,644
Materials and supplies	11,400	11,400	7,481	3,919
Grants and contributions	550	24,760	4,946	19,814
Total veterans	235,166	259,376	235,337	24,039
Total social services	235,166	259,376	235,337	24,039
Leisure activities and education:				
Library:				
Personal services	2,856,518	2,856,518	2,584,951	271,567
Contractual services	242,500	242,500	228,069	14,431
Materials and supplies	605,703	594,256	494,031	100,225
Fixed charges	80,050	80,050	86,921	(6,871)
Total library	3,784,771	3,773,324	3,393,972	379,352

See notes to required supplementary information

**Marathon County**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual - General Fund  
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Expenditures</b>				
Public areas:				
Personal services	\$ 2,281,622	\$ 2,281,622	\$ 2,066,618	\$ 215,004
Contractual services	1,778,669	1,805,008	1,243,098	561,910
Materials and supplies	604,105	691,507	567,951	123,556
Fixed charges	147,200	147,200	34,374	112,826
Capital outlay	266,028	266,028	63,140	202,888
Total public areas	5,077,624	5,191,365	3,975,181	1,216,184
University extension program:				
Personal services	103,080	103,080	74,041	29,039
Contractual services	178,550	178,550	173,088	5,462
Materials and supplies	105,882	173,424	25,169	148,255
Total university extension program	387,512	455,054	272,298	182,756
Total leisure activities and education	9,249,907	9,419,743	7,641,451	1,778,292
Conservation and economic development:				
Forest resources:				
Personal services	92,472	132,472	81,045	51,427
Contractual services	104,318	104,318	23,762	80,556
Materials and supplies	7,310	7,310	-	7,310
Fixed charges	3,898	3,898	746	3,152
Capital outlay	525,721	525,721	345,919	179,802
Total forest resources	733,719	773,719	451,472	322,247
Agricultural resources:				
Personal services	197,629	301,238	255,753	45,485
Contractual services	62,000	72,000	104,427	(32,427)
Materials and supplies	71,386	137,714	41,446	96,268
Grants and contributions	208,820	288,656	226,787	61,869
Total agricultural resources	539,835	799,608	628,413	171,195
Total conservation and economic development	1,273,554	1,573,327	1,079,885	493,442
Capital outlay:				
Capital projects:				
Contractual services	100,000	100,000	38,134	61,866
Capital outlay	155,702	155,702	135,820	19,882
Total capital outlay	255,702	255,702	173,954	81,748
Total expenditures	69,103,012	73,569,997	66,352,561	7,217,436
<b>Excess of Revenues Over Expenditures</b>	<b>1,495,920</b>	<b>1,579,939</b>	<b>6,320,558</b>	<b>4,740,619</b>

See notes to required supplementary information

**Marathon County**

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual - General Fund  
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Other Financing Sources and Uses</b>				
Transfers in:				
Capital Improvement Fund	\$ 298,379	\$ 298,379	\$ 298,379	\$ -
Sales of capital assets	4,500	4,500	6,378	1,878
State loan program debt issued	14,822	14,822	14,811	(11)
Transfers out:				
Capital Improvement Fund	(1,463,621)	(1,547,640)	(1,958,621)	(410,981)
Employee Benefits Fund	(804,692)	(804,692)	-	804,692
<b>Total other financing sources and uses</b>	<b>(1,950,612)</b>	<b>(2,034,631)</b>	<b>(1,639,053)</b>	<b>395,578</b>
Net change in fund balance	(454,692)	(454,692)	4,681,505	5,136,197
<b>Fund Balance, Beginning</b>	<b>45,947,911</b>	<b>45,947,911</b>	<b>45,947,911</b>	<b>-</b>
<b>Fund Balance, Ending</b>	<b>\$ 45,493,219</b>	<b>\$ 45,493,219</b>	<b>\$ 50,629,416</b>	<b>\$ 5,136,197</b>

See notes to required supplementary information

**Marathon County**

Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual - Social Improvement Fund  
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
General property taxes	\$ 7,904,594	\$ 7,904,594	\$ 7,904,594	\$ -
Intergovernmental grants and aids:				
Federal grants	1,347,286	1,347,286	1,130,396	(216,890)
State grants:				
Provided services and administration	5,075,280	5,155,280	4,910,256	(245,024)
Special services	6,893,721	7,073,830	5,581,605	(1,492,225)
Other revenues	256,474	256,474	392,564	136,090
<b>Total intergovernmental grants and aids</b>	<b>13,572,761</b>	<b>13,832,870</b>	<b>12,014,821</b>	<b>(1,818,049)</b>
Public charges for services:				
General government	9,200	9,200	8,853	(347)
Social services	398,100	398,100	479,241	81,141
<b>Total public charges for services</b>	<b>407,300</b>	<b>407,300</b>	<b>488,094</b>	<b>80,794</b>
Miscellaneous revenue:				
Interest income	34,000	34,000	222,516	188,516
Other revenues	186,848	186,848	-	(186,848)
<b>Total miscellaneous revenue</b>	<b>220,848</b>	<b>220,848</b>	<b>222,516</b>	<b>1,668</b>
<b>Total revenues</b>	<b>22,105,503</b>	<b>22,365,612</b>	<b>20,630,025</b>	<b>(1,735,587)</b>
<b>Expenditures</b>				
Social services:				
Personal services	9,569,982	9,641,982	8,835,327	806,655
Contractual services	803,616	811,616	471,235	340,381
Materials and supplies	360,458	360,458	183,564	176,894
Fixed charges	297,671	297,671	310,285	(12,614)
Grants and contributions	10,799,620	10,979,729	7,436,354	3,543,375
<b>Total expenditures</b>	<b>21,831,347</b>	<b>22,091,456</b>	<b>17,236,765</b>	<b>4,854,691</b>
Excess of revenues over expenditures	274,156	274,156	3,393,260	3,119,104
<b>Other Financing Uses</b>				
Transfers out:				
Capital improvement fund	(942,141)	(942,141)	(942,141)	-
<b>Total other financing uses</b>	<b>(942,141)</b>	<b>(942,141)</b>	<b>(942,141)</b>	<b>-</b>
Net change in fund balance	(667,985)	(667,985)	2,451,119	3,119,104
<b>Fund Balance, Beginning</b>	<b>5,158,268</b>	<b>5,158,268</b>	<b>5,158,268</b>	<b>-</b>
<b>Fund Balance, Ending</b>	<b>\$ 4,490,283</b>	<b>\$ 4,490,283</b>	<b>\$ 7,609,387</b>	<b>\$ 3,119,104</b>

See notes to required supplementary information

**Marathon County**

Schedule of Proportionate Share of the Net Pension (Asset)/Liability -  
Wisconsin Retirement System  
Year Ended December 31, 2020

	Fiscal Year Ending	Proportion of the Net Pension (Asset)/Liability	Proportionate Share of the Net Pension (Asset)/Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
County	12/31/20	0.255426200%	\$ (8,235,765)	\$ 37,615,420	21.89%	102.96%
County	12/31/19	0.259975017%	9,249,121	37,251,102	24.83%	96.45%
County	12/31/18	0.257342718%	(7,640,810)	36,019,977	21.21%	102.93%
County	12/31/17	0.252273859%	2,079,395	35,060,575	5.93%	99.12%
County	12/31/16	0.250021250%	4,062,797	33,800,281	12.02%	98.20%
County	12/31/15	0.251000350%	(6,165,255)	33,120,068	18.61%	102.74%
Component Unit - CWA	12/31/20	0.006528072%	(210,464)	961,359	21.89%	102.96%
Component Unit - CWA	12/31/19	0.006401658%	228,031	925,329	24.61%	96.45%
Component Unit - CWA	12/31/18	0.006392504%	(189,801)	946,767	20.05%	102.93%
Component Unit - CWA	12/31/17	0.006630890%	54,633	884,567	6.18%	99.12%
Component Unit - CWA	12/31/16	0.006307952%	102,503	852,768	12.02%	98.20%
Component Unit - CWA	12/31/15	0.006297910%	(154,694)	831,021	18.61%	102.74%

Schedule of Employer Contributions - Wisconsin Retirement System  
Year Ended December 31, 2020

	Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
County	12/31/20	\$ 2,734,524	\$ 2,734,524	\$ -	\$ 34,378,913	7.95%
County	12/31/19	2,651,892	2,651,892	-	34,585,023	7.67%
County	12/31/18	2,660,983	2,660,983	-	34,026,814	7.82%
County	12/31/17	2,608,893	2,608,893	-	33,129,952	7.87%
County	12/31/16	2,419,452	2,419,452	-	32,323,523	7.49%
County	12/31/15	2,416,617	2,416,617	-	33,800,281	7.15%
Component Unit - CWA	12/31/20	69,682	69,682	-	878,641	7.93%
Component Unit - CWA	12/31/19	67,769	67,769	-	851,626	7.67%
Component Unit - CWA	12/31/18	65,605	65,605	-	845,241	7.76%
Component Unit - CWA	12/31/17	64,806	64,806	-	870,804	7.87%
Component Unit - CWA	12/31/16	63,568	63,568	-	815,512	7.49%
Component Unit - CWA	12/31/15	60,970	60,970	-	852,768	7.15%

See notes to required supplementary information

**Marathon County**

Notes to Required Supplementary Information  
December 31, 2020

**1. Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

A budget has been adopted for all funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. The County may authorize transfers of budgeted amounts within the departments. Transfers between departments and changes to the overall budget must be approved by 10% of the apportionment unit.

Appropriations lapse at year-end unless specifically carried over. There were no carryovers for 2020. Budgets are adopted at the agency level of expenditure.

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

1. In July, the department heads submit budget requests to the County Administrator.
2. In August and September, the Finance, Property & Facilities Committee reviews the County Administrator's proposed budget.
3. In October, the County Administrator submits to the County Board of Supervisors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
4. A public hearing is conducted on the second Tuesday in November to obtain taxpayer comments. The budget is then legally enacted through passage of an ordinance on the following Thursday.
5. The Finance, Property & Facilities Committee is authorized to transfer budget amounts between and within departments; however, any revisions that alter total expenditures at the agency level or authorize funds to be spent out of the Contingent Fund must be approved by the County Board of Supervisors.
6. The budgets for the general, special revenue, debt service, and capital project funds are legally adopted on a basis consistent with GAAP.
7. The County Board of Supervisors adopts a budget for all funds classified as governmental fund types including those with zero budgets.

In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements and schedules represent the final authorized amounts or the modified budget.

## Marathon County

Notes to Required Supplementary Information  
December 31, 2020

County policy requires that budgeted revenues and appropriations for the ensuing year be established on a modified accrual basis of accounting controlled by appropriation unit within an agency within a fund and approved by the County Board. Budget is defined as the originally approved budget, plus or minus approved revisions and modifications. Expenditures cannot legally exceed appropriations at the agency level. An agency is an organizational unit and is defined as follows:

- Departments within the general government function of the General Fund;
- Public safety;
- Health;
- Social Services;
- Leisure activities and education;
- Conservation and economic development;
- Each special revenue fund;
- Each capital project fund; and
- Debt Service fund.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund, special revenue funds, and capital project funds. Only those encumbrances that will be honored are appropriated in the following year's budget and are recorded as expenditures when purchased in the following year. All remaining encumbrances lapse at year-end.

All unexpended appropriations also lapse at year-end. Exceptions to this exist for capital projects near completion, special revenue funds, grants operating on other than a calendar year basis, encumbrances, and selected accounts within the General Fund which are reappropriated in the following year's budget. The County Board, by resolution, gave the Finance, Property and Facilities Committee the authorization for the carry forward of prior year's unexpended appropriations to the ensuing year.

### 2. Wisconsin Retirement System

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

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

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in Assumptions.* No significant change in assumptions were noted from the prior year.

SUPPLEMENTARY INFORMATION

**Marathon County**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Capital Improvements Fund - Major Fund  
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Miscellaneous revenues:				
Investment income	\$ 150,000	\$ 223,977	\$ -	\$ (223,977)
Miscellaneous	-	-	1,752,170	1,752,170
Total revenues	<u>150,000</u>	<u>223,977</u>	<u>1,752,170</u>	<u>1,528,193</u>
<b>Expenditures</b>				
Capital outlay	2,178,657	4,871,309	35,200,787	(30,329,478)
Debt issuance costs	-	-	154,452	(154,452)
Total expenditures	<u>2,178,657</u>	<u>4,871,309</u>	<u>35,355,239</u>	<u>(30,483,930)</u>
Deficiency of revenues over expenditures	<u>(2,028,657)</u>	<u>(4,647,332)</u>	<u>(33,603,069)</u>	<u>(28,955,737)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in:				
General fund	1,463,621	1,547,640	1,958,621	410,981
Social improvement fund	942,141	942,141	942,141	-
Sale of capital assets	-	-	392	392
General obligation debt issued	-	-	26,345,000	26,345,000
Premium on debt issued	-	-	105,327	105,327
Transfers out:				
General fund	(298,379)	(298,379)	(298,379)	-
County highway fund	(316,602)	(316,602)	(316,602)	-
Total other financing sources (uses)	<u>1,790,781</u>	<u>1,874,800</u>	<u>28,736,500</u>	<u>26,861,700</u>
Net change in fund balance	<u>(237,876)</u>	<u>(2,772,532)</u>	<u>(4,866,569)</u>	<u>(2,094,037)</u>
<b>Fund Balance, Beginning</b>	<u>8,749,095</u>	<u>8,749,095</u>	<u>8,749,095</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 8,511,219</u>	<u>\$ 5,976,563</u>	<u>\$ 3,882,526</u>	<u>\$ (2,094,037)</u>

**Marathon County**

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Debt Service Fund  
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,709,431	\$ 1,709,431	\$ 1,709,431	\$ -
Public charges for services	150,000	150,000	105,682	(44,318)
Miscellaneous revenues	-	-	137,667	137,667
Total revenues	<u>1,859,431</u>	<u>1,859,431</u>	<u>1,952,780</u>	<u>93,349</u>
<b>Expenditures</b>				
Debt service:				
Principal	1,850,000	1,850,000	1,537,165	312,835
Interest	9,431	9,431	311,636	(302,205)
Total expenditures	<u>1,859,431</u>	<u>1,859,431</u>	<u>1,848,801</u>	<u>10,630</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>103,979</u>	<u>82,719</u>
<b>Other Financing Sources</b>				
Premium on debt issued	-	-	507,811	507,811
Net change in fund balance	<u>-</u>	<u>-</u>	<u>611,790</u>	<u>611,790</u>
<b>Fund Balance, Beginning</b>	<u>1,945,795</u>	<u>1,945,795</u>	<u>1,945,795</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 1,945,795</u>	<u>\$ 1,945,795</u>	<u>\$ 2,557,585</u>	<u>\$ 611,790</u>

**Marathon County**

Combining Statement of Net Position  
Internal Service Funds  
December 31, 2020

	Property Casualty Insurance	Employee Benefits Insurance	Totals
<b>Assets and Deferred Outflows of Resources</b>			
<b>Current Assets</b>			
Cash and investments	\$ 8,362,430	\$ 10,421,307	\$ 18,783,737
Accounts receivable (net of allowance)	10,386	100,552	110,938
Total current assets	<u>8,372,816</u>	<u>10,521,859</u>	<u>18,894,675</u>
<b>Noncurrent Assets</b>			
Restricted assets:			
Net pension asset	9,382	24,525	33,907
Deposit in Wisconsin Municipal Mutual Insurance Company	1,519,000	-	1,519,000
Total noncurrent assets	<u>1,528,382</u>	<u>24,525</u>	<u>1,552,907</u>
<b>Capital Assets</b>			
Equipment	53,868	4,598	58,466
Less accumulated depreciation	<u>(53,868)</u>	<u>(4,598)</u>	<u>(58,466)</u>
Net capital assets	-	-	-
Total noncurrent assets	<u>1,528,382</u>	<u>24,525</u>	<u>1,552,907</u>
Total assets	<u>9,901,198</u>	<u>10,546,384</u>	<u>20,447,582</u>
<b>Deferred Outflows of Resources</b>			
Pension related amounts	<u>24,813</u>	<u>62,738</u>	<u>87,551</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Current Liabilities</b>			
Accounts payable	107,111	15,174	122,285
Accrued items	-	57,705	57,705
Compensated absences	<u>2,595</u>	<u>6,029</u>	<u>8,624</u>
Total current liabilities	<u>109,706</u>	<u>78,908</u>	<u>188,614</u>
<b>Long-Term Liabilities</b>			
Accrued liability, claims payable	2,086,338	1,423,276	3,509,614
Compensated absences	<u>23,351</u>	<u>54,264</u>	<u>77,615</u>
Total long-term liabilities	<u>2,109,689</u>	<u>1,477,540</u>	<u>3,587,229</u>
Total liabilities	<u>2,219,395</u>	<u>1,556,448</u>	<u>3,775,843</u>
<b>Deferred Inflows of Resources</b>			
Pension related amounts	<u>22,373</u>	<u>124,482</u>	<u>146,855</u>
<b>Net Position</b>			
Restricted for pension	9,382	24,525	33,907
Unrestricted	<u>7,674,861</u>	<u>8,903,667</u>	<u>16,578,528</u>
Total net position	<u>\$ 7,684,243</u>	<u>\$ 8,928,192</u>	<u>\$ 16,612,435</u>

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**Marathon County**

Combining Statement of Revenues, Expenses and Changes  
In Net Position - Internal Service Funds  
Year Ended December 31, 2020

	Property Casualty Insurance	Employee Benefits Insurance	Totals
<b>Operating Revenues</b>			
Interdepartmental charges for services	\$ 1,070,264	\$ 13,202,818	\$ 14,273,082
Total operating revenues	<u>1,070,264</u>	<u>13,202,818</u>	<u>14,273,082</u>
<b>Operating Expenses</b>			
Salaries and benefits	65,990	992,660	1,058,650
Contractual services	6,983	415,094	422,077
Materials and supplies	1,565	2,238	3,803
Insurance and claims	980,705	12,078,683	13,059,388
Loss and loss adjustment expense	102	(348,534)	(348,432)
Insurance and administration costs	<u>-</u>	<u>680,815</u>	<u>680,815</u>
Total operating expenses	<u>1,055,345</u>	<u>13,820,956</u>	<u>14,876,301</u>
Operating income (loss)	<u>14,919</u>	<u>(618,138)</u>	<u>(603,219)</u>
<b>Nonoperating Revenues</b>			
Investment income	301,934	379,249	681,183
Insurance recoveries	19,279	7,194	26,473
Other income	<u>-</u>	<u>21,820</u>	<u>21,820</u>
Total nonoperating revenues	<u>321,213</u>	<u>408,263</u>	<u>729,476</u>
Change in net position	<u>336,132</u>	<u>(209,875)</u>	<u>126,257</u>
<b>Net Position, Beginning</b>	<u>7,348,111</u>	<u>9,138,067</u>	<u>16,486,178</u>
<b>Net Position, Ending</b>	<u>\$ 7,684,243</u>	<u>\$ 8,928,192</u>	<u>\$ 16,612,435</u>

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**Marathon County**

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended December 31, 2020

	Property Casualty Insurance	Employee Benefits Insurance	Totals
<b>Cash Flows From Operating Activities</b>			
Collections from departments and other insurance purchasers	\$ 1,089,543	\$ 13,221,666	\$ 14,311,209
Cash paid to employees for services	(65,990)	(992,660)	(1,058,650)
Cash paid to suppliers for goods and services	(970,619)	(13,149,665)	(14,120,284)
Net cash provided (used) by operating activities	52,934	(920,659)	(867,725)
<b>Cash Flows From Investing Activities</b>			
Interest received on investments	301,934	379,249	681,183
Net increase in cash and cash equivalents	354,868	(541,410)	(186,542)
<b>Cash and Cash Equivalents, Beginning</b>	<b>8,007,562</b>	<b>10,962,717</b>	<b>18,970,279</b>
<b>Cash and Cash Equivalents, Ending</b>	<b>\$ 8,362,430</b>	<b>\$ 10,421,307</b>	<b>\$ 18,783,737</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ 14,919	\$ (618,138)	\$ (603,219)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Insurance recoveries	19,279	7,194	26,473
Other income	-	21,820	21,820
Effects of (increase) decrease in operating assets, deferred outflows, and increase (decrease) in operating liabilities and deferred inflows:			
Accounts receivable	17,514	(10,166)	7,348
Accounts payable	-	11,997	11,997
Pension related deferrals and liabilities	102	(3,011)	(2,909)
Compensated absences	1,120	18,179	19,299
Accrued liabilities, claims payable	-	(348,534)	(348,534)
Net cash provided (used) by operating activities	<b>\$ 52,934</b>	<b>\$ (920,659)</b>	<b>\$ (867,725)</b>

**Noncash Investing, Capital and Noncapital Financing Activities**  
None

**Marathon County**

Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2020

	Custodial Funds			
	ADRC-W	Sheriff Inmate	Clerk of Courts	Total Custodial Funds
<b>Assets</b>				
Cash and investments	\$ -	\$ 61,493	\$ 1,625,587	\$ 1,687,080
Receivables:				
Accounts receivable	32,281	-	-	32,281
Due from other governments	975,631	-	-	975,631
Total assets	<b>1,007,912</b>	<b>61,493</b>	<b>1,625,587</b>	<b>2,694,992</b>
<b>Liabilities</b>				
Accounts payable	131,258	-	-	131,258
Accrued liabilities	7,439	-	-	7,439
Due to other governmental units	416,741	-	1,625,587	2,042,328
Deposits	2,744	-	-	2,744
Other long term liabilities	218,595	-	-	218,595
Held for inmates	-	61,493	-	61,493
Total liabilities	<b>776,777</b>	<b>61,493</b>	<b>1,625,587</b>	<b>2,463,857</b>
<b>Net Position</b>				
Restricted	<b>\$ 231,135</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 231,135</b>

**Marathon County**

Combining Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 Year Ended December 31, 2020

	Custodial Funds			Total Custodial Funds
	ADRC-W	Sheriff Inmate	Clerk of Courts	
<b>Additions</b>				
Fines and forfeitures, traffic, bonds and other court items	\$ -	\$ -	\$ 5,890,598	\$ 5,890,598
Inmate deposits	-	1,302,143	-	1,302,143
Intergovernmental	6,186,503	-	-	6,186,503
Donations	500,607	-	-	500,607
Investment income (loss)	(1,660)	-	-	(1,660)
<b>Total additions</b>	<b>6,685,450</b>	<b>1,302,143</b>	<b>5,890,598</b>	<b>13,878,191</b>
<b>Deductions</b>				
ADRC activities	6,333,847	-	-	6,333,847
Disposition of court collections	-	-	5,887,904	5,887,904
Other court	-	-	2,694	2,694
Funds released to former inmates	-	1,302,143	-	1,302,143
<b>Total deductions</b>	<b>6,333,847</b>	<b>1,302,143</b>	<b>5,890,598</b>	<b>13,526,588</b>
Change in fiduciary net position	351,603	-	-	351,603
<b>Net Position (Deficit), Beginning</b>	<b>(120,468)</b>	<b>-</b>	<b>-</b>	<b>(120,468)</b>
<b>Net Position, Ending</b>	<b>\$ 231,135</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 231,135</b>

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**Marathon County**

Statement of Net Position  
 Central Wisconsin Airport  
 December 31, 2020

Assets and Deferred Outflows of Resources	
<b>Current Assets</b>	
Cash and investments	\$ 3,629,661
Accounts receivable	255,634
Due from other governments	645,765
<b>Total current assets</b>	<b>4,531,060</b>
<b>Noncurrent Assets</b>	
Restricted assets:	
Cash and investments	635,487
Net pension asset	210,464
Property, plant and equipment:	
Land	614,983
Buildings	39,101,520
Improvements	54,485,660
Equipment	11,244,749
Construction in process	10,888,856
<b>Total property, plant and equipment</b>	<b>116,335,768</b>
Less accumulated depreciation	(58,363,477)
<b>Net property, plant and equipment</b>	<b>57,972,291</b>
<b>Total noncurrent assets</b>	<b>58,818,242</b>
<b>Total assets</b>	<b>63,349,302</b>
<b>Deferred Outflows of Resources</b>	
Pension related amounts	483,929
<b>Liabilities, Deferred Inflows of Resources, and Net Position and Net Position</b>	
<b>Current Liabilities</b>	
Accounts payable	339,743
Deposits	16,831
Interest payable	13,789
Due to other governments	1,039,489
Current portion of compensated absences	25,706
Current portion of general obligation notes payable	665,000
<b>Total current liabilities</b>	<b>2,100,558</b>
<b>Long-Term Liabilities</b>	
General obligation notes payable (net of unamortized premiums)	4,428,900
Compensated absences	188,512
<b>Total long-term liabilities</b>	<b>4,617,412</b>
<b>Total liabilities</b>	<b>6,717,970</b>
<b>Deferred Inflows of Resources</b>	
Pension related amounts	638,808
<b>Net Position</b>	
Net investment in capital assets	52,878,391
Restricted for:	
Passenger facility charges	635,487
Pension	210,464
Unrestricted	2,752,111
<b>Total net position</b>	<b>\$ 56,476,453</b>

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**Marathon County**

Statement of Revenues, Expenses and Changes in Net Position  
 Central Wisconsin Airport  
 Year Ended December 31, 2020

<b>Operating Revenues</b>	
Public charges for services	\$ 2,423,848
<b>Operating Expenses</b>	
Salaries and benefits	1,497,744
Contractual services	590,755
Materials and supplies	476,527
Insurance	78,754
Depreciation	3,257,151
Total operating expenses	5,900,931
Operating loss	(3,477,083)
<b>Nonoperating Revenues (Expenses)</b>	
Investment income	89,572
Passenger facility charges	301,371
Customer facility charges	130,304
Intergovernmental grants	2,080,923
Other income	91,223
Interest expense	(169,205)
Total nonoperating revenues (expenses)	2,524,188
Loss before contributions	(952,895)
<b>Capital Contributions</b>	4,444,109
Change in net position	3,491,214
<b>Net Position, Beginning</b>	52,985,239
<b>Net Position, Ending</b>	<u>\$ 56,476,453</u>

**Marathon County**

Statement of Cash Flows  
 Central Wisconsin Airport  
 Year Ended December 31, 2020

<b>Cash Flows From Operating Activities</b>	
Cash received from the sale of goods and services	\$ 3,936,977
Cash paid to employees for services	(1,497,744)
Cash paid to suppliers for goods and services	(1,032,719)
Net cash provided by operating activities	1,406,514
<b>Cash Flows From Capital and Related Financing Activities</b>	
Payments for capital acquisitions	(1,485,747)
Contribution received for construction	298,295
Passenger facility charges received	301,371
Customer facility charges received	130,304
Debt paid	(430,000)
Interest paid	(170,196)
Net cash used for capital financing and related activities	(1,355,973)
<b>Cash Flows From Investing Activities</b>	
Interest received on investments	89,572
Net decrease in cash and cash equivalents	140,113
<b>Cash and Cash Equivalents, Beginning</b>	4,125,035
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 4,265,148</u>
<b>Reconciliation Of Operating Loss To Net Cash Used For Operating Activities</b>	
Operating loss	(3,477,083)
Nonoperating income	2,172,146
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation expense	3,257,151
Amortization of premium	(7,692)
Effects of (increase) decrease in operating assets, deferred outflows, and increase (decrease) in operating liabilities and deferred inflows:	
Accounts receivable	(659,017)
Pension related deferrals and liabilities	12,980
Due to other governments	112,399
Compensated absences	(4,370)
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 1,406,514</u>
<b>Noncash Investing, Capital and Noncapital Financing Activities</b>	
Capital contributions	<u>\$ 4,145,814</u>
Amortization of premium	<u>\$ 7,692</u>
<b>Reconciliation of Cash and Cash Equivalents</b>	
Cash and cash equivalents	\$ 3,629,661
Cash and cash equivalents, restricted assets	635,487
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 4,265,148</u>

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**APPENDIX B-5**

**Audited Financial Statements of Waushara County, Wisconsin**

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# Waushara County, Wisconsin

## ANNUAL FINANCIAL REPORT

December 31, 2020



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

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# Waushara County, Wisconsin

DECEMBER 31, 2020

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# Waushara County, Wisconsin

DECEMBER 31, 2020

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## Independent auditors' report

County Board  
Waushara County, Wisconsin

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waushara County, Wisconsin (the "County") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the County Roads and Bridges, Human Services and Emergency Medical Services special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### EMPHASIS OF MATTER

During the fiscal year ended December 31, 2020, the County adopted GASB Statement No. 84 *Fiduciary Activities*. As a result of the implementation of this standard, the County reported a restatement for the change in accounting principle (see Note 4.D.). Our auditors' opinion was not modified with respect to the restatement.

### OTHER MATTERS

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions and other postemployment benefits on pages 53 through 55 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.



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**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Wausau, Wisconsin  
July 23, 2021

**BASIC FINANCIAL STATEMENTS**

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# Waushara County, Wisconsin

## STATEMENT OF NET POSITION DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 14,929,628	\$ 1,060,229	\$ 15,989,857
Receivables			
Taxes and special charges	18,187,072	-	18,187,072
Delinquent taxes	1,467,662	-	1,467,662
Accounts, net	1,105,300	-	1,105,300
Loans	1,000,223	-	1,000,223
Due from other governments	761,935	327,834	1,089,769
Inventories and prepaid items	261,244	488,800	750,044
Net pension asset	2,763,851	355,554	3,119,405
Capital assets, nondepreciable	902,485	29,681	932,166
Capital assets, depreciable, net	29,373,191	5,176,894	34,550,085
<b>Total assets</b>	<b>70,752,591</b>	<b>7,438,992</b>	<b>78,191,583</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	6,443,579	837,202	7,280,781
Other postemployment related amounts	606,770	89,629	696,399
<b>Total deferred outflows of resources</b>	<b>7,050,349</b>	<b>926,831</b>	<b>7,977,180</b>
<b>LIABILITIES</b>			
Accounts payable	439,930	184,125	624,055
Accrued and other current liabilities	665,726	122,201	787,927
Due to other governments	22,434	-	22,434
Accrued interest payable	5,387	-	5,387
Special deposits	159,623	-	159,623
Unearned revenues	249,793	253	250,046
Long-term obligations			
Due within one year	1,175,000	-	1,175,000
Due in more than one year	837,646	-	837,646
Current portion of other postemployment benefits	76,333	13,099	89,432
Other postemployment benefits	1,736,245	269,981	2,006,226
Current portion of compensated absences	310,810	41,106	351,916
Compensated absences	573,035	20,453	593,488
<b>Total liabilities</b>	<b>6,251,962</b>	<b>651,218</b>	<b>6,903,180</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes levied for subsequent year	18,187,072	-	18,187,072
Pension related amounts	8,286,078	1,065,959	9,352,037
Other postemployment related amounts	307,198	45,966	353,164
<b>Total deferred inflows of resources</b>	<b>26,780,348</b>	<b>1,111,925</b>	<b>27,892,273</b>
<b>NET POSITION</b>			
Net investment in capital assets	28,263,030	5,128,801	33,391,831
Restricted			
Net pension asset	2,763,851	355,554	3,119,405
Community Development	761,997	-	761,997
Economic Development	326,790	-	326,790
Asset Forfeitures	14,068	-	14,068
DARE Program	6,590	-	6,590
Land Records Modernization	91,208	-	91,208
LCC Field Day Donations	5,910	-	5,910
Loan Closet	24,909	-	24,909
Protective Vest Replacement	2,750	-	2,750
Redaction Fund	3,155	-	3,155
Timber Salvage	23,225	-	23,225
Tobacco Coalition Donations	2,901	-	2,901
Tower Maintenance	87,145	-	87,145
Veterans Communications	21,800	-	21,800
Veterans Mini-bus	1,036	-	1,036
Transportation Trust	57,093	-	57,093
EMS Donations	41,716	-	41,716
Medical Dispatch Donations	362	-	362
Unrestricted	12,271,094	1,118,325	13,389,419
<b>Total net position</b>	<b>\$ 44,770,630</b>	<b>\$ 6,602,680</b>	<b>\$ 51,373,310</b>

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The notes to the basic financial statements are an integral part of this statement.

# Waushara County, Wisconsin

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 4,708,513	\$ 1,894,082	\$ 219,849	\$ 2,701
Public safety	11,074,371	2,710,950	143,863	-
Public works	4,809,853	29,169	1,031,623	-
Health and human services	10,683,536	1,697,275	5,137,011	-
Culture and recreation	1,270,570	11,283	93,911	-
Conservation and development	1,421,672	392,912	284,777	-
Interest and fiscal charges	58,349	-	-	-
Total governmental activities	34,026,864	6,735,671	6,911,034	2,701
<b>BUSINESS-TYPE ACTIVITIES</b>				
Highway operations	7,016,141	7,302,214	3,842	-
<b>Total</b>	<b>\$ 41,043,005</b>	<b>\$ 14,037,885</b>	<b>\$ 6,914,876</b>	<b>\$ 2,701</b>

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	
\$ (2,591,881)	\$ -	\$ (2,591,881)	
(8,219,558)	-	(8,219,558)	
(3,749,061)	-	(3,749,061)	
(3,849,250)	-	(3,849,250)	
(1,165,376)	-	(1,165,376)	
(743,983)	-	(743,983)	
(58,349)	-	(58,349)	
(20,377,458)	-	(20,377,458)	
-	289,915	289,915	
(20,377,458)	289,915	(20,087,543)	
General revenues			
Taxes			
Property taxes	18,143,278	-	18,143,278
Sales tax	1,661,994	-	1,661,994
Other taxes	579,466	-	579,466
Federal and state grants and other contributions not restricted to specific functions	780,849	-	780,849
Interest and investment earnings	135,018	-	135,018
Miscellaneous	234,926	7,184	242,110
Gain on sale of asset	25,376	-	25,376
Total general revenues	21,560,907	7,184	21,568,091
<b>Change in net position</b>	<b>1,183,449</b>	<b>297,099</b>	<b>1,480,548</b>
<b>Net position - January 1, as originally reported</b>	<b>43,590,991</b>	<b>6,305,581</b>	<b>49,896,572</b>
<b>Cumulative effect of change in accounting principle</b>	<b>(3,810)</b>	<b>-</b>	<b>(3,810)</b>
<b>Net position - January 1, as restated</b>	<b>43,587,181</b>	<b>6,305,581</b>	<b>49,892,762</b>
<b>Net position - December 31</b>	<b>\$ 44,770,630</b>	<b>\$ 6,602,680</b>	<b>\$ 51,373,310</b>

The notes to the basic financial statements are an integral part of this statement.

# Waushara County, Wisconsin

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2020

	General	County Roads and Bridges	Human Services	Emergency Medical Services	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 12,186,912	\$ 464,632	\$ 1,460,280	\$ 43,043	\$ 546,523	\$ 14,701,390
Receivables						
Taxes and special charges	10,092,082	2,585,766	2,282,500	1,707,799	1,518,925	18,187,072
Delinquent taxes	1,467,662	-	-	-	-	1,467,662
Accounts, net	380,889	-	143,291	523,767	55,823	1,103,770
Loans	-	-	-	-	1,000,223	1,000,223
Due from other governments	421,896	-	254,430	-	85,609	761,935
Inventories and prepaid items	261,244	-	-	-	-	261,244
Total assets	<u>\$ 24,810,685</u>	<u>\$ 3,050,398</u>	<u>\$ 4,140,501</u>	<u>\$ 2,274,609</u>	<u>\$ 3,207,103</u>	<u>\$ 37,483,296</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 248,577	\$ -	\$ 126,489	\$ 19,325	\$ 29,487	\$ 423,878
Accrued and other current liabilities	371,711	-	158,781	101,961	29,433	661,886
Due to other governments	22,434	-	-	-	-	22,434
Special deposits	159,623	-	-	-	-	159,623
Unearned revenues	206,568	-	43,225	-	-	249,793
Total liabilities	<u>1,008,913</u>	<u>-</u>	<u>328,495</u>	<u>121,286</u>	<u>58,920</u>	<u>1,517,614</u>
<b>Deferred inflows of resources</b>						
Property taxes levied for subsequent year	10,092,082	2,585,766	2,282,500	1,707,799	1,518,925	18,187,072
Loans and long-term receivables	212,058	-	-	-	1,000,223	1,212,281
Total deferred inflows of resources	<u>10,304,140</u>	<u>2,585,766</u>	<u>2,282,500</u>	<u>1,707,799</u>	<u>2,519,148</u>	<u>19,399,353</u>
<b>Fund balances</b>						
Nonspendable	1,467,536	-	-	-	-	1,467,536
Restricted	284,697	-	-	42,078	145,657	472,432
Committed	1,993,725	464,632	1,529,506	403,446	483,378	4,874,687
Assigned	781,397	-	-	-	-	781,397
Unassigned	8,970,277	-	-	-	-	8,970,277
Total fund balances	<u>13,497,632</u>	<u>464,632</u>	<u>1,529,506</u>	<u>445,524</u>	<u>629,035</u>	<u>16,566,329</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 24,810,685</u>	<u>\$ 3,050,398</u>	<u>\$ 4,140,501</u>	<u>\$ 2,274,609</u>	<u>\$ 3,207,103</u>	<u>\$ 37,483,296</u>

The notes to the basic financial statements are an integral part of this statement.

# Waushara County, Wisconsin

## RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION DECEMBER 31, 2020

	<u>2020</u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>	
Total fund balances as shown on previous page	\$ 16,566,329
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	29,706,390
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	1,212,281
Net position of the internal service fund is reported in the statement of net position as governmental activities	779,162
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred outflows related to pensions	6,443,579
Deferred inflows related to pensions	(8,286,078)
Deferred outflows related to other postemployment benefits	606,770
Deferred inflows related to other postemployment benefits	(307,198)
Long-term assets are not considered available; therefore, are not reported in the funds:	
Net pension asset	2,763,851
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Notes payable	(1,975,000)
Accrued interest on long-term obligations	(5,387)
Debt premium	(37,646)
Other post-employment health benefits payable	(1,812,578)
Compensated absences	(883,845)
Net position of governmental activities as reported on the statement of net position (see page 4)	<u>\$ 44,770,630</u>

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*The notes to the basic financial statements are an integral part of this statement.*

# Waushara County, Wisconsin

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	General	County Roads and Bridges	Human Services	Emergency Medical Services	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 12,583,032	\$ 2,483,743	\$ 2,500,796	\$ 1,762,918	\$ 1,152,390	\$ 20,482,879
Intergovernmental	2,228,179	944,728	3,594,799	29,074	652,985	7,449,765
Licenses and permits	225,664	-	920	-	-	226,584
Fines and forfeits	143,019	-	-	-	-	143,019
Public charges for services	1,193,606	-	1,159,901	1,843,347	151,456	4,348,310
Intergovernmental charges for services	1,038,007	-	-	-	170,140	1,208,147
Miscellaneous	319,722	-	24,368	35,229	75,235	454,554
<b>Total revenues</b>	<b>17,731,229</b>	<b>3,428,471</b>	<b>7,280,784</b>	<b>3,670,568</b>	<b>2,202,206</b>	<b>34,313,258</b>
<b>EXPENDITURES</b>						
Current						
General government	3,590,594	-	-	-	-	3,590,594
Public safety	7,509,968	-	-	3,519,138	-	11,029,106
Public works	1,045,273	3,757,691	-	-	-	4,802,964
Health and human services	1,815,069	-	7,680,100	-	1,178,931	10,674,100
Culture and recreation	1,275,401	-	-	-	-	1,275,401
Conservation and development	1,369,177	-	-	-	375,444	1,744,621
Debt service						
Principal	-	-	-	-	1,175,000	1,175,000
Interest and fiscal charges	-	-	-	-	82,875	82,875
<b>Total expenditures</b>	<b>16,605,482</b>	<b>3,757,691</b>	<b>7,680,100</b>	<b>3,519,138</b>	<b>2,812,250</b>	<b>34,374,661</b>
Excess of revenues over (under) expenditures	1,125,747	(329,220)	(399,316)	151,430	(610,044)	(61,403)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	2,889	735,700	738,589
Transfers out	(736,909)	-	(1,680)	-	-	(738,589)
<b>Total other financing sources (uses)</b>	<b>(736,909)</b>	<b>-</b>	<b>(1,680)</b>	<b>2,889</b>	<b>735,700</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>388,838</b>	<b>(329,220)</b>	<b>(400,996)</b>	<b>154,319</b>	<b>125,656</b>	<b>(61,403)</b>
<b>Fund balances - January 1 as originally reported</b>	<b>13,112,604</b>	<b>793,852</b>	<b>1,930,502</b>	<b>291,205</b>	<b>503,379</b>	<b>16,631,542</b>
<b>Cumulative effect of Change in Accounting Principle</b>	<b>(3,810)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,810)</b>
<b>Fund balances - January 1 as restated</b>	<b>13,108,794</b>	<b>793,852</b>	<b>1,930,502</b>	<b>291,205</b>	<b>503,379</b>	<b>16,627,732</b>
<b>Fund balances - December 31</b>	<b>\$ 13,497,632</b>	<b>\$ 464,632</b>	<b>\$ 1,529,506</b>	<b>\$ 445,524</b>	<b>\$ 629,035</b>	<b>\$ 16,566,329</b>

The notes to the basic financial statements are an integral part of this statement.

# Waushara County, Wisconsin

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>
<b>RECONCILIATION TO THE STATEMENT OF ACTIVITIES</b>	
Net change in fund balances as shown on previous page	\$ (61,403)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets reported as capital outlay in governmental fund statements	2,106,804
Depreciation expense reported in the statement of activities	(2,097,547)
Net book value of disposals	(22,844)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	252,417
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repaid	1,175,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Accrued interest on long-term debt	3,342
Amortization of premiums, discounts and loss on advance refunding	21,184
Compensated absences	(47,606)
Net pension liability (asset)	5,807,539
Deferred outflows of resources related to pensions	(1,788,807)
Deferred inflows of resources related to pensions	(4,085,102)
Other postemployment benefits	(456,969)
Deferred outflows of resources related to other postemployment benefits	476,527
Deferred inflows of resources related to other postemployment benefits	(107,206)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	8,120
Change in net position of governmental activities as reported in the statement of activities (see pages 5 - 6)	<u>\$ 1,183,449</u>

The notes to the basic financial statements are an integral part of this statement.

# Waushara County, Wisconsin

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>		<u>Actual</u>	<u>Variance Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 12,195,931	\$ 12,195,931	\$ 12,583,032	\$ 387,101
Intergovernmental	1,392,923	2,207,105	2,228,179	21,074
Licenses and permits	158,950	158,950	225,664	66,714
Fines and forfeits	153,000	153,000	143,019	(9,981)
Public charges for services	1,251,757	1,295,516	1,193,606	(101,910)
Intergovernmental charges for services	948,445	958,188	1,038,007	79,819
Miscellaneous	339,241	327,999	319,722	(8,277)
<b>Total revenues</b>	<u>16,440,247</u>	<u>17,296,689</u>	<u>17,731,229</u>	<u>434,540</u>
<b>EXPENDITURES</b>				
Current				
General government	3,852,427	3,902,383	3,590,594	311,789
Public safety	7,353,241	7,959,781	7,509,968	449,813
Public works	1,066,858	1,072,034	1,045,273	26,761
Health and human services	1,860,694	2,110,590	1,815,069	295,521
Culture and recreation	1,191,644	1,300,816	1,275,401	25,415
Conservation and development	1,327,745	1,402,213	1,369,177	33,036
<b>Total expenditures</b>	<u>16,652,609</u>	<u>17,747,817</u>	<u>16,605,482</u>	<u>1,142,335</u>
Excess of revenues over (under) expenditures	<u>(212,362)</u>	<u>(451,128)</u>	<u>1,125,747</u>	<u>1,576,875</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(415,875)</u>	<u>(736,909)</u>	<u>(736,909)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(628,237)</u>	<u>(1,188,037)</u>	<u>388,838</u>	<u>1,576,875</u>
<b>Fund balances - January 1 as originally reported</b>	13,112,604	13,112,604	13,112,604	-
<b>Cumulative effect of Change in Accounting Principle</b>	-	-	(3,810)	(3,810)
<b>Fund balances - January 1 as restated</b>	13,112,604	13,112,604	13,108,794	(3,810)
<b>Fund balance - December 31</b>	<u>\$ 12,484,367</u>	<u>\$ 11,924,567</u>	<u>\$ 13,497,632</u>	<u>\$ 1,573,065</u>

The notes to the basic financial statements are an integral part of this statement.

## Waushara County, Wisconsin

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - COUNTY ROADS AND BRIDGES SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,483,743	\$ 2,483,743	\$ 2,483,743	\$ -
Intergovernmental	1,416,968	1,485,578	944,728	(540,850)
Total revenues	3,900,711	3,969,321	3,428,471	(540,850)
<b>EXPENDITURES</b>				
Current				
Public works	3,900,711	3,969,321	3,757,691	211,630
<b>Net change in fund balance</b>	-	-	(329,220)	(329,220)
<b>Fund balance - January 1</b>	793,852	793,852	793,852	-
<b>Fund balance - December 31</b>	<u>\$ 793,852</u>	<u>\$ 793,852</u>	<u>\$ 464,632</u>	<u>\$ (329,220)</u>

The notes to the basic financial statements are an integral part of this statement.

## Waushara County, Wisconsin

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - HUMAN SERVICES SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,500,796	\$ 2,500,796	\$ 2,500,796	\$ -
Intergovernmental	4,154,370	4,460,920	3,594,799	(866,121)
Licenses and permits	1,200	1,200	920	(280)
Public charges for services	1,417,912	1,417,912	1,159,901	(258,011)
Miscellaneous	20,500	20,500	24,368	3,868
Total revenues	8,094,778	8,401,328	7,280,784	(1,120,544)
<b>EXPENDITURES</b>				
Current				
Health and human services	9,244,778	9,551,328	7,680,100	1,871,228
Excess of revenues over (under) expenditures	(1,150,000)	(1,150,000)	(399,316)	750,684
<b>OTHER FINANCING SOURCES</b>				
Transfers out	-	(1,680)	(1,680)	-
<b>Net change in fund balance</b>	(1,150,000)	(1,151,680)	(400,996)	750,684
<b>Fund balance - January 1</b>	1,930,502	1,930,502	1,930,502	-
<b>Fund balance - December 31</b>	<u>\$ 780,502</u>	<u>\$ 778,822</u>	<u>\$ 1,529,506</u>	<u>\$ 750,684</u>

The notes to the basic financial statements are an integral part of this statement.

## Waushara County, Wisconsin

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
	<b>REVENUES</b>			
Taxes	\$ 1,762,918	\$ 1,762,918	\$ 1,762,918	\$ -
Intergovernmental	-	-	29,074	29,074
Public charges for services	1,555,838	1,555,838	1,843,347	287,509
Miscellaneous	36,060	37,152	35,229	(1,923)
<b>Total revenues</b>	<b>3,354,816</b>	<b>3,355,908</b>	<b>3,670,568</b>	<b>314,660</b>
<b>EXPENDITURES</b>				
Current				
Public safety	3,354,816	3,454,944	3,519,138	(64,194)
Excess of revenues over (under) expenditures	-	(99,036)	151,430	250,466
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	2,889	2,889	-
<b>Net change in fund balance</b>	<b>-</b>	<b>(96,147)</b>	<b>154,319</b>	<b>250,466</b>
<b>Fund balance - January 1</b>	<b>291,205</b>	<b>291,205</b>	<b>291,205</b>	<b>-</b>
<b>Fund balance - December 31</b>	<b>\$ 291,205</b>	<b>\$ 195,058</b>	<b>\$ 445,524</b>	<b>\$ 250,466</b>

The notes to the basic financial statements are an integral part of this statement.

## Waushara County, Wisconsin

### STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2020

	Enterprise Fund	Governmental Activities -
	Highway	Internal Service Fund Data Processing
<b>ASSETS</b>		
Current assets		
Cash and investments	\$ 1,060,229	\$ 228,238
Receivables		
Customer accounts	-	1,530
Due from other governments	327,834	-
Inventories and prepaid items	488,800	-
<b>Total current assets</b>	<b>1,876,863</b>	<b>229,768</b>
Other assets		
Net pension asset	355,554	-
Capital assets		
Nondepreciable	29,681	-
Depreciable, net	5,176,894	569,286
<b>Total capital assets</b>	<b>5,206,575</b>	<b>569,286</b>
<b>Total assets</b>	<b>7,438,992</b>	<b>799,054</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related amounts	837,202	-
Other postemployment related amounts	89,629	-
<b>Total deferred outflows of resources</b>	<b>926,831</b>	<b>-</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	184,125	16,052
Accrued and other current liabilities	122,201	3,840
Unearned revenue	253	-
Current portion of compensated absences	41,106	-
Current portion of other postemployment benefits	13,099	-
<b>Total current liabilities</b>	<b>360,784</b>	<b>19,892</b>
Long-term obligations, less current portion		
Compensated absences	20,453	-
Other postemployment benefits	269,981	-
<b>Total long-term liabilities</b>	<b>290,434</b>	<b>-</b>
<b>Total liabilities</b>	<b>651,218</b>	<b>19,892</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related amounts	1,065,959	-
Other postemployment related amounts	45,966	-
<b>Total deferred inflows of resources</b>	<b>1,111,925</b>	<b>-</b>
<b>NET POSITION</b>		
Net investment in capital assets	5,128,801	569,286
Restricted for		
Net pension asset	355,554	-
Unrestricted	1,118,325	209,876
<b>Total net position</b>	<b>\$ 6,602,680</b>	<b>\$ 779,162</b>

The notes to the basic financial statements are an integral part of this statement.



# Waushara County, Wisconsin

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Enterprise Fund</u> <u>Highway</u>	<u>Governmental Activities -</u> <u>Internal Service Fund</u> <u>Data Processing</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 7,294,614	\$ 928,510
Other	7,600	-
Total operating revenues	<u>7,302,214</u>	<u>928,510</u>
<b>OPERATING EXPENSES</b>		
Operation and maintenance	6,426,602	786,278
Depreciation	581,728	175,092
Total operating expenses	<u>7,008,330</u>	<u>961,370</u>
Operating income (loss)	293,884	(32,860)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Nonoperating grants	3,842	40,980
Gain (loss) on disposal of capital assets	(7,811)	-
Other nonoperating revenues (expenses)	7,184	-
Total nonoperating revenues (expenses)	<u>3,215</u>	<u>40,980</u>
<b>Change in net position</b>	297,099	8,120
<b>Net position - January 1</b>	<u>6,305,581</u>	<u>771,042</u>
<b>Net position - December 31</b>	<u>\$ 6,602,680</u>	<u>\$ 779,162</u>

The notes to the basic financial statements are an integral part of this statement.

# Waushara County, Wisconsin

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Enterprise Fund</u> <u>Highway</u>	<u>Governmental Activities -</u> <u>Internal Service Fund</u> <u>Data Processing</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from governments and other customers	\$ 7,226,815	\$ 928,021
Nonoperating revenues	7,184	-
Cash payments to employees and for employee benefits	(3,963,547)	(116,906)
Cash payments to suppliers	(2,345,277)	(666,238)
Net cash provided by operating activities	<u>925,175</u>	<u>144,877</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Intergovernmental revenues	3,842	40,980
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(832,189)	(126,267)
Cash received from equipment sales	5,950	-
Net cash used by capital and related financing activities	<u>(826,239)</u>	<u>(126,267)</u>
<b>Change in cash and cash equivalents</b>	102,778	59,590
<b>Cash and cash equivalents - January 1</b>	<u>957,451</u>	<u>168,648</u>
<b>Cash and cash equivalents - December 31</b>	<u>\$ 1,060,229</u>	<u>\$ 228,238</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 293,884	\$ (32,860)
Nonoperating revenues	7,184	-
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	581,728	175,092
Change in liability and deferred outflows and inflows of resources		
Change in WRS Asset/Liability	(745,465)	-
Change in WRS Deferred Outflow	220,604	-
Change in WRS Deferred Inflow	527,793	-
Change in OPEB Liability	63,978	-
Change in OPEB Deferred Outflow	(69,304)	-
Change in OPEB Deferred Inflow	18,973	-
Change in operating assets and liabilities		
Accounts receivables	-	(489)
Due from other governments	(8,504)	-
Inventories and prepaid items	21,311	-
Accounts payable	67,061	2,649
Accrued and other current liabilities	30,978	485
Unearned revenue	(66,895)	-
Compensated absences	(18,151)	-
Net cash provided by operating activities	<u>\$ 925,175</u>	<u>\$ 144,877</u>
Noncash capital and related financing activities		
Capital Assets Purchased on Account	<u>\$ 77,774</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

## Waushara County, Wisconsin

### STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2020

	Probate Private-Purpose Trust Fund	Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 25,806	\$ 249,802
Receivables		
Delinquent taxes	-	112,603
Accounts, net	-	636,174
Total assets	<u>25,806</u>	<u>998,579</u>
<b>LIABILITIES</b>		
Due to other governments	-	98,814
<b>NET POSITION</b>		
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 25,806</u>	<u>\$ 899,765</u>

The notes to the basic financial statements are an integral part of this statement.

## Waushara County, Wisconsin

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	Probate Private-Purpose Trust Fund	Custodial Funds
<b>ADDITIONS</b>		
Contributions		
Individuals	\$ -	\$ 2,197,839
Property tax collections	-	57,841
Interest on delinquent balances	-	8,845
State fees collected	-	455,019
Interest income	396	49
Miscellaneous	-	112,833
Total additions	<u>396</u>	<u>2,832,426</u>
<b>DEDUCTIONS</b>		
Administrative expenses	-	1,680
Payments to individuals	8,744	202,591
Payments to other entities	-	243,025
Payments to other governments	-	2,515,052
Total deductions	<u>8,744</u>	<u>2,962,348</u>
<b>Change in net position</b>	(8,348)	(129,922)
<b>Net position - January 1</b>	<u>34,154</u>	<u>1,029,687</u>
<b>Net position - December 31</b>	<u>\$ 25,806</u>	<u>\$ 899,765</u>

The notes to the basic financial statements are an integral part of this statement.

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Waushara County, Wisconsin (the "County"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described below:

### A. REPORTING ENTITY

Waushara County is a municipal corporation governed by an elected eleven member board. In accordance with GAAP, the basic financial statements are required to include the County and any separate component units that have a significant operational or financial relationship with the County. The County has not identified any component units that are required to be included in the basic financial statements.

### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

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 or segment. *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 properly included among program revenues are reported instead as *general revenues*.

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. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise and internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

#### General Fund

This is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

#### Special Revenue Funds

##### Human Services

This fund is used to account for social services and community board programs directed by state statutes. The fund's significant revenues are derived from state and federal aids and property taxes.

##### County Roads and Bridges

This fund accounts for the County's use of tax dollars and state aid to construct and maintain the County highway and bridge system. The fund's significant revenues are property taxes and state aids.

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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### Emergency Medical Services

This fund is used for accounting for the operations of the emergency medical services department, including billing and collection of public charges. The fund's significant revenues are public charges for services and property taxes.

The County reports the following major enterprise fund:

#### Highway Fund

The Highway Fund is used to support the maintenance of County, State, and Federal highways on a cost reimbursement basis.

Additionally, the County reports the following fund types:

- ▶ *Internal service funds* account for data processing services provided to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.
- ▶ The County accounts for resources legally held in trust for juveniles through Probate in a private-purpose trust fund.
- ▶ The County accounts for funds held for the County Drainage Districts, Clerk of Courts, delinquent taxes for other governments, Human Services clients, state fees, and Inmates, in custodial funds.

The amounts held in the private purpose trust fund and custodial funds were recorded in the general fund or agency funds in prior years. Due to the implementation of GASB 84, *Fiduciary Activities*, they are now recorded in custodial funds or private-purpose trust fund.

### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for human services, victim witness, and other reimbursable grants and EMS charges for services, for which available is defined as 180 days. This exception is necessary because the grant funding source reimbursement process routinely extends to this period and the revenue then more appropriately matches to the related expenditures. For EMS system charges, the reimbursement process routinely extends to this period due to the time it takes for insurance companies to process claims and finalize claim payments. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the County's highway function and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

### 1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

### 2. Property Tax Apportionments

Property taxes are apportioned annually in November to local taxing units within the County for financing state charges and the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as a deferred inflows of resources at year-end. Property tax payments from individual property owners are due in two installments by January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent. The delinquent taxes are then acquired by the County's General Fund in accordance with state statutes in order to provide the County with a statutory lien.

Property taxes of \$18,187,072 are recorded on December 31, 2020 for collection in 2021 for the County apportionment. The County apportionment is for financing 2021 operations and will be transferred in 2021 from deferred inflows of resources to current revenues of the County's governmental funds.

### 3. Accounts Receivable

Governmental funds accounts receivable have been shown net of allowance for uncollectible accounts of \$1,836,861. Custodial funds accounts receivable have been shown net of allowance for uncollectible accounts of \$1,314,780.

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

### 4. Loans Receivable

The County has received federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The County records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the County records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

### 5. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

### 6. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

### 7. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the periods benefited.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

### 8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. The Data Processing internal service fund uses a \$2,000 capitalization threshold. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	20 - 50
Buildings and improvements	20 - 50
Machinery and equipment	3 - 20
Infrastructure	15 - 40

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

## 9. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

## 10. Deferred Outflows/Inflows of Resources

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

Governmental funds may report deferred inflows of resources for unavailable revenues. The County reports unavailable revenues for loans and long-term receivables. These inflows are recognized as revenues in the government-wide financial statements.

## 11. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## 12. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## 13. Other Postemployment Benefits Other Than Pensions (OPEB)

### *Single-employer Defined Postemployment Benefit Plan*

Qualifying employees are provided with other postemployment benefits. The OPEB is a single employer defined benefit plan administered by the County. For purposes of measuring the OPEB liability, related deferred outflows and inflows of resources and OPEB expense, the County has used values provided by its actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

## *Local Retiree Life Insurance Fund*

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

## 14. Fund Equity

### *Governmental Fund Financial Statements*

Fund balance of governmental funds is 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:

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the County Board. These constraints can only be removed or changed by the County Board using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of County management. The County Board has authorized the Executive Committee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The County has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

### *Government-Wide and Proprietary Fund Statements*

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

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed 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.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

## E. USE OF ESTIMATES

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

## NOTE 2: STEWARDSHIP AND COMPLIANCE

### A. BUDGETS AND BUDGETARY ACCOUNTING

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During October, County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by County Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general, special revenue and debt service funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the general fund, special revenue funds and debt service funds. Management control for the capital projects funds is achieved through project authorizations included in debt issue resolutions.
4. Expenditures may not exceed appropriations provided at the group classification level maintained for each department of the County. Amendments to the budget during the year that do not exceed 10% of a department's total expenditure appropriation require approval by the Executive Committee. Amendments that exceed the 10% threshold are authorized by the County Board.
5. Encumbrance accounting is not used by the County to record commitments related to unperformed contracts for goods or services.

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2020.

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

## B. EXCESS OF EXPENDITURES OVER BUDGET APPROPRIATIONS

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2020 as follows:

Functions	Excess Expenditures
General Fund	
General government	
Corporation Counsel	
Contracted and Purchased Services	\$ 3,000
Land Records Base Budget Grant	
Personnel	1,937
County Board	
Contracted and Purchased Services	2,424
County Clerk	
Personnel	1,023
Elections	
Contracted and Purchased Services	3,712
Supplies and expenses	473
Finance Department	
Personnel	1,120
County Treasurer	
Contracted and Purchased Services	538
Supplies and expenses	10,428
Independent Auditing	
Contracted and Purchased Services	15,543
County Postage Expense	
Contracted and Purchased Services	12
Supplies and expenses	109
State Special Charges	
Supplies and expenses	423
Misc. Co Expense	
Supplies and expenses	849
Register of Deeds	
Supplies and expenses	3,826
Circuit Court	
Contracted and Purchased Services	6,216
Building and Grounds	
Contracted and Purchased Services	1,337
Supplies and expenses	24,445
Family Court Commissioner	
Personnel	137
District Attorney Investigator	
Training and related travel	268
Supplies and expenses	7
Administration	
Supplies and expenses	710
Contingency Fund	
Personnel	1,442
Victim/Witness Program	
Personnel	621

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

Functions	Excess Expenditures
Public Safety	
Emergency management	
Contracted and Purchased Services	\$ 305
Supplies and expenses	424
Capital Outlay	
Computer/Hazmat Equipment Grant	
Supplies and expenses	4,401
Lepc/Hazmat Programs	
Supplies and expenses	512
State Asset Frof/Drug Education	
Supplies and expenses	215
Jail	
Capital Outlay	8,729
Town of Marion Contract	
Supplies and expenses	57
Extradition/Mental Transport	
Training and related travel	3,775
CEASE Program	
Supplies and expenses	60
School Liaison	
Training and related travel	270
Sheriff Training Expense	
Personnel	1,096
Emergency Medical Dispatch	
Personnel	678
Winter Snowmobile Patrol	
Personnel	9,616
DNR Boat Patrol	
Personnel	3,065
Coroner	
Contracted and Purchased Services	5,986
Public Works	
Solid Waste Planning	
Training and related travel	254
Contracted and Purchased Services	65,349
Health and Human Services	
Veterans Service Office Grant	
Personnel	6,781
Supplies and expenses	52
Tobacco Community Coalitions	
Personnel	118
Supplies and expenses	6
Bio Terrorism Aid Expense	
Supplies and expenses	613
Public Health MCH grant	
Supplies and expenses	11
Public Health CVR grant	
Training and related travel	411
Contracted and Purchased Services	663
Lead/Environmental grant	
Training and related travel	59

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# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

Functions	Excess Expenditures
EPA Indoor Radon Grant	
Supplies and expenses	\$ 467
VIP Immunization Expense	
Training and related travel	100
Contracted and Purchased Services	827
Environmental	
Supplies and expenses	1,052
Child Support Agency	
Personnel	4,641
Contracted and Purchased Services	82
Culture and recreation	
Parks	
Personnel	7
Training and related travel	501
Contracted and Purchased Services	791
Supplies and expenses	1,991
Conservation and development	
County Advertising and Promotion	
Personnel	1,217
Land Conservation Commission	
Personnel	823
Munic Contract Inspection Cost	
Contracted and Purchased Services	2,620
Special Revenue Funds	
County Roads and Bridges	
Public works	
Contracted and Purchased Services	103,252
Emergency Medical Services	
Public safety	
Personnel	46,726
Contracted and Purchased Services	3,519
Supplies and expenses	11,306
Aging	
Health and human services	
Capital Outlay	960
CDBG Housing Rehabilitation	
Conservation and development	
Supplies and expenses	57,288
CDBG Revolving Loan	
Conservation and development	
Supplies and expenses	10

The above excess expenditures were funded using favorable revenue variances and available fund balance in the funds.

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# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

## C. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2020 and 2021 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the County's January 1 equalized value as a result of net new construction. The actual limit for the County for the increase in the 2020 budgeted tax levy was 1.04%. The actual limit for the County for the increase in the 2021 budgeted tax levy was 0.78%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

## NOTE 3: DETAILED NOTES ON ALL FUNDS

### A. CASH AND INVESTMENTS

The County maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the County's cash and investments totaled \$16,265,465 on December 31, 2020 as summarized below:

Petty cash and cash on hand	\$ 1,365
Deposits with financial institutions	10,460,840
Investments	
Wisconsin Local Government Investment Pool	5,803,260
	<u>\$ 16,265,465</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 15,989,857
Fiduciary fund statement of net position	
Probate Private-Purpose Trust Fund	25,806
Custodial Funds	249,802
	<u>\$ 16,265,465</u>

### Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The County currently has no investments that are subject to fair value measurement.

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the County's deposits and investments and the related risks.

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

## Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The County does not have an additional custodial credit policy.

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 the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing 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 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 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 determining custodial credit risk.

As of December 31, 2020, \$5,209,201 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits. \$4,938,812 was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name.

## Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure			
		AAA	Aa	Not Rated	
Wisconsin Local Government Investment Pool	<u>\$ 5,803,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,803,260</u>

## Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin Local Government Investment Pool	<u>\$ 5,803,260</u>	<u>\$ 5,803,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

### Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin Local Government Investment Pool of \$5,803,260 at year-end. The (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

### B. DELINQUENT PROPERTY TAXES - GENERAL FUND

Delinquent property taxes of the General Fund represent unpaid property taxes on real estate, including state and local government equities therein. Under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deeded properties.

On December 31, 2020, the County's General Fund showed an investment of \$1,467,662 in delinquent taxes follows:

Tax certificates	\$1,422,827
Tax deeds	43,777
Delinquent MFL charges	1,058
Total	<u>\$1,467,662</u>

An aging of the delinquent taxes of \$1,467,662 on December 31, 2020 follows:

Year Acquired	Total	Tax Certificates	MFL Charges	Tax Deeds
2010	\$ 6,775	\$ 6,775	\$ -	\$ -
2011	21,279	21,279	-	-
2012	37,165	37,165	-	-
2013	57,208	57,208	-	-
2014	80,681	80,681	-	-
2015	97,906	97,906	-	-
2016	137,249	137,249	-	-
2017	189,791	189,791	-	-
2018	302,722	302,722	-	-
2019	492,051	492,051	-	-
Delinquent MFL charges	1,058	-	1,058	-
Tax deeds	43,777	-	-	43,777
	<u>\$1,467,662</u>	<u>\$1,422,827</u>	<u>\$ 1,058</u>	<u>\$ 43,777</u>

Of the total of \$1,422,827 for delinquent taxes and special assessments, \$216,535 was collected within 60 days of year-end. The remaining balance of \$1,206,292 is recorded as nonspendable fund balance for the General Fund.

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

### C. RECEIVABLES

Receivables as of year-end for the County's individual major governmental funds and aggregate nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	County Roads and Bridges	Human Services	Emergency Medical Services	Nonmajor Gov't Funds	Total
Receivables						
Taxes	\$10,092,082	\$2,585,766	\$2,282,500	\$1,707,799	\$1,518,925	\$18,187,072
Delinquent taxes	1,467,662	-	-	-	-	1,467,662
Accounts	819,149	-	143,291	1,922,368	55,823	2,940,631
Development loans	-	-	-	-	1,000,223	1,000,223
Gross receivables	12,378,893	2,585,766	2,425,791	3,630,167	2,574,971	23,595,588
Less: Allowance for uncollectibles	438,260	-	-	1,398,601	-	1,836,861
Net total receivables	<u>\$11,940,633</u>	<u>\$2,585,766</u>	<u>\$2,425,791</u>	<u>\$2,231,566</u>	<u>\$2,574,971</u>	<u>\$21,758,727</u>

### D. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 721,305	\$ -	\$ -	\$ 721,305
Construction in progress	163,696	17,484	-	181,180
Total capital assets, nondepreciable	<u>885,001</u>	<u>17,484</u>	<u>-</u>	<u>902,485</u>
Capital assets, depreciable:				
Buildings	16,599,251	-	-	16,599,251
Improvements other than buildings	237,492	12,750	15,100	235,142
Machinery and equipment	11,967,155	1,034,289	268,200	12,733,244
Infrastructure	34,714,441	1,168,548	286,264	35,596,725
Subtotals	<u>63,518,339</u>	<u>2,215,587</u>	<u>569,564</u>	<u>65,164,362</u>
Less accumulated depreciation for:				
Buildings	8,321,172	297,777	-	8,618,949
Improvements other than buildings	64,983	10,846	10,878	64,951
Machinery and equipment	8,412,454	778,424	249,582	8,941,296
Infrastructure	17,266,643	1,185,592	286,260	18,165,975
Subtotals	<u>34,065,252</u>	<u>2,272,639</u>	<u>546,720</u>	<u>35,791,171</u>
Total capital assets, depreciable, net	<u>29,453,087</u>	<u>(57,052)</u>	<u>22,844</u>	<u>29,373,191</u>
Governmental activities capital assets, net	<u>\$30,338,088</u>	<u>\$ (39,568)</u>	<u>\$ 22,844</u>	<u>30,275,676</u>
Less: Capital related debt				1,975,000
Less: Debt premium				<u>37,646</u>
Net investment in capital assets				<u>\$28,263,030</u>

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 29,681	\$ -	\$ -	\$ 29,681
Capital assets, depreciable:				
Buildings	1,498,349	-	-	1,498,349
Improvements other than buildings	245,189	130,191	-	375,380
Machinery and equipment	10,365,631	736,039	78,903	11,022,767
Subtotals	12,109,169	866,230	78,903	12,896,496
Less accumulated depreciation for:				
Buildings	1,076,865	32,991	-	1,109,856
Improvements other than buildings	185,106	6,567	-	191,673
Machinery and equipment	5,984,778	542,170	108,875	6,418,073
Subtotals	7,246,749	581,728	108,875	7,719,602
Total capital assets, depreciable, net	4,862,420	284,502	(29,972)	5,176,894
Business-type activities capital assets, net	<u>\$ 4,892,101</u>	<u>\$ 284,502</u>	<u>\$ (29,972)</u>	5,206,575
Less: Capital related accounts payable				77,774
Net investment in capital assets				<u>\$ 5,128,801</u>

Depreciation expense was charged to functions of the County as follows:

Governmental activities	
General government	\$ 178,096
Public safety	673,575
Public works	1,190,370
Health and human services	17,730
Culture and recreation	35,054
Conservation and development	2,722
Subtotal	<u>2,097,547</u>
Capital assets held by the County's internal service fund are charged to various functions based on their usage of the assets	
	175,092
Total depreciation expense - governmental activities	<u>\$ 2,272,639</u>
Business-type activities	
Highway	<u>\$ 581,728</u>

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

## E. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund transfers for the year ended December 31, 2020 were as follows:

Fund	Transfer In	Transfer Out
General	\$ -	\$ 736,909
Aging	1,680	-
Human Services	-	1,680
Economic Development Loans	318,145	-
Emergency Medical Services	2,889	-
Debt Service	415,875	-
	<u>\$ 738,589</u>	<u>\$ 738,589</u>
Governmental fund transfers in		\$ 738,589
Less: government-wide eliminations		(738,589)
Total transfers - government-wide statement of activities		<u>\$ -</u>

Interfund transfers were made for the following purposes:

To cover the payout of the CDBG revolving loan fund with Marquette County	\$ 318,145
To move the 2019-2020 WEA Grant balance from HS to Aging	1,680
To cover emergency medical services fund vacation and sick leave payouts	2,889
Transfer from general fund to cover bond payment for the debt service fund	415,875
	<u>\$ 738,589</u>

## F. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2020:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation debt					
Notes	\$ 3,150,000	\$ -	\$ 1,175,000	\$ 1,975,000	\$ 1,175,000
Debt premium	58,830	-	21,184	37,646	-
Compensated absences	836,239	47,606	-	883,845	310,810
Governmental activities Long-term obligations	<u>\$ 4,045,069</u>	<u>\$ 47,606</u>	<u>\$ 1,196,184</u>	<u>\$ 2,896,491</u>	<u>\$ 1,485,810</u>
<b>Business-type activities:</b>					
Compensated absences	<u>\$ 79,710</u>	<u>\$ -</u>	<u>\$ 18,151</u>	<u>\$ 61,559</u>	<u>\$ 41,106</u>

Total interest paid during the year on long-term debt totaled \$82,875.

### General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
General obligation notes	7/7/11	6/1/21	2.5% - 3.5%	\$ 7,250,000	\$ 800,000
General obligation notes	1/30/18	6/1/23	3.0%	1,900,000	1,175,000
Total outstanding general obligation debt					<u>\$ 1,975,000</u>

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
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Annual principal and interest maturities of the outstanding general obligation debt of \$1,975,000 on December 31, 2020 are detailed below:

Year Ended December 31,	Governmental Activities	
	Principal	Interest
2021	\$ 1,175,000	\$ 43,625
2022	400,000	18,000
2023	400,000	6,000
	<u>\$ 1,975,000</u>	<u>\$ 67,625</u>

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

### Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2020 was \$140,542,930 as follows:

Equalized valuation of the County	\$2,850,358,600
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	142,517,930
Total outstanding general obligation debt applicable to debt limitation	1,975,000
Legal margin for new debt	<u>\$ 140,542,930</u>

## G. PENSION PLAN

### 1. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

# Waushara County, Wisconsin

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

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

The WRS also provides death and disability benefits for employees.

### 2. Post-Retirement Adjustments

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

### 3. Contributions

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

During the year ending December 31, 2020, the WRS recognized \$1,113,847 in contributions from the County.

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
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Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At December 31, 2020, the County reported an asset of \$3,119,405 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the County's proportion was 0.09674206%, which was an increase of 0.00022992% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the County recognized pension expense of \$1,180,549.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,921,345	\$ 2,963,236
Net differences between projected and actual earnings on pension plan investments	-	6,377,174
Changes in assumptions	243,084	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,505	11,627
Employer contributions subsequent to the measurement date	1,113,847	-
Total	\$ 7,280,781	\$ 9,352,037

\$1,113,847 reported as deferred outflows related to pension resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Expense
2021	\$ (945,731)
2022	(705,511)
2023	107,021
2024	(1,640,882)
Total	\$ (3,185,103)

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

#### 5. Actuarial Assumptions

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

Actuarial valuation date:	December 31, 2018
Actuarial cost method:	Entry Age Normal
Asset valuation method:	Fair Market Value
Long-term expected rate of return:	7.0%
Discount rate:	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

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

Core Fund Asset Class	Current Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
	Global equities	49%	8.1%
Fixed income	24.5%	4.9%	2.1%
Inflation sensitive assets	15.5%	4.0%	1.2%
Real estate	9%	6.3%	3.5%
Private equity/debt	8%	10.6%	7.6%
Multi-asset	4%	6.9%	4.0%
Cash	-10%	0.9%	N/A
Total Core Fund	100%	7.5%	4.6%
Variable Fund Asset Class			
U.S. equities	70%	7.5%	4.6%
International equities	30%	8.2%	5.3%
Total Variable Fund	100%	7.8%	4.9%

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

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

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
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**Single Discount Rate.** A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 8,033,027	\$ (3,119,405)	\$ (11,457,131)

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

## 6. Payables to the Pension Plan

At December 31, 2020, the County reported a payable of \$233,546 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2020.

## H. OTHER POSTEMPLOYMENT BENEFITS

The County reports OPEB related balances at December 31, 2020 as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Local Retiree Life Insurance Fund (LRLIF)	\$ 971,201	\$ 380,798	\$ 183,914	\$ 96,922
Single-employer defined OPEB plan	1,124,457	315,601	169,250	127,452
Total	<u>\$2,095,658</u>	<u>\$ 696,399</u>	<u>\$ 353,164</u>	<u>\$ 224,374</u>

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

## 1. Single-Employer Defined Postemployment Benefit Plan

### Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the County. Eligible retired employees have access to group medical coverage through the County's group plan until the age of 65. Medical benefits paid for by the County are paid for as indicated below. All employees of the County that are eligible for retirement under the Wisconsin Retirement System are eligible for the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue separate financial statements.

### Benefits Provided

The County provides medical (including prescription drugs) for retired employees through the County's group health insurance plan. Retired employees may remain on the plan until Medicare eligibility.

### Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	198
	<u>208</u>

### Contributions

Retirees are required to pay 102% of the premium to remain on the County's plan after COBRA. The County paid medical benefits are paid until the retiree or surviving spouse becomes eligible for Medicare and is comprised solely of the implicit rate subsidy incurred when the premium rate paid by retirees is lower than it would be if the retiree's premium was rated separately from active employees.

### Total OPEB Liability

The County's total OPEB liability was measured as of December 31, 2019 and was determined by an actuarial valuation as of December 31, 2019.

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

Inflation:	2.5%
Salary increases:	0.1% to 4.8% depending on WRS category and years of service plus 3.0% inflation
Discount rate	2.75%
Healthcare cost trend rates:	6.5% decreasing by 0.10% per year down to 5% and level thereafter

Mortality rates are the same as those used in the Wisconsin 2018 Mortality Table, adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

The actuarial assumptions used in the December 31, 2019 valuation were based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017.

Discount Rate. The discount rate used to measure the total OPEB liability was 2.75%. The discount rate is based on the Bond Buyer GO 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability (a)</b>
Balance at December 31, 2019	\$ 990,448
Changes for the year:	
Service cost	81,189
Interest	39,625
Differences between expected and actual experience	254,440
Effect of Assumptions Changes or inputs	(160,388)
Benefit payments	(80,857)
Net changes	134,009
Balance at December 31, 2020	<u>\$ 1,124,457</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	<b>1% Decrease to Discount Rate (1.75%)</b>	<b>Current Discount Rate (2.75%)</b>	<b>1% Increase to Discount Rate (3.75%)</b>
Total OPEB liability	\$ 1,202,592	\$ 1,124,457	\$ 1,051,171

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 4.0%) or 1-percentage-point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	<b>1% Decrease (5.5% decreasing to 4.0%)</b>	<b>Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)</b>	<b>1% Increase (7.5% decreasing to 6.0%)</b>
Total OPEB liability	\$ 1,014,312	\$ 1,124,457	\$ 1,253,968

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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

For the year ended December 31, 2020, the County recognized OPEB expense of \$127,452. At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 226,169	\$ -
Changes in assumptions	-	169,250
County contributions subsequent to the measurement date	89,432	-
Total	<u>\$ 315,601</u>	<u>\$ 169,250</u>

\$89,432 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2020 and reported in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year Ended December 31,</b>	<b>Expense</b>
2021	\$ 6,638
2022	6,638
2023	6,638
2024	6,638
2025	6,638
Thereafter	23,729
Total	<u>\$ 56,919</u>

**Payable to the OPEB Plan**

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

**2. Local Retiree Life Insurance Fund**

**Plan Description**

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

**OPEB Plan Fiduciary Net Position**

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPUBLICWeb/qasb75Local.do>.

**Benefits Provided**

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

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

### Contributions

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

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

Contribution rates as of December 31, 2020 are:

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

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2019 are listed below:

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

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

For the year ended December 31, 2020, the LRLIF recognized \$4,760 in contributions from the employer.

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

At December 31, 2020, the County reported a liability of \$971,201 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net OPEB liability was based on the County's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the County's proportion was 0.228078%, which was an increase of 0.001649% from its proportion measured as of December 31, 2018.

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

For the year ended December 31, 2020, the County recognized OPEB expense of \$96,922.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 43,508
Net differences between projected and actual earnings on OPEB plan investments	18,321	-
Changes in assumptions	358,280	106,825
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,197	33,581
Total	<u>\$ 380,798</u>	<u>\$ 183,914</u>

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

Year Ended December 31,	Expense
2021	\$ 32,762
2022	32,762
2023	30,787
2024	28,752
2025	23,016
Thereafter	48,805
Total	<u>\$ 196,884</u>

Actuarial assumptions. The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date:	January 1, 2019
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	2.74%
Long-term expected rate of return:	4.25%
Discount rate:	2.87%
Salary increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total LRLIF OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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

Asset Class	Index	Target Allocation	Long-term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	45%	2.12%
U.S. Long Credit Bonds	Barclays Long Credit	5%	2.90%
U.S. Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-term expected rate of return			4.25%

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single discount rate. A single discount rate of 2.87% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

Sensitivity of the County's proportionate share of net OPEB liability (asset) to changes in the discount rate. The following presents the County's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87%, as well as what the County's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87%) or 1-percentage-point higher (3.87%) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
County's proportionate share of the net OPEB liability (asset)	\$ 1,341,065	\$ 971,201	\$ 689,806

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

### Payable to the OPEB Plan

At December 31, 2020, the County reported a payable of \$3,729 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2020.

## I. FUND EQUITY

### Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2020, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Delinquent property taxes	\$ 1,206,292
Inventories and prepaid items	261,244
Total General Fund nonspendable fund balance	<u>\$ 1,467,536</u>

### Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2020, restricted fund balance was as follows:

General Fund	
Restricted for	
Asset forfeitures	\$ 14,068
DARE program	6,590
Land record modernization	91,208
LCC field day donations	5,910
Loan closet rental	24,909
Protective vest replace	2,750
Redaction fund	3,155
Timber salvage	23,225
Tobacco coalition donations	2,901
Tower maintenance	87,145
Veterans communications	21,800
Veterans minibus	1,036
Total General Fund restricted fund balance	<u>284,697</u>



# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

Special revenue funds	
Emergency Medical Services	
Restricted for EMS donations	41,716
Restricted for Medical Dispatch donations	362
Aging	
Restricted for transportation trust	57,093
CDBG Housing Rehabilitation	
Restricted for community development	79,919
CDBG Revolving Loan	
Restricted for economic development	8,645
Total Special Revenue Funds restricted fund balance	<u>187,735</u>
Total restricted fund balance	<u>\$ 472,432</u>

### Committed Fund Balance

In the fund financial statements, portions of governmental fund balances are committed by County Board action. At December 31, 2020, governmental fund balance was committed as follows:

General Fund	
Committed for	
Buildings and grounds equipment replacement	\$ 282,843
Buildings and grounds parking lot replacement	1,720
Capital expense account	115,032
Drug investigations	55,883
UW extension checking carryover	6,377
Employee contingency fund	893,269
Health reimbursement	117,297
Land conservation equipment replacement	29,964
Land conservation technical services	1,500
Park's equipment replacement	110,571
Sub-division dedications	150,313
Tri-county food and retail	196,075
Vet burial	2,130
Strategic planning	25,750
911 system upgrade	5,001
Total General Fund committed fund balance	<u>1,993,725</u>

# Waushara County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

Special revenue funds committed for	
County roads and bridges	
Committed for subsequent years expenditures	464,632
Human services	
Committed for subsequent years expenditures	1,529,506
Emergency Medical Services	
Committed for subsequent years expenditures	403,446
Aging	
Committed for transportation	12,876
Committed for caregiver	3,929
Committed for ADRC	111,807
Committed for senior home repair	13,379
Committed for fundraiser	4,340
Committed for memory café	4,012
Committed for multi-generational program	47,665
Committed for subsequent year's expenditures	209,650
Waushara Prevention Council	
Committed for subsequent year's expenditures	<u>75,720</u>
Total special revenue committed fund balance	<u>2,880,962</u>
Total committed fund balance	<u>\$ 4,874,687</u>

### Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2020, fund balance was assigned as follows:

General Fund	
Assigned for subsequent years expenditures	<u>\$ 781,397</u>

### Minimum General Fund Balance Policy

The County has also adopted a minimum fund balance policy of 25% of actual current year General Fund, county road and bridges, and emergency medical services expenditures. These funds are to be maintained for working capital and emergency expenditures. The minimum fund balance amount is calculated as follows:

General Fund	\$ 16,605,482
County roads and bridges	3,757,691
Emergency medical services	<u>3,519,138</u>
Total expenditures	23,882,311
Minimum fund balance %	(x) 25%
Minimum fund balance amount	<u>\$ 5,970,578</u>

The County's unassigned General Fund balance of \$8,970,277 is above the minimum fund balance amount.

# Waushara County, Wisconsin

## NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 4: OTHER INFORMATION

#### A. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters for which the government carries commercial insurance. The County completes an annual review of its insurance coverage to ensure adequate coverage. A description of the County's risk management programs is presented below:

##### Property and Liability Insurance

The County is a member of the Wisconsin County Mutual Insurance Corporation (WCMIC). WCMIC was created by governmental units within the State of Wisconsin to provide liability insurance services to its members. The County pays premiums to WCMIC for its liability insurance coverage. The actuary for WCMIC determines charges to its members for the expected losses and loss adjustment expenses on which premiums are based. Premium charges for WCMIC are recorded as expenditures or expenses in various funds of the County.

The County also purchases commercial insurance policies for various property and other liability risks. Payments of premiums for these policies are also recorded as expenditures or expenses in various funds of the County.

#### B. RISKS AND UNCERTAINTIES

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organizations, and local communities. Specific to the County, COVID-19 may impact parts of its 2021 operations and financials results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of July 23, 2021.

#### C. CONTINGENCIES

The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under the Uniform Guidance has been conducted but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

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

#### D. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

The County has adopted GASB Statement No. 84, *Fiduciary Activities*, which established criteria for identifying fiduciary activities and addressed financial reporting for these activities. The cumulative effect of this change was to decrease the December 31, 2019 net position of the governmental activities and general fund by \$3,810. The department cash agency funds of \$492,305 are now reported in the general fund or private-purpose trust fund or custodial funds as of January 1, 2019.

#### E. SUBSEQUENT EVENT

On June 15, 2021, the County Board approved Resolution 31-06-21 which approved the issuance of \$17,000,000 general obligation notes which will be used to finance County building projects including the construction of a new Justice Center, an Emergency Medical Services building, a senior dining center, construction and renovation of other general government buildings, construction of a new shop and garage for Highway department, and acquisition of related equipment and furnishings.

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### REQUIRED SUPPLEMENTARY INFORMATION

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## Waushara County, Wisconsin

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.09490176%	\$ (2,331,047)	\$ 12,267,001	19.00%	102.74%
12/31/15	0.09444998%	1,534,794	12,211,295	12.57%	98.20%
12/31/16	0.09471659%	780,691	12,683,078	6.16%	99.12%
12/31/17	0.09527121%	(2,828,715)	12,922,721	21.89%	102.93%
12/31/18	0.09651214%	3,433,599	13,133,148	26.14%	96.45%
12/31/19	0.09674206%	(3,119,405)	13,533,922	23.05%	102.96%

### SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 899,158	\$ 899,158	\$ -	\$ 12,211,295	7.36%
12/31/16	909,024	909,024	-	12,683,078	7.17%
12/31/17	983,254	983,254	-	12,922,721	7.61%
12/31/18	997,253	997,253	-	13,133,148	7.59%
12/31/19	1,011,968	1,011,968	-	13,533,922	7.48%
12/31/20	1,113,847	1,113,847	-	14,171,035	7.86%

See notes to required supplementary information.

## Waushara County, Wisconsin

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.24152600%	\$ 726,650	\$ 12,922,721	5.62%	44.81%
12/31/18	0.22642900%	584,263	13,133,148	4.45%	48.69%
12/31/19	0.22807800%	971,201	13,533,922	7.18%	37.58%

### SCHEDULE OF CONTRIBUTIONS LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 4,369	\$ 4,369	\$ -	\$ 13,133,148	0.03%
12/31/19	4,528	4,528	-	13,533,922	0.03%
12/31/20	4,760	4,760	-	14,171,035	0.03%

See notes to required supplementary information.

## Waushara County, Wisconsin

### SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS SINGLE-EMPLOYER DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT PLAN LAST 10 FISCAL YEARS \*

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 81,189	\$ 83,676	\$ 83,676
Interest	39,625	34,622	33,230
Differences between expected and actual experience	254,440	-	-
Changes of assumptions	(160,388)	(34,307)	-
Benefit payments	(80,857)	(81,787)	(72,526)
Net change in total OPEB liability	134,009	2,204	44,380
Total OPEB liability - beginning	990,448	988,244	943,864
Total OPEB liability - ending	<u>\$ 1,124,457</u>	<u>\$ 990,448</u>	<u>\$ 988,244</u>
Covered-employee payroll	\$ 12,911,540	\$ 12,185,669	\$ 12,185,669
County's total OPEB liability as a percentage of covered-employee payroll	8.71%	8.13%	8.11%

\* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

See notes to required supplementary information.

## Waushara County, Wisconsin

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2020

#### A. WISCONSIN RETIREMENT SYSTEM

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes of assumptions.* No significant change in assumptions were noted from the prior year.

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

#### B. OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER DEFINED BENEFIT POSTEMPLOYMENT PLAN

*Changes of benefit terms.* There were no changes of benefit terms.

*Changes of assumptions.* The actuarial assumptions used to develop the Total OPEB liability that changed in the valuation as of December 31, 2019 included updated WRS decrement assumptions, assumed discount rate, marriage assumption, and assumed medical trend.

No assets are accumulated in a trust to provide for future benefits.

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

#### C. OTHER POSTEMPLOYMENT BENEFITS - LOCAL RETIREE LIFE INSURANCE FUND

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

*Changes of assumptions.* Several actuarial assumptions changed from the prior year, including the single discount rate, long-term expected rate of return, and expected inflation. Please refer to the Actuarial Assumptions section above for additional details.

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

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# Waushara County, Wisconsin

## GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Taxes</b>				
Property taxes	\$ 10,243,431	\$ 10,243,431	\$ 10,243,431	\$ -
Forest crop	50,500	50,500	54,500	4,000
Interest on delinquent taxes	220,000	220,000	283,866	63,866
Penalties on delinquent taxes	110,000	110,000	146,538	36,538
Payment in lieu of taxes	87,000	87,000	91,582	4,582
Sales tax	1,425,000	1,425,000	1,661,994	236,994
Real estate transfer fees	57,000	57,000	98,141	41,141
Land use conversion fees	3,000	3,000	2,980	(20)
<b>Total taxes</b>	<b>12,195,931</b>	<b>12,195,931</b>	<b>12,583,032</b>	<b>387,101</b>
<b>Intergovernmental</b>				
State shared taxes	120,000	120,000	147,847	27,847
Exempt computer aid	6,500	6,500	6,576	76
Personal property aid	59,701	59,701	55,867	(3,834)
Other federal and state aid				
Veterans services	11,700	11,700	11,154	(546)
Snowmobile trail and bridge aid	80,220	84,690	84,690	-
Emergency government	42,253	42,253	47,232	4,979
Land conservation	257,340	286,652	286,442	(210)
Victim/witness program	36,500	36,500	32,736	(3,764)
Sheriff	23,350	27,136	32,261	5,125
Child support	312,779	312,779	307,060	(5,719)
Wisconsin Fund	2,900	2,900	-	(2,900)
Public health	146,269	381,914	374,061	(7,853)
Recycling	86,946	86,946	86,895	(51)
Crops aid	18,500	18,500	18,383	(117)
Land records	96,792	98,432	96,332	(2,100)
Court support	60,026	60,026	59,991	(35)
GAL assistance	27,774	27,774	35,143	7,369
Extension services	3,373	3,123	5,930	2,807
Routes to Recovery and CARES	-	539,579	539,579	-
<b>Total intergovernmental</b>	<b>1,392,923</b>	<b>2,207,105</b>	<b>2,228,179</b>	<b>21,074</b>
<b>Licenses and permits</b>				
Zoning fees and permits	134,650	134,650	201,376	66,726
Dog licenses	12,500	12,500	12,083	(417)
Marriage fees and licenses	4,300	4,300	4,230	(70)
Alarm registration	7,500	7,500	7,975	475
<b>Total licenses and permits</b>	<b>158,950</b>	<b>158,950</b>	<b>225,664</b>	<b>66,714</b>
<b>Fines and forfeits</b>				
County ordinance fines	55,000	55,000	65,734	10,734
State fines and forfeitures	60,000	60,000	48,166	(11,834)
Penalties and restitution	38,000	38,000	29,119	(8,881)
<b>Total fines and forfeitures</b>	<b>153,000</b>	<b>153,000</b>	<b>143,019</b>	<b>(9,981)</b>

# Waushara County, Wisconsin

## GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Public charges for services</b>				
Clerk	12,250	12,250	5,255	(6,995)
Treasurer	350	350	239	(111)
Circuit court	199,720	199,720	187,074	(12,646)
Family court	6,190	6,190	4,324	(1,866)
Register of deeds	160,000	160,000	195,979	35,979
Child support	9,750	9,750	6,565	(3,185)
Land conservation	13,500	13,500	17,700	4,200
Veteran services	5,900	5,900	705	(5,195)
Sheriff	48,325	48,325	34,905	(13,420)
Jail	235,414	235,414	166,413	(69,001)
Land record modernization	44,708	44,708	53,592	8,884
Zoning	128,200	171,959	173,836	1,877
Dedication fees	-	-	6,900	6,900
Public health	342,500	342,500	268,330	(74,170)
Recycling fees	23,150	23,150	29,169	6,019
Extension	1,800	1,800	4,383	2,583
Coroner	19,000	19,000	36,270	17,270
Legal fees and guardian ad litem	1,000	1,000	1,967	967
<b>Total public charges for services</b>	<b>1,251,757</b>	<b>1,295,516</b>	<b>1,193,606</b>	<b>(101,910)</b>
<b>Intergovernmental charges for services</b>				
Sheriff	519,292	524,796	602,605	77,809
School liaison officer	31,533	31,533	31,533	-
Clerk	44,400	44,400	46,187	1,787
Treasurer	400	400	400	-
Administrative	400	400	400	-
Corporation counsel	11,000	11,000	11,337	337
District attorney	500	500	101	(399)
Indirect costs	209,076	213,315	209,509	(3,806)
Circuit court	2,668	2,668	2,601	(67)
Family court	900	900	1,227	327
Public health	128,276	128,276	132,107	3,831
<b>Total intergovernmental charges for services</b>	<b>948,445</b>	<b>958,188</b>	<b>1,038,007</b>	<b>79,819</b>
<b>Miscellaneous</b>				
Sale of assets	59,000	59,000	76,331	17,331
Rental income	20,001	20,001	22,373	2,372
Donations	21,000	25,138	21,781	(3,357)
Interest on investments	175,000	175,000	121,667	(53,333)
Miscellaneous	64,240	48,860	77,570	28,710
<b>Total miscellaneous</b>	<b>339,241</b>	<b>327,999</b>	<b>319,722</b>	<b>(8,277)</b>
<b>Total revenues</b>	<b>\$ 16,440,247</b>	<b>\$ 17,296,689</b>	<b>\$ 17,731,229</b>	<b>\$ 434,540</b>

## Waushara County, Wisconsin

### GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
General government				
County board	\$ 112,345	\$ 112,345	\$ 87,239	\$ 25,106
Clerk	181,379	175,999	175,857	142
Treasurer	306,231	312,919	310,920	1,999
Purchasing agent	16,000	16,000	11,898	4,102
Elections	61,633	61,633	62,107	(474)
Finance department	216,339	216,339	192,993	23,346
Buildings and grounds	410,841	443,305	405,143	38,162
Fleet vehicles	50,000	50,000	45,559	4,441
Accounting and auditing	60,555	60,555	76,088	(15,533)
Unemployment and worker's compensation insurance	1,000	1,000	1,000	-
District attorney	271,999	271,999	230,940	41,059
Family court	87,450	87,450	68,212	19,238
Circuit court	705,026	705,026	620,756	84,270
Register of deeds	245,393	245,393	232,833	12,560
Administration	570,771	570,771	512,416	58,355
Corporation counsel	265,188	265,188	264,188	1,000
Land record modernization	136,300	137,940	128,386	9,554
State special charges	5,000	5,000	701	4,299
Clean up	20,000	24,239	24,237	2
Property assessment	1,290	1,290	1,296	(6)
Land information grant	40,803	40,803	40,803	-
Victim/witness program	86,884	97,189	97,022	167
Total general government	<u>3,852,427</u>	<u>3,902,383</u>	<u>3,590,594</u>	<u>311,789</u>
Public safety				
Sheriff	4,715,351	4,788,479	4,586,598	201,881
Jail	2,245,979	2,249,812	2,027,273	222,539
Emergency government	93,243	622,822	620,077	2,745
Hazmat charges	18,302	18,302	16,553	1,749
Coroner	197,660	197,660	176,234	21,426
Dog pound	82,706	82,706	83,233	(527)
Total public safety	<u>7,353,241</u>	<u>7,959,781</u>	<u>7,509,968</u>	<u>449,813</u>
Public works				
Surveyor	39,268	39,268	39,265	3
Solid waste	756,407	761,583	762,656	(1,073)
Recycling	271,183	271,183	243,352	27,831
Total public works	<u>1,066,858</u>	<u>1,072,034</u>	<u>1,045,273</u>	<u>26,761</u>
Health and human services				
Child support	368,475	368,475	361,232	7,243
Veterans services	168,873	168,873	149,859	19,014
Public health	1,323,346	1,573,242	1,303,978	269,264
Total health and human services	<u>1,860,694</u>	<u>2,110,590</u>	<u>1,815,069</u>	<u>295,521</u>

## Waushara County, Wisconsin

### GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Culture and recreation				
UW Extension services	207,685	207,435	190,220	17,215
Library	535,775	535,775	535,776	(1)
County parks	362,849	467,801	459,693	8,108
Snowmobile trails	80,335	84,805	84,712	93
FVTC contribution	5,000	5,000	5,000	-
Total culture and recreation	<u>1,191,644</u>	<u>1,300,816</u>	<u>1,275,401</u>	<u>25,415</u>
Conservation and development				
Regional planning commission	40,094	40,094	40,094	-
Zoning	707,973	751,732	728,793	22,939
County advertising and promotion	18,749	20,146	17,407	2,739
Land conservation	554,929	584,241	576,883	7,358
CAP services	6,000	6,000	6,000	-
Total conservation and development	<u>1,327,745</u>	<u>1,402,213</u>	<u>1,369,177</u>	<u>33,036</u>
<b>Total expenditures</b>	<u>\$ 16,652,609</u>	<u>\$ 17,747,817</u>	<u>\$ 16,605,482</u>	<u>\$ 1,142,335</u>

# Waushara County, Wisconsin

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2020

	Special Revenue			
	Aging	Waushara Prevention Council	Economic Development	CDBG Housing Rehabilitation
<b>ASSETS</b>				
Cash and investments	\$ 382,194	\$ 75,765	\$ -	\$ 79,919
Receivables				
Taxes and special charges	300,300	-	-	-
Accounts	55,663	160	-	-
Loans	-	-	318,145	682,078
Due from other governments	85,609	-	-	-
Total assets	<u>\$ 823,766</u>	<u>\$ 75,925</u>	<u>\$ 318,145</u>	<u>\$ 761,997</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 29,282	\$ 205	\$ -	\$ -
Accrued and other current liabilities	29,433	-	-	-
Total liabilities	58,715	205	-	-
Deferred inflows of resources				
Property taxes levied for subsequent year	300,300	-	-	-
Loans and long-term receivables	-	-	318,145	682,078
Total deferred inflows of resources	300,300	-	318,145	682,078
Fund balances				
Restricted	57,093	-	-	79,919
Committed	407,658	75,720	-	-
Total fund balances	464,751	75,720	-	79,919
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 823,766</u>	<u>\$ 75,925</u>	<u>\$ 318,145</u>	<u>\$ 761,997</u>

CDBG		
Revolving Loan	Debt Service	Total
\$ 8,645	\$ -	\$ 546,523
-	1,218,625	1,518,925
-	-	55,823
-	-	1,000,223
-	-	85,609
<u>\$ 8,645</u>	<u>\$ 1,218,625</u>	<u>\$ 3,207,103</u>
\$ -	\$ -	\$ 29,487
-	-	29,433
-	-	58,920
-	1,218,625	1,518,925
-	-	1,000,223
-	1,218,625	2,519,148
8,645	-	145,657
-	-	483,378
8,645	-	629,035
<u>\$ 8,645</u>	<u>\$ 1,218,625</u>	<u>\$ 3,207,103</u>



# Waushara County, Wisconsin

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue				CDBG Revolving Loan	Debt Service	Total
	Aging	Waushara Prevention Council	Economic Development	CDBG Housing Rehabilitation			
<b>REVENUES</b>							
Taxes	\$ 310,390	\$ -	\$ -	\$ -	\$ -	\$ 842,000	\$ 1,152,390
Intergovernmental	647,985	5,000	-	-	-	-	652,985
Public charges for services	124,667	26,789	-	-	-	-	151,456
Intergovernmental charges for services	170,140	-	-	-	-	-	170,140
Miscellaneous	3,810	-	-	71,424	1	-	75,235
Total revenues	<u>1,256,992</u>	<u>31,789</u>	<u>-</u>	<u>71,424</u>	<u>1</u>	<u>842,000</u>	<u>2,202,206</u>
<b>EXPENDITURES</b>							
Current							
Health and human services	1,163,220	15,711	-	-	-	-	1,178,931
Conservation and development	-	-	318,145	57,288	11	-	375,444
Debt service							
Principal	-	-	-	-	-	1,175,000	1,175,000
Interest and fiscal charges	-	-	-	-	-	82,875	82,875
Total expenditures	<u>1,163,220</u>	<u>15,711</u>	<u>318,145</u>	<u>57,288</u>	<u>11</u>	<u>1,257,875</u>	<u>2,812,250</u>
Excess of revenues over (under) expenditures	<u>93,772</u>	<u>16,078</u>	<u>(318,145)</u>	<u>14,136</u>	<u>(10)</u>	<u>(415,875)</u>	<u>(610,044)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,680	-	318,145	-	-	415,875	735,700
<b>Net change in fund balances</b>	<u>95,452</u>	<u>16,078</u>	<u>-</u>	<u>14,136</u>	<u>(10)</u>	<u>-</u>	<u>125,656</u>
<b>Fund balances - January 1</b>	<u>369,299</u>	<u>59,642</u>	<u>-</u>	<u>65,783</u>	<u>8,655</u>	<u>-</u>	<u>503,379</u>
<b>Fund balances - December 31</b>	<u>\$ 464,751</u>	<u>\$ 75,720</u>	<u>\$ -</u>	<u>\$ 79,919</u>	<u>\$ 8,645</u>	<u>\$ -</u>	<u>\$ 629,035</u>

# Waushara County, Wisconsin

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - CUSTODIAL FUNDS  
DECEMBER 31, 2020**

	<u>Delinquent Taxes</u>	<u>Drainage District</u>	<u>State Fees</u>	<u>Human Services Clients</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 7,510	\$ 36,809	\$ 55,947
Receivables				
Delinquent taxes	112,603	-	-	-
Accounts, net	-	-	-	-
Total assets	<u>112,603</u>	<u>7,510</u>	<u>36,809</u>	<u>55,947</u>
<b>LIABILITIES</b>				
Due to other governments	-	-	36,809	-
<b>NET POSITION</b>				
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 112,603</u>	<u>\$ 7,510</u>	<u>\$ -</u>	<u>\$ 55,947</u>

	<u>Inmate</u>	<u>Clerk of Courts</u>	<u>Total Custodial Funds</u>
Cash and cash equivalents	\$ 22,030	\$ 127,506	\$ 249,802
Receivables			
Delinquent taxes	-	-	112,603
Accounts, net	-	636,174	636,174
Total assets	<u>22,030</u>	<u>763,680</u>	<u>998,579</u>
Due to other governments	-	62,005	98,814
Total liabilities	-	62,005	98,814
NET POSITION			
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 22,030</u>	<u>\$ 701,675</u>	<u>\$ 899,765</u>

The notes to the basic financial statements are an integral part of this statement.

# Waushara County, Wisconsin

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS - CUSTODIAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Delinquent Taxes	Drainage District	State Fees	Human Services Clients	Inmate	Clerk of Courts	Total Custodial Funds
<b>ADDITIONS</b>							
Contributions							
Individuals	\$ -	\$ -	\$ -	\$ 468,265	\$ 276,323	\$ 1,453,251	\$ 2,197,839
Property tax collections	57,841	-	-	-	-	-	57,841
Interest on delinquent balances	8,845	-	-	-	-	-	8,845
State fees collected	-	-	455,019	-	-	-	455,019
Interest income	-	49	-	-	-	-	49
Miscellaneous	-	-	-	-	112,833	-	112,833
<b>Total additions</b>	<b>66,686</b>	<b>49</b>	<b>455,019</b>	<b>468,265</b>	<b>389,156</b>	<b>1,453,251</b>	<b>2,832,426</b>
<b>DEDUCTIONS</b>							
Administrative expenses	-	1,680	-	-	-	-	1,680
Payments to individuals	-	-	-	144,188	58,403	-	202,591
Payments to other entities	-	1,045	-	201,712	40,268	-	243,025
Payments to other governments	77,984	-	455,019	122,588	295,664	1,563,797	2,515,052
<b>Total deductions</b>	<b>77,984</b>	<b>2,725</b>	<b>455,019</b>	<b>468,488</b>	<b>394,335</b>	<b>1,563,797</b>	<b>2,962,348</b>
<b>Change in net position</b>	<b>(11,298)</b>	<b>(2,676)</b>	<b>-</b>	<b>(223)</b>	<b>(5,179)</b>	<b>(110,546)</b>	<b>(129,922)</b>
<b>Net position - January 1</b>	<b>123,901</b>	<b>10,186</b>	<b>-</b>	<b>56,170</b>	<b>27,209</b>	<b>812,221</b>	<b>1,029,687</b>
<b>Net position - December 31</b>	<b>\$ 112,603</b>	<b>\$ 7,510</b>	<b>\$ -</b>	<b>\$ 55,947</b>	<b>\$ 22,030</b>	<b>\$ 701,675</b>	<b>\$ 899,765</b>

The notes to the basic financial statements are an integral part of this statement.



CliftonLarsonAllen LLP  
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ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS

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Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

County Board  
Waushara County  
Wautoma, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waushara County, Wisconsin, (the "County") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 23, 2021.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.




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**PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Wausau, Wisconsin  
July 23, 2021

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**APPENDIX C**

**Forms of the Indenture of Trust, the Loan Agreement, the Guaranty Agreements, and the Reimbursement Agreements**

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**INDENTURE OF TRUST**

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**Dated as of December 1, 2021**

Between

**FOND DU LAC COUNTY, WISCONSIN,**  
as Issuer

and

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

Relating to:

**\$70,000,000**  
**Fond du Lac County, Wisconsin**  
**Taxable Revenue Bonds, Series 2021**  
**(Bug Tussel 1, LLC Project)(Social Bonds)**

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This table of contents is not part of the Indenture, and is for convenience only. The captions herein are of no legal effect and do not vary the meaning or legal effect of any part of the Indenture.

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## **INDENTURE OF TRUST**

This INDENTURE OF TRUST, dated as of December 1, 2021 (the “Indenture”), between FOND DU LAC COUNTY, WISCONSIN, a political subdivision of the State of Wisconsin (the “Issuer”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing and authorized to accept and execute trusts of the character herein set out under the laws of the United States, as trustee (the “Trustee”).

### W I T N E S S E T H

WHEREAS, Section 66.1103 of the Wisconsin Statutes (the “Act”) authorizes the Issuer to issue revenue bonds to finance a project; and

WHEREAS, the Act authorizes the Issuer to make loans to a participant, in connection with financing a project; and

WHEREAS, pursuant to the Act and Section 66.0301, of the Wisconsin Statutes, a county, or two or more counties acting pursuant to an intergovernmental agreement, may serve as the Issuer for revenue bonds; and

WHEREAS, portions of the Project (defined below) will be constructed and installed in the following counties: Fond du Lac, Calumet, Jackson, Marathon and Waushara (each a “Participating County”); and

WHEREAS, the Participating Counties have entered into an Intergovernmental Agreement dated as of December 1, 2021, providing that, among other things, Fond du Lac County, Wisconsin shall serve as the Issuer for the Bonds; and

WHEREAS, the Issuer has authorized the issuance of taxable revenue bonds and the loan of the proceeds of such revenue bonds to Bug Tussel 1, LLC, a Wisconsin limited liability company (the “Borrower”) pursuant to a loan agreement dated even herewith (the “Loan Agreement”) for the purpose of paying certain costs of the Project (as hereinafter defined), which Project is or will be located in the Participating Counties; and

WHEREAS, the Issuer’s Governing Body has found and determined: (i) that the Project is a qualified project under the Act; (ii) that the Borrower is a qualified participant under the Act; and (iii) that the financing of the Project will serve a public purpose and will in all respects conform to the provisions and requirements of the Act; and

WHEREAS, the Borrower has now requested that the Issuer issue the Bonds (as hereinafter defined) to provide for the financing of the Project; and

WHEREAS, the execution and delivery of this Indenture have been in all respects duly and validly authorized by resolution of the Issuer’s Governing Body; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee as in this Indenture provided, the legal, valid and binding limited obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid pledge and assignment of the Trust Estate (as hereinafter defined) have been done and performed; and

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

The Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds (as hereinafter defined) by the Owners (as hereinafter defined) thereof, in order to secure the payment of the principal of, and interest on, the Bonds according to their tenor and effect and the performance and observance by the Issuer of all its covenants expressed herein and in the Bonds, does hereby pledge, and convey, assign and grant to the Trustee a security interest in, the property described in paragraphs (a), (b), (c) and (d) below (said property referred to herein as the "Trust Estate"):

(a) all right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) in, to and under (1) the Promissory Note; (2) the Loan Agreement (but not including the Issuer's Unassigned Rights), the Pledged Revenues, and all other payments owing to the Issuer and paid by the Borrower under the Loan Agreement and the Promissory Note, and (3) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the loan of the proceeds of the Bonds; and

(b) the money and investments from time to time held by or on behalf of the Trustee in the funds and accounts under the terms of this Indenture (provided that any moneys or obligations deposited with or paid to the Trustee for the redemption or payment of Bonds which are deemed to have been paid in accordance with Article V hereof shall not constitute a part of the Trust Estate but will be held for and applied only to the payment of such Bonds); and

(c) any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under this Indenture by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof; and

(d) any and all proceeds of, income from, and earnings on, any of the foregoing;

TO HAVE AND TO HOLD all the same to the Trustee and its successors and assigns forever;

BUT IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Owners of the Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any of the others except as otherwise expressly provided herein;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay or cause to be paid the principal of the Bonds and interest due or to become due thereon, at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee sums sufficient to pay the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof; then upon such final payment this

Indenture and the rights hereby granted shall cease, terminate, and become null and void; otherwise this Indenture to be and remain in full force and effect.

## ARTICLE I

### DEFINITIONS, RULES OF CONSTRUCTION

#### **Section 1.01. Definitions of Words and Terms.**

All words and phrases defined in the preambles of this Indenture shall have the same meaning in this Indenture, except as otherwise appears in this Section. In addition, the following terms shall have the following meanings, unless the context otherwise requires:

“Access Agreements” means, collectively, the Access Agreements, each dated as of December 1, 2021, from the applicable Participating County to the Trustee, as supplemented or amended from time to time pursuant to the provisions thereof and hereof, and each is an “Access Agreement”.

“Act” means Section 66.1103 of the Wisconsin Statutes, as amended from time to time.

“Additional Bonds” means additional bonds issued by the Issuer pursuant to Section 2.10 hereof.

“Affiliate” means any Person which “controls,” is “controlled” by, or is under common “control” with, the Borrower. For purposes of this definition, a Person “controls” another Person when the first Person possesses or exercises directly, or indirectly through one or more other affiliates or related entities, the power to direct the management and policies of the other Person, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract, or otherwise.

“Authorized Denominations” means denominations of \$100,000 or any multiple of \$5,000 in excess thereof.

“Bankruptcy Condition” means (i) the filing of a petition in bankruptcy by or against the Borrower or the Issuer as debtor under the United States Bankruptcy Code, 11 U.S.C. Sections 101 et seq., or (ii) the commencement or continuance of other judicial proceedings with respect to the Borrower or the Issuer as debtor under similar or successor federal or state bankruptcy, reorganization or insolvency laws.

“Book-Entry System” means the global book-entry system used by a Securities Depository appointed pursuant to Section 2.03 hereof to effect the transfer of beneficial ownership interests in the Bonds.

“Bond Counsel” means any legal counsel selected by the Borrower and reasonably acceptable to the Issuer and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and experienced in the financing of utility facilities.

“Bond Fund” means the fund by that name created by Section 4.03 of this Indenture.

“Bondowner” means the Owner of a Bond.

“Bond Purchase Agreement” means the Bond Purchase Agreement dated as of December 8, 2021 among the Issuer, the Underwriter and the Borrower.

“Bonds” means, collectively, the Series 2021 Bonds and any Additional Bonds.

“Borrower” means Bug Tussel 1, LLC, a Wisconsin limited liability company, and its permitted successors and assigns under the Loan Agreement.

“Borrower Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of December 1, 2021 between Borrower and U.S. Bank National Association, as dissemination agent, as supplemented or amended from time to time pursuant to the provisions thereof and hereof.

“Borrower Representative” means the President or Chief Financial Officer of the Borrower and such other person or persons at the time designated to act on behalf of the Borrower in matters relating to this Indenture and the Loan Agreement as evidenced by a written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Borrower by its Member. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Borrower Representative.

“Business Day” means a day other than (a) a Saturday, Sunday or legal holiday, and (b) a day on which banks located in any city in which the designated corporate trust office of the Trustee or of any Paying Agent is located are required or authorized by law to remain closed.

“Closing Date” means [December 16, 2021].

“Code” means the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

“Completion Date” means the completion date of the Project as determined in accordance with Section 4.06 of the Loan Agreement.

“Continuing Disclosure Agreements” means, collectively, the County Continuing Disclosure Agreements and the Borrower Continuing Disclosure Agreement.

“Cost of Issuance Fund” means the fund by that name created by Section 4.03 of this Indenture.

“Costs of Issuance” means the costs of issuing the Bonds, including but not limited to the following:



- (a) underwriter's compensation (whether realized directly or derived through purchase of the Bonds at a discount below the price at which they are expected to be sold to the public);
- (b) counsel fees (including Bond Counsel, underwriter's counsel, Issuer's counsel, and counsel to the Guarantors, as well as any other specialized counsel fees incurred in connection with the borrowing);
- (c) financial advisor fees of any financial advisor to the Issuer or the Borrower incurred in connection with the issuance of such Bonds;
- (d) rating agency fees, bond insurance fees and premiums, if any;
- (e) Trustee, escrow agent and Paying Agent fees;
- (f) accountant fees and other expenses related to issuance of such Bonds;
- (g) printing costs (for such Bonds and of the preliminary and final limited offering memorandum or other offering document relating to such Bonds); and
- (h) fees and expenses of the Issuer incurred in connection with the issuance of such Bonds.

"Counsel" means an attorney acceptable to the Issuer, duly admitted to practice law before the highest court of any state, including an attorney for the Borrower, Issuer or Trustee.

"County Continuing Disclosure Agreements" means, collectively, the Continuing Disclosure Agreement, each dated as of December 1, 2021, each between the applicable Participating County and U.S. Bank National Association, as dissemination agent, as supplemented or amended from time to time pursuant to the provisions thereof and hereof, and each is a "County Continuing Disclosure Agreement."

"Date of Issuance" means, for the Series 2021 Bonds, December 16, 2021, the date of original issuance of the Series 2021 Bonds, and for any other Additional Bonds issued hereunder, the date of original issuance of such series of Additional Bonds.

"Debt Service Reserve Fund" means the trust fund described in Section 4.09 of this Indenture.

"Debt Service Reserve Account" refers to any account by such name created for a particular series of Bonds created under Section 4.09 of this Indenture or in any Supplemental Indentures providing for the issuance of Additional Bonds.

“Defeasance Obligations” means:

(a) Government Obligations which are not subject to redemption prior to maturity; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) either (A) the obligations are not subject to redemption prior to maturity or (B) the trustee for such obligations has been given irrevocable instructions concerning their call and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or noncallable Government Obligations that may be applied only to payment of principal of, and interest on, such obligations;

(3) the sufficiency of such cash and noncallable Government Obligations to pay in full all principal of, and interest on, such obligations has been verified by the report of an independent certified public accountant (a “Verification”) and no substitution of Government Obligations shall be permitted except with cash or other Government Obligations and upon delivery of a new Verification;

(4) such cash and Government Obligations serving as security for the obligations are held in an irrevocable escrow by an escrow agent or a trustee in trust for the owners of such obligations, at least one year has passed since the establishment of such escrow and the issuer of such obligations is not, and has not been since the establishment of such escrow, a debtor in a proceeding commenced under the United States Bankruptcy Code;

(5) the Trustee has received an Opinion of Counsel that such cash and Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent;

(6) the Trustee has received an unqualified opinion of nationally recognized bankruptcy counsel to the effect that the payment of principal of and interest on such obligations made from such escrow would not be avoidable as preferential payments and recoverable under the United States Bankruptcy Code should the obligor or any other Person liable on such obligations become a debtor in a proceeding commenced under the United States Bankruptcy Code; and

(7) the obligations are rated in the highest rating category by a nationally recognized securities rating service.

“Electronic Notice” means notice transmitted by electronic mail or facsimile.

“Eligible Costs of the Project” means the following categorical costs of providing the

Project:

- (a) the “Costs of Issuance,” as defined in the Indenture;
- (b) the “Capitalized Interest Costs,” namely interest on the Bonds from the Issuance Date to the Completion Date;
- (c) the “Engineering Costs,” namely the architectural and engineering costs and other costs which are or were necessary for the design and planning of the Project;
- (d) the “Project Costs,” namely those costs of acquiring, constructing and installing the Project;
- (e) taxes related to the Project and insurance premiums related to the Project.

“Eligible Funds” means (i) any amounts (including investment earnings) in the Bond Fund which have been held by the Trustee for the Minimum Holding Period and not subject to any lien of any Guarantor, or (ii) any amounts paid to the Trustee from any of the Guarantors.

“Event of Default” has the meaning given such term in Section 7.01 hereof; provided, that when used with reference to the Loan Agreement, “Event of Default” shall have the meaning assigned thereto in Section 8.01 of the Loan Agreement; provided further, that when used in reference to a Transaction Document, “Event of Default” shall have the meaning assigned thereto or any other equivalent term used therein.

“Facilities” means the facilities financed, in whole or in part, with the proceeds of the Bonds, which are described generally in Exhibit A to the Loan Agreement.

“Government Obligations” means the following:

- (a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are wholly and unconditionally guaranteed by, the United States of America; and
- (b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian.

“Guarantors” means each of the Participating Counties.

“Hilbert” means Hilbert Communications, LLC, a Wisconsin limited liability company.

“Hilbert Guaranty Agreements” means, collectively, the Guaranty Agreements, each dated as of December 1, 2021, from Hilbert to, respectively, each of the Participating Counties, as supplemented or amended from time to time pursuant to the provisions thereof and hereof, and each is a “Hilbert Guaranty Agreement”.

“Indenture” means this Indenture of Trust between the Issuer and the Trustee, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of this Indenture.

“Interest Payment Date” means May 1 and November 1 of each year beginning on May 1, 2022.

“Intergovernmental Agreement” means the Intergovernmental Agreement by and among the Participating Counties, dated December 1, 2021, as may be amended and supplemented in order to add any additional Participating Counties.

“Issuer” means Fond du Lac County, Wisconsin, a political subdivision of the State of Wisconsin.

“Issuer Representative” means the individuals designated as Authorized Signatories of the Issuer with respect to the Bonds by a resolution of the Issuer’s Governing Body, and such other person or persons at the time designated to act on behalf of the Issuer in matters relating to this Indenture and the Loan Agreement as evidenced by a written certificate furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the Issuer. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Issuer Representative.

“Issuer’s Governing Body” means the Board of Supervisors of the Issuer.

“Issuer’s Unassigned Rights” means the Issuer’s rights under Sections 4.08 (relating to use of the facilities and related matters), 6.03 (relating to indemnification), 6.13 (relating to payment of expenses), 6.15 (relating to payment of costs of issuance and expenses), 8.04 (relating to payment of attorneys’ fees) and Section 9.08 (relating to payment of the Issuer’s expenses) of the Loan Agreement.

“Joinder Agreement” means the Counterpart and Joinder to Intergovernmental Agreement to be executed by each Participating County.

“Limited Guaranty Agreements” means, collectively, the Guaranty Agreements for outstanding Bonds, from the applicable Guarantor to the Trustee, as supplemented or amended from time to time pursuant to the provisions thereof and hereof, and each is a “Limited Guaranty Agreement”.

“Limited Offering Memorandum” means the final Limited Offering Memorandum related to the Series 2021 Bonds dated as of December 8, 2021.

“Loan” means the loan of the proceeds of the Bonds made by the Issuer to the Borrower pursuant to the Loan Agreement.

“Loan Agreement” means the Loan Agreement, dated as of December 1, 2021, between the Issuer and the Borrower, as from time to time amended or supplemented by Supplemental Loan Agreements in accordance with the provisions of Article X hereof.

“Mandatory Sinking Fund Payment” means the amount required by Section 3.01(d) to be paid on any single date for the retirement of Term Bonds.

“Minimum Holding Period” means, with respect to any funds, a continuous period of 125 days during which (a) the Trustee holds such funds in the Bond Fund and (b) no Bankruptcy Condition has occurred.

“Mortgages” means, collectively, all Mortgage and Security Agreements, or Leasehold Mortgage, Assignment of Leases and Rents, Security Agreement, and Fixture Financing Statement from the Borrower to the applicable Participating County, related to various real property on which towers financed by the Bonds are located as supplemented or amended from time to time pursuant to the provisions thereof and hereof, and each is a “Mortgage”.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Opinion of Counsel” means a written opinion of Counsel.

“Outstanding” means with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under this Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in Section 2.09 of this Indenture;

(b) Bonds for whose payment or redemption money or Defeasance Obligations in the necessary amount have been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in Section 5.01 of this Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture; and

(d) Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in Section 2.08 of this Indenture;

provided, however, that pursuant to Section 12.02 certain Bonds shall be disregarded and deemed not to be Outstanding for certain purposes.

“Owner” means, in respect of a Bond, the Person or Persons in whose name the Bond is registered on the bond registration books maintained by the Trustee pursuant to Section 2.06 hereof.

“Participants” means those financial institutions for whom the Securities Depository effects book entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“Participating Counties” means, initially, and with respect to the Series 2021 Bonds, and only for so long as such Series 2021 Bonds remain outstanding, the counties of Fond du Lac, Calumet, Jackson, Marathon and Waushara, each a political subdivision of the State of Wisconsin, and

each is a “Participating County” and subsequently, with respect to any Additional Bonds, such other counties, each in Wisconsin, as are specified in the applicable Supplemental Indenture.

“Paying Agent” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to this Indenture or any Supplemental Indenture as paying agent for any Bonds at which the principal of, and interest on, such Bonds shall be payable.

“Permitted Encumbrances” means:

- (a) liens in favor of a Participating County;
- (b) the lien and security interest of the Loan Agreement, the Mortgage, the Pledge of Membership Interest Agreement or any lien related to and permitted by any other Transaction Documents;
- (c) liens for taxes, assessments, and other governmental charges not delinquent, or if delinquent are being contested in good faith by appropriate proceedings and as to which the Borrower shall have set aside on its books adequate reserves with respect thereto;
- (d) mechanic's, laborer's, materialman's, supplier's or vendor's liens filed of record, so long as (i) within forty-five (45) days after the filing of any such lien against the Property, Borrower promptly discharges the same by payment or filing a bond or otherwise as permitted by Law and acceptable to Mortgagee, or (ii) Mortgagee's security has been protected by the filing of a bond or otherwise in a manner satisfactory to Mortgagee in its sole and absolute discretion, Borrower shall have the right to contest in good faith any lien, provided that Borrower does so diligently and without prejudice to Mortgagee;
- (e) liens in respect of judgments or awards in an amount of \$50,000 or less, with respect to which the Borrower is in good faith currently prosecuting an appeal or proceedings for review, and with respect to which the Borrower shall have secured a stay of execution pending such appeal or proceedings for review, provided the Borrower shall have set aside on its books adequate reserves with respect thereto;
- (f) utility, access and other easements and rights-of-way, restrictions, encumbrances and exceptions that do not materially affect the marketability of title to such Property and do not in the aggregate materially impair the use of such Property for the purposes for which it is held by the Borrower;
- (g) such minor defects and irregularities of title as normally exist with respect to property similar in character to the Property affected thereby and which do not materially affect the marketability of title to or value of such Property and do not materially impair the use of such Property for the purposes for which it is held by the Borrower;
- (h) zoning laws, ordinances or regulations and similar restrictions that are not violated by the Property affected thereby;

- (i) statutory liens and rights of setoff granted to banks or other financial institutions with respect to funds on deposit in the ordinary course of business;
- (j) any other lien or encumbrance created or incurred in the ordinary course of business which does not secure, directly or indirectly, the repayment of borrowed money or the payment of installment sales contracts or capital leases and which, individually or in the aggregate, does not materially impair the value or the utility of the Property subject to such lien or encumbrance;
- (k) any exceptions contained in the title insurance policy and endorsements thereto with respect to the Property subject to the Mortgages acceptable to the Guarantors;
- (l) subordinated liens on Property securing indebtedness subordinated to the Bonds,
- (m) liens arising by reason of (1) good faith deposits with the Borrower in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), (2) deposits by the Borrower to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, (3) deposits as security for the payment of taxes or assessments or other similar charges, (4) deposits with, or the giving of any form of security to, any municipality or governmental or other public authority for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Borrower to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workers compensation, unemployment insurance, pensions or profit sharing plans or other social security plans or programs, or to share in the privileges or benefits required for corporations participating in such arrangements, and (5) additional cash deposits required by any Transaction Documents;
- (n) rights reserved to, or vested in, any municipality or governmental or other public authority by virtue of any franchise, license, contract or statute to control or regulate any Property, or to use such Property in any manner, or to purchase, or designate a purchaser of or order the sale of, any Property upon payment of cash or reasonable compensation therefor, or to terminate any franchise, license or other rights;
- (o) all right, title and interest of the state, municipalities and the public in and to tunnels, bridges and passageways over, under or upon a public way;
- (p) liens existing as of the Closing Date in favor of American National Bank-Fox Cities pursuant to the loan agreement between such party and the Company and other co-borrowers dated June 11, 2021 and the security agreement dated as of June 11, 2021 from the Company and other co-borrowers in favor of American National Bank-Fox Cities; and

(q) liens existing as of the Closing Date upon the equity and membership interests in the Borrower granted to (i) the Participating Counties pursuant to the Pledge of Membership Interest Agreement and (ii) granted to certain former and current unitholders and affiliated parties of Hilbert in connection with indebtedness owed by Hilbert to such unitholders and affiliated parties, and in either (i) or (ii), the proceeds thereof, whether now owned or hereafter acquired.

“Permitted Investments” means, if and to the extent the same are at the time legal for investment of funds held under this Indenture:

(a) Defeasance Obligations.

(b) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

(1) Senior debt obligations rated in one of the two highest long-term rating category by a nationally recognized rating agencies issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).

(2) Senior debt obligations of the Federal Home Loan Bank System.

(3) Senior debt obligations of other U.S. government sponsored agencies.

(c) U.S. dollar denominated deposit accounts, certificates of deposit, federal funds and bankers’ acceptances with domestic commercial banks which either (a) have a rating on their short-term certificates of deposit on the date of purchase in the highest short-term rating category of a nationally recognized rating agencies, (b) are insured at all times by the Federal Deposit Insurance Corporation, or (c) are collateralized with direct obligations of the United States of America at one hundred two percent (102%) valued daily. All such certificates must mature no more than three hundred sixty (360) days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank).

(d) Commercial paper which is rated at the time of purchase in the highest short-term rating category of a nationally recognized rating agencies and which matures not more than two hundred seventy (270) days after the date of purchase.

(e) Investments in (a) money market funds subject to SEC Rule 2a-7 and rated in the highest short-term rating category of a nationally recognized rating agencies.

(f) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, authority, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and,

(1) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest long-term rating category of a nationally recognized rating agencies; or



(2) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and

(ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(g) General obligations of states with a long-term rating in one (1) of the three (3) highest rating categories of a nationally recognized rating agency. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.

(h) Investments agreements provided or guaranteed by a financial institution with a long-term rating in one (1) of the three (3) highest rating categories of a nationally recognized rating agency at the time the agreement is entered into.

(i) Other forms of investments (including repurchase agreements) approved in writing by the Authority and provided or guaranteed by a financial institution with a long-term rating in one (1) of the three (3) highest rating categories of a nationally recognized rating agency at the time the agreement is entered into. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.

“Person” means any natural person, firm, association, corporation, partnership, limited liability company, limited liability partnership, joint stock company, joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

“Pledged Revenues” means all revenues and income derived by or for the account of the Issuer from or for the account of the Borrower pursuant to the terms of the Loan Agreement, the Promissory Note, and this Indenture, including, without limitation (i) all payments and prepayments by the Borrower on the Promissory Note or pursuant to Section 6.13 of the Loan Agreement, but excluding any amounts derived by the Issuer for its own account pursuant to the enforcement of the Issuer’s Unassigned Rights and (ii) all cash and securities held from time to time in the funds and accounts established hereunder, and the investment earnings thereon.

“Pledge of Membership Interest Agreement” means the Pledge of Membership Interest Agreement, dated as of December 1, 2021, by Hilbert in favor of the Issuer, as agent, for the benefit of the Participating Counties, as the same may be supplemented, amended, amended and restated or otherwise modified in accordance with its terms.

“Preliminary Limited Offering Memorandum” means the Preliminary Limited Offering Memorandum related to the Series 2021 Bonds dated as of December 1, 2021.

“Pro Rata Share” means, with respect to a Participating County for a particular series of Bonds, the applicable Participating County's share of the amount necessary to replenish the applicable Debt Service Reserve Account for such series of Bonds calculated as follows: the Outstanding principal amount of the series of Bonds allocated to such Participating County pursuant to its Limited Guaranty Agreement, divided by the total principal amount of the series of Bonds to which such Limited Guaranty Agreement relates, then Outstanding. Pro Rata Share shall be calculated by the Trustee on the date of issuance of a particular series of Bonds, on each principal and interest payment date a particular series of Bonds, and on any date the Pro Rata Share of another Participating County whose Limited Guaranty Agreement relates to the same series of Bonds is reduced pursuant to the terms thereof, and in each case, memorialized on such date by the Trustee.

“Project” means the acquisition, construction, installation and equipping of the Facilities, as more particularly described on Exhibit A to the Loan Agreement.

“Project Enterprise” means the operation of wireless internet and telephone communications services to businesses, governmental units and residents of rural communities.

“Project Fund” means the fund by that name created by Section 4.03 hereof.

“Project Plans and Specifications” means the Borrower’s architectural and engineering drawings and other plans and specifications for the Project, as amended from time to time in accordance with Section 4.05 of the Loan Agreement.

“Promissory Note” means, collectively, the Borrower’s promissory notes in the form of Exhibit B to the Loan Agreement, dated the Date of Issuance, issued in the principal amount of the applicable series of Bonds payable to the order of the Issuer.

“Property” means with respect to the Borrower, any and all rights, title and interests of the Borrower in the Pledged Revenues, all property of the Borrower financed with proceeds of the Bonds, all property pledged under the Mortgages, all property pledged under the Security Agreements, and all property pledged under the Pledge of Membership Interest Agreement.

“Rating Agency” means any nationally recognized securities rating service that maintains a rating on any of the Bonds.

“Regular Record Date” means the 15th day (whether or not a Business Day) of the calendar month immediately preceding each Interest Payment Date.

“Reimbursement Agreements” means, collectively, the Reimbursement Agreements between the applicable Participating County and the Borrower, as supplemented or amended from time to time pursuant to the provisions thereof and hereof, and each is a “Reimbursement Agreement”.

“Reimbursement Documents” means, collectively, the Hilbert Guaranty Agreements, the Reimbursement Agreements, the Mortgages, the Access Agreements, the Pledge of Membership Interest Agreement, any other agreement or instrument securing the obligations of the Borrower or

the Hilbert to the Participating Counties, and any and all amendments or supplements to any of the foregoing.

“Replacement Bonds” means Bonds issued to the beneficial owners of such Bonds in accordance with Section 2.03 hereof.

“Requisition” means a requisition of the Borrower substantially in the form of Exhibit C to the Loan Agreement.

“Securities Act” means the Securities Act of 1933, as amended.

“Securities Depository” means The Depository Trust Company, New York, New York, and its successors and assigns, or any successor securities depository appointed pursuant to Section 2.03 hereof.

“Security Agreements” means, collectively, the Security Agreements between each of the Participating Counties and the Borrower related to the grant of a security interest in the fiber financed with proceeds of the Bonds by the Borrower to the applicable Participating County, as the same may be supplemented, amended, amended and restated or otherwise modified from time to time.

“Series 2021 Bonds” means the \$70,000,000 Fond du Lac County, Wisconsin, Taxable Revenue Bonds, Series 2021 (Bug Tussel 1, LLC Project)(Social Bonds).

“Series 2021 Debt Service Reserve Account” means the account by such name created under Section 4.03 hereof.

“Series 2021 Debt Service Reserve Requirement” means \$4,216,223.80 for the Series 2021 Bonds.

“Series 2021 Promissory Note” means the Promissory Note from the Borrower to the Issuer related to the Series 2021 Bonds.

“Special Record Date” means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest on such Bond pursuant to Section 2.04 hereof.

“State” means the State of Wisconsin.

“Stated Maturity” when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

“Supplemental Indenture” means any indenture supplemental or amendatory to this Indenture entered into by the Issuer and the Trustee pursuant to Article IX of this Indenture.

“Supplemental Loan Agreement” means any agreement supplemental or amendatory to the Loan Agreement entered into by the Issuer and the Borrower pursuant to Article X hereof.

“Term Bonds” means Bonds that are subject to mandatory sinking fund redemption prior to their scheduled maturity date or dates calculated to retire such Bonds on or before their specified maturity date or dates.

“Transaction Documents” means this Indenture, the Loan Agreement, the Promissory Note, the Bonds, the Intergovernmental Agreement, the Limited Guaranty Agreements, the Hilbert Guaranty Agreements, the Reimbursement Agreements, the Mortgages, the Access Agreements, the Security Agreements, the Pledge of Membership Interest Agreement, the Bond Purchase Agreement, the Preliminary Limited Offering Memorandum, the final Limited Offering Memorandum, and the Continuing Disclosure Agreements, including any and all amendments or supplements to any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

“Trustee” means U.S. Bank National Association, and its successor or successors and any other corporation or association which at any time may be substituted in its place pursuant to and at the time serving as trustee under this Indenture.

“Trust Estate” has the meaning set forth in the Granting Clauses of this Indenture.

“Underwriter” means UBS Financial Services, Inc., as representative for itself and Robert W. Baird & Co. Incorporated.

“United States Bankruptcy Code” means the United States Bankruptcy Reform Act of 1978, as amended from time to time, or any substitute or replacement legislation.

### **Section 1.02. Rules of Construction.**

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following rules of construction apply in construing the provisions of this Indenture:

- (a) The terms defined in this Article include the plural as well as the singular.
- (b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles to the extent applicable. The term “generally accepted accounting principles” refers to such principles in effect on the date of the determination, certification, computation or other action to be taken hereunder using or involving such terms provided, as applied to any entity that operates a utility or other discrete enterprise of a type with respect to which particular accounting principles from time to time shall have been generally adapted or modified, the term “generally accepted accounting principles” shall include the adaptations or modifications.
- (c) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to be the designated Articles, Sections and other subdivisions of this instrument as originally executed.

(d) The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision hereof.

(e) The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

(f) Whenever an item or items are listed after the word “including,” such listing is not intended to be a listing that excludes items not listed.

(g) The word “or” is not intended to be exclusive, but is intended to permit or encompass one, more or all of the alternatives conjoined.

(h) Any terms not defined herein but defined in the Loan Agreement shall have the meanings set forth in the Loan Agreement unless the context clearly requires otherwise.

**Section 1.03. Characteristics of Certificate or Opinion.**

Every certificate or Opinion of Counsel with respect to compliance with a condition or covenant provided for in this Indenture shall include: (i) a statement that the person or persons making such certificate or opinion have read such covenant or condition and the definitions herein relating thereto; (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based; (iii) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such condition or covenant has been complied with; and (iv) a statement whether, in the opinion of the signers, such condition or covenant has been complied with.

Reference is made to Section 12.03 for further provisions relating to the content of such certificates and opinions.

**ARTICLE II**

**THE BONDS**

**Section 2.01. Authorization of Bonds; Terms of Bonds.**

(a) No Bonds may be issued under this Indenture except in accordance with the provisions of this Article. The total principal amount of Bonds that may be issued under this Indenture is limited as provided in this Section.

(b) The aggregate principal amount of the Bonds that may be authenticated and delivered and Outstanding under this Indenture is limited to and shall not exceed \$240,000,000.

(c) There shall be issued under and secured by this Indenture a series of Bonds designated “FOND DU LAC COUNTY, WISCONSIN TAXABLE REVENUE BONDS, SERIES 2021 (BUG TUSSEL 1, LLC PROJECT) (SOCIAL BONDS)” in the aggregate original principal amount of \$70,000,000, for the purpose of providing funds to make a loan

to the Borrower to be used, with other available funds, to finance the Project as provided in Section 4.05 hereof. The Series 2021 Bonds mature as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
11/01/2027	\$1,925,000	2.165%
11/01/2028	1,970,000	2.265%
11/01/2029	2,010,000	2.428%
11/01/2030	2,060,000	2.528%
11/01/2031	2,110,000	2.628%
11/01/2032	2,165,000	2.778%
11/01/2033	2,225,000	2.928%
11/01/2034	2,295,000	3.028%
11/01/2035	2,360,000	3.128%
11/01/2036	2,440,000	3.228%
11/01/2041 (Term Bond)	13,455,000	3.432%
11/01/2051 (Term Bond)	34,985,000	3.532%

(d) The Bonds shall be issuable as fully registered bonds without coupons, in Authorized Denominations, in substantially the form set forth in Exhibit A attached to this Indenture, with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Indenture. The Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto. The Bonds shall be numbered from R-1 consecutively upward in order of issuance or in such other manner as the Trustee shall designate. Additional Bonds shall be in the form set forth in a Supplemental Indenture pursuant to which such Additional Bonds are issued.

(e) The Series 2021 Bonds shall bear interest from the Date of Issuance, payable on each Interest Payment Date as herein provided, commencing on May 1, 2022, until payment of the principal or redemption price thereof is made or provided for, whether at Stated Maturity, upon redemption or acceleration, or otherwise. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

(f) The Series 2021 Bonds may forthwith upon the execution and delivery of this Indenture, or from time to time thereafter, be executed by the proper officers of the Issuer and delivered to the Trustee for authentication, and shall thereupon be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

(1) A copy, certified by the Clerk of the Issuer, of the resolution adopted by the Issuer's Governing Body authorizing the issuance of the Bonds and the execution of this Indenture, the Loan Agreement and the other Transaction Documents to which it is a party;

(2) A copy, certified by the Member and/or another authorized officer of the Borrower, of the resolutions adopted by the Borrower's Members authorizing the execution and delivery of the Loan Agreement and the other Transaction Documents to which it is a party, and approving this Indenture and the issuance and sale of the Bonds;

(3) Original executed counterparts of the Transaction Documents;

(4) Original executed counterparts of closing certificates of the Issuer, Borrower, Trustee and Underwriter containing the substance required under the Bond Purchase Agreement;

(5) A request and authorization to the Trustee on behalf of the Issuer, executed by an Issuer Representative, to authenticate and thereafter to deliver the Bonds to the Underwriter upon payment to the Trustee, for the account of the Issuer, of the purchase prices thereof, and directing the Trustee as to the disposition of the proceeds of the Bonds. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the name of the Underwriter and the amounts of such purchase prices; and

(6) An Opinion of Bond Counsel stating in effect and subject to customary assumptions and qualifications, that the Bonds, when issued and executed by the Issuer and authenticated and delivered by the Trustee, will be the valid and binding limited obligations of the Issuer in accordance with their terms and entitled to the benefits of and secured by the lien of this Indenture and the Limited Guaranty Agreements.

When the documents specified above have been filed with the Trustee, and when the Series 2021 Bonds shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver such Series 2021 Bonds to or upon the order of the Underwriter thereof, but only upon payment to the Trustee of the purchase price of the Series 2021 Bonds. The proceeds of the sale of the Series 2021 Bonds, including accrued interest thereon, if any, shall be immediately paid over to the Trustee, and the Trustee shall deposit and apply such proceeds as provided in Article IV hereof.

**Section 2.02. Limited Obligations.**

As provided in the Act, the Bonds shall be limited obligations of the Issuer payable by it solely from the Pledged Revenues and proceeds derived by the Trustee pursuant to the Limited Guaranty Agreements. The Bonds shall not constitute a debt or obligation of the Issuer, the Participating Counties, the State of Wisconsin or any political subdivision thereof within the meaning of any State of Wisconsin constitutional provision or statutory limitation and shall not be a charge against their general credit or taxing powers.

**Section 2.03. Book-Entry System; Securities Depository.**

Unless provided otherwise in a Supplemental Indenture for any Additional Bonds, the Bonds shall initially be registered in the name of Cede & Co., the nominee for the initial Securities Depository, and no beneficial owner will receive certificates representing their respective interests in the Bonds, except in the event the Trustee issues Replacement Bonds as provided in this Section. It is anticipated that during the term of the Bonds, the Securities Depository will make book entry transfers among its Participants and receive and transmit payment of principal of, and interest on, such Bonds to the Participants until and unless the Trustee authenticates and delivers Replacement Bonds to the beneficial owners as described in the following paragraph. With respect to Bonds held

in a Book-Entry System, the Issuer and the Trustee shall have no responsibility or obligation to any Participants. Without limiting the immediately preceding sentence, the Issuer and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Securities Depository or any Participant with respect to the beneficial ownership interests in the Bonds, (b) the delivery to any Participant or any other Person, other than the registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, (c) the payment to any Participant or any other Person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of, or interest on, the Bonds, (d) any consent given by the Securities Depository as registered owner of the Bonds or (e) the selection by the Securities Depository or any Participant of any beneficial owners to receive payment if Bonds are redeemed in part.

If (1) the Borrower determines (A) that the Securities Depository is unable to properly discharge its responsibilities, or (B) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities Exchange Act of 1934, as amended (the "1934 Act"), or (C) that the continuation of a Book Entry System to the exclusion of the Bonds being issued to any Bondowner other than the Securities Depository or its nominee is no longer in the best interests of the beneficial owners of such Bonds, or (2) the Trustee receives written notice from Participants having interests in not less than 50% of the principal amount of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the Participants have determined that the continuation of a Book Entry System to the exclusion of any Bonds being issued to any Bondowner other than the Securities Depository or its nominee is no longer in the best interests of the beneficial owners of the Bonds, then the Trustee shall notify the Bondowners of such determination or such notice and of the availability of bond certificates to owners requesting the same, and the Trustee shall register in the name of and authenticate and deliver Replacement Bonds to the beneficial owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (1)(A) or (1)(B) of this paragraph, the Borrower, with the consent of the Trustee, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond which is held in its Book Entry System. If the Securities Depository resigns and the Borrower, the Trustee or Bondowners are unable to select a qualified successor of the Securities Depository in accordance with the following paragraph, then the Trustee shall authenticate and cause delivery of Replacement Bonds to Bondowners, as provided herein. The Trustee may rely on information from the Securities Depository and its Participants as to the names of the beneficial owners of the Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid by the Borrower.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the 1934 Act, the Borrower may appoint a successor Securities Depository, provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the 1934 Act, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The



Trustee upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

**Section 2.04. Method and Place of Payment.**

The principal of, and interest on, the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

The principal of all Bonds shall be payable by check at maturity or upon earlier redemption to the Persons in whose names such Bonds are registered on the Bond Register (as defined in Section 2.06 hereof) at the maturity or redemption date thereof, upon the presentation and surrender of such Bonds at the designated corporate trust office of the Trustee or of any Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the registered owner of such Bond as shown on the Bond Register at the close of business on the Regular Record Date for such interest, (1) by check of the Trustee sent to the Owner by first class mail at the Owner's address as it appears on the Bond Register or at such other address as is furnished to the Trustee in writing by such Owner, or (2) with respect to Bonds held by a Securities Depository, or at the written request addressed to the Trustee by any Owner of Bonds in the aggregate principal amount of at least \$1,000,000 (or, if the principal amount of the Outstanding Bonds is less than \$1,000,000, the Owner of all Outstanding Bonds), by electronic wire transfer in immediately available funds to the bank for credit to the ABA routing number and account number filed with the Trustee no later than a Regular Record Date for any interest payment, that all such payments be made by wire transfer.

Interest on any Bond that is due and payable but not paid on the date due ("Defaulted Interest") shall cease to be payable to the Owner of such Bond on the relevant Regular Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Borrower shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the Owners of the Bonds entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Trustee shall fix the Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Borrower of such Special Record Date and, in the name and at the expense of the Borrower, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Owner of a Bond entitled to such notice at the address of such Owner as it appears on the bond register not less than 10 days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

**Section 2.05. Execution and Authentication.**

The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signatures of an Issuer Representative and shall be authenticated by the Trustee. If any officer whose manual or facsimile signature appears on any Bonds shall cease to hold such office before the authentication and delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such person had remained in office until delivery. Any Bond may be signed by such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

No Bond shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of authentication substantially in the form provided for in Exhibit A hereto, executed by the Trustee by the manual signature of an authorized representative of the Trustee, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly authenticated and delivered hereunder. At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Bonds executed by the Issuer to the Trustee for authentication and the Trustee shall authenticate and deliver such Bonds as in this Indenture provided and not otherwise.

**Section 2.06. Registration, Transfer and Exchange of Bonds.**

The Trustee shall cause to be kept at its designated corporate trust office a register in which, subject to such reasonable regulations as it may prescribe, the Trustee shall provide for the registration, transfer and exchange of Bonds as herein provided (referred to herein as the "Bond Register"). The Trustee is hereby appointed "bond registrar" for the purpose of registering Bonds and transfers of Bonds as herein provided.

Bonds may be transferred or exchanged only upon the Bond Register maintained by the Trustee as provided in this Section (and while the Bonds are registered in the name of a Securities Depository, as provided in Section 2.03). Upon surrender for transfer or exchange of any Bond at the designated corporate trust office of the Trustee, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same Stated Maturity, of any Authorized Denominations and of a like aggregate principal amount.

Every Bond presented or surrendered for transfer or exchange shall (if so required by the Issuer or the Trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Trustee, as bond registrar, duly executed by the Owner thereof or his attorney or legal representative duly authorized in writing.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid limited obligations of the Issuer, evidencing the same debt, and entitled to the same security and benefits under this Indenture, as the Bonds surrendered upon such transfer or exchange.

No service charge shall be made for any registration, transfer or exchange of Bonds, but the Trustee or Securities Depository may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, and such charge shall be paid before any such new Bond shall be delivered. The fees and charges of the Trustee for making any transfer or exchange and the expense of any bond printing necessary to effect any such transfer or exchange shall be paid by the Borrower. In the event any Owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. To the extent permitted by Section 3406 of the Code, such amount may be withheld by the Trustee from amounts otherwise payable to such Owner hereunder or under the Bonds.

The Trustee shall not be required (i) to transfer or exchange any Bond during a period beginning at the opening of business 15 days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond so selected for redemption, in whole or in part, during a period beginning at the opening of business on any Regular Record Date for such Bonds and ending at the close of business on the relevant Interest Payment Date therefor.

The Issuer, the Borrower, the Trustee and any agent of the Issuer, the Borrower or the Trustee may treat the Person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of, and interest on, such Bond and for all other purposes whatsoever, except as otherwise provided in this Indenture, whether or not such Bond is overdue, and, to the extent permitted by law, neither the Issuer, the Borrower, the Trustee nor any such agent shall be affected by notice to the contrary.

The Person in whose name any Bond shall be registered on the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, except as otherwise provided in this Indenture, and payment of or on account of the principal of, and interest on, any such Bond shall be made only to or upon the order of the Owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

At reasonable times and under reasonable regulations established by the Trustee, the bond register maintained by the Trustee may be inspected and copied by the Issuer, the Borrower, or the Owners of 10% or more in principal amount of Bonds Outstanding or the authorized representative thereof, provided that the ownership of such Owner and the authority of any such designated representative shall be evidenced to the satisfaction of the Trustee.

Notwithstanding any other provision hereof, the Series 2021 Bonds may not be registered in the name of, or transferred to, any person except a Qualified Institutional Buyer (as defined in Rule 144A under the Securities Act of 1933, as amended); provided, however, that while any Series 2021 Bonds are held as Book-Entry Bonds pursuant to Section 2.03 hereof, Series 2021 Bonds registered in the name of DTC or its nominee shall be deemed to comply with this Section so

long as each Beneficial Owner of such Book-Entry Bonds is a Qualified Institutional Buyer. The Trustee shall have no responsibility for, or liability in connection with, determining whether any Beneficial Owner of Book-Entry Bonds is a Qualified Institutional Buyer. On the Closing Date, the initial investors in the Series 2021 Bonds shall be required to deliver an Investor Letter to the Underwriter in the form attached to the Limited Offering Memorandum.

The Series 2021 Bonds shall bear a legend in substantially the following form:

THIS BOND IS A "RESTRICTED SECURITY" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS BOND, (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT); AND (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS BOND EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT TO A PURCHASER REPRESENTING THAT IT IS A QUALIFIED INSTITUTIONAL BUYER.

**Section 2.07. Temporary Bonds.**

Pending the preparation of definitive Bonds, the Issuer may execute, and upon request of the Issuer the Trustee shall authenticate and deliver, temporary Bonds which are printed, lithographed, typewritten, or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Bonds may determine, as evidenced by their execution of such Bonds. If temporary Bonds are issued, the Issuer will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds at the designated corporate trust office of the Trustee, without charge to the Owner. Upon surrender for cancellation of any one or more temporary Bonds, the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of Authorized Denominations. Until so exchanged, temporary Outstanding Bonds shall in all respects be entitled to the security and benefits of this Indenture.

**Section 2.08. Mutilated, Destroyed, Lost and Stolen Bonds.**

If (i) any mutilated Bond is surrendered to the Trustee, or the Issuer and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Bond, and (ii) there is delivered to the Issuer and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer or the Trustee that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this Section, the Issuer and the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bond, shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture equally and ratably with all other Outstanding Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

### **Section 2.09. Cancellation of Bonds.**

All Bonds surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Trustee, shall be promptly cancelled by the Trustee, and, if surrendered to any Paying Agent other than the Trustee, shall be delivered to the Trustee and, if not already cancelled, shall be promptly cancelled by the Trustee. The Issuer or the Borrower may at any time deliver to the Trustee for cancellation any Bonds previously authenticated and delivered hereunder, which the Issuer or the Borrower may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Trustee. No Bond shall be authenticated in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Indenture. All cancelled Bonds held by the Trustee shall be destroyed and disposed of by the Trustee in accordance with applicable record retention requirements. The Trustee shall execute and deliver to the Issuer and the Borrower a certificate describing the Bonds so cancelled and destroyed.

### **Section 2.10. Additional Bonds.**

(a) The Issuer shall not issue any other bonds or obligations having a lien on the Trust Estate except for Additional Bonds issued pursuant to this Section.

(b) Additional Bonds may be issued for any legal purpose permitted by the Act.

(c) Additional Bonds must be issued by January 1, 2025.

(d) The terms and provisions relating to a series of Additional Bonds shall be as set forth in the Supplemental Indenture providing for the issuance of such series of Additional Bonds. Each series of Additional Bonds, upon execution on behalf of the Issuer, shall be deposited with the Trustee for authentication and delivery, and the Trustee shall authenticate and deliver such Additional Bonds upon receipt by the Trustee of the following:

(1) a copy, certified by an Issuer Representative, of a resolution and/or evidence of any other official actions taken by the Issuer authorizing, or an opinion of Bond Counsel to the effect that no additional official action is required to authorize,

(i) the execution and delivery of the Supplemental Indenture providing for the issuance of the Additional Bonds of such series and setting forth the terms of such Additional Bonds, (ii) the execution and delivery of any amendments or supplements to each of the Transaction Documents required by the issuance of such series of Additional Bonds (or an opinion of counsel that no such amendment is required), and (iii) issuance, sale, execution and delivery of such series of Additional Bonds;

(2) an original executed counterpart or a copy, certified by an Issuer Representative, of this Indenture, together with original executed counterparts or certified copies of all Supplemental Indentures executed and delivered since the date of issuance of the 2021 Bonds;

(3) an original executed counterpart or a copy, certified by an Issuer Representative, of the Supplemental Indenture providing for the issuance of the Additional Bonds of such series and setting forth terms of such Additional Bonds;

(4) an original executed counterpart or a copy, certified by the Issuer Representative and Borrower Representative, as applicable, of any amendments or supplements to the Transaction Documents to which each is a party;

(5) an opinion or opinions of counsel to the Borrower, addressed to the Issuer and the Trustee, to the effect that amendments and supplements, if any, to the Transaction Documents to which it is a party have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Borrower enforceable against the Borrower; provided, that such opinion or opinions of counsel may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and that no opinion is being rendered with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions under the financing documents;

(6) a request and authorization of the Issuer, signed by an Issuer Representative, to the Trustee to authenticate and, upon receipt of the purchase price, to deliver such series of Additional Bonds to or upon the order of the purchasers of such series of Additional Bonds;

(7) a certificate of the Borrower signed by a Borrower Representative stating that (i) no Event of Default, nor any event or condition that with notice or the passage of time or both would constitute an Event of Default, has occurred and is continuing under the Transaction Documents as of the date of issuance of such series of Additional Bonds and (ii) the issuance of such series of Additional Bonds, in and of itself, will not cause an Event of Default or default under the Transaction Documents;

(8) a final approving opinion of Bond Counsel addressed to the Trustee, duly executed;

(9) an Opinion of Counsel of the Borrower that the conditions of this Section for the issuance of such Additional Bonds have been satisfied;

(10) the agreement of the Borrower to pay the administrative fees and expense of the Issuer and the Trustee in connection with the issuance of a series of Additional Bonds;

(11) and evidence from a Rating Agency that such Additional Bonds will carry an investment grade rating of at least BBB - / Baa3 or the equivalent.

### ARTICLE III

#### REDEMPTION AND PURCHASE OF BONDS

##### **Section 3.01. Redemption of Bonds.**

The Series 2021 Bonds are subject to optional and mandatory redemption prior to Stated Maturity as follows:

(a) *Optional Redemption.* The Series 2021 Bonds maturing after November 1, 2031 are subject to redemption by the Issuer, in whole or in part, at the option of the Borrower, which may be exercised upon the written direction of the Borrower, on or after November 1, 2031, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date. Payment of the redemption price pursuant to this Section 3.01(a) shall be made with Eligible Funds.

(b) *Extraordinary Optional Redemption.*

(1) Damage, Destruction, Eminent Domain, Court Order or Legislative Change. The Series 2021 Bonds are subject to redemption in whole, or in part, at the option of the Borrower, on any Business Day, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date upon the occurrence of the following conditions (in all such cases, excluding any Participating County exercising remedies under the Reimbursement Documents, and excluding any and all actions or omissions, whether direct or indirect, by any Participating County, including, without limitation, foreclosure or other action transferring title or rights with respect to the Facilities or any component of the Project and legislative or administrative action taken by any Participating County): (A) all or a portion of the Facilities within a particular Participating County shall have been damaged or destroyed to such extent that, in the opinion of the Borrower expressed in a certificate of the Borrower Representative filed with the Issuer and the Trustee following such damage or destruction, (i) the completion of the Project will be delayed for at least six months, (ii) it is not practicable or desirable to rebuild, repair or restore the Facilities within a period of six consecutive months following such damage or destruction, or (iii) the Borrower is or will be thereby prevented from carrying on its normal operations in a material manner at any portion of the Facilities for a period of at least six consecutive months; or (B) title to or the temporary use of all or

substantially all of the Facilities in a particular Participating County shall have been taken under the exercise of the power of eminent domain by any governmental authority to such extent that, in the opinion of the Borrower expressed in a certificate of a Borrower Representative filed with the Issuer and the Trustee, (i) the completion of the Project will be delayed for at least six months or (ii) the Borrower is or will be thereby prevented from carrying on its normal operations in a material manner at any portion of the Facilities for a period of at least six consecutive months; or (C) any court or administrative body of competent jurisdiction shall enter a judgment, order or decree requiring the Borrower to cease all or any substantial part of its operations at any portion of the Facilities to such extent that, in the opinion of the Borrower expressed in a certificate of a Borrower Representative filed with the Issuer and the Trustee, the Borrower is or will be thereby prevented from carrying on its normal operations in a material manner at the Facilities for a period of at least six consecutive months; or (D) as a result of any changes in the Constitution of Wisconsin or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal), the Loan Agreement shall have become void or unenforceable or impossible to perform in accordance with the intent and purposes of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Issuer or the Borrower, in the opinion of the Issuer or the Borrower, as applicable, expressed in a certificate of an Issuer Representative or a Borrower Representative, as applicable, filed with the Trustee, as a consequence of the Series 2021 Bonds or the Series 2021 Promissory Note being Outstanding, including without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the Facilities owed by the Borrower as of the date of the Loan Agreement. In the event that the Bonds are subject to redemption under this section, and all Facilities located within a Participating County have been subject to the above-described conditions, upon the redemption of the portion of the Bonds representing the Facilities in such Participating County, such Participating County's Pro Rata Share shall be reduced by a corresponding amount. For the avoidance of doubt, if a Participating County's Pro Rata Share is reduced to zero pursuant to its Limited Guaranty Agreement, then such Participating County shall be released from its obligations under its applicable Limited Guaranty Agreement in accordance with the terms and conditions set forth therein. Payment of the redemption price pursuant to this Section 3.01(b)(1) shall be made with Eligible Funds.

(2) At the Option of the Guarantors. The Series 2021 Bonds are subject to redemption in whole, but not in part, at the option of the Guarantors, so long as the Guarantors are not in default under the Limited Guaranty Agreements, on any Business Day, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date upon the occurrence of each of the following conditions: (A) an Event of Default has occurred and is continuing, (B) the Bonds have been accelerated pursuant to the terms hereof and (C) all of the Guarantors have unanimously agreed to exercise their option to redeem the Series 2021 Bonds. Series 2021 Bonds redeemed pursuant to this section are payable by the Guarantors in accordance with Section 4.08(d) hereof. Payment of the redemption price pursuant to this Section 3.01(b)(2) shall be made with Eligible Funds.



(c) *Mandatory Redemption from Unused Proceeds.* The Series 2021 Bonds shall be redeemed prior to Stated Maturity, from any amounts transferred from the Project Fund to the Bond Fund as provided in Section 4.05 hereof upon the closing of the Project Fund. If there are moneys remaining in the Project Fund upon the closing thereof pursuant to Section 4.07 of the Loan Agreement and Section 4.05 hereof, the Trustee shall establish a redemption date, which shall be within 45 days of the Trustee's receipt of the certificate of a Borrower Representative establishing the Completion Date. The redemption price shall be 100% of the principal amount of the Bonds or portions thereof so redeemed, plus accrued interest to the redemption date. Payment of the redemption price pursuant to this Section 3.01(c) shall be made with Eligible Funds.

(d) *Mandatory Sinking Fund Redemption of the Series 2021 Bonds.* The Series 2021 Bonds maturing November 1, 2041 and November 1, 2051 are subject to mandatory sinking fund redemption prior to maturity on November 1 in each of the years and in the principal amount thereof shown in the following table at a redemption price equal to 100% of the principal amount being redeemed, plus interest accrued thereon to the date fixed for redemption:

Term Bonds Maturing on November 1, 2041

<u>Payment Dates</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
11/01/2037	\$ 2,515,000	3.432%
11/01/2038	2,600,000	3.432%
11/01/2039	2,685,000	3.432%
11/01/2040	2,780,000	3.432%
11/01/2041 (maturity)	<u>2,875,000</u>	3.432%
	\$13,455,000	

Term Bonds Maturing on November 1, 2051

<u>Payment Dates</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
11/01/2042	\$2,980,000	3.532%
11/01/2043	3,085,000	3.532%
11/01/2044	3,190,000	3.532%
11/01/2045	3,305,000	3.532%
11/01/2046	3,420,000	3.532%
11/01/2047	3,540,000	3.532%
11/01/2048	3,670,000	3.532%
11/01/2049	3,795,000	3.532%
11/01/2050	3,930,000	3.532%
11/01/2051 (maturity)	<u>4,070,000</u>	3.532%
	\$34,985,000	

### **Section 3.02. Election to Redeem; Notice to Trustee.**

In case of any redemption of Series 2021 Bonds pursuant to Section 3.01(a) or Section 3.01(b)(1), the Borrower, and in the case of any redemption of the Series 2021 Bonds pursuant to Section 3.01(b)(2), the Issuer on behalf of all of the Guarantors, at least 30 days prior to the redemption date fixed, by the Borrower if under Section 3.01(a) or 3.01(b)(1), and by the Issuer on behalf of all of the Guarantors if under Section 3.01(b)(2) (unless a shorter notice shall be satisfactory to the Trustee) give written notice to the Issuer, the Guarantors if under Section 3.01(a) or Section 3.01(b)(1) and to the Borrower if under Section 3.01(b)(2), and the Trustee directing the Trustee to call the Series 2021 Bonds for redemption and give notice of redemption and specifying the redemption date, the principal amount, and maturities of the Series 2021 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Indenture pursuant to which such the Series 2021 Bonds are to be called for redemption.

The foregoing provisions of this Section shall not apply in the case of any redemption of Series 2021 Bonds pursuant to Section 3.01(c) or Section 3.01(d), and the Trustee shall call such Series 2021 Bonds for redemption and shall give notice of redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Issuer or the Borrower and whether or not the Trustee shall hold in the Bond Fund money available and sufficient to effect the required redemption.

### **Section 3.03. Selection of Bonds to Be Redeemed; Bonds Redeemed in Part.**

Bonds may be redeemed only in Authorized Denominations. If less than all Bonds are to be redeemed pursuant to Section 3.01(a), Section 3.01(b)(1) or Section 3.01(d) hereof, such Bonds shall be redeemed from the Stated Maturity or Stated Maturities selected by the Borrower and if pursuant to Section 3.01(b)(2), as selected by the Issuer on behalf of all of the Guarantors. If less than all Bonds of a particular Stated Maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee from the Bonds which have not previously been called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for partial redemption (in Authorized Denominations) of Bonds in accordance with the operational arrangements of the Securities Depository then in effect; provided that no partial redemption shall leave Outstanding a Bond which is not an Authorized Denomination, unless such amount is the only amount Outstanding, then such final Bond of that series may be in that amount; and provided, further, that such selection shall be made by the Securities Depository for Bonds held in a Book-Entry System.

Any Bond which is to be redeemed only in part shall be surrendered at the place of payment therefor (with, if the Issuer or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the Owner thereof or his attorney or legal representative duly authorized in writing), and the Issuer shall execute and the Trustee shall authenticate and deliver to the Owner of such Bond, without service charge, a new Bond or new Bonds of the same Stated Maturity of any Authorized Denominations as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered. If the Owner of any such Bond shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the redemption date to the extent of the principal amount called for redemption (and to that extent only).

In lieu of surrender under the preceding paragraph, payment of the redemption price of a portion of any Bond registered in the name of the Securities Depository or its nominee under a Book-Entry System may be made directly to the Owner thereof without surrender thereof, if there shall have been filed with the Trustee a written agreement of such Securities Depository that payment shall be so made and that such Owner will not sell, transfer or otherwise dispose of such Bond unless prior to delivery thereof such Owner shall present such Bond to the Trustee for notation thereon of the portion of the principal thereof redeemed or shall surrender such Bond in exchange for a new Bond or Bonds for the unredeemed balance of the principal of the surrendered Bond.

The Trustee shall promptly notify the Issuer and the Borrower in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

### **Section 3.04. Notice of Redemption.**

Unless waived by any Owner of Bonds to be redeemed, official notice of any redemption of Bonds pursuant to Section 3.01 hereof shall be given by the Trustee on behalf of the Issuer by mailing a copy of an official notice of such redemption by first class mail, at least 20 days prior to the redemption date, to each Owner of Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Owner to the Trustee; provided that no defect in or failure to give any such redemption notice shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure.

All official notices of redemption shall be dated and shall include information which (a) identifies the Bonds to be redeemed by the name of the issue (including the name of the issuer and any series designation), CUSIP number, if any, date of issue, maturity date and any other descriptive information the Trustee deems desirable to accurately identify the Bonds to be redeemed and, if only a portion of some Bonds will be redeemed, the certificate numbers and the principal amount of those Bonds to be redeemed, (b) identifies the date on which the notice is published and the date on which the Bonds will be redeemed, (c) states the price at which the Bonds will be redeemed, (d) states that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date (unless sufficient moneys are not available to the Trustee to pay the redemption price); and (g) as to any Bonds to be redeemed pursuant to Section 3.01(a), (b) or (c), with respect to which Eligible Funds sufficient to pay the redemption price are not on deposit with the Trustee, states that such notice is conditional upon moneys or Government Obligations, or a combination thereof, which constitute Eligible Funds being on deposit with the Trustee in an amount sufficient to pay the redemption price on the redemption date, and that otherwise such redemption shall not be effective.

The failure of any Owner of Bonds to receive notice given as provided in this Section shall not affect the validity of any proceedings for the redemption of any Bonds. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives such notice.

So long as the Securities Depository is effecting book entry transfers of the Bonds, the Trustee shall provide the notices specified in this Section to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of the Securities

Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Bond (having been sent notice from the Trustee, the Securities Depository, a Participant or otherwise) to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

**Section 3.05. Deposit of Redemption Price; Bonds Payable on Redemption**

**Date.**

On or before any redemption date, the Issuer shall deposit with the Trustee or with a Paying Agent moneys or Government Obligations, or a combination thereof, provided by the Borrower, in an amount sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date. Such moneys and Government Obligations shall be held in trust for the benefit of the Persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

With respect to notice of any redemption of the Bonds pursuant to Section 3.01(a) or (b), unless moneys or Government Obligations, or a combination thereof, sufficient to pay the principal of, and interest on, the Bonds to be so redeemed, shall have been received by the Trustee on or prior to the redemption date, any notice of such redemption shall be of no force and effect, the Issuer shall not redeem such Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that such moneys or Government Obligations were not so received.

Notice of redemption having been given in accordance with Section 3.04 hereof and the deposit of funds for redemption having been made, (i) the Bonds or portions thereof so to be redeemed (together with accrued interest thereon to the redemption date) shall be due and payable on the redemption date and at the redemption price specified in the notice of redemption, and on and after such date such Bonds shall cease to bear interest, (ii) such Bonds or portions thereof shall cease to be entitled to any lien, benefit or security under this Indenture, and (iii) the Owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest thereon to the redemption date. Upon surrender of any such Bond so called for redemption, such Bond (or portion thereof) shall be paid at the redemption price specified in the notice of redemption. Installments of interest with a due date on or prior to the redemption date shall be payable to the Owners of the Bonds registered as such on the relevant Regular Record Dates according to the terms of such Bonds and the provisions of Section 2.04. If any Bond called for redemption shall not be paid upon surrender thereof for redemption, the Bond shall continue to bear interest until paid at the rate specified in the Bond.

**ARTICLE IV**

**FUNDS AND ACCOUNTS,  
APPLICATION OF BOND PROCEEDS  
AND OTHER MONEY**

**Section 4.01. Source of Payment.**

The principal of, and interest on, the Bonds shall be payable by the Issuer solely from the Pledged Revenues.

**Section 4.02. Pledged Revenues.**

The Pledged Revenues are hereby specifically, irrevocably and exclusively pledged to the punctual payment of the principal of, and interest on, the Bonds, and shall be used for no other purpose except as otherwise expressly authorized in this Indenture.

**Section 4.03. Creation of Funds and Accounts.**

There are hereby created and ordered to be established in the custody of the Trustee the following special trust funds and accounts in the name of the Issuer and the Borrower to be designated as follows:

- (a) “Fond du Lac County, Wisconsin—Bug Tussel 1, LLC Bond Fund” (the “Bond Fund”).
- (b) “Fond du Lac County, Wisconsin—Bug Tussel 1, LLC Project Fund” (the “Project Fund”).
- (c) “Fond du Lac County, Wisconsin—Bug Tussel 1, LLC Cost of Issuance Fund” (the “Cost of Issuance Fund”).
- (d) “Fond du Lac County, Wisconsin—Bug Tussel 1, LLC Debt Service Reserve Fund” (the “Debt Service Reserve Fund”) and within the Debt Service Reserve Fund, the Series 2021 Debt Service Reserve Account (“Series 2021 Debt Service Reserve Account”).

The Trustee shall create separate accounts or subaccounts within the Project Fund to be designated as follows:

- (e) Fond du Lac County Project Account, which shall be applied solely to pay costs allocable to portions of the Project located in Fond du Lac County;
- (f) Calumet County Project Account, which shall be applied solely to pay costs allocable to portions of the Project located in Calumet County;
- (g) Jackson County Project Account, which shall be applied solely to pay costs allocable to portions of the Project located in Jackson County;
- (h) Marathon County Project Account, which shall be applied solely to pay costs allocable to portions of the Project located in Marathon County;
- (i) Waushara County Project Account, which shall be applied solely to pay costs allocable to portions of the Project located in Waushara County; and
- (j) Series 2021 Capitalized Interest Account.

The Trustee is authorized to establish separate accounts within the Bond Fund, Debt Service Reserve Fund or otherwise segregate money within the Bond Fund or the Debt Service Reserve Fund, on a book entry basis or in such other manner as the Trustee may deem necessary or convenient or as may be required by this Indenture, or as the Trustee shall be instructed by the Issuer

or the Borrower. The Trustee is authorized to establish separate funds and accounts as required by any future Supplemental Indentures, including as related to funds and accounts as may be required or convenient for any Additional Bonds.

**Section 4.04. Deposit of Series 2021 Bond Proceeds and Other Money.**

The Issuer, for and on behalf of the Borrower, shall deposit with the Trustee all the net proceeds of the Series 2021 Bonds, and the Trustee shall deposit and transfer or credit such proceeds, together with any other money deposited with the Trustee as follows:

- (a) \$6,576,393.67 to the Series 2021 Capitalized Interest Account of the Project Fund;
- (b) \$12,404,211.02 to the Fond du Lac County Project Account of the Project Fund;
- (c) \$4,937,385.60 to the Calumet County Project Account of the Project Fund;
- (d) \$9,920,890.43 to the Jackson County Project Account of the Project Fund;
- (e) \$20,838,348.42 to the Marathon County Project Account of the Project Fund;
- (f) \$9,960,390.43 to the Waushara County Project Account of the Project Fund
- (b) through (g) referred to collectively as the “Participating County Project Accounts”);
- (g) \$4,216,223.80 to the Series 2021 Debt Service Reserve Account of the Debt Service Reserve Fund;
- (h) \$787,500.00 to the Cost of Issuance Fund; and thereafter
- (i) to the Persons, funds or accounts specified in the request and authorization of the Issuer described in Section 2.01(f)(4) hereof.

**Section 4.05. Project Fund.**

The Trustee shall deposit into the Project Fund, when and as received:

- (a) a portion of the original proceeds of the Series 2021 Bonds as directed pursuant to Section 4.04 hereof;
- (b) interest earnings and other income on Permitted Investments required to be deposited in the Project Fund pursuant to Section 4.13 hereof;
- (c) any additional moneys which the Borrower may deliver to the Trustee from time to time with the instruction that such moneys be deposited into the Project Fund; and
- (d) moneys required to be deposited into the Project Fund under the terms of a Supplemental Indenture.

The Trustee is hereby authorized and directed to disburse moneys from the Project Fund to pay (or reimburse the Borrower for) the Engineering Costs, the Project Costs, and the Capitalized Interest Costs (as defined in the definition of “Eligible Costs of the Project” in Section 1.01 hereof). Except as otherwise provided below, such disbursements shall be made only upon Requisition of the Borrower meeting the requirements of and submitted in accordance with Section 4.04 of the Loan Agreement. The Trustee shall be fully protected in relying upon such Requisitions of the Borrower and, other than to act in good faith and to not act in a grossly negligent manner or engage in intentional misconduct, the Trustee shall have no duty or obligation to request any additional information or documentation to verify the truth and accuracy of the statements and representations contained therein or to otherwise make any investigation in connection therewith. The Trustee shall not be responsible for determining whether the funds on deposit in the Project Fund are sufficient to complete the Project. The Trustee is not required to inspect or supervise the Project or to obtain completion bonds or lien releases.

The Trustee is hereby authorized and directed to disburse moneys from the Series 2021 Capitalized Interest Account of the Project Fund to the Bond Fund to pay interest on the Series 2021 Bonds on each May 1 and November 1, commencing May 1, 2022 and ending November 1, 2024 or until such sooner date as the amount on deposit in the Series 2021 Capitalized Interest Account of the Project Fund is depleted. After the November 1, 2024 Interest Payment Date, any moneys in the Series 2021 Capitalized Interest Account of the Project Fund shall be transferred to one or more of the separate accounts in the Project Fund as directed by the Borrower.

Upon the occurrence of an Event of Default under this Indenture or the Loan Agreement, or the occurrence of an event which, with the passage of time or the giving of notice or both, would become an Event of Default under this Indenture or the Loan Agreement, no further disbursements may be made from the Project Fund, except in accordance with Article VII hereof.

Upon the closing of the Project Fund in accordance with Section 4.07 of the Loan Agreement, that portion of any remaining balance in the Project Fund shall be transferred to the Bond Fund and applied pro rata to make the interest payments on the Bonds on the next succeeding Interest Payment Dates; provided that if on such next succeeding Interest Payment Date, sufficient funds are not on deposit in the Bond Fund to make the interest payment on all series of Bonds in whole, the amount transferred from the Project Fund shall be allocated equally across each series of Bonds.

#### **Section 4.06. Cost of Issuance Fund.**

The Trustee shall deposit into the Cost of Issuance Fund, when and as received, a portion of original proceeds of the Series 2021 Bonds equal to \$787,500.00 as directed pursuant to Section 4.04 hereof.

The Trustee is hereby authorized and directed to disburse moneys from the Cost of Issuance Fund to pay (or reimburse the Borrower for) the Costs of Issuance (as defined in the definition of “Eligible Costs of the Project” in Section 1.01 hereof). Except as otherwise provided below, such disbursements shall be made only upon Requisition of the Borrower meeting the requirements of and submitted in accordance with Section 4.03 of the Loan Agreement. The Trustee shall be fully protected in relying upon such Requisitions of the Borrower and other than to act in good faith and to not act in a grossly negligent manner or engage in intentional misconduct, the Trustee shall have no duty or obligation to request any additional information or documentation to

verify the truth and accuracy of the statements and representations contained therein or to otherwise make any investigation in connection therewith.

If an Event of Default shall have happened and be continuing, the Trustee may apply moneys in the Cost of Issuance Fund in accordance with Section 7.07 of this Indenture.

Any remaining balance in the Cost of Issuance Fund shall be transferred on a pro rata basis to the Participating County Accounts in the Project Fund related to such series of Bonds in accordance with Section 4.03 of the Loan Agreement.

**Section 4.07. [Reserved].**

**Section 4.08. Bond Fund.**

The Trustee shall deposit and credit to the Bond Fund in the Bond Fund, as and when received, the following:

- (a) That portion of the purchase price of Bonds paid by the Underwriter thereof equal to the accrued interest, if any, on the Series 2021 Bonds from the date thereof to the date of issuance and delivery thereof, as specified in the request and authorization of the Issuer described in Section 2.01(f)(4);
- (b) Each of the payments made by the Borrower on the Promissory Note and all payments made by the Borrower pursuant to Section 3.06 and 3.08 of the Loan Agreement;
- (c) Interest earnings and other income on Permitted Investments required to be deposited in the Bond Fund pursuant to Section 4.13 hereof;
- (d) Eligible Funds from the Guarantors to redeem the Bonds in accordance with Section 3.01 hereof; and
- (e) All other moneys received by the Trustee under and pursuant to any of the provisions of this Indenture or the Loan Agreement, when accompanied by directions from the Person depositing such moneys that such moneys are to be paid into the Bond Fund.

The money in the Bond Fund shall be held in trust and shall be applied solely in accordance with the provisions of this Indenture to pay the principal of, and interest on, the Series 2021 Bonds as the same become due and payable at maturity, upon redemption, by acceleration or otherwise.

The Trustee is to receive from the Borrower pursuant to the Promissory Note the full amount of principal of, and interest due on, the Bonds on each Interest Payment Date, Stated Maturity, redemption date, or acceleration date, as the case may be.

The Trustee is authorized and directed to withdraw sufficient funds from the Bond Fund to pay principal of, and interest on, the Bonds as the same become due and payable at Stated Maturity or upon redemption and to make said funds so withdrawn available to any Paying Agent for the purpose of paying said principal and interest.



The Trustee, upon the written instructions from the Issuer given pursuant to written direction of the Borrower shall use excess moneys in the Bond Fund to redeem all or part of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the Borrower, in accordance with the provisions of Article III hereof, so long as the Borrower is not in default with respect to any payments under the Loan Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The Borrower may cause such excess money in the Bond Fund or such part thereof or other money of the Borrower, as the Borrower may direct, to be applied by the Trustee on a best efforts basis for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

Upon satisfaction and discharge of this Indenture in accordance with Article V hereof, all amounts remaining in the Bond Fund shall be paid to the Borrower.

#### **Section 4.09. Debt Service Reserve Fund.**

The Trustee shall deposit into the Series 2021 Debt Service Reserve Account in the Debt Service Reserve Fund, when and as received, a portion of original proceeds of the Series 2021 Bonds equal the Series 2021 Debt Service Reserve Requirement as directed pursuant to Section 4.04 hereof.

The Trustee shall deposit into the Series 2021 Debt Service Reserve Account, when and as received:

- (a) any moneys received from the Borrower for deposit into the Series 2021 Debt Service Reserve Account pursuant to Section 3.09 of the Loan Agreement.
- (b) each payment made by the Guarantors of the Series 2021 Bonds pursuant to the Limited Guaranty Agreements for deposit into Series 2021 Debt Service Reserve Account, as provided in Section 7.13 hereof and the Limited Guaranty Agreements.

On each Interest Payment Date, all investment earnings on the amounts in the Series 2021 Debt Service Reserve Account in the Debt Service Reserve Fund shall be transferred to the Bond Fund for application to payment of interest on the Series 2021 Bonds; provided, that no such transfer shall be made if such transfer would cause the amount on deposit in the Series 2021 Debt Service Reserve Account to be below the Series 2021 Debt Service Reserve Requirement, in which case the transfer shall be the maximum amount available to be transferred to the Bond Fund without causing amount on deposit in the Series 2021 Debt Service Reserve Account to drop below the Series 2021 Debt Service Reserve Requirement.

If on any Interest Payment Date the available amount in the Bond Fund (after making all required deposits therein) shall be insufficient to pay the principal and interest then due on all of the Bonds, or, in the event that any principal or interest payments are recovered from Bondholders as a preferential payment under the United States Bankruptcy Code, in either case, the Trustee shall transfer from each Debt Service Reserve Account the pro rata share of the amount of the deficit due on the Bonds secured by such Debt Service Reserve Account to the Bond Fund; provided, however,

that any such transfer by the Trustee shall not relieve the Borrower of any of its obligations under the Promissory Note. In the event the Trustee shall transfer moneys to the Bond Fund from the Debt Service Reserve Fund in order to fund a deficiency in the Bond Fund, it shall give prompt written notice to the Issuer, the Borrower, and the Guarantors.

The Series 2021 Debt Service Reserve Account is not available to secure any series of Bonds other than the Series 2021 Bonds, and provisions or terms related to Debt Service Reserve Accounts for any series of Additional Bonds will be specified in the applicable supplemental indenture pursuant to which such Additional Bonds are issued.

On such date as the entire outstanding principal amount of the Bonds shall become due, whether by acceleration, redemption, or upon stated maturity, the Trustee shall transfer to the Bond Fund the remaining balance in each of the Debt Service Reserve Accounts to be applied to the Series of Bonds that are secured by such Debt Service Reserve Account.

The Trustee shall value each Debt Service Reserve Account on November 1 of each year (or if such date is not a Business Day, on the next succeeding Business Day) (the "Valuation Date"), such value to be determined as the lower of cost or fair market value of all cash and investments in such the Debt Service Reserve Account. The fair market value of investments shall be determined in accordance with the price provided by pricing services and sources relied upon by the Trustee and the Trustee does not have any duty to independently value any investment other than by reference to the price provided by such services and sources. In the event the Trustee shall determine that the value of a Debt Service Reserve Account is less than the applicable Debt Service Reserve Requirement, it shall give prompt written notice to the Issuer, the Borrower and the Guarantors.

The Borrower has agreed in the Loan Agreement that it shall deposit with the Trustee sufficient cash to cure such deficit in the manner provided in the Loan Agreement. Each Guarantor has agreed to guarantee the payment of its Pro Rata Share pursuant to the Limited Guaranty Agreements.

If on any Valuation Date the Trustee shall determine the value of a Debt Service Reserve Account is in excess of the Debt Service Reserve Requirement for such Debt Service Reserve Account, the excess shall be transferred on that date first to the Guarantors on a pro rata basis to the extent amounts under their respective Limited Guaranty Agreements have been drawn upon and not reimbursed by the Borrower, then to the related account for such series of Bonds in the Bond Fund.

The aggregate, maximum amount that any Participating County shall be required to contribute to a Debt Service Reserve Account is set forth in the applicable Limited Guaranty Agreement.

Pursuant to the terms of each Limited Guaranty Agreement, the obligations of the Guarantors under their respective Limited Guaranty Agreement remain in full force and effect until all of the principal of, and interest on, the series of Bonds for which their respective Limited Guaranty Agreement relates have been paid in full or the obligations of the Guarantor are released or reduced due to (A)(1) the sale or other disposition of all or a portion of the Project located within a Participating County by the Borrower in accordance with Section 6.09 of the Loan Agreement without causing an Event of Default (as defined in the Loan Agreement) and (2) Bonds in an amount corresponding to all or a portion of the Project located within a Participating County are redeemed in

accordance with Section 3.01(a), then the affected Participating County's Pro Rata Share will be reduced by a corresponding amount; (B) if pursuant to Section 3.01(c) hereof, unspent proceeds in the Participating County's Project Account are applied to redeem Bonds, provided all amounts due have been paid, the Participating County's Pro Rata Share will be reduced by a corresponding amount; or (C) if pursuant to Section 3.01(b)(1) of the Bond Indenture, all Bonds attributable to Facilities located within a particular Participating County have been redeemed subject to the conditions set forth in Section 3.01(b)(1) hereof, upon the redemption of the portion of the Bonds representing all the Facilities in the County, provided all amounts due have been paid, the Participating County's Pro Rata Share will be reduced by a corresponding amount. For the avoidance of doubt, if all of the Bonds for which a Participating County has executed a Limited Guaranty Agreement have been redeemed hereunder and are no longer Outstanding, such Participating County's obligations under its related Limited Guaranty Agreement will terminate in accordance with the Limited Guaranty Agreement.

**Section 4.10. Payments Due on Non-Business Days.**

In any case where the Stated Maturity of principal of, or interest on, the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the Stated Maturity date or the date fixed for redemption, and no interest shall accrue for the period after such date.

**Section 4.11. Nonpresentment of Bonds.**

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at Stated Maturity, at the date fixed for redemption thereof, or otherwise, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the Owner thereof for the payment of such Bond, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Indenture or on or with respect to said Bond. Such cash in such segregated trust account shall thereafter no longer be considered Pledged Revenues and any such Bond shall no longer be deemed Outstanding under this Indenture. If any Bond shall not be presented for payment within three years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the Borrower the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Borrower, and the Owner thereof shall be entitled to look only to the Borrower for payment, and then only to the extent of the amount so repaid, and the Borrower shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

**Section 4.12. Money to Be Held in Trust.**

All money deposited with or paid to the Trustee for the funds and accounts held under this Indenture and all money deposited with or paid to any Paying Agent under any provision of this Indenture shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of this Indenture and the Loan Agreement, and, until used or applied as herein provided, shall (except as otherwise provided herein) constitute part of the Trust Estate and be subject to the lien, terms and provisions hereof and shall not be commingled with any other funds of the

Issuer or the Borrower except as provided under Section 4.13 hereof for investment purposes. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any money received hereunder except such as may be agreed upon.

**Section 4.13. Investment of Money.**

Money held in each of the funds and accounts under this Indenture shall, pursuant to written directions of the Borrower Representative, be invested and reinvested by the Trustee in accordance with the provisions of this Indenture in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed; provided, however, that if a Borrower Representative fails to provide such written directions to the Trustee, money as to which no written directions have been received shall be held uninvested in cash, with no liability for interest thereon. The Trustee hereby agrees to comply with the written directions of the Borrower Representative and all provisions hereof with respect to the investment of moneys in the funds and accounts under this Indenture. Absent gross negligence or willful misconduct, the Trustee may conclusively rely upon the Borrower's written investment directions as to both the suitability and legality of the directed investments. The Trustee may make any investments permitted by the provisions of this Section through its own bond department or short-term investment department and may pool money for investment purposes. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such money are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account; except that any interest accruing on or profit realized from the Cost of Issuance Fund shall be credited to the Project Fund. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide money in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments. Any money that is to be used to pay principal of or interest on or the redemption price of Bonds shall be invested only in Government Obligations or shares of money market mutual funds that are registered with the U.S. Securities and Exchange Commission, meeting the requirements of Rule 2a 7 under the Investment Company Act of 1940 and that are rated in the highest rating category by at least one nationally recognized rating agency, such investments to mature or be subject to redemption at the option of the holder not later than (i) 30 days from the date of the investment, or (ii) the date the Trustee anticipates such funds are to be applied.

The Trustee may elect to credit funds and accounts hereunder with moneys representing income or principal payments due on, or sales proceeds due in respect of, the investments deposited therein, or to credit funds and accounts with the investments it is directed to purchase with such moneys, in each case before actually receiving the requisite moneys from the payment source. Any such crediting shall be provisional in nature, and the Trustee shall be authorized to reverse such crediting in the event that it does not receive good funds with respect thereto. Nothing in this Indenture shall constitute a waiver of any of the Trustee's rights as a securities intermediary under Uniform Commercial Code § 9-206.

**Section 4.14. Records and Reports of Trustee.**

The Trustee agrees to maintain accurate records with respect to any and all money or investments held by the Trustee pursuant to the provisions of this Indenture. The Trustee shall

furnish to the Borrower a monthly report on the status of each of the funds and accounts established under this Article which are held by the Trustee, showing the balance in each such fund or account as of the first day of the preceding month, the total of deposits to and the total of disbursements from each such fund or account, the dates of such deposits and disbursements, and the balance in each such fund or account on the last day of the preceding month. The Trustee shall render an annual accounting for each calendar year ending December 31 to the Issuer, the Borrower and any Bondowner requesting the same, showing in reasonable detail all financial transactions relating to the funds and accounts hereunder during the accounting period, including investment earnings and the balance in any funds or accounts created by this Indenture as of the beginning and close of such accounting period. The Issuer acknowledges (and by entering into the Loan Agreement the Borrower has acknowledged) that regulations of the Comptroller of the Currency grant the Issuer and the Borrower the right to receive brokerage confirmations of securities transactions as they occur. The Issuer specifically waives (and by entering into the Loan Agreement the Borrower has waived) such notification to the extent permitted by law and acknowledges that it will receive monthly and annual cash transaction statements, which will detail all investment transactions.

## **ARTICLE V**

### **SATISFACTION AND DISCHARGE**

#### **Section 5.01. Payment, Discharge and Defeasance of Bonds.**

Bonds will be deemed to be paid and discharged and no longer Outstanding under this Indenture and will cease to be entitled to any lien, benefit or security of this Indenture if the Issuer shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of, and interest on, such Bonds, as and when the same become due and payable;
- (b) by delivering such Bonds to the Trustee for cancellation; or
- (c) by depositing in trust with the Trustee or other Paying Agent moneys, Defeasance Obligations, or a combination of both, in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, and interest payable on, such Bonds to the Stated Maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the Stated Maturity thereof, notice of such redemption is given in accordance with the requirements of this Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

In any case, if the Bonds are rated by a Rating Service, the Bonds shall not be deemed to have been paid or discharged by reason of any deposit pursuant to paragraph (c) above unless such Rating Service shall have confirmed in writing to the Trustee that its rating will not be withdrawn or lowered as the result of any such deposit.

The foregoing notwithstanding, the liability of the Issuer in respect of such Bonds shall continue, but the Owners thereof shall thereafter be entitled to payment only out of the money and Defeasance Obligations deposited with the Trustee as aforesaid.

Moneys and Defeasance Obligations so deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Defeasance Obligations shall be applied by the Trustee to the payment (either directly or through any Paying Agent, as the Trustee may determine) to the Persons entitled thereto, of the principal and interest for the payment of which such money and Defeasance Obligations have been deposited with the Trustee.

### **Section 5.02. Satisfaction and Discharge of Indenture.**

This Indenture and the lien, rights and interests created by this Indenture shall cease, terminate and become null and void (except as to any surviving rights provided for in Section 5.03) if the following conditions are met:

- (a) the principal of and interest on all Bonds has been paid or the Bonds have otherwise been deemed to be paid and discharged by meeting the conditions of Section 5.01;
- (b) all other sums payable under this Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment; and
- (c) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this Section to the satisfaction and discharge of this Indenture have been complied with.

Thereupon, the Trustee shall execute (where appropriate) and deliver to the Issuer a termination statement and such instruments of satisfaction and discharge of this Indenture as may be necessary and shall pay, assign, transfer and deliver to the Borrower, or other Persons entitled thereto, all money, securities and other property then held by it under this Indenture as a part of the Trust Estate, which shall not include money or Defeasance Obligations held in trust by the Trustee as herein provided for the payment of the principal of, and interest on, the Bonds.

### **Section 5.03. Rights Retained After Discharge.**

Notwithstanding the satisfaction and discharge of this Indenture, the rights of the Trustee under Section 8.04 and the covenant of the Issuer under Section 6.06 shall survive, and the Trustee shall retain such rights, powers and duties under this Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer and exchange of Bonds as provided herein. Nevertheless, any money held by the Trustee or any Paying Agent for the payment of the principal of, or interest on, any Bond shall be subject to Section 4.10.

## ARTICLE VI

### GENERAL AND PARTICULAR COVENANTS OF THE ISSUER

#### **Section 6.01. Issuer to Issue Bonds and Execute Indenture.**

The Issuer represents and warrants that it is duly authorized under the Constitution and laws of the State to execute this Indenture, to issue the Bonds and to pledge and assign the Trust Estate in the manner and to the extent herein set forth; that all action on its part for the execution and delivery of this Indenture and the issuance of the Bonds has been duly and effectively taken; and that the Bonds in the hands of the Owners thereof are and will be valid and enforceable limited obligations of the Issuer according to the import thereof, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights to the extent applicable and subject to the exercise of judicial discretion in appropriate cases.

#### **Section 6.02. Payment of Bonds.**

The Issuer covenants that it will promptly pay the principal of, and interest on, each Bond issued under this Indenture at the place, on the date and in the manner provided in said Bond according to the true intent and meaning thereof. The principal of, and interest on, the Bonds are payable solely from the Pledged Revenues, and nothing in the Bonds or this Indenture shall be considered as pledging any other funds or assets of the Issuer.

#### **Section 6.03. Performance of Covenants.**

The Issuer shall (to the extent within its control) faithfully perform or cause to be performed at all times any and all covenants, undertakings, stipulations and provisions which are to be performed by the Issuer contained in this Indenture, in the Bonds and in all proceedings pertaining thereto.

#### **Section 6.04. Inspection of Books.**

The Issuer covenants and agrees that all books and documents in its possession relating to the Bonds, the Pledged Revenues, this Indenture and the Loan Agreement, and the transactions relating thereto shall at all reasonable times be open to inspection by such accountants or other agent as the Trustee may from time to time designate. The Trustee covenants and agrees that all books and documents in its possession relating to the Bonds, the Pledged Revenues, this Indenture and the Loan Agreement, and the transactions relating thereto, shall be open to inspection by the Issuer during business hours upon reasonable notice.

#### **Section 6.05. Enforcement of Rights.**

The Issuer agrees that the Trustee, as assignee, transferee, pledgee, and owner of a security interest under this Indenture, in its name or in the name of the Issuer, may enforce all rights of the Issuer (other than the Issuer's Unassigned Rights) and the Trustee and all obligations of the Borrower under and pursuant to the Loan Agreement and any other Transaction Documents for and on behalf of the Bondowners, whether or not the Issuer is in default hereunder. The Loan Agreement and the Promissory Note shall be delivered to and held by the Trustee.

**Section 6.06. [Reserved].**

**Section 6.07. Financing Statements.**

The Trustee will cause (and the Issuer will cooperate with the Trustee in causing) appropriate continuation statements with respect to the initial financing statements filed in connection with the issuance of the Bonds, naming the Trustee as secured party with respect to the Trust Estate, to be duly filed and recorded in the appropriate state and county offices as required by the provisions of the Uniform Commercial Code or other similar law as adopted in the State and any other applicable jurisdiction, as from time to time amended, in order to perfect and maintain the security interests created by this Indenture, provided that the Trustee shall not be liable for any cost or expense in connection with any such filing or the preparation thereof, which cost or expense shall be paid, or reimbursed to the Trustee, by the Borrower in accordance with Section 6.13 of the Loan Agreement. Notwithstanding the foregoing, the Trustee shall not be responsible for and makes no representation as to the legality, effectiveness or sufficiency of any security document or for the creation, perfection, priority or protection of any lien securing the Bonds. The Trustee shall not be responsible for filing or for the sufficiency or accuracy of any financing statements initially filed to perfect security interests granted under this Indenture or other Transaction Document. The Trustee shall file continuation statements with respect to each financing statement relating to the Trust Estate filed by the Issuer or the Borrower at the time of the issuance of the Bonds; provided that a copy of the filed initial financing statement is timely delivered to the Trustee. In addition, unless the Trustee shall have been notified in writing by the Issuer or the Borrower that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (a) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this Section and (b) filing any continuation statements in the same filing offices as the initial filings were made. The Borrower shall be responsible for the customary fees charged by the Trustee for the preparation and filing of continuation statements and for the reasonable costs incurred by the Trustee in the preparation and filing of all continuation statements hereunder.

**Section 6.08. Rights under Loan Agreement and Other Documents.**

The Issuer covenants and agrees that except as provided herein and in the Loan Agreement it will not sell, assign, pledge, transfer, encumber or otherwise dispose of the Pledged Revenues. The Loan Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth covenants and obligations of the Issuer and the Borrower, including provisions that subsequent to the issuance of the Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof, the Loan Agreement shall not be effectively amended, changed, modified, altered or terminated (other than as provided therein) without the written consent of the Trustee. The Issuer agrees that the Trustee in its own name may enforce all rights of the Issuer and all obligations of the Borrower under and pursuant to the Loan Agreement (other than the Unassigned Rights) and the Promissory Note for and on behalf of the Bondowners whether or not the Issuer is in default hereunder, but the Trustee shall not thereby be deemed to have assumed the obligations of the Issuer under the Loan Agreement and shall have no obligations thereunder except as expressly provided herein or therein. The Issuer hereby agrees to cooperate fully with the Trustee (at the expense of the Borrower) in any proceedings or to join in or commence in its own name any proceedings necessary to enforce the rights of the Issuer and all obligations of the Borrower under and pursuant to the Loan Agreement and the Promissory Note, if the Trustee shall so request.



### **Section 6.09. Performance by Issuer.**

Notwithstanding anything in this Indenture to the contrary, the Issuer shall be under no obligation to take any action or execute, prepare or deliver any instrument or document until it shall have received assurances satisfactory to it that the Borrower shall pay in advance or reimburse it (at the Issuer's option) for its reasonable expenses incurred or to be incurred in connection with the taking of such action, (including reasonable attorneys' fees) and shall be indemnified against any liability arising out of the taking of such action.

## **ARTICLE VII**

### **EVENTS OF DEFAULT AND REMEDIES**

#### **Section 7.01. Events of Default.**

The term "Event of Default," wherever used with respect to this Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any interest on any Bond after such interest has become due and payable; or

(b) default in the payment of the principal of any Bond when the same becomes due and payable (whether at Stated Maturity, upon proceedings for redemption, by acceleration or otherwise); or

(c) acceleration of the maturity of the Promissory Note pursuant to Section 8.02 of the Loan Agreement; or

(d) the Issuer shall default in the performance, or breach, of any covenant or agreement in the Bonds or in this Indenture (other than as specified in clauses (a) and (b) above), and continuance of such default or breach for a period of 30 days after there has been given to the Issuer, the Borrower, and the Guarantors by the Trustee (which shall only give notice at the written request of Owners of at least a majority in aggregate principal amount of the Bonds Outstanding), a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such 30 day period, but can reasonably be expected to be fully remedied (which shall be set forth in a certificate of an Issuer Representative to the Trustee), such default shall not constitute an Event of Default if the Issuer shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch;

(e) any Event of Default under the Loan Agreement (subject to any applicable cure period) shall occur and be continuing and shall not have been waived; or

(f) any Event of Default under any of the Limited Guaranty Agreements shall occur and be continuing (subject to any applicable cure period) and shall not have been waived.

With regard to any alleged default concerning which notice is given to the Borrower under the provisions of this Section, the Issuer has in the Loan Agreement granted the Borrower full authority for the account of the Issuer to perform any covenant or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Issuer, with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts in order to remedy such default. The Trustee hereby acknowledges and agrees to give effect to such grant.

**Section 7.02. Acceleration of Maturity; Rescission and Annulment.**

Upon the happening of any Event of Default specified in Section 7.01(a)-(f) hereof, and the continuance of the same for the period, if any, specified in said Section, the Trustee shall, upon demand by Owners of a majority in aggregate principal amount of Bonds then Outstanding upon such occurrence, by notice in writing to the Issuer, the Borrower, and the Guarantors and upon being indemnified to its satisfaction, declare the entire principal amount of the Bonds then Outstanding and the interest accrued thereon immediately due and payable, and the said entire principal and accrued interest shall thereupon become and be immediately due and payable, and to the extent that the principal of the Promissory Note shall not have been declared to be immediately due and payable, the Trustee shall request the Issuer to declare the principal of the Promissory Note to be immediately due and payable pursuant to Section 8.02 of the Loan Agreement.

At any time after such acceleration has occurred, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in this Article, the Owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Issuer, the Borrower, the Guarantors, and the Trustee, rescind and annul such acceleration and its consequences if:

- (a) there is deposited with the Trustee moneys sufficient to pay
  - (1) all overdue installments of interest on all Bonds,
  - (2) the principal of any Bonds which have become due otherwise than by such acceleration and interest thereon at the rate or rates prescribed therefor in such Bonds,
  - (3) interest upon overdue installments of interest at the rate or rates prescribed therefor in the Bonds, and
  - (4) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and
- (b) all Events of Default, other than the non-payment of the principal of Bonds which have become due solely by such acceleration, have been cured or have been waived as provided in Section 7.10 of this Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

### **Section 7.03. Exercise of Remedies by the Trustee.**

Upon the occurrence and continuance of any Event of Default under this Indenture, unless the same is waived as provided in this Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under this Indenture or by law:

(a) *Right to Bring Suit, Etc.* The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, and interest on, the Bonds Outstanding, including interest on overdue principal and on overdue installments of interest, and any other sums due under this Indenture, to realize on or to foreclose any of its interests or liens under this Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Issuer as set forth in this Indenture and to enforce or preserve any other rights or interests of the Trustee under this Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.

(b) *Exercise of Remedies at Direction of Bondowners.* Subject to Section 7.06, if requested in writing to do so by the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding and if indemnified as provided in Section 8.02(e) of this Indenture, the Trustee shall exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Owners of the Bonds; provided, however, that the Trustee shall have the right to decline to comply with any such request if the Trustee shall be advised by Counsel that the action so requested may not lawfully be taken or if the Trustee in good faith shall determine that such action would be unjustly prejudicial to the Owners of Bonds that are not parties to such request.

(c) *Appointment of Receiver.* Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondowners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) *Suits to Protect the Trust Estate.* The Trustee shall have the power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture and to protect its interests and the interests of the Bondowners in the Trust Estate, including the power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under this Indenture or be prejudicial to the interests of the Bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the Bondowners in any judicial proceeding to which the Issuer, any of the Guarantors, or the Borrower is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the Bondowners.

(e) *Enforcement Without Possession of Bonds.* All rights of action under this Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession

of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of Section 7.07 hereof, be for the equal and ratable benefit of the Owners of the Bonds in respect of which such judgment has been obtained.

(f) *Restoration of Positions.* If the Trustee or any Bondowner has instituted any proceeding to enforce any right or remedy under this Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Bondowner, then and in every case the Issuer, the Trustee and the Bondowners shall, subject to any final determination in such proceeding, be restored to their former positions and rights under this Indenture, and thereafter all rights and remedies of the Trustee and the Bondowners shall continue as though no such proceeding had been instituted.

(g) *Enforcement of Rights and Powers of Issuer under the Loan Agreement.* As the assignee of all right, title and interest of the Issuer in and to the Loan Agreement (except for the Issuer's Unassigned Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Loan Agreement. In exercising any remedy, right or power thereunder or hereunder, the Trustee shall take any action which would best serve the interests of the Bondowners in the judgment of the Trustee, applying the standards described in Section 8.01 hereof.

#### **Section 7.04. Trustee May File Proofs of Claim.**

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer or any other obligor upon the Bonds or their creditors, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, as therein expressed or by acceleration or otherwise, and irrespective of whether the Trustee shall have made any demand on the Issuer for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal and interest owing and unpaid in respect of the Outstanding Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondowners allowed in such judicial proceeding, and

(b) to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Bondowner to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Bondowners, to pay to the Trustee any amount due to it for the reasonable compensation,

expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 8.04.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Bondowner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Bondowner in any such proceeding.

**Section 7.05. Limitation on Suits by Bondowners.**

No Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy under this Indenture, unless:

(a) such Owner has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under this Indenture;

(c) such Owner or Owners have offered to the Trustee indemnity as provided in Section 8.02(e) of this Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by the Owners of a majority in aggregate principal amount of the Outstanding Bonds;

it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other Owners of Bonds, or to obtain or to seek to obtain priority or preference over any other Owners or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Outstanding Bonds.

Notwithstanding the foregoing or any other provision in this Indenture, however, the Owner of any Bond shall have the right, which is absolute and unconditional, to receive payment of the principal of, and interest on, such Bond on the respective Stated Maturities expressed in such Bond (or, in the case of redemption, on the redemption dates), and nothing contained in this Indenture shall affect or impair the right of any Owner to institute suit for the enforcement of any such payment.

**Section 7.06. Control of Proceedings by Bondowners.**

The Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time during the continuance of an Event of Default, by an instrument or

instruments in writing executed and delivered to the Trustee (subject to the Trustee's right to indemnification as provided in Section 8.02(e) hereof:

(a) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of this Indenture, or otherwise; and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture, provided that

(1) such direction shall not be in conflict with any rule of law or this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction,

(3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Owners not taking part in such direction; and

(4) before taking any action hereunder which would result in the Trustee acquiring title to or taking possession of any portion or all of the Project, the Trustee may require such environmental inspections and tests of the Project and other environmental reviews as the Trustee deems necessary and, if the Trustee determines that the taking of title or possession of all or any portion of the Project will expose the Trustee to claims or damages resulting from environmental or ecological conditions in any way relating to the Project or any activities at the Project, the Trustee may decline to take title to or possession of the Project.

**Section 7.07. Application of Money Collected.**

Any money collected by the Trustee pursuant to this Article, together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or interest upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: To the payment of all amounts due the Trustee under Section 8.04 of this Indenture;

Second: To the payment of all amounts due the Issuer and each Participating County under Section 6.03 and 6.13(d) of the Loan Agreement;

Third: To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable) at the respective rate or rates prescribed therefor in the Bonds on overdue principal and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount

so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due;

Fourth: To the Guarantors on a pro rata basis to the extent amounts under their respective Limited Guaranty Agreements have been drawn upon and not reimbursed by the Borrower; and

Fifth: The remainder, if any, to the Borrower or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever money is to be applied by the Trustee pursuant to the provisions of this Section, such money shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Whenever the Trustee shall apply such money, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such money and of the fixing of any such date, and shall not be required to make payment to the Owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

#### **Section 7.08. Rights and Remedies Cumulative.**

No right or remedy herein conferred upon or reserved to the Trustee or to the Bondowners is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

#### **Section 7.09. Delay or Omission Not Waiver.**

No delay or omission of the Trustee or of any Owner of any Bond to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Bondowners, as the case may be.

#### **Section 7.10. Waiver of Past Defaults.**

Upon the written request of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, the Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds; provided, however, that there shall not be waived: (i) any default in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Owner of each Outstanding Bond affected or (ii) any default in the payment of the principal of, or interest on, any Bond unless prior to such waiver or rescission, all arrears of interest, or all arrears of payments of principal, with interest at the rate borne by the Bonds on all arrears of payments of principal until

paid, as the case may be, and all expenses of the Trustee in connection with such default, shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Bondowners shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

In addition, any waiver of any Event of Default under Section 7.01(e) above shall not be waived unless, in addition to the foregoing conditions, all of the Guarantors shall have consented to such waiver, provided no Guarantor is in default under its Limited Guaranty Agreement.

#### **Section 7.11. Advances by Trustee.**

If the Borrower shall fail to make any payment or perform any of its covenants in the Loan Agreement, the Trustee may, at any time and from time to time, use and apply any moneys held by it under this Indenture, or make advances, to effect payment or performance of any such covenant on behalf of the, Borrower. All moneys so used or advanced by the Trustee, together with interest at the Trustee's announced prime rate per annum, shall be repaid by the Borrower upon demand and such advances shall be secured under this Indenture prior to the Bonds. For the repayment of all such advances the Trustee shall have the right to use and apply any moneys at any time held by it under this Indenture, but no such use of moneys or advance shall relieve the Borrower from any default under the Loan Agreement. Nothing herein shall be construed as creating any obligation, duty or requirement of the Trustee to advance its own funds.

#### **Section 7.12. Notice to Bondowners of Default.**

The Trustee shall promptly give written notice by registered or certified mail to the Bondowners, the Issuer and the Guarantors of the occurrence of an Event of Default.

#### **Section 7.13. Payment Procedure Pursuant to the Limited Guaranty Agreements.**

As long as the Limited Guaranty Agreements shall be in full force and effect, the Issuer and the Trustee agree to comply with the provisions set forth in this Section, notwithstanding any provisions of this Indenture to the contrary.

(a) If, on any Interest Payment Date, there is a draw on the Debt Service Reserve Fund to pay the principal of, or interest on the Bonds, the Trustee shall make a demand on the Borrower under the Loan Agreement to replenish the Debt Service Reserve Fund as provided in Section 3.09 of the Loan Agreement. If the Borrower fails to make the payment pursuant to the Loan Agreement within five (5) days of the date of such draw, the Trustee shall make a demand under the Limited Guaranty Agreements, pro rata among the Limited Guaranty Agreements. If any of the Guarantors have not made such payment within one hundred fifty (150) days of the date of the demand, the Trustee may pursue any of the remedies



provided in this Indenture; provided that no Guarantor shall have any obligation to make a payment to the applicable Debt Service Reserve Account in excess of their maximum guaranty obligation under the applicable Limited Guaranty Agreement.

If there is a draw on the Debt Service Reserve Fund to pay any amounts recovered from Bondholders as a preferential payment under the United States Bankruptcy Code, the Trustee shall make a demand under the Limited Guaranty Agreements, pro rata among the Limited Guaranty Agreements, to pay such amount. If any of the Guarantors have not made such payment within one hundred fifty (150) days of the date of the demand, the Trustee may pursue any of the remedies provided in this Indenture; provided that no Guarantor shall have any obligation to make a payment to the applicable Debt Service Reserve Account in excess of their maximum guaranty obligation under the applicable Limited Guaranty Agreement.

If for any other reason, including a determination on a Valuation Date that the market value of the securities then on deposit in a Debt Service Reserve Account is less than the Debt Service Reserve Requirement for such Debt Service Reserve Account, the Trustee shall make a demand on the Borrower under the Loan Agreement to replenish the Debt Service Reserve Account as provided in Section 3.09 of the Loan Agreement. If the Borrower fails to make the payment pursuant to the Loan Agreement within five (5) days of the date required therein, the Trustee shall make a demand under the Limited Guaranty Agreements, pro rata among the Limited Guaranty Agreements. If any of the Guarantors have not made such payment within one hundred fifty (150) days of the date of the demand, the Trustee may pursue any of the remedies provided in this Indenture; provided that no Guarantor shall have any obligation to make a payment to the applicable Debt Service Reserve Account in excess of their maximum guaranty obligation under the applicable Limited Guaranty Agreement.

The Trustee shall keep a complete and accurate record of all funds deposited by the Guarantors into the Debt Service Reserve Accounts. The Guarantors shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Pursuant to the terms of each Limited Guaranty Agreement, the obligations of the Guarantors under their respective Limited Guaranty Agreement, do not include the payment of the principal, interest, or premium, if any, due on any Bonds upon acceleration, prepayment or redemption (other than mandatory sinking fund redemption or if the Guarantors exercise their rights under Section 3.01(b)(2) hereof).

#### **Section 7.14. Additional Rights of the Guarantors.**

(a) *Information to be given to the Guarantors.* For so long as the Limited Guaranty Agreements are in effect, the Trustee shall furnish the following information to each of the Guarantors:

- (1) Notice of any Event of Default actually known to the Trustee within five Business Days after knowledge thereof;
- (2) Notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof in the same manner in which notice must be provided to Bondholders related to such events;

(3) Notice of the resignation or removal of the Trustee or Paying Agent and the appointment of, and acceptance of duties by, any successor thereto, provided, however, the Issuer shall furnish notice of the removal of the Trustee and the appointment of and acceptance of duties by a successor Trustee following such removal, in either event, in the same manner in which notice must be provided to Bondholders related to such events

(4) Notice of the commencement of any proceeding by or against the Issuer or the Borrower commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding"), provided the Trustee has actual knowledge of such Insolvency Proceeding in the same manner in which notice must be provided to Bondholders related to such events;

(5) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds, provided the Trustee has actual knowledge of such claim, in the same manner in which notice must be provided to Bondholders related to such events; and

(6) a full transcript of all proceedings relating to the execution of any amendment or supplement to this Indenture or the Loan Agreement.

**Section 7.15. The Guarantors as Third Party Beneficiaries; Parties Interest Herein.**

To the extent that this Indenture confers upon or gives or grants to the Guarantors any right, remedy or claim under or by reason of this Indenture, the Guarantors are hereby explicitly recognized as being third-party beneficiaries hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to any Person, other than the Issuer, the Trustee, the Borrower, the Guarantors, and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Borrower, the Trustee, the Guarantors, and the Owners of the Bonds.

**Section 7.16. Suspension of Provisions Relating to the Guarantors.**

All provisions in this Indenture regarding consents, voting, approvals, directions, appointments or request by the Guarantors shall be deemed not to require or permit such consents, approvals, directions, appointments or requests by one or more of the Guarantors and shall be read as if the Guarantors were not mentioned therein during any time in which (a) a Guarantor is in default of its obligation to pay into a Debt Service Reserve Account after proper demand therefore has been made under the applicable Limited Guaranty Agreement or (b) a final non-appealable order of a court having competent jurisdiction in the premises shall be entered declaring any provision of the applicable

Limited Guaranty Agreement (other than provisions of the Limited Guaranty Agreement relating to matters that solely benefit the Guarantor or that have no material adverse effect on the interests of the Issuer, the Borrower or the Trustee) at any time, for any reason, invalid and not binding on such Guarantor, or declaring any provision of the applicable Limited Guaranty Agreement (other than provisions of the Limited Guaranty Agreement relating to matters that solely benefit the Guarantor or that have no material adverse effect on the interests of the Issuer, the Borrower or the Trustee) null and void.

## ARTICLE VIII

### THE TRUSTEE AND PAYING AGENTS

#### **Section 8.01. Acceptance of Trusts; Certain Duties and Responsibilities.**

The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, but only upon the following terms and conditions:

(a) Except during the continuance of an Event of Default:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture or other applicable Transaction Documents; but in the case of any such certificates or opinions which by any provision hereof or thereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture or other applicable Transaction Document.

(b) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of personal affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture or other Transaction Document; and

(4) no provision of this Indenture or any other Transaction Document shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or thereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

**Section 8.02. Certain Rights of Trustee.**

Except as otherwise provided in Section 8.01 of this Indenture:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall be entitled to rely upon a certificate of an Issuer Representative as to the sufficiency of any request or direction of the Issuer mentioned herein, the existence or non-existence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that a resolution in the form therein set forth has been adopted by the Issuer's Governing Body has been duly adopted, and is in full force and effect. The Trustee shall be entitled to rely upon a certificate of a Borrower Representative as to the sufficiency of any request or direction of the Borrower mentioned herein, the existence or non-existence of any fact or the sufficiency or validity of any instrument, paper or proceeding, or that a resolution in the form therein set forth has been adopted by the governing board of the Borrower has been duly adopted, and is in full force and effect.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate of an Issuer Representative.

(d) The Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reliance thereon.

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondowners pursuant to this Indenture, unless such Bondowners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities (except as may result from the Trustee's own negligence or willful misconduct) which might be incurred by it in compliance with such request or direction.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer or the Borrower, personally or by agent or attorney.

(g) The Trustee assumes no responsibility for the correctness of the recitals contained in this Indenture or in the Bonds, except the certificate of authentication on the Bonds. The Trustee makes no representations to the value or condition of the Trust Estate or any part thereof, or as to the title thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the Issuer or the Borrower of any of the Bonds or the proceeds thereof or of any money paid to or upon the order of the Issuer or the Borrower under any provision of this Indenture or the Loan Agreement.

(h) The Trustee, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer or the Borrower with the same rights it would have if it were not Trustee.

(i) All money received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law or by this Indenture. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer or the Borrower.

(j) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(k) The Trustee shall be under no responsibility to approve, evaluate or determine the independence of any expert or other skilled person selected by the Issuer or the Borrower for any of the purposes expressed in this Indenture or any other Transaction Document.

(l) Delivery to the Trustee of the audited financial statements of the Borrower and the report of the Borrower's independent auditors pursuant to Section 6.12 of the Loan Agreement is for safekeeping purposes only. The Trustee has no obligation to review or analyze such information and shall not be deemed to have constructive or actual notice of

such information or determinable from such information. The Trustee may provide copies thereof to Owners or beneficial owners of the Bonds in accordance with Section 12.04 hereof.

(m) Absent gross negligence or willful misconduct, the Trustee shall have the right to accept and act upon instructions or directions, including funds transfer instructions, pursuant to this Indenture or the Loan Agreement sent by Electronic Means; provided, however, that the Issuer and the Borrower, as applicable, shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions (“Authorized Officers”), which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. As used in this paragraph, “Electronic Means” means a portable document format (“pdf”) or other replicating image attached to an unsecured email, secure electronic transmission (containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee), or another method or system specified by the Trustee as available for use in connection with its services. If the Issuer or Borrower elects to give the Trustee instructions by Electronic Means and the Trustee in its discretion elects to act upon such instructions, the Trustee’s understanding of such instructions shall be deemed controlling absent unreasonableness, gross negligence or willful misconduct. The Issuer and the Borrower each agrees that the Trustee cannot determine the identity of the actual sender of such instructions and that the Trustee shall conclusively presume that instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer absent gross negligence or willful misconduct by the Trustee in making such presumption. The Issuer and the Borrower shall be responsible for ensuring that only their respective Authorized Officers transmit such instructions to the Trustee, and the Issuer, the Borrower and their Authorized Officers are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Trustee, if any. The Trustee shall not be liable (absent gross negligence or willful misconduct) for any losses, costs, or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction delivered by other means. Each of the Issuer and the Borrower agrees (i) to assume all risks (which do not include gross negligence or willful misconduct by the Trustee) arising out of its use of Electronic Means to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee and that there may be more secure methods of transmitting instructions than the use of Electronic Means; (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) that it will notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

### **Section 8.03. Notice of Defaults.**

The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by Article IV of this Indenture, unless the Trustee shall be specifically notified in writing of such default by the Issuer, any of the Guarantors, the Borrower, or the Owners of at least

10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the occurrence of any default hereunder of which the Trustee is required to take notice or has received notice as provided in this Section, the Trustee shall give written notice of such default by mail to all Owners of Bonds as shown on the bond register maintained by the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of, or interest on, any Bond, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondowners. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

#### **Section 8.04. Compensation and Reimbursement.**

The Trustee shall be entitled to payment or reimbursement:

- (a) from time to time for reasonable compensation for all reasonable and necessary services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);
- (b) except as otherwise expressly provided herein, upon its request, for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence, willful misconduct or bad faith; and
- (c) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

All such payments and reimbursements shall be made by the Borrower as provided in Section 6.13 of the Loan Agreement.

The Trustee shall promptly notify the Borrower in writing of any claim or action brought against the Trustee in respect of which indemnity may be sought against the Borrower, setting forth the particulars of such claim or action, and the Borrower will assume the defense thereof, including the employment of counsel satisfactory to the Trustee and the payment of all expenses. The Trustee may employ separate counsel in any such action and participate in the defense thereof, and the reasonable fees and expenses of such counsel shall not be payable by the Borrower unless such employment has been specifically authorized by the Borrower or if the Trustee has determined in good faith and upon the advice of counsel that there are defenses available to it that are not available to the Borrower or that are adverse to or in conflict with those available to the Borrower and cannot be effectively asserted by common counsel.

Pursuant to the provisions of the Loan Agreement, the Borrower has agreed to pay to the Trustee all reasonable fees, charges, advances and expenses of the Trustee, and the Trustee agrees

to look only to the Borrower for the payment of all reasonable fees, charges, advances and expenses of the Trustee and any Paying Agent as provided in the Loan Agreement. The Trustee agrees that the Issuer shall have no liability for any fees, charges and expenses of the Trustee.

As security for the payment of such compensation, expenses, reimbursements and indemnity under this Section, the Trustee shall be secured under this Indenture by a lien prior to the Bonds and otherwise as provided in Section 7.07 hereof, and shall have the right to use and apply any trust moneys held by it under Article IV hereof.

**Section 8.05. Corporate Trustee Required; Eligibility.**

There shall at all times be a Trustee hereunder which shall be a bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, and having a combined capital and surplus of at least \$50,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Article.

**Section 8.06. Resignation and Removal of Trustee.**

(a) The Trustee may resign at any time by giving 30 days' written notice thereof to the Issuer, the Guarantors, the Borrower and each Owner of Bonds Outstanding as shown by the list of Bondowners required by this Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may, at the expense of the Borrower, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(b) If the Trustee has or shall acquire any conflicting interest, it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Issuer, the Borrower (so long as the Borrower is not in default under the Loan Agreement) or any Bondowner that it has a conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in Subsection (a).

(c) The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Borrower, the Issuer and the Trustee signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds. The Issuer, the Borrower, or any Bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

(d) The Trustee may be removed at any time (so long as no Event of Default has occurred and is continuing under this Indenture) by an instrument in writing signed by the Borrower and delivered to the Trustee. The foregoing notwithstanding, the Trustee may not be removed by the Borrower unless written notice of the delivery of such instrument signed



by a Borrower Representative is mailed to the Owners of all Bonds Outstanding under this Indenture, which notice indicates the Trustee will be removed and replaced by the successor trustee named in such notice, such removal and replacement to become effective not less than 60 days from the date of such notice, unless the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding shall object in writing to such removal and replacement.

(e) If at any time:

(1) the Trustee shall fail to comply with subsection (b) after written request therefor by the Issuer, the Borrower or by any Bondowner, or

(2) the Trustee shall cease to be eligible under Section 8.05 and shall fail to resign after written request therefor by the Issuer, the Borrower or any Bondowner, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Issuer or the Borrower may remove the Trustee, or (ii) any Bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) The Trustee shall give notice of each resignation of the Trustee and the successor Trustee shall give notice of such appointment of successor Trustee by mailing written notice of such event by first class mail, postage prepaid, to the Owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its designated corporate trust office.

(g) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 8.08.

### **Section 8.07. Appointment of Successor Trustee.**

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, (i) the Issuer, with the written consent of the Borrower (so long as no Event of Default under the Loan Agreement has occurred and is continuing), or (ii) the Owners of a majority in aggregate principal amount of Bonds Outstanding (if an Event of Default hereunder or under the Loan Agreement has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Issuer (in the case of delivery by Owners) and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Issuer or the Bondowners. If, within 30 days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be

appointed in the manner herein provided, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner herein provided, any Bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of this Section shall be a bank with trust powers or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of this Article.

**Section 8.08. Acceptance of Appointment by Successor.**

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer, the Guarantors, the Borrower and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in Section 8.04. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be forthwith filed and/or recorded by the successor trustee in each recording office, if any, where the Indenture shall have been filed and/or recorded.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

**Section 8.09. Merger, Consolidation and Succession to Business.**

Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or association succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation or association shall be otherwise qualified and eligible under this Article, and shall be vested with all the title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

### **Section 8.10. Co-Trustees and Separate Trustees.**

At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of the Trust Estate may at the time be located, or in the enforcement of any default or the exercise any of the powers, rights or remedies herein granted to the Trustee, or any other action which may be desirable or necessary in connection therewith, the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the Owners of at least a majority in aggregate principal amount of the Bonds Outstanding, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, of all, or any part of, the Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such Person or Persons in the capacity aforesaid, any property, title, right or power deemed necessary or desirable, subject to the other provisions of this Section. If the Issuer does not join in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default has occurred and is continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument from the Issuer be required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Issuer.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) The Bonds shall be authenticated and delivered, and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder, shall be exercised solely, by the Trustee.

(b) The rights, powers, duties and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.

(c) The Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Issuer evidenced by a resolution, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, in case an Event of Default has occurred and is continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Issuer. Upon the written request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.

(d) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee hereunder.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other act of Bondowners delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

**Section 8.11. Designation of Paying Agents.**

The Trustee is hereby designated and agrees to act as principal Paying Agent for and in respect to the Bonds. The Issuer may, with the consent of the Borrower, cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate Paying Agents, if any, and for the making available of funds hereunder for the payment of the principal of, and interest on, the Bonds, or at the designated corporate trust office of said alternate Paying Agents. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be trustee of any funds provided hereunder and Paying Agent for principal of, and interest on, the Bonds, and the successor Trustee shall become such Trustee and Paying Agent unless a separate Paying Agent or Agents are appointed by the Issuer in connection with the appointment pursuant to Section 8.07 of any successor Trustee; provided that if such appointment of such successor Trustee required the Borrower's consent, the appointment of any separate Paying Agent in connection therewith may not be made without the Borrower's consent. Any alternate or separate Paying Agent appointed pursuant to this Section may be removed by the Issuer with the consent of the Borrower.

**ARTICLE IX**

**SUPPLEMENTAL INDENTURES**

**Section 9.01. Supplemental Indentures without Consent of Bondowners.**

Without the consent of, or notice to, the Owners of any Bonds or the Guarantors, the Issuer and the Trustee may from time to time, and when required by this Indenture shall, enter into one or more Supplemental Indentures for any of the following purposes:

(a) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property;

(b) to evidence the appointment of a separate trustee or the succession of a new Trustee under this Indenture;

(c) to add to the covenants of the Issuer or to the rights, powers and remedies of the Trustee for the benefit of the Owners of the Bonds or to surrender any right or power herein conferred upon the Issuer;

(d) to cure any ambiguity, to correct or supplement any provision in this Indenture which may be inconsistent with any other provision herein or to make any other change, with respect to matters or questions arising under this Indenture, which shall not be inconsistent

with the provisions of this Indenture, provided such action shall not materially adversely affect the interests of the Owners of the Bonds;

(e) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States; or

(f) to issue Additional Bonds pursuant to the terms hereof.

Any provision of this Indenture expressly recognizing or granting rights in or to the Guarantors may not be amended in any manner which affects the rights of the Guarantors hereunder, including (i) the principal amount of any series of Bonds (for the avoidance of doubt, excluding any Additional Bonds not subject to the Limited Guaranty Agreements guarantying obligations of the respective Bonds), (ii) the interest rate payable thereon, and (iii) the payment and maturity dates of the applicable Bonds, without the prior written consent of all of the Guarantors, and no Supplemental Indenture amending such provisions expressly recognizing or granting rights in or to the Guarantors shall become effective without the prior written consent of all of the Guarantors.

#### **Section 9.02. Supplemental Indentures with Consent of Bondowners.**

With the consent of all of the Guarantors and Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Issuer and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Owners of the Bonds under this Indenture; provided, however, that the consent of the Owner of each affected Outstanding Bond shall be required for any such Supplemental Indenture which:

(a) changes the Stated Maturity of the principal of, or any installment of interest on, any Bond, or reduces the principal amount thereof or the interest thereon, or changes the circumstances under which any Bond may or must be redeemed, or changes the coin or currency in which any Bond or the interest thereon is payable, or impairs the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date); or

(b) reduces the percentage in principal amount of the Outstanding Bonds, the consent of the Owners of which is required for any such Supplemental Indenture, or the consent of the Owners of which is required for any waiver provided for in this Indenture of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences; or

(c) modifies the obligation of the Issuer to make payment on or provide funds for the payment of any Bond; or

(d) modifies or alters the provisions of the proviso to the definition of the term "Outstanding"; or

(e) modifies any of the provisions of this Section or Section 7.10 or 10.02, except, with respect to any modification of this Section or Section 7.10, to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Owner of each Bond affected thereby;

(f) permits the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any of the Trust Estate or terminates the lien of this Indenture on any property at any time subject hereto or deprives the Owner of any Bond of the security afforded by the lien of this Indenture; or

(g) modifies any of the provisions of Section 2.10 related to the terms pursuant to which Additional Bonds may be issued hereunder.

The Trustee shall be entitled to rely upon an Opinion of Bond Counsel with respect to whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the Owners of all Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

If at any time the Issuer shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed to each Owner of Bonds then Outstanding at the addresses appearing in the bond register. Such notice shall be prepared by the Issuer, briefly set forth the nature of the proposed Supplemental Indenture and state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Bondowners. The Trustee shall not, however, be subject to any liability to any Bondowner by reason of its failure to mail such notice, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section. If the required percentage of Owners shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provision thereof. It shall not be necessary for the required percentage of Owners of Bonds under this Section to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such act shall approve the substance thereof. Upon the execution of any such Supplemental Indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

### **Section 9.03. Execution of Supplemental Indentures.**

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and, subject to Section 8.01, shall be fully protected in relying upon, an Opinion of Bond Counsel addressed and delivered to the Trustee and the Issuer stating that the execution of such Supplemental Indenture is authorized or permitted by this Indenture. The Trustee may, but shall not, except to the extent required in the case of any Supplemental Indenture entered into under Section 9.01(e), be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

**Section 9.04. Effect of Supplemental Indentures.**

Upon the execution of any Supplemental Indenture under this Article, this Indenture shall be modified in accordance therewith, and such Supplemental Indenture shall form a part of this Indenture for all purposes; and every Owner of Bonds theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

**Section 9.05. Reference in Bonds to Supplemental Indentures.**

Bonds authenticated and delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if required by the Trustee shall, bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Indenture. If the Issuer shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the Issuer, to any such Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Bonds.

**Section 9.06. Borrower's Consent to Supplemental Indentures.**

So long as the Borrower is not in default under the Loan Agreement, a Supplemental Indenture under this Article which affects any rights, powers, agreements or obligations of the Borrower, including, without limitation, rights, powers, agreements or obligations of the Borrower under the Loan Agreement and the Promissory Note, or requires any revision of the Loan Agreement and the Promissory Note, will not become effective unless and until the Borrower consents in writing to the execution and delivery of such Supplemental Indenture.

**ARTICLE X**

**AMENDMENT OF LOAN AGREEMENT, PROMISSORY NOTE,  
OR LIMITED GUARANTY AGREEMENTS**

**Section 10.01. Amendment, etc., to Loan Agreement, Promissory Note, or Limited Guaranty Agreements Not Requiring Consent of Bondowners.**

The Trustee shall, without the consent of, or notice to, the Bondowners, consent to any amendment, change or modification of the Loan Agreement, the Promissory Note or the Limited Guaranty Agreements as may be required:

- (a) by the provisions of the Loan Agreement, the Promissory Note, the Limited Guaranty Agreements or hereby;
- (b) for the purpose of curing any ambiguity or formal defect or omission in the Loan Agreement, the Promissory Note or the Limited Guaranty Agreements;
- (c) to effect any other amendment to the Loan Agreement, the Promissory Note or the Limited Guaranty Agreement which will not adversely affect the interests of the Bondowners; or
- (d) to effect amendment to the Loan Agreement related to the issuance of any Additional Bonds.

**Section 10.02. Amendment, etc., to Loan Agreement, Promissory Note, or Limited Guaranty Agreements Requiring Consent of Bondowners.**

Except for the amendments, changes or modifications as provided in Section 10.01, the Trustee shall not agree or consent to any other amendment, change or modification of the Loan Agreement, the Promissory Note, or the Limited Guaranty Agreements without the giving of notice and the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, given and procured in accordance with the procedure provided in this Section. If at any time the Issuer, any of the Guarantors and/or the Borrower, as applicable shall request the agreement or consent of the Trustee to any such proposed amendment, change or modification of the Loan Agreement, the Promissory Note, or any of the Limited Guaranty Agreements, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification of the Loan Agreement, the Promissory Note, or the applicable Limited Guaranty Agreement to be given in the same manner as provided by Section 9.02 with respect to proposed Supplemental Indentures. Such notice shall be prepared by the Issuer, the Guarantors or the Borrower, briefly set forth the nature of such proposed amendment, change or modification and state that copies of the instrument embodying the same are on file at the designated corporate trust office of the Trustee for inspection by the Guarantor and all Owners of the Bonds. The Trustee shall not, however, be subject to any liability to any Owner of a Bond by reason of its failure to give such notice, and any such failure shall not affect the validity of such amendment, change or modification when consented to and approved as provided in this Section. If the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such amendment, change or modification shall have consented thereto (as required pursuant to Section 10.01), then no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

**Section 10.03. Trustee Authorized to Join in Amendments; Reliance on Counsel.**

The Trustee is authorized to join with the Issuer and the Borrower in the execution and delivery of any amendment permitted by this Article and, in so doing, shall receive and shall be fully protected in relying upon an Opinion of Counsel that such amendment is so permitted and has been duly authorized by the Issuer and the Borrower and that all things necessary to make it a valid and binding agreement have been done.



**ARTICLE XI**

**[RESERVED].**

**ARTICLE XII**

**NOTICES, CONSENTS AND ACTS OF BONDOWNERS**

**Section 12.01. Notices.**

Except as otherwise provided herein, it shall be sufficient service of any notice, request, demand, authorization, direction, consent, waiver or other paper required or permitted by this Indenture to be made, given or furnished to or filed with the following Persons, if the same shall be delivered in person or sent by first class mail (postage prepaid), facsimile, or Electronic Notice, at the following addresses:

(a) To the Issuer at:

Fond du Lac County, Wisconsin  
City/County Government Center  
160 South Macy Street  
Fond du Lac, WI 54935  
Attn: County Executive  
Phone: (920) 929-3155  
Email: [allen.buechel@fdlco.wi.gov](mailto:allen.buechel@fdlco.wi.gov)

(b) To the Trustee at:

U.S. Bank National Association  
1555 RiverCenter Drive  
Milwaukee, WI 53202  
Attention: Corporate Trust Department  
Phone: (414) 905-5010  
Fax: (414) 905-5049  
Email: [yvonne.siira@usbank.com](mailto:yvonne.siira@usbank.com)

(c) To the Borrower at:

Bug Tussel 1, LLC  
c/o Hilbert Communications, LLC  
417 Pine Street  
Green Bay, WI 54301  
Attn: Steve Schneider, President and CEO  
Phone: (920) 662-3063  
Email: [steve.schneider@bugtusselwireless.com](mailto:steve.schneider@bugtusselwireless.com)

With a Copy to:

Husch Blackwell LLP  
511 North Broadway, Suite 1100  
Milwaukee, WI 53202  
Attn: Mike Long, Esq.  
Phone: (414) 978-5622  
Fax: (414) 223-5000  
E-mail: [mike.long@huschblackwell.com](mailto:mike.long@huschblackwell.com)

(d) To the Guarantors at:

Fond du Lac County, Wisconsin  
City/County Government Center  
160 South Macy Street  
Fond du Lac, WI 54935  
Attn: County Executive  
Phone: (920) 929-3155  
Email: [allen.buechel@fdlco.wi.gov](mailto:allen.buechel@fdlco.wi.gov)

Calumet County, Wisconsin  
206 Court Street  
Chilton, WI 53014  
Attn: County Clerk  
Phone: (920) 849-1458  
Email: [beth.hauser@calumetcounty.org](mailto:beth.hauser@calumetcounty.org)

Jackson County, Wisconsin  
307 Main Street  
Black River Falls WI 54615  
Attn: County Clerk  
Phone: (715) 284-0201  
Email: [cindy.altman@co.jackson.wi.us](mailto:cindy.altman@co.jackson.wi.us)

Marathon County, Wisconsin  
500 Forest Street  
Wausau, WI 54403  
Attn: County Clerk  
Phone: (715) 261-1500  
Email: [kim.trueblood@co.marathon.wi.us](mailto:kim.trueblood@co.marathon.wi.us)

Waushara County, Wisconsin  
209 South Saint Marie Street  
P.O. Box 488  
Wautoma, WI 54982  
Attn: County Clerk  
Phone: (920) 787-0442  
Email: [megan.kapp@co.waushara.wi.us](mailto:megan.kapp@co.waushara.wi.us)

(f) To the Bondowners:

At the addresses of the Bondowners as shown on the bond register maintained by the Trustee under this Indenture.

If, because of the temporary or permanent suspension of mail, phone, or electronic service, or for any other reason it is impossible or impractical to send a notice in the manner herein provided, then such delivery of notice in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient notice.

If notice to Bondowners is given by first class mail or Electronic Notice, neither the failure to send such notice, nor any defect in any notice so sent, to any particular Bondowner shall affect the sufficiency of such notice with respect to other Bondowners. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondowners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

All notices, requests, demands, authorizations, directions, consents, waivers or other papers or communications to the Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If a party chooses to use electronic signatures to sign documents delivered to the Trustee, such party agrees to assume all risks (which do not include gross negligence or willful misconduct by the Trustee) arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

## **Section 12.02. Acts of Bondowners.**

Any notice, request, demand, authorization, direction, consent, waiver or other action provided by this Indenture to be given or taken by Bondowners may be embodied in and evidenced by one or more substantially concurrent instruments of similar tenor signed by such Bondowners in person or by an agent duly appointed in writing. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer, the Guarantors or the Borrower. Proof of execution of any such instrument or of a writing appointing any such agent, or of the ownership of Bonds, shall be sufficient for any purpose of this Indenture and conclusive in favor of the Issuer and the Trustee, if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof, or by the affidavit of a witness of such execution. Whenever such execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

(b) The fact and date of execution of any such instrument or writing and the authority of any Person executing the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(c) The ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of owning the same, shall be proved by the bond register maintained by the Trustee.

In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the Issuer or the Borrower or any Affiliate of the Borrower shall be disregarded and deemed not to be Outstanding (unless the Borrower or any such Related Person or Affiliate owns all the Bonds, in which case such Bonds shall not be disregarded and shall be deemed Outstanding), except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. The Trustee may conclusively rely on the ownership information provided to the Trustee by DTC in order to determine whether the Bonds are owned by the Issuer or any Affiliate to the Issuer or the Borrower or any Affiliate of the Borrower.

Any notice, request, demand, authorization, direction, consent, waiver or other action by the Owner of any Bond shall bind every future owner of the same Bond and the owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

### **Section 12.03. Form and Contents of Documents Delivered to Trustee.**

Whenever several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such certificate or opinion is based are erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Whenever any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Wherever in this Indenture, in connection with any application or certificate or report to the Trustee, it is provided that the Issuer shall deliver any document as a condition of the granting of such application, or as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in such case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report.

## **ARTICLE XIII**

### **MISCELLANEOUS PROVISIONS**

#### **Section 13.01. Further Assurances.**

The Issuer shall do, execute, acknowledge and deliver such Supplemental Indentures and such further acts, instruments, financing statements and assurances as the Trustee may reasonably require for accomplishing the purposes of this Indenture.

#### **Section 13.02. Immunity of Officers, Employees and Members of Issuer.**

No recourse shall be had for the payment of the principal of, or interest on, any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Indenture against any past, present or future officer, employee or agent of the Issuer, or of any successor entity, or any member of the Issuer's governing body, either directly or through the Issuer or any successor entity, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, employees, agents

and members as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issuance of Bonds.

**Section 13.03. Liability of Issuer Limited.**

It is understood and agreed by the Trustee and the Owners from time to time of the Bonds that no Bonds or any other document executed by the Issuer in connection with the issuance, sale, and delivery of the Bonds, or any obligation herein or therein imposed upon the Issuer or breach thereof, shall give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers or shall obligate the Issuer financially in any way except with respect to the Loan Agreement and the application of revenues therefrom and the proceeds of the Bonds, except the Issuer's obligations under its Limited Guaranty Agreement. No failure of the Issuer to comply with any term, condition, covenant, or agreement herein shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charges except to the extent that the same can be paid or recovered from the Loan Agreement or revenues therefrom or proceeds of the Bonds. No execution on any claim, demand, cause of action, or judgment shall be levied upon or collected from the general credit, general funds, or taxing powers of the Issuer. In making the agreements, provisions and covenants set forth herein, the Issuer has not obligated itself except with respect to the Loan Agreement and the application of revenues thereunder as hereinabove provided and except with respect to the Limited Guaranty Agreement. The Bonds constitute limited obligations of the Issuer, payable solely from the revenues pledged to the payment thereof pursuant to this Indenture and proceeds derived by the Trustee pursuant to the Limited Guaranty Agreements, and do not now and never shall constitute an indebtedness or a loan of the credit of the Issuer, the Participating Counties, the State or any political subdivision thereof or a charge against the general taxing powers of any of them within the meaning of any constitutional or statutory provision whatsoever.

**Section 13.04. Execution Counterparts.**

This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

**Section 13.05. Governing Law.**

This Indenture shall be governed by and construed in accordance with the laws of the State without giving effect to the conflicts of laws principles thereof.

**Section 13.06. Benefit of Indenture.**

This Indenture shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein. With the exception of rights expressly conferred in this Indenture, including the rights under Section 7.15 hereof, nothing in this Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto and their successors and assigns hereunder, the Borrower, any separate trustee or co-trustee appointed under Section 8.10 and the Owners of Outstanding Bonds, any benefit or any legal or equitable right, remedy or claim under this Indenture.

**Section 13.07. Severability.**

If any provision in this Indenture or in the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Indenture of Trust to be duly executed by their duly authorized officers, all as of the day and year first above written.

**FOND DU LAC COUNTY, WISCONSIN**

By: \_\_\_\_\_  
Martin F. Farrell, County Chairperson

By: \_\_\_\_\_  
Lisa Freiberg, County Clerk

**U.S. BANK NATIONAL ASSOCIATION**

By: \_\_\_\_\_  
Yvonne Siira, Vice President



**EXHIBIT A**  
**to the**  
**INDENTURE OF TRUST**

FORM OF SERIES 2021 BONDS

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede &Co., has an interest herein.

THIS BOND IS A “RESTRICTED SECURITY” WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS BOND, (1) REPRESENTS THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT); AND (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS BOND EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT TO A PURCHASER REPRESENTING THAT IT IS A QUALIFIED INSTITUTIONAL BUYER.

UNITED STATES OF AMERICA  
STATE OF WISCONSIN

FOND DU LAC COUNTY, WISCONSIN

TAXABLE REVENUE BONDS, SERIES 2021  
(BUG TUSSEL 1, LLC PROJECT)(SOCIAL BONDS)

No. R-\_\_\_\_\_ \$\_\_\_\_\_

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____%	November 1, 20__	December 16, 2021	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_

FOND DU LAC COUNTY, WISCONSIN (hereinafter called the “Issuer”), for value received, promises to pay to the Registered Owner named above, or registered assigns, on the Maturity Date specified above, but solely from the source and in the manner hereinafter provided, and upon presentation and surrender hereof at the designated corporate trust office of the Trustee hereinafter referred to, the Principal Amount specified above, and to pay, but solely from the source and in the manner hereinafter provided, interest on said principal amount from the Date of Original Issue hereof

until the Principal Amount is paid or payment thereof is duly provided for, at the rate per annum of the Interest Rate specified above. Interest is computed on the basis of a 360 day year composed of twelve 30-day months and is payable semiannually on each May 1 and November 1, commencing May 1, 2022 (hereinafter called an "Interest Payment Date"), to the person in whose name this Series 2021 Bond is registered (herein called the "Owner") in the registration books maintained by the Trustee (the "Bond Register") as of the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date (the "Record Date"), by check of the Trustee sent by first class mail to the Owner at the Owner's address as it appears on the Bond Register or, under the circumstances set forth in the Indenture, by wire transfer in immediately available funds to an account designated by such Owner. The principal of, and interest on, this Series 2021 Bond are payable in lawful money of the United States of America.

The Series 2021 Bonds have been issued pursuant to and in full compliance with the Constitution and laws of the State of Wisconsin (the "State"), particularly Section 66.1103 and by authority of resolutions adopted by the Issuer's governing body in connection with a project and activity undertaken pursuant to said section of the Wisconsin Statutes. The Series 2021 Bonds are special, limited obligations of the Issuer payable by the Issuer solely from "Pledged Revenues" as defined in the Indenture hereinafter referred to, including all payments by the Borrower on the Series 2021 Promissory Note hereinafter referred to and all proceeds derived pursuant to the Limited Guaranty Agreements hereinafter referred to. THE SERIES 2021 BONDS DO NOT AND SHALL NOT CONSTITUTE THE DEBT OR GENERAL OBLIGATION OF THE ISSUER, THE PARTICIPATING COUNTIES, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION THEREOF AND DO NOT AND SHALL NOT CONSTITUTE OR GIVE RISE TO CHARGES AGAINST ANY OF THEIR GENERAL CREDIT OR TAXING POWERS, ARE NOT PAYABLE IN ANY MANNER FROM REVENUES RAISED BY TAXATION AND DO NOT AND SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, THE PARTICIPATING COUNTIES, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE OF WISCONSIN CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION OR RESTRICTION, AND DO NOT CONSTITUTE OR GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OR A PECUNIARY LIABILITY OF THE ISSUER, THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION THEREOF.

This Series 2021 Bond is one of an authorized issue of bonds of the Issuer in the principal amount of \$70,000,000 (herein called the "Series 2021 Bonds") issued under, and all equally and ratably secured and entitled to the protection given by, an Indenture of Trust, dated as of December 1, 2021 (as it may be amended and supplemented, herein called the "Indenture"), duly executed and delivered by the Issuer to U.S. BANK NATIONAL ASSOCIATION, as trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture) for the purpose of providing funds to be lent by the Issuer to Bug Tussel 1, LLC, a Wisconsin limited liability company (herein called the "Borrower"), pursuant to a Loan Agreement, dated as of December 1, 2021 (as it may be amended or supplemented, herein called the "Loan Agreement"), for the purpose of financing a portion of the costs of acquisition, construction and equipping of certain wireless internet and telephone communications facilities (the "Facilities") used by the Borrower and located in Fond du Lac, Calumet, Jackson, Marathon and Waushara Counties in the State of Wisconsin. The Indenture permits the issuance of "Additional Bonds" on a parity basis with the Series 2021 Bonds (the "Series 2021 Bonds collectively with any Additional Bonds, the "Bonds"). Reference is made to the Indenture, copies of which are on file in the offices of the Issuer and the Trustee, including all indentures

supplemental thereto, for a statement of the nature and extent of the security for the Series 2021 Bonds, the rights, duties and obligations of the Issuer and the Trustee, the rights of the Owners of the Series 2021 Bonds, the manner in which the Indenture can be amended, and terms upon which the Series 2021 Bonds are issued and secured. *All terms capitalized but not defined herein shall have the meanings assigned to them in the Indenture.* Pursuant to the Loan Agreement, the Borrower has executed and delivered its promissory note, dated the Date of Original Issue, payable to the order of the Issuer in the principal amount of said loan, maturing and bearing interest so as to provide the Issuer with sufficient revenues to pay when due the principal of and interest on the Series 2021 Bonds (the “Series 2021 Promissory Note”). The Borrower has unconditionally agreed in the Loan Agreement to provide the Issuer with revenues sufficient to pay when due the principal of and interest on the Series 2021 Bonds. Each Participating County has agreed to guarantee the payment of its Pro Rata Share pursuant to separate Limited Guaranty Agreements, each dated as of December 1, 2021 (as the same may be supplemented, amended or otherwise modified from time to time, the “Limited Guaranty Agreements”) delivered to the Trustee.

*Extraordinary Optional Redemption Due to Damage, Destruction, Eminent Domain, Court Order or Legislative Change.* The Series 2021 Bonds are subject to redemption in whole, or in part, at the option of the Borrower, on any Business Day, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date upon the following conditions: (in all such cases, excluding any Participating County exercising remedies under the Reimbursement Documents, and excluding any and all actions or omissions, whether direct or indirect, by any Participating County, including, without limitation, foreclosure or other action transferring title or rights with respect to the Facilities or any component of the Project and legislative or administrative action taken by any Participating County): (a) all or a portion of the Facilities within a particular Participating County shall have been damaged or destroyed to such extent that, in the opinion of the Borrower expressed in a certificate of the Borrower Representative filed with the Issuer and the Trustee following such damage or destruction, (i) the completion of the Project will be delayed for at least six months, (ii) it is not practicable or desirable to rebuild, repair or restore the Facilities within a period of six consecutive months following such damage or destruction, or (iii) the Borrower is or will be thereby prevented from carrying on its normal operations in a material manner at any portion of the Facilities for a period of at least six consecutive months; or (b) title to or the temporary use of all or substantially all of the Facilities in a particular Participating County shall have been taken under the exercise of the power of eminent domain by any governmental authority to such extent that, in the opinion of the Borrower expressed in a certificate of a Borrower Representative filed with the Issuer and the Trustee, (i) the completion of the Project will be delayed for at least six months or (ii) the Borrower is or will be thereby prevented from carrying on its normal operations in a material manner at any portion of the Facilities for a period of at least six consecutive months; or (c) any court or administrative body of competent jurisdiction shall enter a judgment, order or decree requiring the Borrower to cease all or any substantial part of its operations at any portion of the Facilities to such extent that, in the opinion of the Borrower expressed in a certificate of a Borrower Representative filed with the Issuer and the Trustee, the Borrower is or will be thereby prevented from carrying on its normal operations in a material manner at the Facilities for a period of at least six consecutive months; or (d) as a result of any changes in the Constitution of Wisconsin or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal), the Loan Agreement shall have become void or unenforceable or impossible to perform in accordance with the intent and purposes of the parties as expressed in the Loan Agreement, or unreasonable burdens or excessive liabilities shall have been imposed on the Issuer or the Borrower, in the opinion of the

Issuer or the Borrower, as applicable, expressed in a certificate of an Issuer Representative or a Borrower Representative, as applicable, filed with the Trustee, as a consequence of the Series 2021 Bonds or the Series 2021 Promissory Note being Outstanding, including without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the Facilities owed by the Borrower as of the date of the Loan Agreement. In the event that the Bonds are subject to redemption under this paragraph, and all Facilities located within a Participating County have been subject to the above-described conditions, upon the redemption of the portion of the Bonds representing the Facilities in such Participating County's obligation to pay its Pro Rata Share shall be reduced by a corresponding amount. For the avoidance of doubt, if a Participating County's Pro Rata Share is reduced to zero pursuant to its Limited Guaranty Agreement, then such Participating County shall be released from its obligations under its applicable Limited Guaranty Agreement in accordance with the terms and conditions set forth therein. Payment of the redemption price pursuant to this paragraph shall be made with Eligible Funds.

*Extraordinary Redemption At the Option of the Guarantors.* The Series 2021 Bonds are subject to redemption in whole, but not in part, at the option of the Guarantors, so long as the Guarantors are not in default under the Limited Guaranty Agreements, on any Business Day, at a redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date upon the occurrence of each of the following conditions: (A) an Event of Default has occurred and is continuing, (B) the Bonds have been accelerated pursuant to the terms hereof and (C) all of the Guarantors have unanimously agreed to exercise their option to redeem the Series 2021 Bonds. Payment of the redemption price pursuant to this paragraph shall be made with Eligible Funds.

*Optional Redemption.* The Series 2021 Bonds maturing after November 1, 2031 also are subject to redemption in whole or in part, in Authorized Denominations, at the option of the Borrower, on November 1, 2031 and on any date thereafter, at a redemption price equal to 100% of the principal amount thereof, without premium, plus interest accrued on the principal amount so redeemed to the redemption date.

*Mandatory Redemption from Unused Proceeds.* The Series 2021 Bonds are subject to mandatory redemption from any excess moneys remaining in the Project Fund upon the closing thereof pursuant to Section 4.07 of the Loan Agreement and Section 4.05 Indenture, on any Business Day fixed by the Trustee as the redemption date, which redemption date shall be within 45 days of the Trustee's receipt of the certificate of a Borrower Representative establishing the Completion Date. The redemption price shall be 100% of the principal amount of the Bonds or portions thereof so redeemed, plus accrued interest to the redemption date. Payment of the redemption price pursuant to this Section 3.01(c) shall be made with Eligible Funds.

*Mandatory Sinking Fund Redemption of Bonds.* The Series 2021 Bonds maturing November 1, 2041 and November 1, 2051 are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on November 1 in each of the years specified in the Indenture, at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date, without premium.

Notice of redemption shall be sent (unless waived, as set forth in the Indenture) at least 20 days before the redemption date to each Owner of a Series 2021 Bond to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Owner to the

Trustee. With respect to notice of any optional or extraordinary optional redemption of the Series 2021 Bonds, as described above, unless moneys or Government Obligations or a combination thereof, provided by the Borrower shall be received by the Trustee prior to the giving of said notice sufficient to pay the redemption price on the Series 2021 Bonds to be redeemed, said notice shall state that said redemption shall be conditional upon the receipt of such moneys or Governmental Obligations by the Trustee on or prior to the date fixed for such redemption. If such moneys or Governmental Obligations shall not have been so received on or prior to the redemption date, said notice shall be of no force and effect, the Municipality shall not redeem such Series 2021 Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. All Series 2021 Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited, and, except for the purpose of payment, shall no longer be protected by the Indenture and shall not be deemed Outstanding under the provisions of the Indenture.

If provision is made for the payment of the principal of, and interest on, this Series 2021 Bond in accordance with the Indenture, this Series 2021 Bond shall no longer be deemed Outstanding under the Indenture, shall cease to be entitled to the benefits of the Indenture, and shall thereafter be payable solely from the funds provided for the payment thereof.

If an Event of Default occurs, the principal of all Outstanding Bonds may become due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the Owners of the Bonds at any time with the consent of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding. The Indenture also contains provisions permitting Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Owners of all the Bonds, to waive compliance with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Owner of this Bond shall be conclusive and binding upon such Owner and of any Bond issued in lieu hereof whether or not notation of such consent or waiver is made upon this Bond or such Bond.

The Owner of this Series 2021 Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all Outstanding Bonds may become due and payable before the stated maturity thereof, together with interest accrued thereon.

The Series 2021 Bonds are issuable only as fully registered bonds without coupons in the denominations of \$100,000 or any multiple of \$5,000 in excess thereof ("Authorized Denominations"). The Series 2021 Bonds are exchangeable for other Series 2021 Bonds of the same series in the form of fully registered bonds of the same aggregate principal amount and in Authorized Denominations, upon surrender thereof by the Owner thereof at the designated corporate trust office of the Trustee, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee and executed by the Owner thereof or the Owner's attorney duly authorized in writing, in the manner and upon payment of the charges as provided in the Indenture.

This Series 2021 Bond is transferable by the Owner hereof upon surrender of this Series 2021 Bond for transfer at the designated corporate trust office of the Trustee, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Trustee and executed by, the Owner hereof or the Owner's attorney duly authorized in writing, in the manner and upon payment of the charges as provided in the Indenture. Thereupon the Issuer shall execute, and the Trustee shall authenticate and deliver, in exchange for this Series 2021 Bond, one or more new Bonds of the same series in the name of the transferee, of an Authorized Denomination, in aggregate principal amount equal to the principal amount of this Series 2021 Bond.

The Issuer, the Trustee and the Borrower may treat the person or entity in whose name this Series 2021 Bond is registered as the absolute Owner hereof for all purposes whether or not this Series 2021 Bond is overdue, and shall not be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Series 2021 Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Series 2021 Bond and the series of which it forms a part does not exceed or violate any constitutional or statutory limitation of indebtedness.

This Series 2021 Bond shall not be valid or obligatory for any purpose or be entitled to any security or benefit under the Indenture unless the Certificate of Authentication hereon has been signed by the Trustee.

IN WITNESS WHEREOF, Fond du Lac County, Wisconsin, by its governing body, has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairperson and Clerk as of the Date of Issuance on the first page of the Bond.

**FOND DU LAC COUNTY, WISCONSIN**

By: \_\_\_\_\_  
County Chairperson

By: \_\_\_\_\_  
County Clerk

**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds of the series designated therein and referred to in the within-mentioned Indenture.

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR  
OTHER IDENTIFYING NUMBER OF ASSIGNEE

---

(Please Print or Type Name and Address of Assignee)

the within-mentioned Bond and all rights thereunder and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney-in-fact, to transfer the same on the books of the registry in the office of the Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed

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NOTICE: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee, which requirements include membership or participation in the Securities Transfer Association Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

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NOTE: The signature to this assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or change whatsoever. When assignment is made by a guardian, trustee, executor or administrator, an officer of a corporation, or anyone in a representative capacity, proof of such person's authority to act must accompany this Bond.



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**LOAN AGREEMENT**

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**Dated as of December 1, 2021**

Between

**FOND DU LAC COUNTY, WISCONSIN,**  
as Issuer

and

**BUG TUSSEL 1, LLC,**  
as Borrower

Relating to:

**\$70,000,000**  
**Fond du Lac County, Wisconsin**  
**Taxable Revenue Bonds, Series 2021**  
**(Bug Tussel 1, LLC Project)(Social Bonds)**

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Notice of Assignment:

All rights and interest of Fond du Lac County, Wisconsin under this Loan Agreement have (with certain exceptions) been assigned to U.S. Bank National Association, as trustee under an Indenture of Trust dated even herewith.

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**\$70,000,000**  
**Fond du Lac County, Wisconsin**  
**Taxable Revenue Bonds, Series 2021**  
**(Bug Tussel 1, LLC Project)(Social Bonds)**

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**LOAN AGREEMENT**

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This Loan Agreement (as supplemented, amended or otherwise modified from time to time, “Loan Agreement”), dated as of December 1, 2021, between Fond du Lac County, Wisconsin, a political subdivision of the State of Wisconsin (as hereinafter defined, the “Issuer”), and Bug Tussel 1, LLC, a Wisconsin limited liability company (as hereinafter defined, the “Borrower”).

W I T N E S S E T H:

WHEREAS, Section 66.1103 of the Wisconsin Statutes (the “Act”) authorizes the Issuer to issue revenue bonds to finance projects; and

WHEREAS, pursuant to the Act and Section 66.0301, of the Wisconsin Statutes, a county, or two or more counties acting pursuant to an intergovernmental agreement, may serve as the Issuer for revenue bonds; and

WHEREAS, portions of the Project (defined below) will be constructed and installed in the following counties: Fond du Lac, Calumet, Jackson, Marathon and Waushara (the “Participating Counties” and each a “Participating County”); and

WHEREAS, the Participating Counties have entered into an Intergovernmental Agreement dated as of December 1, 2021, providing that, among other things, Fond du Lac County shall serve as the Issuer for the bonds; and

WHEREAS, the Act authorizes the Issuer to make loans to a participant, in connection with financing a project; and

WHEREAS, the Issuer has authorized the issuance of revenue bonds pursuant to an Indenture of Trust dated the date hereof (as supplemented, amended or otherwise modified from time to time, the “Indenture”) between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”) and the loan of the proceeds of such revenue bonds for the purpose of paying certain costs of the Project (as hereinafter defined) which Project is or will be located in the Participating Counties; and

WHEREAS, the Issuer’s governing body has found and determined (i) that the Project is a qualified project under the Act; (ii) that the Borrower is a qualified participant under the Act; and (iii) that the financing of the Project will serve a public purpose and will in all respects conform to the provisions and requirements of the Act; and

WHEREAS, the Borrower has now requested that the Issuer issue the Bonds (as hereinafter defined) to provide for the financing of the Project; and

WHEREAS, the execution and delivery of this Loan Agreement have been in all respects duly and validly authorized by resolution of the Issuer's Governing Body.

NOW THEREFORE, in consideration of the premises and of the covenants and undertakings herein expressed, the Issuer and the Borrower agree as follows:

## **ARTICLE I**

### **DEFINITIONS; REFERENCES; CERTIFICATES AND OPINIONS; GENERAL PROVISIONS**

**Section 1.01. Definitions.** Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture unless the context clearly requires otherwise.

**Section 1.02. References.**

All references in this Agreement to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Agreement as originally executed. The words "herein," "hereof," and "hereunder," and other words of similar import, refer to this Agreement as a whole and not to any particular Article, Section or other subdivision unless the context clearly indicates otherwise. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof. Unless the context hereof clearly requires otherwise, the masculine shall include the feminine and vice versa and the singular shall include the plural and vice versa.

**Section 1.03. Certificates and Opinions.**

Any certificate or opinion of an officer of the Borrower may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, Counsel or Bond Counsel. Any opinion of Counsel or Bond Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Borrower stating that the information with respect to such factual matters is in the possession of the Borrower.

Wherever in this Agreement, in connection with any request, certificate or report to the Issuer or the Trustee, it is provided that the Borrower shall deliver any document as a condition of the granting of such request, or as evidence of the Borrower's compliance with any term hereof, it is intended that the truth and accuracy at the time of the granting of such request or at the effective date of such certificate or report, as the case may be, of the facts and opinions stated in such document shall in each case be conditions precedent to the right of the Borrower to have such request granted or to the sufficiency of such certificate or report.

**Section 1.04. Notices, etc. to Trustee, Issuer, Borrower and Guarantors.**

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by this Agreement shall be sufficient for every purpose hereunder if given in accordance with Section 12.01 of the Indenture.

**Section 1.05. Successors and Assigns.**

All covenants and agreements in this Agreement by the Issuer or the Borrower shall bind their successors and assigns, whether so expressed or not.

**Section 1.06. Separability Clause.**

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 1.07. Execution Counterparts.**

This Agreement may be executed in any number of counterparts. All such counterparts shall be deemed to be originals and shall together constitute one and the same instrument.

**Section 1.08. Construction.**

This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin without giving effect to the conflicts-of-law principles thereof.

**Section 1.09. Benefit of Agreement.**

Nothing in this Agreement, express or implied, shall give to any Person, other than the parties hereto, the Participating Counties, and the Trustee, and their permitted successors and assigns hereunder, any benefit or other legal or equitable right, remedy or claim under this Agreement.

**Section 1.10. Limitation of Liability of Issuer.**

This Agreement is entered into by the Issuer pursuant to the Act, and, notwithstanding any provisions hereof, the Issuer's obligations hereunder are subject in all respects to the limitations of the Act. Notwithstanding anything herein contained to the contrary by implication or otherwise (except pursuant to the Limited Guaranty Agreement to which the Issuer is a party in its role as a Participating County and not in its role as Issuer), any obligations of the Issuer created by or arising out of this Agreement do not give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers (if any), including, but not limited to (i) liability for failure to investigate or negligence in the investigation of the financial position or prospects of the Borrower, a user of the Facilities or any other person or for failure to consider, or negligence concerning, the adequacy of terms of, or collateral security for, the Bonds or any related agreement to protect interests of Owners of the Bonds; and (ii) any liability in connection with the issuance or sale of the Bonds. In addition, this Agreement shall not give rise to any personal liability of any member of the Issuer's Governing Body or of any officers, agents, employees or officials of the Issuer on the Bonds or for any act or omission related to the authorization or issuance of the Bonds.

The Borrower hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by payments made by the Borrower pursuant to this Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture and proceeds derived by the Trustee pursuant to the Limited Guaranty Agreements, and hereby agrees

that if the payments to be made hereunder shall ever prove insufficient to pay all the principal or purchase price of, and interest on, the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal or purchase price of, or interest on, the Bonds, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

Except pursuant to the Limited Guaranty Agreements in its role as a Participating County, the obligations of the Issuer created by or arising out of this Agreement shall not be debt or obligations of the Issuer, the Participating Counties, the State of Wisconsin or any political subdivision thereof and do not constitute or give rise to charges against any of their general credit or taxing powers, are not payable in any manner from revenues raised by taxation, do not constitute an indebtedness within the meaning of any constitutional debt limitation or restriction of the Issuer, the Participating Counties, the State of Wisconsin or any political subdivision thereof, and shall not constitute or give rise to any personal liability of any member of the Issuer's Governing Body or the officers, agents and employees of the Issuer on the Bonds or for any act or omission related to the authorization or issuance of the Bonds.

## **ARTICLE II**

### **REPRESENTATIONS AND WARRANTIES**

#### **Section 2.01. Representations of the Issuer.**

The Issuer makes the following representations as the basis for the undertakings on the part of the Borrower herein contained:

(a) The Issuer is a body corporate and politic duly organized and validly existing under the laws of the State.

(b) The financing of the Project, the issuance and sale of the Series 2021 Bonds, the execution and delivery of this Agreement and the Indenture, and the performance of all covenants and agreements of the Issuer contained in this Agreement and the Indenture, and of all other acts and things required under the laws of the State to make this Agreement and the Indenture valid and binding special, limited obligations of the Issuer in accordance with their terms, are authorized by the Act and have been duly authorized by resolutions of the Issuer's Governing Body adopted at meetings thereof duly called and held by the affirmative vote of not less than a majority of its members.

(c) The execution and delivery of this Agreement and the other agreements contemplated hereby to which the Issuer is a party, including without limitation the Indenture, and the consummation of the transactions contemplated hereby and thereby, and the fulfillment of the terms hereof and thereof, do not and will not conflict with, or constitute on the part of the Issuer a breach of or a default under, any existing (i) law, or (ii) other legislative act, constitution or other proceeding establishing or relating to the establishment of the Issuer



or its affairs or its resolutions, or (iii) agreement, indenture, mortgage, lease or other instrument to which the Issuer is subject or is a party or by which it is bound.

(d) No officer of the Issuer who is authorized to take part in any manner in making this Agreement or the Indenture or any contract contemplated hereby or thereby has a personal financial interest in or has personally and financially benefited from this Agreement or the Indenture or any such contract.

(e) There is not pending or, to the best knowledge of the Issuer, threatened any suit, action or proceeding against or affecting the Issuer before or by any court, arbitrator, administrative agency or other governmental authority which materially and adversely affects the validity, as to the Issuer, of this Agreement or the Indenture, any of its obligations hereunder or thereunder or any of the transactions contemplated hereby or thereby.

## **Section 2.02. Representations and Warranties of the Borrower.**

The Borrower makes the following representations and warranties as the basis for the undertakings on the part of the Issuer herein contained:

(a) The Borrower is a limited liability company duly organized and in good standing under the laws of, and qualified to do business in, the State and is not in violation of any provision of its certification of formation or operating agreement.

(b) At all times since its formation, (i) the Borrower has been a single purpose entity created solely for the purposes of acquiring, constructing, owning and operating the Project and related facilities and the activities related or incident thereto; (ii) the Borrower has not engaged in any business unrelated to the acquisition, construction, ownership and operation of the Project and related facilities and the activities related or incident thereto; and (iii) the Borrower does not have any assets, liabilities or obligations other than those related to the Project and related facilities.

(c) The Borrower has the power to enter into this Agreement and to perform and observe the agreements and covenants on its part contained herein, and by proper corporate action has duly authorized the execution and delivery hereof.

(d) No consent, approval, authorization or other order of any regulatory body or administrative agency or other governmental body is legally required for the Borrower's participation in the transactions contemplated by this Agreement, except such as (i) have been obtained or (ii) may be required under state securities laws.

(e) The execution and delivery of this Agreement by the Borrower do not, and consummation of the transactions contemplated hereby and fulfillment of the terms hereof, including, without limitation, will not, result in a breach of any of the material terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust or other material agreement or instrument to which the Borrower is a party or by which it is now bound, or the Articles of Incorporation or Bylaws of the Borrower, or any present order, rule or regulation applicable to the Borrower of any court or of any regulatory body or administrative agency or other governmental body having jurisdiction over the Borrower or over any of its properties, or any statute of any jurisdiction applicable to the Borrower.

(f) Each of the Transaction Documents to which the Borrower is a party has been duly authorized, executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with the terms thereof, except as such enforceability (i) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (ii) is subject to general principles of equity (regardless of whether enforceability is considered in equity or at law).

(g) There is not pending or, to the best knowledge of the Borrower, threatened any suit, action or proceeding against or affecting the Borrower before or by any court, arbitrator, administrative agency or other governmental authority that materially and adversely affects the validity, as to the Borrower, of any of the transactions contemplated by this Agreement or the ability of the Borrower to perform its obligations hereunder or as contemplated hereby.

(h) The Borrower and the Facilities are in compliance with all laws applicable to the Borrower or the Facilities, and with the terms of all other governmental approvals and permits obtained by it.

(i) The Borrower has not engaged in any business other than the acquisition, ownership, construction, installation, operation, management, maintenance of and financing for the Facilities and the activities related or incident thereto or necessary, suitable or convenient for the accomplishment of such purposes, and the Borrower has no material obligations or liabilities other than those directly related to the conduct of such business.

(j) No governmental approval is required to be obtained by the Borrower in connection with (i) the execution and delivery of, and performance by the Borrower of its respective obligations, and the exercise of its rights, under the Transaction Documents to which it is a party, or (ii) the validity and enforceability of the Transaction Documents.

(k) All material governmental approvals required to construct, own, and operate the Facilities have been obtained. Such governmental approvals that have been obtained are final and in full force and effect, and, if applicable laws or regulations specify a period for bringing administrative appeals, all such appeals periods have expired. The Borrower expects that all additional governmental approvals required to construct, own, and operate the Facilities will be obtained when required in due course on commercially reasonable terms.

(l) All insurance required to be maintained by the Borrower under the Transaction Documents has been obtained and is in full force and effect, other than insurance not reasonably required at such stage of the Project. All premiums due with respect thereto have been paid or will be paid when required.

(m) No Event of Default has occurred and is continuing.

(n) As of the Date of Issuance of the Bonds, none of this Agreement nor any other document, certificate or written statement furnished to the Trustee or the Issuer by the Borrower, when considered together as a collective whole, to its knowledge, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make

the statement contained herein and therein not misleading or incomplete in the light of the circumstances and the context of the specific document under which it was made.

(o) As of the Date of Issuance of the Bonds, the Borrower has not entered into any material agreements in connection with the Project with total payments by or to the Borrower in excess of \$1,000,000, or with a term greater than one (1) year, other than the Transaction Documents.

(p) The Borrower does not rely on any warranty of the Issuer, either express or implied, as to the Project or the financing thereof or the adequacy of the loan made hereby for such financing or funding.

(q) Each element or unit of the Facilities, as described in Exhibit A hereto for which moneys are to be disbursed from the Project Fund is located in any one or more of the Participating Counties.

(r) The financial model prepared by the Borrower was prepared in good faith and based upon assumptions believed to be reasonable and represents, in the opinion of the Borrower, reasonable projections on the Date of Issuance of the Bonds of the future performance of the Borrower (it being understood that projections contain significant uncertainty and actual results may differ materially from projections).

(s) The Borrower has valid fee title or leasehold title to the project sites and the Facilities.

(t) In connection with the self-designation of the Series 2021 Bonds as “social bonds” in accordance with the 2021 edition of the Social Bond Principles (“SBP”) published by the International Capital Markets Association (“ICMA”) and to align with four of the 17 United Nations Sustainable Development Goals set forth below (“UNSDGs”), the Borrower will use the proceeds of the Series 2021 Bonds for “Social Projects” as outlined by the ICMA by:

- (i) expanding affordable basic infrastructure,
- (ii) expanding access to essential services,
- (iii) generating additional employment opportunities,
- (iv) promoting socioeconomic advancement and empowerment; and
- (v) supporting the UNSDGs of Goal 8: “Decent Work and Economic Growth”, Goal 9: “Industry, Innovation, and Infrastructure”, Goal 10: “Reduced Inequalities”, and Goal 11: “Sustainable Cities and Communities”

all through providing or improving affordable access to essential broadband internet for residents of rural Wisconsin, which are an underserved population as it relates to access to broadband internet and the benefits conferred by broadband internet service, such as access to tele-health services and online education, greater connectivity with emergency responders, attracting or maintaining employees in local areas by providing remote work possibilities, and

allowing local businesses to increase revenue through online ordering. The impacts from the Project are aligned with the principles set forth in the ICMA and the UNSDGs. As set forth in the Indenture and herein, the proceeds of the Bonds will be held in segregated funds by the Trustee.

## **ARTICLE III**

### **THE LOAN**

#### **Section 3.01. Issuance of Bonds to Finance the Project.**

Simultaneously with the delivery of this Agreement, the Issuer shall issue, sell and deliver the Series 2021 Bonds to provide it with funds to be loaned to the Borrower pursuant to this Agreement. The Series 2021 Bonds shall be issued in accordance with the Indenture. The Borrower's approval of the terms of the Series 2021 Bonds and the Indenture shall be conclusively established by its execution and delivery of this Agreement. If for any reason the Series 2021 Bonds are not issued, sold and delivered, the Issuer shall have no obligation to make this Loan, and this Agreement and the Series 2021 Promissory Note shall each cease, terminate and be void. Any provisions governing the rights, immunities and protections of the Trustee under the Indenture are incorporated by reference into this Loan Agreement as being applied to the Trustee as though fully set forth herein.

#### **Section 3.02. Making of the Loan.**

The Issuer hereby makes a loan to the Borrower in the principal amount of the Series 2021 Bonds. The Loan shall be deemed to have been made when the proceeds of the original sale of the Series 2021 Bonds are delivered to the Trustee at the direction of the Issuer. Such proceeds shall be apportioned by the Trustee and deposited in the funds established pursuant to Section 4.03 of the Indenture.

#### **Section 3.03. Acceptance and Evidence of the Loan.**

The Borrower hereby accepts the Loan and as evidence thereof hereby delivers the Series 2021 Promissory Note to the Issuer. The Issuer hereby acknowledges receipt of the Series 2021 Promissory Note.

#### **Section 3.04. Direct, Unsecured and Unconditional Obligation.**

The debt obligation of the Borrower under this Agreement and the Series 2021 Promissory Note is the direct and unconditional obligation of the Borrower.

#### **Section 3.05. Pledge and Assignment to Trustee.**

Simultaneously with the delivery of this Agreement, the Issuer shall pledge and assign to the Trustee under the Indenture all the Issuer's right, title and interest in and to the Series 2021 Promissory Note, this Agreement and all the Issuer's rights to receive payments thereunder and hereunder; provided, however, that the Issuer reserves the right to enforce the Issuer's Unassigned Rights in its own name and for its own account. The Borrower hereby consents to such pledge and assignment and agrees that the Trustee may enforce any and all rights, privileges and remedies of the

Issuer (other than the Issuer's Unassigned Rights) under or with respect to the Series 2021 Promissory Note and this Agreement.

### **Section 3.06. Loan Repayment.**

(a) The Borrower shall repay the Loan in accordance with the Series 2021 Promissory Note. The Series 2021 Promissory Note shall (i) mature on such date and in such principal amount that, upon the Stated Maturity date of such Series 2021 Bonds, shall mature, (ii) bear interest at the same rate, payable at the same times, as such Series 2021 Bonds, and (iii) require the redemption of all or an equal principal amount thereof on each date on which such Series 2021 Bonds are required to be redeemed pursuant to Section 3.01 of the Indenture. Payments on the Series 2021 Promissory Note shall be made by the Borrower directly to the Trustee under the Indenture. The Trustee shall deposit all payments on the Series 2021 Promissory Note into the Bond Fund as provided in the Indenture. In any case where a payment to be made by the Borrower pursuant to this Agreement shall be due on a day that is not a Business Day, then such payment may be made on the next succeeding Business Day with the same force and effect as if made on the due date.

(b) The Borrower shall receive a credit against its obligation to make any payment of the principal of, or interest on, the Series 2021 Promissory Note, whether at maturity, upon redemption or otherwise, in an amount equal to, and such obligation shall be fully or partially, as the case may be, satisfied and discharged to the extent of, the amount, if any, credited pursuant to the Indenture against the payment required to be made by or for the account of the Issuer in respect of the corresponding payment of the principal of or interest on the related series of Series 2021 Bonds. The Issuer agrees with the Borrower that at the time all the Series 2021 Bonds cease to be Outstanding (other than by reason of the applicability of clause (c) of the definition of Outstanding), the Trustee shall surrender the Series 2021 Promissory Note to the Borrower.

(c) Notwithstanding any of the foregoing provisions, moneys in the Bond Fund shall not be credited against the aforesaid obligations of the Borrower (i) to the extent such moneys are required for payment of the Series 2021 Bonds previously matured or called for redemption which have not been presented for payment or paid, or for past-due, unpaid interest on such Series 2021 Bonds, (ii) to the extent such moneys are to be used by the Trustee for the payment of a redemption of the Series 2021 Bonds or for the purchase of Series 2021 Bonds on the open market, either on a specified date within one year of the payment date in question or at a date to be specified subsequently by the Borrower, or (iii) to the extent such moneys have been deposited from the Series 2021 Debt Service Reserve Account because of a default in the Bond Fund.

### **Section 3.07. Borrower's Remedies.**

Nothing contained in this Article shall be construed to release the Issuer from the performance of any of its agreements in this Agreement, and, if the Issuer should fail to perform any such agreement, the Borrower may institute such action against the Issuer as the Borrower may deem necessary to compel the performance, so long as such action shall not violate the Borrower's agreements in Section 3.05 hereof. The Borrower may at its own cost and expense, and in its own name, prosecute or defend any action or proceeding against third parties or take any other action

which the Borrower deems reasonably necessary in order to secure or protect its interest in the Facilities and right of possession, occupancy and use thereof under this Agreement and the Indenture. In this event, the Issuer agrees to cooperate fully with the Borrower in any such action or proceeding if the Borrower shall so request and agree to pay all expenses.

**Section 3.08. Deposits in Respect of the Promissory Note.**

The Borrower agrees to make the following payments to the Trustee:

(a) for deposit into the Bond Fund on or before the fifteenth (15<sup>th</sup>) day of the month prior to each Interest Payment Date, commencing April 15, 2022, 100% of the amount of interest next coming due on the Series 2021 Promissory Note, together with any money then on deposit in the Bond Fund and available for that purpose, to pay the next installment of interest due on the Series 2021 Promissory Note, and

(b) for deposit into the Bond Fund on or before the fifteenth (15<sup>th</sup>) day of the month prior to each Interest Payment Date, commencing April 15, 2022, 50% of the amount of principal next coming due on the Series 2021 Promissory Note, together with any money then on deposit in the Bond Fund and available for that purpose, to pay the next installment of principal due on the Series 2021 Promissory Note; and

(c) prior to the sooner of the May 1, 2025 Interest Payment Date or the date that insufficient amounts are on deposit in the 2021 Capitalized Interest Account of the Project Fund to pay the amount due on the next Interest Payment Date, Interest Payments on the Series 2021 Bonds shall be paid from the Capitalized Interest Account.

**Section 3.09. Deposits to Debt Service Reserve Fund.**

In the event the amount on deposit in the Series 2021 Debt Service Reserve Account is less than the Series 2021 Debt Service Reserve Requirement,

(a) on any date as a result of a transfer from the Series 2021 Debt Service Reserve Account to the Bond Fund due to a deficiency in the Bond Fund, then the Borrower agrees to deposit an amount sufficient to make up the deficiency within five (5) days after the date of such draw on the Series 2021 Debt Service Reserve Account; or

(b) on any date as a result of a transfer from the Series 2021 Debt Service Reserve Account to the Bond Fund to pay amounts recovered from Bondholders as a preferential payment, the Borrower agrees to deposit immediately and without notice, the amount of such transfer; or

(c) for any other reason, including a determination on a Valuation Date that the market value of the securities then on deposit in the Series 2021 Debt Service Reserve Account is less than the Series 2021 Debt Service Reserve Requirement, the Borrower agrees to deposit in the Series 2021 Debt Service Reserve Account amounts sufficient to make up the deficiency within 90 days following the date on which the Borrower received notice of the deficiency.

## ARTICLE IV

### THE PROJECT

#### **Section 4.01. Completion and Location of the Facilities.**

The Borrower will cause the Project to be acquired, constructed, installed and equipped in accordance with the plans and specifications therefor. The Facilities are or will be owned and operated by the Borrower.

#### **Section 4.02. Agreement to Complete the Project.**

The Borrower agrees to complete, or cause to be completed, the Project with all reasonable dispatch in accordance with the Project Plans and Specifications. If the moneys in the Project Fund shall be insufficient to pay the costs of completing the Project, the Borrower shall nevertheless complete the same and shall be responsible for causing the costs thereof to be paid. The Borrower shall procure any and all building permits, use and occupancy permits, public service commission approvals, and other permits, licenses and authorizations necessary for the construction, completion, occupancy and use of the Project.

#### **Section 4.03. Manner of Procuring Disbursements from the Cost of Issuance Fund.**

Costs of Issuance, to the extent financed by the Bonds, may be disbursed only from the Cost of Issuance Fund and only in an aggregate amount not exceeding the Cost of Issuance Deposit Amount. Upon requisition as hereinafter provided, the moneys in the Cost of Issuance Fund shall be disbursed to or at the order of the Borrower to pay (or reimburse the Borrower for) the Costs of Issuance described in the definition of Eligible Costs of the Project in the Indenture.

Disbursements from the Cost of Issuance Fund shall be made by the Trustee only upon receipt of an appropriately completed Requisition substantially in the form attached hereto as Exhibit C, executed on behalf of the Borrower by a Borrower Representative, accompanied by the supporting information and documentation specified therein. The Borrower agrees that the Trustee, if directed to do so by the Issuer or a Participating County, may condition any disbursement from the Cost of Issuance Fund upon its receipt of such additional information and documentation as the Issuer or such Participating County may reasonably require to evidence the truth and accuracy of the statements and representations contained in the Requisition. The Trustee shall be fully protected in relying upon the Requisitions delivered to it in accordance with this Section 4.03 and shall have no duty or obligation to request any additional information or documentation to verify the truth and accuracy of the statements and representations contained therein or to otherwise make an investigation in connection with such Requisitions.

If the moneys in the Cost of Issuance Fund shall be insufficient to pay all of the Costs of Issuance, the Borrower shall be responsible for paying the difference from funds other than Bond proceeds. If there shall be any balance in the Cost of Issuance Fund remaining on the earliest of (i) the date which is 90 days after the date of issuance of the Bonds, (ii) the date the Trustee receives a certification by the Borrower Representative that all Costs of Issuance have been paid, or (iii) the date

of closing of the Project Fund pursuant to Section 4.07 hereof, such remaining balance shall be transferred to the Project Fund.

**Section 4.04. Manner of Procuring Disbursements from the Project Fund.**

Upon requisition as hereinafter provided, moneys in the Project Fund shall be disbursed to or at the order of the Borrower to pay (or reimburse the Borrower for) the Engineering Costs, and the Project Costs described in the definition of Eligible Costs of the Project in the Indenture.

Disbursements from the Project Fund shall be made by the Trustee only upon receipt of an appropriately completed Requisition substantially in the form attached hereto as Exhibit C, executed on behalf of the Borrower by a Borrower Representative, accompanied with the proper information and documentation specified therein. The Trustee shall have the right to withhold disbursements from the Project Fund if the Trustee determines that the Requisition is incomplete or inaccurate in any material respect. The Borrower may deposit moneys into the Project Fund from time to time as it deems desirable or necessary. The Borrower agrees that it shall only request disbursements from the Project Fund for Eligible Costs of the Project. Absent gross negligence or willful misconduct, the Trustee shall be fully protected in relying upon the Requisitions delivered to it in accordance with this Section 4.04 and shall have no duty or obligation to request any additional information or documentation to verify the truth and accuracy of the statements and representations contained therein or to otherwise make an investigation in connection with such Requisitions.

The Borrower shall deliver to each Participating County, as applicable, a copy of the Requisition simultaneously with the delivery to the Trustee. Prior to any disbursement, the Borrower shall comply with any requirements of the Participating Counties contained in the applicable Reimbursement Agreement. The Trustee shall not be required to determine whether each Participating County has received a copy of the Requisition or whether the Borrower has complied with the requirements of any Reimbursement Agreement; nor shall the Trustee be required to inquire as to whether any Participating County objects the disbursements requested in the Requisition.

**Section 4.05. Amendments to Project Plans and Specifications.**

Subject to the conditions set forth in this Section, the Borrower shall have the right to amend the Project Plans and Specifications and to issue change orders to contractors from time to time as the Borrower shall deem necessary or desirable. The Trustee's approval or consent shall not be required for any amendment to the Project Plans and Specifications; provided that, the Borrower receives all approvals or consents required under the Reimbursement Documents from the Participating Counties.

**Section 4.06. Establishment of Project Completion Date.**

The Borrower shall evidence the completion of the Project by filing with the Issuer and the Trustee:

- (a) a certificate of a Borrower Representative, without prejudice to any rights against third parties (i) that the Project has been completed in accordance with Project Plans and Specifications and the Reimbursement Documents, and (ii) that all labor, services, materials and supplies used to construct, acquire and install the Facilities have been paid in



full, except for such portion thereof (which shall be identified in detail) which the Borrower is disputing in good faith and by appropriate proceeding; and

(b) designating the date of Project completion and, if applicable, the respective dates of completion of each of the component phases of the Project.

Upon such filing, the date specified in accordance with clause (b) above shall be the “Completion Date” for purposes of this Agreement.

**Section 4.07. Closing of Project Fund.**

Upon being furnished the items described in Section 4.06 hereof, the Trustee shall close the Project Fund and transfer the remaining balance therein, if any (including any amount transferred from the Cost of Issuance Fund on such date), to the Bond Fund. If the Borrower has not filed such items by December 31, 2026, the Borrower shall file with the Trustee a certificate signed by a Borrower Representative stating in detail the reasons therefor, certifying the amounts, if any, which are then due and owing to contractors, materialmen or other suppliers for the Project and containing detailed estimates of the costs necessary to complete the Project in accordance with the Project Plans and Specifications.

**Section 4.08. Issuer’s and Trustee’s Access to Facilities.**

The Borrower agrees that the Issuer and Trustee shall have the right, upon appropriate prior notice to the Borrower, to have reasonable access to the Facilities during normal business hours for the purpose of making examinations and inspections of the same.

**ARTICLE V**

**REDEMPTION OF SERIES 2021 BONDS**

**Section 5.01. Prepayment of Loan.**

The Borrower may at any time transmit funds directly to the Trustee, for deposit in the Bond Fund, in addition to amounts, if any, otherwise required at that time pursuant to this Agreement, and direct that said money be utilized by the Trustee for redemption of Series 2021 Bonds which are then or will be redeemable in accordance with their terms on a date specified by the Borrower, provided notice is properly given in accordance with Section 3.02 of the Indenture.

**Section 5.02. Option to Prepay Loan and to Direct Redemption of Series 2021 Bonds.**

The Borrower shall have the option to prepay the Series 2021 Promissory Note in whole or in part on the dates set forth for redemption of the Series 2021 Bonds under Section 3.01(a) of the Indenture. In any such case, the Borrower shall, to exercise its option hereunder, notify the Issuer and the Trustee in writing, designating a redemption date, and, prior to said redemption date, deposit with the Trustee a sum sufficient of Eligible Funds, with other funds held by the Trustee and available for such purpose, to redeem such Series 2021 Bonds then Outstanding.

**Section 5.03. Optional Prepayment of Promissory Note Upon Occurrence of Certain Extraordinary Events.**

Subject to the proviso below, the Borrower shall have the option to prepay the Series 2021 Promissory Note in whole or in part, in Authorized Denominations, upon the following conditions: (a) all or a portion of the Facilities shall have been damaged or destroyed to such extent that, in the opinion of the Borrower expressed in a certificate of the Borrower Representative filed with the Issuer and the Trustee following such damage or destruction, (i) the completion of the Project will be delayed for at least six months, (ii) it is not practicable or desirable to rebuild, repair or restore the Facilities within a period of six consecutive months following such damage or destruction, or (iii) the Borrower is or will be thereby prevented from carrying on its normal operations in a material manner at any portion of the Facilities for a period of at least six consecutive months; or (b) title to or the temporary use of all or substantially all of the Facilities in a particular Participating County shall have been taken under the exercise of the power of eminent domain by any governmental authority to such extent that, in the opinion of the Borrower expressed in a certificate of a Borrower Representative filed with the Issuer and the Trustee, (i) the completion of the Project will be delayed for at least six months or (ii) the Borrower is or will be thereby prevented from carrying on its normal operations in a material manner at any portion of the Facilities for a period of at least six consecutive months; or (c) any court or administrative body of competent jurisdiction shall enter a judgment, order or decree requiring the Borrower to cease all or any substantial part of its operations at any portion of the Facilities to such extent that, in the opinion of the Borrower expressed in a certificate of a Borrower Representative filed with the Issuer and the Trustee, the Borrower is or will be thereby prevented from carrying on its normal operations in a material manner at the Facilities for a period of at least six consecutive months; or (d) as a result of any changes in the Constitution of Wisconsin or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal), the Loan Agreement shall have become void or unenforceable or impossible to perform in accordance with the intent and purposes of the parties as expressed herein, or unreasonable burdens or excessive liabilities shall have been imposed on the Issuer or the Borrower, in the opinion of the Issuer or the Borrower, as applicable, expressed in a certificate of an Issuer Representative or a Borrower Representative, as applicable, filed with the Trustee, as a consequence of the Series 2021 Bonds or the Series 2021 Promissory Note being Outstanding, including without limitation federal, state or other ad valorem, property, income or other taxes not being imposed on the Facilities owed by the Borrower as of the date hereof. In the event that the Promissory Note is subject to prepayment under this section, and all Facilities located within a Participating County have been subject to the above-described conditions, upon the prepayment of the portion of the Promissory Note representing the Facilities in such Participating County, such Participating County shall be released from its obligations under its Limited Guaranty Agreement in accordance with the terms of its Limited Guaranty Agreement.

In respect to each of the foregoing conditions, no such condition shall be met if such condition is met or caused by (i) any Participating County exercising remedies under the Reimbursement Documents, including, without limitation, any and all actions or omissions thereunder, whether direct or indirect, and all foreclosure or other action transferring title or rights with respect to the Facilities, or any component of the Project, or (ii) legislative or administrative action taken by any Participating County.

To exercise such option the Borrower shall give notice to the Issuer and the Trustee within 90 days following the occurrence of the event which is said to give rise to the right to exercise such option. The notice shall refer to this Section, shall describe and give the date of the subject event, shall have attached to it the requisite certificate of a Borrower's Representative, and shall direct a redemption of all or a portion of the Outstanding Series 2021 Bonds pursuant to Section 3.01(b) of the Indenture on a specified Business Day for which the notice of redemption required by Section 3.04 of the Indenture can be given. Prior to said redemption date, the Borrower shall deposit with the Trustee a sum sufficient of Eligible Funds, with other funds held by the Trustee and available for such purpose, to redeem such Series 2021 Bonds then Outstanding.

**Section 5.04. Obligation to Prepay Loan and to Redeem Series 2021 Bonds From Unused Proceeds.**

The Borrower shall be obligated to repay the Loan from the proceeds of the Series 2021 Bonds, in part, to the extent Series 2021 Bonds are required to be redeemed in accordance with Section 3.01(c) of the Indenture.

The prepayment of the Loan required by the preceding paragraph, which shall be deposited on or prior to the redemption date, shall be a sum sufficient of Eligible Funds, together with other funds deposited with the Trustee and available for such purpose, to redeem all the Series 2021 Bonds to be redeemed at a price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption, and, if no Series 2021 Bonds shall thereafter remain outstanding, to pay all reasonable and necessary fees and expenses of the Trustee, and all other liabilities of the Borrower, accrued and to accrue under this Agreement through the redemption date.

**Section 5.05. Obligation to Prepay Loan on Mandatory Sinking Fund Payment Dates.**

The Borrower shall be obligated to repay the Loan to the extent Series 2021 Bonds that are Term Bonds are required to be redeemed in accordance with Section 3.01(d) of the Indenture.

The prepayment of the Loan required by the preceding paragraph, which shall be deposited on or prior to the redemption date, shall be a sum sufficient, together with other funds deposited with the Trustee and available for such purpose, to redeem the Series 2021 Term Bonds on the applicable Mandatory Sinking Fund Payment dates at a price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption.

**ARTICLE VI**

**COVENANTS OF THE BORROWER**

**Section 6.01. Payment of Series 2021 Promissory Note.**

The Borrower agrees to make the principal and interest payments on the Series 2021 Promissory Note in the manner and amounts and the times and places specified herein and in the Series 2021 Promissory Note.

**Section 6.02. Unconditional Obligation to Provide the Issuer with Sufficient Revenues.**

The Borrower unconditionally agrees that it shall make payments to the Trustee (for the account of the Issuer) in lawful money of the United States of America and in such amounts and at such times (if not sooner required under the terms of this Agreement) as shall be necessary to enable the Trustee to make full and prompt payment when due (whether at stated maturity, upon redemption prior to stated maturity or upon acceleration of stated maturity), of the principal of, and interest on, all Bonds issued under the Indenture. The obligation of the Borrower to make the payments required in this Section shall be absolute and unconditional and shall not be subject to diminution by set off, counterclaim, abatement or otherwise; and until such time as the principal of, premium, if any, and interest on the Bonds shall have been paid or provided for in accordance with the Indenture, the Borrower: (a) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for in this Section; (b) will perform and observe all their other agreements contained in this Agreement; and (c) will not terminate this Agreement for any cause including without limiting the generality of the foregoing, any defect in title to the Project, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, frustration of commercial purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State of Wisconsin or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with this Agreement. Nothing contained in this Section shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained; and if the Issuer shall fail to perform any such agreement on its part, the Borrower may institute such action against the Issuer as the Borrower may deem necessary to compel performance, provided that no such action shall violate the agreements on the part of the Borrower contained in this Section, or diminish the amounts required to be paid by the Borrower pursuant to this Section.

**Section 6.03. Indemnification.**

To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless, and defend the Issuer, each Participating County, the Trustee, and each of their respective officers, governing members, directors, officials, employees, attorneys, and agents (each an “Indemnified Party” and collectively, the “Indemnified Parties”), against any and all losses, damages, claims, actions, liabilities, costs, and expenses of any conceivable nature, kind, or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

- (a) the use, non-use, condition or occupancy of any of the Projects, any repair, construction, alteration, renovation, relocation, remodeling and equipping thereof or thereto, or the condition of any of the Projects, including adjoining sidewalks, streets or alleys, and any equipment at any time located on the Projects or used in connection therewith, but which are not the result of the negligence or willful misconduct of the Issuer;
- (b) violation of any agreement, warranty, covenant or condition of this Agreement, except by an Indemnified Party;

(c) violation of any contract, agreement or restriction by the Borrower relating to the Projects;

(d) violation of any law, ordinance, regulation or court order affecting any of the Projects or the ownership, occupancy or use thereof;

(e) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of material fact contained in the Limited Offering Memorandum or continuing disclosure document for the Bonds that is alleged to be or is untrue or incorrect in any material respect (other than information provided by the Indemnified Party for inclusion in the Limited Offering Memorandum or continuing disclosure document), and any omission from the Limited Offering Memorandum of any statement or information which should be contained therein for the purpose for which the same is to be used or which is necessary to make the statements therein not misleading in any material respect;

(f) the administration or enforcement of any of the provisions of this Agreement or the Indenture;

(g) any state or federal audit, examination or investigation of the Bonds; and

(h) any act of negligence of any assignee or lessee of the Borrower or any of its agents, contractors, servants, employees or licensees of any such assignee or lessee.

In the event of settlement of any litigation commenced or threatened, such indemnity shall be limited to the aggregate amount paid under a settlement effected with the written consent of the Borrower, plus costs.

The Indemnified Party shall promptly notify the Borrower in writing of any claim or action brought against the Indemnified Party, or any controlling person, as the case may be, in respect of which indemnity may be sought against the Borrower, setting forth the particulars of such claim or action, and the Borrower will assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party, or such controlling person, as the case may be, and the payment of all expenses.

In its discretion, the Indemnified Party or any such controlling person shall have the right to employ separate counsel in any circumstances described in this Section. The fees and expenses of such legal counsel shall be included within the costs indemnified pursuant to this Section, irrespective of whether the Borrower shall have consented to such separate representation or any settlement of any such action.

All amounts payable to or with respect to the Issuer under this Section shall be deemed to be fees and expenses of the Issuer for purposes of the provisions hereof and of the Indenture dealing with assignment of the Issuer's rights hereunder.

The obligations of the Borrower under this Section 6.03 shall survive the termination of this Agreement.

**Section 6.04. Maintenance of Facilities; Remodeling.**

So long as any Bonds are Outstanding, the Borrower shall cause the Facilities to be maintained, preserved and kept in good repair, working order and condition and from time to time cause to be made all necessary and proper repairs, replacements and renewals.

The Borrower shall have the privilege, at its own expense, of causing any of the Facilities to be remodeled or causing substitutions, modifications or improvements to be made to the Facilities from time to time as it, in its discretion, may deem to be desirable for its uses and purposes, which remodeling, substitutions, modifications and improvements shall be included under the terms of this Agreement as part of the Facilities.

**Section 6.05. Insurance.**

So long as any Bonds are Outstanding, the Borrower agrees to maintain or cause to be maintained insurance with respect to the Project showing the Trustee as additional insured or loss payee of such type and in such amounts as are customarily carried, and against such risks as are customarily insured against, by operators of like size and character as the Project, as well as any insurance required by the Transaction Documents, paying as the same become due all premiums with respect thereto, including but not limited to fire, casualty, public liability and other insurance with respect to the Facilities as is customarily carried by utility companies with respect to similar facilities.

A certificate or certificates of the respective insurers attesting the fact that the insurance required by this Section 6.05 is in force and effect shall be delivered to the Trustee at least annually after Completion Date. Prior to the expiration of any such policy, the Borrower shall furnish the Trustee evidence that the policy has been renewed or replaced or is no longer required by this Agreement. All proceeds of such insurance shall be for the account of the Borrower. The Trustee has no duty or obligation to determine the sufficiency of such insurance requirements.

**Section 6.06. Compliance with Laws.**

The use of the Project shall at all times be and continue to be in full compliance with all applicable laws and ordinances, including, without limitation, zoning laws and ordinances and all applicable environmental and health and safety laws, rules, regulations and ordinances.

**Section 6.07. Payment of Taxes; Discharge of Liens.**

The Borrower agrees to pay promptly, as and when the same shall become due and payable, each and every lawful cost, expense and obligation of every kind and nature, foreseen or unforeseen, for the payment of which the Issuer or the Borrower is or shall become liable by reason of their estate or interest in the Project or in any portion thereof, or by reason of or in any manner connected with or arising out of the possession, operation, maintenance, alteration, repair, rebuilding, use or occupancy of the Project or any part thereof. The Borrower also agrees to pay and discharge, promptly as and when the same shall become due and payable, all lawful real estate taxes, personal property taxes, business and occupation taxes, occupational license taxes, assessments for public improvements or benefits and all other lawful governmental taxes, impositions and charges of every kind and nature, ordinary or extraordinary, general or special, foreseen or unforeseen, whether similar or dissimilar to any of the foregoing, and all applicable interest and penalties thereon, if any, which at any time shall be or become due and payable and which shall be lawfully levied, assessed or imposed

upon or with respect to, or which shall be or become liens upon, the Project or any portion thereof or any interest of the Borrower therein. The Borrower also agrees to pay or cause to be paid all lawful charges for gas, water, sewer, electricity, light, heat, power, telephone and other utility and service used, rendered or supplied to, upon or in connection with the Project. The Borrower agrees that the Issuer is not, nor shall it be, required to furnish free of charge to the Borrower or any other occupant of the Facilities any gas, water, sewer, electricity, light, heat, power or other facilities, equipment, labor, materials or services of any kind, except as otherwise may be required by law or except as the same shall generally be furnished without charge to other owners or users of comparable property within the Issuer's jurisdiction.

The Borrower shall have the right in good faith and by appropriate proceedings to dispute or contest the validity or amount of any such tax, assessment, governmental charge or utility charge, and during the pendency of any such dispute or contest, the Borrower shall not be deemed to be in default under this Section by reason of its failure to have paid the disputed or contested amount.

#### **Section 6.08. Covenant Against Liens.**

The Borrower covenants that it will not create or permit to be created or remain or suffer to exist and, at its cost and expense, will promptly discharge or terminate all liens on the Project or any other Property of the Borrower, or any part thereof, which are not Permitted Encumbrances.

#### **Section 6.09. Sale or Transfer of the Project.**

The Borrower may not sell, assign or otherwise transfer all of its interest in the Facilities or the Project (in a single transaction or any series of transactions) unless: (i) the sale, assignment, or transfer is conducted in compliance with and pursuant to Section 6.11 of this Agreement, (ii) the purchaser, assignee, or transferee, as the case may be, shall have assumed in writing all obligations of the Borrower under this Agreement; (iii) an Event of Default would not occur as a result of or immediately following such transfer and (iv) such sale, assignment, or transfer is permitted by the Transaction Documents.

If otherwise permitted by the Transaction Documents, the Borrower may sell, assign or otherwise transfer less than all its interest in the Facilities or the Project, provided that, so long as any Bonds are Outstanding, all portions of the Facilities or the Project financed with proceeds of the Bonds must remain in one or more of the Participating Counties.

If the Borrower does sell, assign or otherwise transfer all of its interest in all of the Facilities or the Project located in a particular Participating County in accordance with this Section and there is no Event of Default hereunder caused by such transfer, and Bonds in an amount corresponding to all or a portion of the Project located within such Participating County are redeemed in accordance with Section 3.01(a) of the Indenture, then the affected Participating County's Pro Rata Share will be reduced by a corresponding amount.

#### **Section 6.10. Maintenance of Existence.**

The Borrower agrees that, except as otherwise permitted in Section 6.11 of this Agreement, it will maintain its limited liability company existence, and will neither dissolve nor institute any proceedings for dissolution without the consent of each of the Guarantors. The Borrower further agrees that at all times while any Bonds are Outstanding, (i) the Borrower will be a single purpose

entity operating for the purposes of acquiring, constructing, owning and operating the Project and related facilities and the activities related or incident thereto; (ii) the Borrower will not engage in any business unrelated to the acquisition, construction, ownership and operation of the Project and related facilities and the activities related or incident thereto; and (iii) the Borrower will not acquire any assets, liabilities or obligations other than those related to the Project and related facilities.

**Section 6.11. Merger; Consolidation; Transfer of Assets.**

The Borrower covenants that it will maintain its corporate existence and qualification to do business in the State and further agrees that it will not (in a single transaction or any series of transactions) dissolve or otherwise dispose of all or substantially all its assets and will not consolidate with or merge into another entity; provided, however, that the Borrower may, without violating the foregoing, consolidate with or merge into another entity, or transfer all or substantially all its assets to another entity (and thereafter be released of all further obligation hereunder and dissolve or not dissolve as it may elect) if:

(a) the resulting, surviving or transferee entity, as the case may be, is a corporation incorporated, or a partnership, limited liability company, or other recognized legal entity organized, under the laws of one of the States of the United States of America;

(b) such resulting, surviving or transferee entity has obtained the consent of each of the Guarantors and Bondowners owning in aggregate not less than a majority in aggregate principal amount of the Bonds (other than Bonds owned by the Borrower or any “related person” as defined in Section 147(a) of the Internal Revenue Code) at the time Outstanding to such transaction;

(c) such resulting, surviving or transferee entity expressly assumes in writing (delivered to the Issuer and the Trustee) all the obligations of the Borrower contained in this Agreement and the Promissory Note (after which it shall be the “Borrower” for purposes hereof and thereof); and

(d) the Borrower shall have delivered to the Trustee and the Issuer an opinion of Bond Counsel to the effect that such transaction is permitted under the Transaction Documents and will not adversely affect the validity of the Bonds.

**Section 6.12. Annual Financial Statements.**

The Borrower will have an annual audit made by independent certified public accountants and will furnish the Trustee and each Guarantor (within 120 days after the close of the Borrower’s fiscal year) with a copy of the audited financial statements of the Borrower (which shall include, at a minimum, the balance sheet of the Borrower and statements of income and member’s equity as of the end of and for such fiscal year), together with the report of the Borrower’s independent auditors with respect thereto. At the same time as delivery of such financial statements, the Borrower shall furnish the Trustee and each Guarantor with a written statement signed by a Borrower Representative and stating that the Borrower is not in default under the terms of this Agreement, or, if the Borrower is in default, specifying the nature thereof. The Borrower shall also provide such information as any Participating County may reasonably request within 30 days of such request, or within such longer time period as may be reasonable to provide such requested information.



### **Section 6.13. Additional Payments.**

In addition to the Loan repayments, the Borrower shall also pay to the Issuer, to the Participating County or to the Trustee, as the case may be, "Additional Payments," as follows:

(a) all taxes and assessments of any type or character charged to the Issuer, to the Participating County or to the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments ) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Issuer, the Participating County or the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer, the Participating County or the Trustee;

(b) all reasonable fees, charges, and expenses of the Trustee for services rendered under the Indenture, as and when the same become due and payable;

(c) the reasonable fees and expenses of such accountants, consultants, attorneys, and other experts as may be engaged by the Issuer, the Participating County or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Agreement or the Indenture;

(d) the reasonable fees and expenses, including reasonable attorney fees, of the Issuer and each Participating County in connection with this Agreement, the Project, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale, and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving this Agreement, the Bonds or the Indenture or any of the other documents contemplated thereby, the administration of the Bonds, and any examination, investigation or audit of the Bonds, and any assessments, levies, fines, fees or penalties assessed by any governmental agency or authority in connection therewith, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of this Agreement; and

(e) the annual fee of the Issuer in the amount of 10 basis points (0.10%) of the Outstanding principal amount of each series of Bonds, payable on the applicable original issue date of the Bonds and each anniversary date thereafter until all Bonds of such series have been fully paid.

Such Additional Payments shall be billed to the Borrower by the Issuer, the Participating County or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Issuer, the Participating County or the Trustee for one

or more of the above items. After such a demand, amounts so billed shall be paid by the Borrower within 30 days after receipt of the bill by the Borrower.

In the event the Borrower should fail to make any of the payments required by this Section, the item in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower will pay the same with interest thereon at the highest interest rate per annum applicable to any Bond set forth in this Agreement .

**Section 6.14. [Reserved].**

**Section 6.15. Payment of Costs of Issuance; Expenses.**

The Borrower covenants and agrees with the Issuer and each Participating County that it will pay all reasonable Costs of Issuance promptly when due following Borrower's receipt of written invoices therefor.

The Borrower shall also pay and indemnify the Issuer, each Participating County and the Trustee against all reasonable fees, costs, and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence) and arising out of or in connection with this Agreement, the Bonds or the Indenture.

**Section 6.16. Compliance with Act.**

(a) Nondiscrimination; Compliance with Wisconsin Statutes Section 66.1103(11)(b)1m. The Borrower agrees that all contracts and subcontracts for construction of the Project shall include a clause prohibiting discrimination in employment and subcontracting. The Project shall not be used for any purpose which includes any act of employment discrimination as specified under Section 111.322 of the Wisconsin Statutes.

(b) Position Openings; Compliance with Section 66.1103(6m) of the Wisconsin Statutes. The Borrower shall comply with Section 66.1103(6m) of the Wisconsin Statutes relating to notification of position openings in each Participating County.

(c) Job Shifting Requirements; Compliance with Section 66.1103(4s)(b) of the Wisconsin Statutes. The Borrower shall comply with the requirements of Section 66.1103(4s)(b) of the Wisconsin Statutes with respect to offers of employment at the project site.

(d) Job Protection Estimates; Reporting Compliance with Section 66.1103(4m)(b) of the Wisconsin Statutes. The Borrower shall submit to the Wisconsin Economic Development Corporation, formerly the Wisconsin Department of Commerce, within 12 months after the Project is completed or 2 years after the Bonds are issued, whichever is sooner, a report regarding the net number of jobs eliminated, created or maintained on the project site and elsewhere in the State as a result of the Project, as required by Section 66.1103(4m)(b) of the Wisconsin Statutes.

**Section 6.17. Additional Indebtedness.**

The Borrower covenants that it shall not incur any additional indebtedness other than Additional Bonds in accordance with Section 2.10 of the Indenture and the additional subordinate indebtedness existing as of the Closing Date related to the loan agreement between American National Bank-Fox Cities and the Company and other co-borrowers dated June 11, 2021.

**Section 6.18. Social Bond Designation Disclosures.**

The Borrower has self-designated the Series 2021 Bonds as “social bonds” as outlined by the ICMA and UNSDGs and as more specifically set forth in Section 2.02(t) hereof. In support of such self-designation, the Borrower covenants that it shall provide the following information to the Participating Counties, the Trustee and the Borrower shall file on the EMMA page for the Series 2021 Bonds not later than ninety (90) days after the close of its Fiscal Year, beginning with the Fiscal Year ending December 31, 2022, and continuing for two Fiscal Years after the Fiscal Year in which the proceeds of the Bonds have been expended, the following information:

- (a) a brief description of the projects completed in such Fiscal Year using proceeds of the Series 2021 Bonds, including a completion percentage of the Project;
- (b) the amount of the proceeds of the Series 2021 Bonds that have been spent on the portions of the Project that are a “Social Project” as defined by ICMA, which may be by percentage allocated to certain project categories;
- (c) the expected impact of such proceeds, including (i) the number of new internet connections provided by projects financed with proceeds of the Series 2021 Bonds, (ii) how the Project has supported (1) affordable basic infrastructure, (2) access to essential services (e.g. health care, education and vocational training), and (3) socioeconomic advancement and empowerment and (iii) which targeted populations were impacted by the Project (e.g. those living below the poverty line, people with disabilities, underserved populations, undereducated populations, populations with lack of quality access to essential goods or services, the unemployed or communities impacted by natural disasters); and
- (d) a statement to the effect that no changes have been made to the Project that would reasonably be expected to materially adversely affect the social benefits of the Project.

Such information may be included in the Annual Report (as defined in the Borrower Continuing Disclosure Agreement) submitted by the Borrower pursuant to the Borrower Continuing Disclosure Agreement.

The failure of the Borrower to comply with, the requirements of its obligations described in this paragraph, will not be considered an event of default under this Loan Agreement.

## ARTICLE VII

### DAMAGE; EMINENT DOMAIN

#### **Section 7.01. Damage.**

(a) If prior to the full payment of the Bonds (or provision for payment thereof having been made to the satisfaction of the Trustee in accordance with the provisions of the Indenture) all or a portion of the Facilities shall be damaged by fire, flood, windstorm or other casualty to such extent that the Borrower has the option of prepaying all or a portion of the Promissory Note pursuant to Section 5.03 of this Agreement, the Borrower shall either (i) prepay all or a portion of the Promissory Note in accordance with Section 5.03 of this Agreement, or (ii) repair, replace or restore the damaged property to such condition as in the judgment of the Borrower will restore the capacity of the affected Facilities to conduct the Project Enterprise to a level at least equal to the lesser of (A) the capacity of the affected Facilities to conduct the Project Enterprise as it existed immediately prior to such damage, or (B) the designed capacity of the affected Facilities to conduct the Project Enterprise on the Date of Issuance.

(b) In the event of damage to or destruction of all or a portion of the Facilities resulting from fire or other casualty, or in the event all or a portion of the Facilities is condemned or taken for any public or quasi-public use or title thereto is found to be deficient, and the Borrower elects option (i) under subpart (a) above, the proceeds of any insurance relating to such damage or destruction, the proceeds of such condemnation or taking or the proceeds of any realization on title insurance shall be paid directly to the Trustee for deposit to the accounts in the Bond Fund, in accordance with written instructions from the Borrower, in order to effect a redemption of the Bonds in accordance with Section 3.01(b)(1) of the Indenture. Notwithstanding the forgoing, any amounts owing to any Participating County under any Transaction Documents shall be paid first from any insurance or condemnation proceeds, prior to any such proceeds being used to effect a redemption pursuant to Section 3.01(b)(1).

(c) In the event of damage to or destruction of all or a portion of the Facilities resulting from fire or other casualty, or in the event all or a portion of the Facilities is condemned or taken for any public or quasi-public use or title thereto is found to be deficient, and the Borrower elects option (ii) under subpart (a) above, the proceeds of any insurance relating to such damage or destruction, the proceeds of such condemnation or taking or the proceeds of any realization on title insurance shall be paid directly to the Trustee for deposit to the applicable accounts of each Participating County in the Project Fund, in accordance with written instructions from the Borrower, which shall provide for the deposit of such proceeds to each affected Participating County's Project Account in proportion to the portion of the Facilities impacted by such damage, destruction or condemnation located in such Participating County, as allocated in the discretion of the Borrower, which shall be deemed accurate and correct absent any gross error. Such amounts on deposit in the applicable Project Accounts shall then be disbursed in accordance with Section 4.05 of the Indenture and Section 4.04 hereof. Notwithstanding the forgoing, any amounts owing to any Participating County under any Transaction Documents shall be paid first from any insurance or condemnation proceeds, prior to any such proceeds being disbursed to the Borrower for the repair, replacement or restoration of the damaged property.

**Section 7.02. Eminent Domain.**

If prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) all or a portion of the Facilities shall be taken by eminent domain, in whole or in part, to such extent that the Borrower has the option of prepaying all or a portion of the Promissory Note pursuant to Section 5.03 of this Agreement, the Borrower shall either (i) prepay all or a portion of the Promissory Note in accordance with Section 5.03 of this Agreement, or (ii) acquire such new property as in the judgment of the Borrower will be necessary to restore the capacity of the affected Facilities to conduct the Project Enterprise to a level at least equal to the lesser of (A) the capacity of the Project to conduct the Project Enterprise as it existed immediately prior to such taking, or (B) the designed capacity of the affected Facilities to conduct the Project Enterprise on the Date of Issuance.

**ARTICLE VIII**

**EVENTS OF DEFAULT AND REMEDIES**

**Section 8.01. Events of Default.**

Any one or more of the following events is an “Event of Default” under this Agreement:

- (a) Failure of the Borrower to make any payment on the Promissory Note when due; or
- (b) Failure of the Borrower to make any of the deposits required under Section 3.08 which continues for a period of 10 days after written notice delivered by the Issuer or the Trustee to the Borrower; or
- (c) Failure of the Borrower to observe and perform any of the covenants, conditions or agreements contained in Sections 6.02, 6.03, 6.09, 6.10 or 6.11; or
- (d) Failure of the Borrower to observe and perform any covenant, condition or agreement on its part required to be observed or performed by the Borrower under this Agreement or under the Promissory Note (other than as provided in clause (a), (b) or (c) above and excluding Section 6.18 hereof), which continues for a period of 30 days after written notice delivered by the Issuer or the Trustee to the Borrower, which notice shall specify such failure and request that it be remedied, unless the Issuer and the Trustee shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued in good faith until the default is corrected; or
- (e) The dissolution or liquidation of the Borrower or the filing by the Borrower of a voluntary petition in bankruptcy, or failure by the Borrower promptly to cause to be lifted any execution, garnishment or attachment of such consequence as will impair the Borrower’s ability to carry on its obligations hereunder, or the entry of any order or decree granting relief in any involuntary case commenced against the Borrower under any present or future federal bankruptcy act or any similar federal or state law, or a petition for such an order or decree

shall be filed in any court and such petition shall not be discharged or denied within ninety days after the filing thereof, or if the Borrower shall admit in writing its inability to pay its debts generally as they become due, or a receiver, trustee or liquidator of the Borrower shall be appointed in any proceeding brought against the Borrower and shall not be discharged within ninety days after such appointment or if the Borrower shall consent to or acquiesce in such appointment, or assignment by the Borrower for the benefit of its creditors, or the entry by the Borrower into an agreement of composition with its creditors, or a bankruptcy, insolvency or similar proceeding shall be otherwise initiated by or against the Borrower under any applicable bankruptcy, reorganization or analogous law as now or hereafter in effect and if initiated against the Borrower shall remain undismissed (subject to no further appeal) for a period of ninety days; provided, the term “dissolution or liquidation of the Borrower,” as used in this subsection, shall not be construed to include the cessation of the existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another entity or a dissolution or liquidation of the Borrower following a transfer of all or substantially all its assets as an entirety or under the conditions permitting such actions contained in Section 6.11 hereof; or

(f) The existence of an “Event of Default” (as defined therein) under the Indenture; or

(g) Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower in Section 2.02 (except for subsection (t)) or by or on behalf of the Issuer in 2.01, shall be incorrect or misleading when made or deemed made.

### **Section 8.02. Remedies.**

Subject to Section 8.01 hereof, whenever any Event of Default under this Agreement shall have occurred and shall be continuing,

(a) The Trustee and by written notice to the Issuer, the Guarantors, and the Borrower, shall declare the unpaid balance of the Promissory Note to be due and payable immediately, provided that concurrently with or prior to such notice the unpaid principal amount of the Bonds shall have been declared to be due and payable under the Indenture. Upon any such declaration such amount shall become and shall be immediately due and payable as determined in accordance with Section 7.02 of the Indenture.

(b) The Trustee may have access to and may inspect, examine and make copies of the books and records and any and all accounts, data and federal income tax and other tax returns of the Borrower.

(c) The Issuer or the Trustee may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement, the Series 2021 Promissory Note, or any other Transaction Document, including without limitation, the Indenture.

In case the Trustee, any of the Guarantors, or the Issuer shall have proceeded to enforce its rights under this Agreement, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, any of the Guarantors, or the Issuer, then, and in every such case, the Borrower, the Trustee, any of the Guarantors, and the Issuer shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Borrower, the Trustee, any of the Guarantors, and the Issuer shall continue as though no such action had been taken.

The Borrower covenants that, in case an Event of Default under this Agreement shall occur with respect to payment on the Promissory Note, then, upon demand of the Trustee, the Borrower will pay to the Trustee the whole amount that then shall have become due and payable under Section 7.02 of the Indenture, with interest on the amount then overdue at the rate then borne by the Bonds on the day prior to the occurrence of such default.

In the case the Borrower shall fail forthwith to pay such amounts upon such demand, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Borrower and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Borrower under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Borrower or in the case of any other similar judicial proceedings relative to the Borrower, or the creditors or property of the Borrower, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Borrower, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its reasonable charges and expenses to the extent permitted by the Indenture. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee and the Issuer any amount due each of them for their respective reasonable compensation and expenses, including reasonable expenses and fees of counsel incurred by each of them up to the date of such distribution.

In the event the Trustee incurs expenses or renders services in any proceedings which result from an Event of Default under Section 8.01(c) hereof, or from any default which, with the passage of time, would become such Event of Default, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law.

For the avoidance of doubt, the Trustee shall not, except as provided in Section 7.10 of the Indenture and with the consent of all of the Guarantors (to the extent the Guarantors are not in default under their respective Limited Guaranty Agreements), waive the obligation of the Borrower hereunder to make any payment on the Promissory Note when due.

**Section 8.03. No Remedy Exclusive.**

No remedy conferred upon or reserved to the Issuer by this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement, any Transaction Document, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

**Section 8.04. Reimbursement of Attorneys' Fees.**

If the Borrower shall default under any of the provisions of this Agreement and the Issuer or the Trustee shall employ attorneys or incur other reasonable expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in this Agreement, the Borrower will on demand therefor reimburse the Issuer or the Trustee, as the case may be, for the reasonable fees of such attorneys and such other reasonable expenses so incurred. The provisions of this Section shall survive the retirement and payment of the Bonds.

**Section 8.05. Waiver of Breach: Exercise of Rights by Trustee.**

In the event any obligation created by this Agreement shall be breached by either of the parties and such breach shall thereafter be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. In view of the pledge of and grant of a security interest in the Issuer's rights in and under this Agreement to the Trustee under the Indenture, the Issuer shall have no power to waive any default hereunder by the Borrower without the consent of the Trustee, and the Trustee may exercise any of the rights of the Issuer hereunder, except in each case for the Issuer's Unassigned Rights.

**Section 8.06. Trustee's Exercise of the Issuer's Remedies.**

Whenever any Event of Default shall have happened and be subsisting, the Trustee may, but except as otherwise provided in the Indenture shall not be obliged to, exercise any or all rights of the Issuer under this Article, upon notice as required of the Issuer unless the Issuer has already given the required notice.

**ARTICLE IX**

**MISCELLANEOUS**

**Section 9.01. Termination.**

At any time when (i) the principal of, and interest on, all Bonds have been paid, and (ii) arrangements satisfactory to the Trustee have been made for the discharge of all accrued liabilities under this Agreement, this Agreement, except as otherwise provided in Sections 6.03 and 8.04 hereof, shall terminate.



**Section 9.02. Assignment.**

This Agreement may not be assigned nor may a security interest be granted herein (i) by the Issuer without the prior written consent of the Borrower or (ii) by the Borrower without the prior written consent of the Issuer and each of the Guarantors (which consents will not be unreasonably withheld, delayed or denied), except that (a) the Issuer may pledge and grant a security interest in its interest in this Agreement to the Trustee, (b) the Trustee may assign its rights hereunder to a successor Trustee as provided in the Indenture and (c) the Borrower may assign its interest in this Agreement in accordance with Section 6.09 or 6.11 hereof.

**Section 9.03. Amendments, Changes and Modifications.**

Except as otherwise expressly provided in this Agreement or in the Indenture, subsequent to the original issuance of any Bonds and before the Indenture is satisfied and discharged in accordance with its terms, this Agreement may not be amended, changed or modified except in accordance with the provisions of Article X of the Indenture.

**Section 9.04. Performance by Third Parties.**

The Issuer agrees that, with the written consent of the Borrower, third parties may perform any and all acts or take such action as may be necessary for and on behalf of the Borrower to prevent or correct any Event of Default hereunder, and the Issuer agrees that the Trustee shall take or accept such performance as performance by the Borrower in such event. The acceptance by the Issuer or the Trustee of any such performance by third parties shall not in any way diminish or absolve the Borrower of primary liability hereunder.

**Section 9.05. Performance for Issuer Under Indenture.**

The Issuer agrees that the Borrower shall have full authority, but shall not be obligated, to perform for the account of the Issuer any covenant or obligation, the nonperformance of which is alleged to constitute a default under the Indenture or the other Transaction Documents, in the name and stead of the Issuer, with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts in order to avoid or remedy such default.

**Section 9.06. Investment of Indenture Funds.**

The Issuer agrees that the Borrower shall have the right to direct the investment of funds held under the Indenture as provided in, and subject to the limitations of, Section 4.13 of the Indenture. The Borrower acknowledges that regulations of the Comptroller of the Currency grant the Issuer and the Borrower the right to receive brokerage confirmations of securities transactions as they occur. The Borrower specifically waives such notification to the extent permitted by law and acknowledges that it will receive monthly and annual cash transaction statements, which will detail all investment transactions.

**Section 9.07. Patriot Act.**

The Trustee shall have the right (as required under Federal law of all financial institutions, to help the government fight the funding of terrorism and money laundering activities) to do such things as it deems necessary to comply with applicable law, including, but not limited to,

obtaining, verifying and recording information that identifies each person who opens an account with the Trustee (including the Borrower with respect to the Bond Fund and the Project Fund held with the Trustee). The Trustee may request documentation from the Borrower to verify the Borrower's formation and existence as a legal entity. The Trustee may also request financial statements, licenses, identification and authorization documentation from individuals claiming authority to represent the Borrower or other relevant documentation.

**Section 9.08. Performance by Issuer.**

Notwithstanding anything in this Agreement to the contrary, the Issuer shall be under no obligation to take any action or execute, prepare or deliver any instrument or document until it shall have received assurances satisfactory to it that the Borrower or the Trustee shall pay in advance or reimburse it (at the Issuer's option) for its reasonable expenses incurred or to be incurred in connection with the taking of such action, (including reasonable attorneys' fees) and shall be indemnified against any possible liability arising out of the taking of such action.

**Section 9.09. Third Party Beneficiaries.**

To the extent that this Agreement confers upon or gives or grants to the Guarantors any right, remedy or claim under or by reason of this Agreement, the Guarantors are hereby explicitly recognized as being third-party beneficiaries hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Agreement to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

[SEAL]

**FOND DU LAC COUNTY, WISCONSIN,**  
a political subdivision of the State of Wisconsin

By: \_\_\_\_\_  
Martin F. Farrell, County Chairperson

By: \_\_\_\_\_  
Lisa Freiberg, County Clerk

**BUG TUSSEL 1, LLC,**  
a Wisconsin limited liability company

By: \_\_\_\_\_  
Steven J. Schneider, President/CEO

## **EXHIBIT A**

### **DESCRIPTION OF THE PROJECT/FACILITIES**

The Bonds shall be issued to finance a project consisting of the acquisition, construction, installation, and equipping of certain telecommunications infrastructure that includes, among other things (i) acquisition of tower sites by purchase or lease of land and equipping such sites with towers and electronics to provide broadband, high speed cellular, emergency communications and point to point (P2P) data communications; (ii) constructing fiberoptic data transmission facilities (cable and electronics) between towers, key community facilities, businesses and residential aggregation points; (iii) where appropriate, connecting individual premises into the broadband network including the cost of consumer premise equipment; (iv) payment of capitalized interest; (v) funding of a debt service reserve fund for the Bonds; (vi) payment of certain project costs located in the Participating Counties; and (vii) payment of certain costs of issuance related to the issuance of the Bonds, all of which will be for the purpose of providing fiberoptic transmissions, wireless internet and telephone communications services and infrastructure to businesses, governmental units and residents of rural communities where such service is currently unavailable, unreliable, or is prohibitively expensive (the "Project").

**EXHIBIT B**

**FORM OF PROMISSORY NOTE**

This promissory note has not been registered under the Securities Act of 1933. The transferability hereof is restricted by the indenture of trust identified in the Assignment endorsed hereon.

**PROMISSORY NOTE**

\$70,000,000

December 16, 2021

FOR VALUE RECEIVED, the undersigned BUG TUSSEL 1, LLC, a Wisconsin limited liability company (the "Borrower"), promises to pay to the order of FOND DU LAC COUNTY, WISCONSIN, a body corporate and politic under the laws of the State of Wisconsin (the "Issuer"), the principal sum of SEVENTY MILLION DOLLARS (\$70,000,000) in installments of principal on the dates and in the amounts set forth in the Loan Agreement. The unpaid principal balance of this Promissory Note shall bear interest from the date hereof at the interest rates per annum set forth in the Loan Agreement.

The principal of and interest on this Promissory Note are payable in federal or other immediately available funds at the designated corporate trust office of U.S. Bank National Association, or its successor or successors, as trustee under that certain Indenture of Trust, dated as of the date hereof, from the Issuer, as grantor, securing the Bonds.

The Borrower is to receive credit against payments on this Promissory Note as provided in the Loan Agreement between the Borrower and the Issuer dated as of December 1, 2021 pertaining to the Bonds.

*[Signature Page Follows]*

This Promissory Note constitutes the Promissory Note issued under a Loan Agreement, dated as of December 1, 2021, between the Borrower and the Issuer, to which Loan Agreement reference is hereby made for a statement of the terms and conditions on which the loan evidenced hereby was made, for a description of the circumstances under which there shall be credits allowed against the principal and interest on this Promissory Note, and for a description of the terms and conditions upon which the maturity of this Promissory Note may be accelerated.

**BUG TUSSEL 1, LLC,**  
a Wisconsin limited liability company

By: \_\_\_\_\_  
Steven J. Schneider, President/CEO

FOR VALUE RECEIVED, the undersigned Fond du Lac County, Wisconsin hereby assigns, without recourse, all its right, title and interest in and to the above Promissory Note to U.S. Bank National Association, or to its successor or successors (the "Trustee"), as trustee under that certain Indenture of Trust, dated as of the date hereof by and between the undersigned and said Trustee, securing its \$70,000,000 Taxable Revenue Bonds, Series 2021 (Bug Tussel 1, LLC Project)(Social Bonds) issued under said Indenture.

Dated: December 16, 2021

**FOND DU LAC COUNTY, WISCONSIN,**  
a political subdivision of the State of Wisconsin

By: \_\_\_\_\_  
Title: Chairperson

Attest: \_\_\_\_\_  
Title: County Clerk

**EXHIBIT C**

**FORM OF REQUISITION**

Requisition No. \_\_\_\_\_

To: U.S. Bank National Association  
1555 RiverCenter Drive  
Milwaukee, WI 53202  
Attn: Corporate Trust Department  
Facsimile: (414) 905-5049

With a copy to each Participating County at the addresses in the Notice Section of the Indenture:

Re: \$70,000,000  
Fond du Lac County, Wisconsin  
Taxable Revenue Bonds, Series 2021  
(Bug Tussel 1, LLC Project)(Social Bonds)

This Requisition is delivered to you pursuant to Sections 4.03 and 4.04 of the Loan Agreement, dated as of December 1, 2021, (the "Loan Agreement"), by and between BUG TUSSEL 1, LLC, a Wisconsin limited liability company (the "Borrower"), and the FOND DU LAC COUNTY, WISCONSIN, a political subdivision of the State of Wisconsin (the "Issuer"). Reference is made to the Cost of Issuance Fund and the Project Fund created in Section 4.03 and Section 4.05 of the Indenture of Trust (the "Indenture"), dated as of December 1, 2021 between the Issuer and you, securing the captioned bonds.

I. The Borrower hereby requisitions from the Project Fund the amounts indicated below:

Disbursements from the Project Fund:

- A. To pay (or reimburse the Borrower for) the Engineering Costs or the Project Costs described in the definition of Eligible Costs of the Project in the Indenture..... \$ \_\_\_\_\_
- B. To pay the Capitalized Interest Costs described in the definition of Eligible Costs of the Project in the Indenture \$ \_\_\_\_\_
- Total Requisition Amount..... \$ \_\_\_\_\_

Of the amounts requisitioned from the Project Fund:

- C. The following amount shall be paid from the Fond du Lac County Project Account of the Project Fund..... \$ \_\_\_\_\_
- D. The following amount shall be paid from the Marathon County Project Account of the Project Fund..... \$ \_\_\_\_\_



- E. The following amount shall be paid from the Calumet County Project Account of the Project Fund..... \$ \_\_\_\_\_
- F. The following amount shall be paid from the Jackson County Project Account of the Project Fund..... \$ \_\_\_\_\_
- G. The following amount shall be paid from the Waushara County Project Account of the Project Fund..... \$ \_\_\_\_\_

II. The Borrower hereby requisitions from the Cost of Issuance Fund the amount indicated below:

Disbursements from the Cost of Issuance Fund:

- A. To pay (or reimburse the Borrower for) the Costs of Issuance described in the definition of Eligible Costs of the Project in the Indenture ..... \$ \_\_\_\_\_
- Total Cost of Issuance Fund Requisition Amount..... \$ \_\_\_\_\_

In support of this requisition, the undersigned hereby certifies as follows:

1. They are the Borrower Representative, that is, the person or, in such person's absence, the alternate person, authorized to execute and deliver Requisitions on behalf of the Borrower.
2. The amounts, if any, requisitioned for items I.A. or II.A. above are Eligible Costs of the Project.
3. The amounts, if any, requisitioned above:
  - a. have been incurred by the Borrower and paid (or are presently due and owing) for the specific purposes to the specific persons and in the amounts listed in Schedule A attached hereto and
  - b. the invoices or paid receipts attached hereto on Schedule B accurately represent amounts incurred or paid by the Borrower and are valid Eligible Costs.
4. The amounts, if any, requisitioned and to be disbursed from the Project Fund:
  - a. Relate to Facilities located only in any one or more of the Participating Counties the respective amounts set forth in I.C. through I.G., above; and

5. The estimated completion date of the Project now is \_\_\_\_\_, 20\_\_\_\_. The Borrower is not in default under the Loan Agreement or any other Transaction Document, except as follows (if no default exists, so state):

\_\_\_\_\_  
\_\_\_\_\_

Nothing has occurred to the knowledge of the undersigned which will prevent the performance by the Borrower of its obligations under the Loan Agreement or any other Transaction Document, except as follows (if none, so state):

\_\_\_\_\_  
\_\_\_\_\_

6. No Requisition has previously been submitted in respect of the costs which form a basis for this Requisition.

7. Attached hereto on Schedule C are lien releases and waivers from the contractors and subcontractors performing work on the Project (which is subject to receipt of payment of the funds requested by the attached Requisition Request), and satisfactory lien releases and waivers from the contractor and subcontractors for the work for which funds were requested by preceding Requisition No. \_\_\_\_;

8. Each condition precedent for such requisition set forth in any applicable Reimbursement Agreement has been met or waived by the applicable Participating Count(ies), and the Participating Count(ies) have approved this requisition.

9. You are hereby requested to pay the Total Requisition Amount in the following manner:

- a. To the Borrower by check; or
- b. To the Borrower by deposit in its general account (No. \_\_\_\_\_ ) maintained at \_\_\_\_\_; or
- c. Other: \_\_\_\_\_

Executed by the undersigned on \_\_\_\_\_, 20\_\_\_\_.

**BUG TUSSEL 1, LLC,**

By: \_\_\_\_\_  
Its: Borrower Representative

**SCHEDULE A**

Payee

Amounts

**SCHEDULE B**

**COPIES OF INVOICES OR PAID RECEIPTS**

**SCHEDULE C**

**LIEN WAIVERS**

**GUARANTY AGREEMENT**

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dated as of December 1, 2021

given by

\_\_\_\_\_ COUNTY, WISCONSIN

as the Guarantor

in favor of

U.S. BANK NATIONAL ASSOCIATION

as Bond Trustee

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## **GUARANTY AGREEMENT**

This GUARANTY AGREEMENT (the “Guaranty Agreement”) made and entered into as of December 1, 2021, by and between \_\_\_\_\_ COUNTY, WISCONSIN, (the “County” or “Guarantor”), and U.S. BANK NATIONAL ASSOCIATION, as Trustee (the “Bond Trustee”).

### **WITNESSETH:**

WHEREAS, Taxable Revenue Bonds, Series 2021 (Bug Tussel 1, LLC Project) (Social Bonds) in the aggregate principal amount of \$70,000,000 (the “Bonds”) are to be issued by Fond du Lac County, Wisconsin (the “Issuer”) pursuant to an Indenture of Trust, dated as of December 1, 2021 (the “Bond Indenture”), between the Issuer and the Bond Trustee, on behalf of Bug Tussel 1, LLC (the “Borrower”) to finance a project consisting of the acquisition, construction, installation, and equipping of certain telecommunications infrastructure that includes, among other things (i) acquisition of tower sites by purchase or lease of land and equipping such sites with towers and electronics to provide broadband, high speed cellular, emergency communications and point to point (P2P) data communications; (ii) constructing fiberoptic data transmission facilities (cable and electronics) between towers, key community facilities, businesses and residential aggregation points; (iii) where appropriate, connecting individual premises into the broadband network including the cost of consumer premise equipment; (iv) payment of capitalized interest; (v) funding of a debt service reserve fund; (vi) payment of such project costs located in \_\_\_\_\_ County in an amount not to exceed \$\_\_\_\_\_; and (vii) payment of certain costs of issuance related to the issuance of the Bonds, all of which will be for the purpose of providing fiberoptic transmissions, wireless internet and telephone communications services and infrastructure to businesses, governmental units and residents of rural communities where such service is currently unavailable, unreliable, or is prohibitively expensive (collectively, the “Project”); and

WHEREAS, the Issuer has been appointed as Issuer for the Bonds pursuant to an Intergovernmental Agreement, dated as of December 1, 2021 (the “Intergovernmental Agreement”), by and among the Issuer, Calumet County, Jackson County, Marathon County, and Waushara County, each in Wisconsin (each a “Participating County” and together, the “Participating Counties”); and

WHEREAS, the proceeds derived from the issuance of the Bonds will be applied pursuant to a Loan Agreement between the Issuer and the Borrower, dated as of December 1, 2021 (the “Loan Agreement”), to finance the costs of the Project; and

WHEREAS, the Borrower will execute and deliver to the Issuer its Promissory Note (the “Note”) to evidence the Borrower’s obligation to repay the loan made under the Loan Agreement; and

WHEREAS, in consideration of the increased tax revenue that will accrue to the County as a result of the Project and the new jobs and other economic benefits for residents of the County that will result from the Project, the County has agreed to guarantee the payment of its Pro Rata Share (as defined herein) of principal of and interest on the Bonds in an aggregate principal amount not to exceed \$\_\_\_\_\_ (plus interest thereon to accrue at a rate not to exceed 4%) necessary to replenish the Series 2021 Debt Service Reserve Account to be equal to the Series 2021 Debt Service Reserve

Requirement (each as defined in the Bond Indenture), as authorized by a resolution adopted by the County Board of Supervisors on \_\_\_\_\_, 2021; and

WHEREAS, the Borrower will have the primary obligation to make all scheduled principal and interest payments on the Bonds when due, and the obligation to make any payment by the County as required under this Guaranty Agreement will arise only in the event that the Borrower does not pay as required, beyond any applicable cure period; and

WHEREAS, in return for the County's guaranty, the County shall receive an annual guaranty fee (which is paid on a semi-annual basis, or as a lump sum, as subsequently agreed to by the County and the Borrower) of 40 basis points (based upon the amount of its guaranty) and the Borrower will pay all costs to the County and all expenses by the County related to the issuance and administration of the Bonds; and

WHEREAS, as security for the Borrower's obligations under the Reimbursement Agreement, dated as of December 1, 2021 (the "Reimbursement Agreement"), between \_\_\_\_\_ County and the Borrower, pursuant to which the Borrower agrees, among other things, to reimburse the County for its payments under the Guaranty, the Borrower has agreed to grant the County a security interest in all assets of the Project located in the County which are financed with proceeds of the Bonds pursuant to the Security Agreements, as defined in the Reimbursement Agreement.

NOW THEREFORE, in consideration of the premises the Guarantor does hereby covenant and agree as follows:

**Section 1. Definitions.** The following terms, when used herein, shall have the following meanings:

"*Bondowners*" means the owners, including beneficial owners, of the Bonds.

"*Business Day*" means any day other than (i) a Saturday or Sunday or (ii) a day on which banking institutions located in the State of Wisconsin are required or authorized by law to close.

"*Default*" means any event which if it continues uncured will, with lapse of time or notice or lapse and notice, constitute an Event of Default.

"*Event of Default*" means any of the events described in Section 5.

**Section 2. Guarantee.**

(a) In accordance with Section 7.13 of the Bond Indenture, the Guarantor hereby unconditionally guarantees to the Bond Trustee, on behalf of the Bondowners, the full and prompt payment of its Pro Rata Share (as defined below) of principal of and interest on the Bonds when due in an aggregate principal amount not to exceed \$\_\_\_\_\_ (plus interest to accrue thereon at a rate not to exceed 4%) (but not amounts due upon acceleration, redemption (other than mandatory sinking fund redemption), prepayment or other early payment (except as provided pursuant to Section 3.01(b)(2) of the Bond Indenture with the consent of the Guarantor)) in an amount necessary to replenish the Series 2021 Debt Service Reserve Account to be equal to the Series 2021 Debt Service Reserve Requirement (each as defined in the Bond Indenture), in the event the Series 2021 Debt Service Reserve Account is drawn upon due to insufficient revenues to support the debt service on the Bonds



or as otherwise provided in Section 7.13 of the Bond Indenture. If notice is provided to the Guarantor by the Bond Trustee that the Bond Trustee has drawn upon the Series 2021 Debt Service Reserve Account to pay debt service on the Bonds or as otherwise provided in Section 7.13 of the Bond Indenture, the Guarantor shall take the necessary steps to replenish its Pro Rata Share of the Series 2021 Debt Service Reserve Account all as provided in Section 7.13 of the Bond Indenture and, provided that the Bond Trustee has provided notice to the Guarantor as required under Section 7.13 of the Bond Indenture, in no event later than the earlier of (i) one hundred fifty (150) days after receipt of such notice, or (ii) the next succeeding Interest Payment Date (as defined in the Bond Indenture). The Guarantor's Pro Rata Share of the amount necessary to replenish the Series 2021 Debt Service Reserve Account to be equal to the Series 2021 Debt Service Reserve Requirement shall be calculated as follows (the Guarantor's "Pro Rata Share"): the Outstanding (as defined in the Bond Indenture) principal amount of the Bonds allocated to such Guarantor pursuant this Guaranty Agreement, divided by the total principal amount of the series of Bonds to which this Guaranty Agreement relates, then Outstanding (as defined in the Bond Indenture). The Pro Rata Share of the Series 2021 Debt Service Reserve Account for the Guarantor and each other Participating County shall be calculated by the Bond Trustee on the date of issuance of the Bonds, on each principal and interest payment date for the Bonds, and on any date the Pro Rata Share of the Guarantor or another Participating County whose Guaranty Agreement relates to the same series of Bonds is reduced pursuant to the terms thereof, and in each case, memorialized on such date by the Bond Trustee. On the date of the issuance of the Bonds, the Guarantor's Pro Rata Share of the Series 2021 Debt Service Reserve Account is \_\_\_\_%.

(b) This is a guarantee of payment and not of collection. The obligations of the Guarantor under this Guaranty Agreement shall be absolute and unconditional and a general obligation of the Guarantor to the payment of which the full faith and credit taxing power of the Guarantor is pledged; the Guarantor unconditionally and irrevocably waives each and every defense which, under principles of guarantee and suretyship law, would otherwise operate to impair or diminish such obligations. The obligations of the Guarantor under this Guaranty Agreement shall remain in full force and effect until all of the principal of, and interest on, the Bonds shall have been paid or the obligations of the Guarantor are released as described in paragraph (c) below, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following, whether or not with notice to, or the consent of, the Guarantor:

- (i) any lack of validity of the Bonds;
- (ii) the waiver, compromise, settlement, discharge, release or termination of any or all of the obligations, covenants or agreements of (A) the Issuer under the Bonds or the Bond Indenture or (B) the Borrower under the Loan Agreement;
- (iii) the failure to give notice to the Guarantor of the occurrence of an event of default under the terms and provisions of this Guaranty Agreement;
- (iv) the waiver by Bond Trustee of the payment, performance or observance by the Borrower or the Issuer of any of the obligations, covenants or agreements contained in the Loan Agreement, the Note or the Bond Indenture;
- (v) the extension of the time for payment of any principal of, premium, if any, or interest on any Bonds or of the time for performance of any other obligations,

covenants or agreements under or arising out of the Bond Indenture, the Loan Agreement or this or any other guarantee of the Bonds or any other obligations or the extension or the renewal of any thereof;

(vi) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Bonds, the Bond Indenture or the Loan Agreement except the principal amount of the Bonds (for the avoidance of doubt, excluding any Additional Bonds not subject to this Guaranty Agreement), the interest rate payable thereon and the payment and maturity dates should not be changed without the County's written approval which can be granted or withheld in the County's sole discretion;

(vii) the taking or the omission of any of the actions referred to in the Bond Indenture or the Loan Agreement;

(viii) any failure, omission, delay or lack of diligence on the part of the Issuer or the Bond Trustee to enforce, assert or exercise any right, power or remedy conferred on the Bond Trustee in this Guaranty Agreement, or any other act or acts on the part of the Issuer or the Bond Trustee;

(ix) any default, breach, or Event of Default, by any person under the Security Agreements or any Reimbursement Document (each as defined in the Reimbursement Agreement);

(x) any failure by the Borrower to pay the County its annual guaranty fee (which is paid on a semi-annual basis, or as a lump sum, as subsequently agreed to by the County and the Borrower) of \_\_\_\_% of the pro-rata par amount of Bonds subject to the County's guaranty; and

(xi) the default or failure of the Guarantor fully to perform any of its obligations set forth in this Guaranty Agreement.

(c) If at any time during the term of the Bonds, (i) the portion of the Project (or any portion thereof) located within the County is sold or otherwise disposed of by the Borrower pursuant to the terms and conditions of the Loan Agreement, without causing an Event of Default (as defined therein) thereunder, and (ii) Bonds in an amount corresponding to the portion of the Project (or any portion thereof) located within the County are redeemed (if and as permitted pursuant with the terms and conditions of the Bond Indenture and the Loan Agreement), the County shall be released from its obligations under this Guaranty Agreement in a corresponding amount and the County and, provided all amounts due have been paid, the Bond Trustee shall execute and deliver such instruments as may be desirable to evidence such release on or after the date set for redemption of the Bonds. Additionally, if pursuant to Section 3.01(c) of the Bond Indenture, unspent proceeds in the County's Project Account are applied to redeem Bonds, provided all amounts due have been paid, the County's Pro Rata share will be reduced by a corresponding amount. Finally, if pursuant to Section 3.01(b)(1) of the Bond Indenture, all Facilities located within the County have been subject to the conditions set forth in Section 3.01(b)(1) of the Bond Indenture, upon the redemption of the portion of the Bonds representing the Facilities in the County, provided all amounts due have been paid, the County's Pro Rata Share will be reduced by a corresponding amount.

(d) No set-off, counterclaim, reduction, or diminution of an obligation, or any defense of any kind or nature which the Guarantor has or may have against the Issuer, the Borrower, any affiliate of the Borrower, the Bond Trustee, or any other person shall be available hereunder to the Guarantor against the Issuer or the Bond Trustee.

(e) No set-off, counterclaim, reduction or diminution of an obligation, or any defense of any kind or nature which the Guarantor has or may have against the Issuer, the Borrower, any affiliate of the Borrower, Bond Trustee, or any other person, under the Bond Indenture or any other Transaction Document (as defined in the Bond Indenture) shall be available hereunder to the Guarantor against the Issuer or the Bond Trustee.

(f) The Guarantor further agrees that all payments made with respect to the Bonds will, when made, be final and agrees that if such payment is recovered from or repaid by or on behalf of the Issuer or the holders of the Bonds in whole or in part in any bankruptcy, insolvency, or similar proceeding instituted by or against the Issuer or the Borrower, the Guaranty Agreement shall continue to be fully applicable to such liabilities to the same extent as though the payment so recovered or repaid had never been originally made on such liabilities.

(g) In the event of a default in the payment of the regularly scheduled principal of any Bonds when and as the same shall become due (but not any accelerated amounts or amounts due upon prepayment or redemption (except for mandatory sinking fund redemption and as provided pursuant to Section 3.01(b)(2) of the Bond Indenture with the consent of the Guarantor)), or in the event of a default in the payment of any interest on any Bonds when and as the same shall become due, the Bond Trustee may proceed hereunder to the extent of Guarantor's Pro Rata Share. The Bond Trustee shall have the right to proceed first and directly against the Guarantor under this Guaranty Agreement without proceeding against or exhausting any other remedies which it may have and without resorting to any other security held by the Bond Trustee.

(h) The obligations of the Guarantor hereunder shall arise absolutely and unconditionally upon execution hereof. The Guarantor hereby expressly and unconditionally waives each of the following (which waivers the Guarantor represents are knowingly, willingly and voluntarily given):

(i) notice from Bond Trustee of its acceptance and reliance on this Guaranty Agreement;

(ii) any claim for contribution against any co-guarantor until the entire principal of, premium, if any, and interest on the Bonds shall have been paid and are not subject to any right of recovery; and

(iii) any right the Guarantor may now or hereafter have to claim or recover from the Issuer or the Bond Trustee any consequential, exemplary or punitive damages.

**Section 3. Representations and Warranties.** To induce Bondowners to purchase and hold the Bonds, the Guarantor hereby represents and warrants as follows:

(a) it is a body corporate duly organized and validly existing under the laws of the State of Wisconsin and that it has obtained all authorizations necessary on its part for the due and valid execution and delivery of this Guaranty and the assumption of the obligations represented hereby.

(b) the execution and delivery of this Guaranty and the performance by the Guarantor hereunder will not conflict with or constitute a breach of or default under any indenture, loan agreement or instrument or agreement to which the Guarantor is a party or by which the Guarantor or its properties are bound.

(c) no authorization, approval, consent or license of any governmental regulatory body or authority, not already obtained, is required for the valid and lawful execution and delivery of this Guaranty Agreement by the Guarantor or the assumption of the obligations of the Guarantor represented hereby.

(d) it is not a party to any litigation or administrative proceeding, nor so far as is known by the Guarantor is any litigation or administrative proceeding threatened against it, which in either case would, if adversely determined, cause any material adverse change in its power or ability to perform its obligations under this Guaranty Agreement.

**Section 4. Affirmative Covenants.** While any portion of the Bonds remains outstanding, the Guarantor covenants and agrees with Bond Trustee as follows:

(a) Financial Statements and other Information. Guarantor shall provide, not later than [270][365] days after and as of the end of each fiscal year, audited financial statements of the Guarantor, prepared by a certified public accountant in a manner and form acceptable to Bond Trustee. Such financial statements shall be signed and dated by Guarantor, and by any other party preparing such financial statements.

(b) Continuing Disclosure Obligations. Guarantor shall comply at all times with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

**Section 5. Events of Default.** If any of the following event occurs, it is hereby defined as and declared to be and to constitute an “Event of Default”:

(a) The Guarantor shall fail to pay when due any amount due hereunder.

**Section 6. Remedies.** If an Event of Default shall occur, the Bond Trustee may pursue any available remedy at law or in equity to realize payment of the amounts guaranteed hereby. No remedy herein conferred upon or reserved or otherwise available to the Bond Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty Agreement or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Bond Trustee to exercise any remedy reserved to it in this Guaranty Agreement, it shall not be necessary to give any notice, other than such notice as may be herein or by law expressly required. If any provision contained in this Guaranty Agreement should be breached by the Guarantor and thereafter duly waived by the Bond Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Guaranty Agreement

shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by Bond Trustee.

**Section 7. Closing Deliverables.** By execution of this Agreement, the Guarantor confirms receipt of or waiver of the following documents, all in form, detail and content satisfactory to the Guarantor, and the satisfaction of the following items:

(a) The Bonds have a principal amount not in excess of \$70,000,000, an interest rate not in excess of 4% and a final maturity date no later than November 1, 2051, thirty (30) years from their date of issuance, and the other terms of the Bonds and the Bond Indenture are acceptable to the County.

(b) All references to the County and this Guaranty Agreement in the limited offering memorandum with respect to the Bonds are acceptable to the County.

(c) An executed copy of the Intergovernmental Agreement.

(d) An opinion of nationally-recognized bond counsel as to the validity of the Bonds and such other legal opinions as to enforceability of the documents relating to the Bonds as the County may request.

(e) An opinion of nationally-recognized bond counsel as to the validity and enforceability of this Guaranty Agreement.

(f) Payment at closing by the Borrower to the County of the first year annual guaranty fee of \_\_\_\_% of the pro-rata par amount of Bonds subject to the County's guaranty.

(g) The Reimbursement Agreement between the Borrower and the County providing pursuant to the terms therein for County access to the Project, Project buildout and related matters, and payment to the County of any amounts paid by it under this Guaranty Agreement and providing for the payment of the annual guaranty fee (which is paid on a semi-annual basis, or as a lump sum, as subsequently agreed to by the County and the Borrower) of \_\_\_\_% of the pro-rata amount of Bonds subject to the County's guaranty and also providing that the proceeds of the Bonds shall be disbursed for any site or fiberoptic data transmission facility, as applicable, upon delivery of:

(1) a first mortgage in favor of the Guarantor on all assets of the Project located in the County, with no liens on the mortgaged property except liens to the County and Permitted Encumbrances (as defined in the Bond Indenture), together with:

(A) Evidence of title in the form of a mortgagee's policy of title insurance in the amount of the mortgage on a current ALTA form issued by an issuer licensed to write title insurance in the State of Wisconsin, including a gap endorsement and any other endorsements requested by the County;

(B) An ALTA survey with Table A items requested by the County;

(C) A Phase I environmental assessment on the mortgaged property and further environmental testing if deemed necessary by the County based on the results of the Phase I assessment;

(D) Such additional legal opinions, certificates, proceedings, instruments, and other documents as necessary to verify or evidence the due authorization, enforceability and validity of the reimbursement agreement between the Borrower and the County, the first mortgage in favor of the Guarantor on all assets of the Project located in the County;

(E) Insurance certificates with respect to the mortgaged property naming the County as mortgagee and lender's loss payee on property insurance and additional insured on liability insurance;

(F) UCC Financing Statements in favor of the County providing for the perfection of a first priority lien on the assets of the Borrower; and

(G) A pledge of the membership interest of the Borrower to the County.

(h) A guaranty from Hilbert Communications, LLC guaranteeing payment to the Guarantor of all payments made by the Guarantor with respect to principal of or interest on the Bonds and for payment of costs and expenses of the Guarantor related to the Guaranty and the Bonds.

(i) Deposit by the Borrower with the Bond Trustee of bond proceeds in an amount equal to the Series 2021 Debt Service Reserve Requirement (as defined in the Bond Indenture), to be held by the Bond Trustee in the Series 2021 Debt Service Reserve Account (as defined in the Bond Indenture) as security for the Bonds.

(j) The County is reimbursed by the Borrower for all fees and expenses incurred by it in connection with this Guaranty Agreement and the Bonds.

#### **Section 8. Miscellaneous.**

(a) Amendments. This Guaranty Agreement shall not be effectively amended, modified or altered until such modification, alteration or amendment is reduced to writing and executed by both parties hereto; *provided* that such modification, alteration, or amendment will not cause the lowering, withdrawal, or suspension of any rating then existing on the Bonds by the Rating Agency (as defined in the Bond Indenture). References to agreements herein shall mean such agreements as amended, modified, or altered pursuant to their terms.

(b) Successors. Except as limited or conditioned by the express provisions hereof, the provisions of this Guaranty Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto (including, without limitation, any successors or assigns of the Trustee under the Bond Indenture); *provided* that such successors and assigns will not cause the lowering, withdrawal, or suspension of any rating then existing on the Bonds by the Rating Agency (as defined in the Bond Indenture).

(c) Governing Law. This Guaranty Agreement has been executed, delivered and issued by the Guarantor and the Bond Trustee in the State of Wisconsin and shall be a contract made under and governed by the internal laws of the State of Wisconsin. If any one or more of the provisions contained in this Guaranty Agreement shall be invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

(d) Captions. The captions or headings in this Guaranty Agreement are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions of this Guaranty Agreement.

(e) Facsimile and Counterparts. This Guaranty Agreement may be signed in any number of separate copies, each of which shall be effective as an original, but all of which taken together shall constitute a single document. An electronic transmission or other facsimile of this document or any related document shall be deemed an original and shall be admissible as evidence of the document and the signer's execution.

(f) Notices. Any notice hereunder shall be in writing and shall be deemed to be given if hand delivered or sent by first class mail, electronic mail, facsimile, registered or certified mail, or overnight delivery and addressed as follows:

If to the Guarantor: \_\_\_\_\_ County  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_, WI \_\_\_\_\_  
Attn: County Administrator

If to Bond Trustee: U.S. Bank National Association  
1555 North RiverCenter Drive, Suite 203  
Milwaukee, WI 53212  
Attn: Corporate Trust Services

The Guarantor or Bond Trustee may, by written notice, received by the other, designate a further or different address for purposes of notice hereunder.

(g) Severability. This Guaranty Agreement constitutes the entire agreement between the Bond Trustee and Guarantor with respect to the subject matter hereof, superseding all previous communications and negotiations, and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon the Bond Trustee unless expressed herein. If any provisions of this Guaranty Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstance shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or sections in this Guaranty Agreement contained, shall not affect the remaining portions of this Guaranty Agreement, or any part thereof. Notwithstanding any other provision herein

to the contrary, if the Bonds are accelerated pursuant to the Bond Indenture or the Loan Agreement, such amounts are guaranteed hereunder, but payable only at the intervals such amounts would have been otherwise due hereunder absent such acceleration unless otherwise agreed to by the County pursuant to Section 3.01(b)(2) of the Bond Indenture.

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**IN WITNESS WHEREOF**, the Guarantor has caused this Guaranty Agreement to be executed in its name and behalf and its corporate seal to be affixed hereto and attested by its duly authorized officers as of the date first above written.

\_\_\_\_\_ COUNTY, WISCONSIN

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: County Board Chairperson

[SEAL]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: County Clerk

Accepted as of the date first above written, by U.S. Bank National Association, as Bond Trustee.

U.S. BANK NATIONAL ASSOCIATION  
as Bond Trustee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT (this “**Agreement**”), dated as of December 1, 2021, is between \_\_\_\_\_ County, Wisconsin (the “**County**”) and Bug Tussel 1, LLC, a Wisconsin limited liability company (the “**Borrower**”).

### WITNESSETH:

WHEREAS, Taxable Revenue Bonds, Series 2021 (Bug Tussel 1, LLC Project) (Social Bonds) in the aggregate principal amount of \$70,000,000 (the “**Bonds**”) are to be issued by Fond du Lac County, Wisconsin (the “**Issuer**”) on behalf of the Borrower to finance a project consisting of the acquisition, construction, installation, and equipping of certain telecommunications infrastructure that includes, among other things (i) acquisition of tower sites by purchase or lease of land and equipping such sites with towers and electronics to provide broadband, high speed cellular, emergency communications and point to point (P2P) data communications; (ii) constructing fiberoptic data transmission facilities (cable and electronics) between towers, key community facilities, businesses and residential aggregation points; (iii) where appropriate, connecting individual premises into the broadband network including the cost of consumer premise equipment; (iv) payment of capitalized interest; (v) funding of a debt service reserve fund; (vi) payment of such project costs located in the counties of Fond du Lac, Calumet, Jackson, Marathon, and Waushara, each in Wisconsin (each a “**Participating County**” and together, the “**Participating Counties**”); and (vii) payment of certain costs of issuance related to the issuance of the Bonds, all of which will be for the purpose of providing fiberoptic transmissions, wireless internet and telephone communications services and infrastructure to businesses, governmental units and residents of rural communities where such service is currently unavailable, unreliable, or is prohibitively expensive (collectively, the “**Project**”), pursuant to an Indenture of Trust, dated as of December 1, 2021 (as modified, amended, replaced, refinanced, renewed, or extended from time to time, the “**Indenture**”), between the Issuer and U.S. Bank National Association, as Trustee (the “**Trustee**”); and

WHEREAS, the proceeds derived from the issuance of the Bonds will be applied pursuant to a Loan Agreement between the Issuer and the Borrower, dated as of December 1, 2021 (as modified, amended, replaced, refinanced, renewed or extended from time to time, the “**Loan Agreement**”), to finance the costs of the Project, which Project is located in the Participating Counties. Payment of such Project costs in \_\_\_\_\_ County shall not exceed \$ \_\_\_\_\_; and

WHEREAS, the Participating Counties have entered into an Intergovernmental Agreement, dated as of December 1, 2021 (the “**Intergovernmental Agreement**”); and

WHEREAS, the Borrower will execute and deliver to the Issuer its Promissory Note (as modified, amended, replaced, refinanced, renewed or extended from time to time, the “**Note**”) to evidence the Borrower’s obligation to repay the loan made under the Loan Agreement; and

WHEREAS, in consideration of the increased tax revenue that will accrue to the County as a result of the Project and the new jobs and other economic benefits for residents of the County that will result from the Project and the public safety benefits that will result from the Project and the County’s access to the Project, the County has agreed to guarantee the payment of its pro rata share of the principal of and interest on the Bonds in an amount necessary to replenish the Series 2021 Debt Service Reserve Account (as defined in the Indenture) pursuant to a Guaranty Agreement, dated as of December 1, 2021 (as modified or amended from time to time, the “**Guaranty**”) by and between the County and the Trustee; and

WHEREAS, the Borrower will have the primary obligation to make all scheduled principal and interest payments on the Bonds when due, and the County's liability under its Guaranty will arise only in the event that the Borrower does not make the payments as required; and

WHEREAS, in return for the County's Guaranty, the Borrower has agreed to pay the County (i) an annual guaranty fee (which is paid on a semi-annual basis, or as a lump sum, as subsequently agreed to by the County and the Borrower) of 40 basis points of the pro rata principal amount of the Bonds subject to the County's Guaranty, and (ii) all costs and expenses incurred by the County related to the issuance and administration of the Bonds; and

WHEREAS, as security for the Borrower's Obligations hereunder, the Borrower has agreed to grant the County a security interest in all assets of the Project located in the County which are financed with proceeds of the Bonds pursuant to one or more Leasehold Mortgage, Assignment of Leases and Rents, Security Agreement, and Fixture Financing Statement, one or more Mortgage and Security Agreements, or one or more Security Agreements (collectively, the "**Mortgage**"), and one or more UCC Financing Statements (collectively, the "**UCC Financing Statement**"); and

WHEREAS, as security for the Borrower's obligations hereunder, Hilbert Communications, LLC, a Wisconsin limited liability company ("**Hilbert**"), has agreed to pledge its membership interest in the Borrower for the benefit of the Participating Counties (the "**Pledge Agreement**") and has agreed to unconditionally and irrevocably guarantee Borrower's obligations under this Agreement, among other obligations guaranteed thereunder (the "**Hilbert Guaranty**" and, together with the Mortgage, the UCC Financing Statement, the Pledge Agreement, and the Hilbert Guaranty, collectively the "**Security Agreements**"), each in substantially the form attached hereto as Exhibit A; and

WHEREAS, as security for the County's Guaranty, when required hereunder, the Borrower has agreed to provide the County access to use any telecommunications towers and fiberoptic data transmission facilities (collectively, the "**Facilities**") constructed in the County with the proceeds of the Bonds pursuant to one or more Facilities Access Agreements (collectively, as modified, amended, replaced, refinanced, renewed or extended from time to time, the "**Facilities Access Agreement**") in substantially the same form attached hereto as Exhibit B (the "**Form of Facilities Access Agreement**").

NOW, THEREFORE, the parties hereto agree as follows:

**1. Definitions.** In addition to the terms defined in the recitals hereof, as used in this Agreement, the following terms shall have the following meanings:

"**Bond Documents**" means the Indenture, the Intergovernmental Agreement, the Note, the Guaranty, the Loan Agreement, the continuing disclosure agreements related to the Bonds, and any additional agreement or instrument relating to or securing the Bonds, each as the same may be amended from time to time.

"**Default**" means any act, event, condition or omission which, with the giving of notice or lapse of time, would constitute an Event of Default hereunder.

"**Event of Default**" means the occurrence of any of the events described in Section 11.

"**Guaranty Payment**" means any payment of any amount made by the County pursuant to the Guaranty.

“**Project Land**” means any parcel of land in the County owned by or leased by Borrower upon which all or any part of the Project is constructed, installed or located.

“**Reimbursement Documents**” means this Agreement, the Mortgage, the Hilbert Guaranty, the other Security Agreements, the Facilities Access Agreement and any other documents or instruments evidencing, securing or guaranteeing Borrower’s obligations to the County pursuant to this Agreement, as any of such documents may be modified or amended from time to time.

“**Obligations**” means all indebtedness, liabilities and other obligations of the Borrower to the County now existing or hereafter arising under this Agreement, the Mortgage, the Security Agreements, or any other Reimbursement Document or any other documents or instruments evidencing, securing or guaranteeing Borrower’s obligations to the County pursuant to this Agreement.

“**Project Property**” means any Project Land and all improvements and assets located thereon or used or useful in connection with the improvements located thereon, including without limitation, real property, improvements, frequencies licensed to Borrower, fixtures, equipment, machinery, telecommunications towers, microwave and/or fiber-optic backhaul facilities and all other facilities and property financed with the proceeds of the Bonds and located within the County.

2. **Guaranty Fee.** Upon execution of this Agreement and on each Interest Payment Date (as defined in the Indenture) (each, a “**Fee Payment Date**”), until all Borrower’s obligations under the Bond Documents and the Reimbursement Documents have been satisfied in full, Borrower shall pay an annual guaranty fee to the County (which is paid on a semi-annual basis, or as a lump sum, as subsequently agreed to by the Guarantor and the Borrower) of 40 basis points of the pro rata principal amount of the Bonds subject to the County’s Guaranty.

3. **Reimbursement; Term of Agreement.**

(a) Upon the payment by the County of any Guaranty Payment, the Borrower hereby unconditionally and irrevocably promises to immediately pay the County, and in any event within five (5) days of demand therefor, at its office in \_\_\_\_\_ County, Wisconsin, in immediately available funds, the amount of the Guaranty Payment.

(b) The obligations of the Borrower hereunder shall terminate upon the termination of the Guaranty and payment in full of any obligations hereunder.

4. **Representations and Warranties.** In order to induce the County to execute the Guaranty, the Borrower represents and warrants to the County that the representations and warranties of the Borrower contained in the Loan Agreement are true and correct in all respects as of the date of this Agreement. In addition, the Borrower makes the following representations and warranties:

(a) All written information which Borrower or Hilbert has furnished or caused to be furnished to the County is true and correct in all material respects.

(b) Borrower has timely filed or caused to be filed all tax returns and reports required to have been filed and has paid or caused to be paid all taxes required to have been paid by it, except taxes that are being contested in good faith by appropriate proceedings and for which it has set aside on its books adequate reserves with respect thereto in accordance with generally-accepted accounting principles.

(c) Prior to disbursement of any proceeds of the Bonds for any Project Property, Borrower will have good title to, or a valid leasehold interest in, the Project Land on which any Facilities

will be constructed, and a fee interest in all improvements located on such land, free and clear of all liens and encumbrances (except for Permitted Encumbrances, as defined in the Indenture).

(d) Prior to disbursement of any proceeds of the Bonds for any Project Property, Borrower will have all licenses, permits, franchises, patents, copyrights, trademarks and trade names, or rights thereto, reasonably necessary to construct, use and operate the Project Property and to conduct its business thereon.

(e) Borrower: (i) is, and at each Project Property will be, in compliance with all applicable environmental laws, rules, regulations and ordinances; and (ii) is, and at each Project Property will be, in compliance in all material respects with all other laws, rules, regulations and ordinances.

(f) No Default or Event of Default has occurred under this Agreement, the Bond Documents or any other Reimbursement Document.

The representations and warranties contained herein shall be true and accurate in all material respects as of the date hereof and as of the date of each disbursement of proceeds of the Bonds.

**5. Affirmative Covenants.** The Borrower agrees that it will do the following while the Guaranty is outstanding or any of the Obligations remain unpaid, unless the County otherwise agrees in writing:

(a) The Borrower shall comply with all covenants contained in the Loan Agreement, which are incorporated herein as if fully set forth herein.

(b) On December 16, 2021 (the “**Bond Closing Date**”) if Borrower has acquired any Project Property or entered into a lease with respect to any Project Property, or thereafter, concurrent with the Borrower acquiring any Project Property or entering into a lease of any Project Land, Borrower shall execute and deliver to County a Mortgage with respect to such Project Property, in the form of the Mortgage attached hereto. The Mortgage shall grant County a first mortgage on Borrower's leasehold interest, in the Project Land and/or security interest in all other elements of the Project Property, including without limitation, the improvements located on the Project Land and all other equipment, machinery, fixtures, assets and personal property used or useful in connection with the Project Property, all free and clear of all liens and encumbrances other than those liens and encumbrances approved by the County or Permitted Encumbrances as defined in the Indenture. Borrower hereby authorizes the County to file UCC financing statements and any other Security Agreement, amendments and continuations thereof with respect to the collateral which is the subject of the Mortgage or Security Agreement without any further consent of Borrower. The Security Agreements and security interests shall not be released until the Bonds shall have been paid in full, all of the Obligations have been paid and performed in full and the County has been fully released from all of its obligations under the County's Guaranty. The failure of Borrower to deliver the Security Agreements described herein on the date of acquisition or lease of any Project Land shall be an Event of Default hereunder. Borrower understands that disbursement of any portion of the proceeds of the Bonds for any Project Property is conditioned upon the County having received fully-executed Security Agreements for such Project Property, in a form acceptable to the County, the recording of the Mortgage in the office of the Register of Deeds of the County and the filing of any Security Agreement in the appropriate governmental office. Borrower shall have a continuing duty to cooperate with County and any representative of the County, including without limitation the Issuer, in securing a first lien on all Project Property (except for Permitted Encumbrances, as defined in the Indenture).

(c) The Borrower hereby grants to the County, for the period identified in the Facilities Access Agreement, a non-exclusive, limited license to access and use the Project Property which is

constructed by Borrower in the County (an “**Access Right**”) pursuant to a Facilities Access Agreement. The County may use an Access Right solely for the purpose of obtaining service to be used by County agencies. Such use shall be subject to a Facilities Access Agreement, reasonably acceptable to the County and the Borrower, in substantially the form set forth in Exhibit B hereto. The Borrower hereby grants to any township, village or city within the County, to any fire and ambulance districts within the County, as long as such entity is not providing commercial communication utilities, for the period identified in the Facilities Access Agreement, a non-exclusive, limited license to access and use the Project Property at a discounted rate pursuant to a Facilities Access Agreement. That discounted rate will be set forth in the lease of the tower. In order to access this rate, the local entity must enter into a Facilities Access Agreement, reasonably acceptable to the local entity and the Borrower, in substantially the form set forth in Exhibit B hereto. The rights granted under this section shall survive the termination of this Agreement.

(d) Except as permitted in the Indenture, the Borrower will not consent to any amendment or supplement to any of the Bond Documents or any other document executed by the Borrower in connection with the issuance of the Bonds.

(e) The Borrower will use the entire proceeds of the Bonds only as provided in the Bond Documents.

(f) The Borrower agrees to build the Project as represented to the County.

(g) Borrower will conform and comply with, and will cause each Project Property to be in conformance and compliance with all federal, state, local and other laws, rules, regulations and ordinances applicable to the construction and installation of each Project Property and Borrower’s operations at each Project Property, including without limitation, all zoning and land division laws, rules, regulations and ordinances, all building codes and ordinances of the governing municipalities, and all applicable environmental laws, rules, regulations and ordinances.

(h) Borrower covenants that it will pay or cause to be paid prior to delinquency all foreign, federal, state and local taxes in connection with each Project Property, except where the validity or amount thereof is being contested in good faith by appropriate proceedings and Borrower has set aside on its books adequate reserves with respect thereto in accordance with generally accepted accounting principles.

(i) Borrower shall, except as otherwise provided in the Loan Agreement: (i) maintain its corporate and/or limited liability existence, as the case may be, and will not dissolve or dispose of all or substantially all of its assets and will not consolidate with or merge into any other entity, (ii) maintain each Project Property in good repair, working order and condition, ordinary wear and tear excepted; and (iii) maintain accurate records and books of account in accordance with generally-accepted accounting procedures consistently applied throughout all accounting periods.

(j) Borrower shall maintain in good standing and in full force and effect each license, permit, patent and franchise granted or issued by any federal, state or local governmental agency or regulatory authority that is necessary to Borrower’s business conducted at each Project Property.

(k) Borrower shall: (i) comply in all material respects with all applicable environmental laws, rules, regulations and ordinances and orders of regulatory and administrative authorities with respect thereto applicable to each Project Property, and, without limiting the generality of the foregoing, promptly undertake and diligently pursue to completion any required response, investigation and clean-up action in the event of any release of hazardous substances on, upon or into any Project

Property; and (ii) comply in all material respects with all other laws, rules, regulations and ordinances applicable to Borrower and each Project Property.

(l) Borrower shall:

(i) as soon as possible and in any event within five (5) business days after Borrower knows of the occurrence of any Default or Event of Default, notify County in writing of such Default or Event of Default and set forth the details thereof and the action which is being taken or proposed to be taken by Borrower with respect thereto;

(ii) promptly notify County of the commencement of any litigation or administrative proceeding brought against Borrower which would have a material adverse effect on Borrower's operations at any Project Property or materially impair the value of any Project Property;

(iii) notify County, and provide copies, immediately upon receipt but in any event not later than ten (10) days after receipt, of any notice, pleading, citation, indictment, complaint, order or decree from any federal, state or local government agency or regulatory body, asserting or alleging a circumstance or condition that requires or may require a financial contribution by Borrower, or an investigation, clean-up, removal, remedial action or other response by or on the part of Borrower under any environmental law or which seeks damages or civil, criminal or punitive penalties from or against Borrower, for an alleged violation of environmental laws at any Project Property;

(iv) notify County at least thirty (30) days prior to any change of Borrower's name; and

(v) promptly notify County of any damage to, or loss of, any Project Property.

(m) Borrower shall provide County with copies of the financial statements Borrower furnishes to the Trustee pursuant to the terms of the Loan Agreement at the time Borrower provides such statements to the Trustee.

**6. Negative Covenants.** From and after the date of this Agreement and until the entire amount of principal of and interest due on the Bonds and all other Obligations have been paid in full, and County's Guaranty has been released, Borrower shall not at any time, without the prior written consent of County:

(a) Incur, create, assume or permit to be created or allow to exist any mortgage or lien upon or in any asset included in any Project Property or the Project other than Permitted Encumbrances (as defined in the Indenture).

(b) Except as otherwise provided in the Loan Agreement, sell, assign, transfer or otherwise dispose of any portion of any Project Property or the Project.

(c) Enter into any agreement, directly or indirectly, to sell or transfer any portion of any Project Property or the Project and thereafter to lease back the same or similar property.

(d) Modify or amend any lease of any Project Land by Borrower, as either lessor or lessee.

(e) Incur, create, assume, permit or permit to be created or allow to exist any indebtedness of Borrower in connection with any Project Property, other than the indebtedness evidenced by the Bonds.

(f) Record or permit to be recorded any lease or sublease of the Project Property prior to the recording of the Mortgage on such Project Property.

**7. Insurance.** Borrower shall obtain and maintain at its own expense the following insurance, which shall be with insurers satisfactory to County: (a) “all risks” property insurance (including without limitation fire, collapse, windstorm, hail, business interruption and such other risks of loss as County reasonably may require), against loss of or damage to any Project Property and the Project, in amounts not less than the one hundred percent (100%) replacement cost of all buildings, improvements, fixtures, equipment and other real and personal property constituting any Project Property and the Project, with a replacement cost endorsement; (b) commercial general liability insurance covered under a comprehensive general liability policy including contractual liability in an amount not less than \$2,000,000 combined single limit for bodily injury, including personal injury, and property damage; (c) product liability insurance in such amounts as is customarily maintained by companies engaged in the same or similar businesses; and (d) worker’s compensation insurance in amounts meeting all statutory state and local requirements. Borrower shall maintain the insurance policies issued by insurers with a rating of at least “A-” and in the financial size category of at least “X” as established by A.M. Best Company and licensed to do business in the State of Wisconsin. Borrower shall provide evidence to the County that each Project Property is insured as required by this paragraph 7 on or prior to the date of acquisition of such Project Property. Each insurance policy shall require the insurer to provide at least thirty (30) days prior written notice to the County of any material change or cancellation of such policy and each insurance policy shall name the Trustee as an additional insured and, in the case of casualty insurance in respect of each Project Property, loss payee.

**8. Deliverables to the County.** The Borrower covenants to deliver or cause to be delivered, and by execution of this Agreement, the County confirms receipt or waiver of the following deliverables:

(a) On or before the Bond Closing Date, Borrower shall provide the County with evidence satisfactory to the County that Borrower is authorized to enter into this Agreement and the other Reimbursement Documents to which it is a party, and that the persons signing this Agreement and such other documents on behalf of Borrower are authorized to so sign. On or before the Bond Closing Date, Borrower, at its cost, shall provide a certified copy of the articles of organization and operating agreement of Borrower, and certificate of status issued by the Wisconsin Department of Financial Institutions for Borrower.

(b) On or before the Bond Closing Date, Borrower and Hilbert shall each provide a certificate of incumbency and resolutions of Borrower, which resolutions shall provide that Borrower have been duly authorized to enter into this Agreement and all other agreements, documents and contracts required to be executed by it in connection with the transactions which are the subject of this Agreement.

(c) On or before the Bond Closing Date, counsel for Borrower shall provide an opinion of counsel reasonably acceptable to the County and their counsel, stating among other things, that the persons executing this Agreement, the other Reimbursement Documents and the agreements entered into hereunder are authorized to do so, that Borrower have duly authorized entry into this Agreement and the other Reimbursement Documents, and that this Agreement and such other Reimbursement Documents are valid and enforceable in accordance with their terms.

(d) At or prior to the Bond Closing Date, Borrower shall have executed and delivered to the County any documents and agreements as are required by this Agreement, including without limitation, any required Mortgage or Security Agreement.

(e) On or before the Bond Closing Date, the County shall have received UCC searches of the records of the Wisconsin Department of Financial Institutions, showing that there are no prior liens



(except for Permitted Encumbrances, as defined in the Indenture) on the assets of the Borrower described in paragraph 5(b).

(f) The Borrower shall make the representations and warranties contained in this Agreement.

(g) The Borrower shall ensure that no Default or Event of Default shall exist under this Agreement or any other Reimbursement Document.

(h) Any other deliverable as set forth in the Guaranty shall have been met or delivered by the Borrower.

All submissions given to County to satisfy the deliverables contained in this paragraph 8 must be satisfactory in form and content to the County.

**9. Condition Precedent to Disbursements.** The following conditions must be met prior to each disbursement of proceeds of the Bonds:

(a) Borrower shall provide to the Participating Counties, all of the information and documentation required by Section 4.04 of the Loan Agreement to be provided to the Trustee (as that term is defined in the Loan Agreement). Each Participating County shall have approved all of such information and documentation. The Borrower agrees that any Participating County may condition any disbursement of proceeds of the Bonds upon its receipt of such additional information and documentation as it may reasonably require to evidence the truth and accuracy of the statements and representations contained in the documentation and information provided pursuant to Section 4.04 of the Loan Agreement. Borrower also agrees that no Participating County is required to approve a disbursement unless all of the conditions of this paragraph 9 have been met to the satisfaction of such Participating County.

(b) Borrower shall provide evidence acceptable to the Participating Counties that the amounts in the Project Fund (as that term is defined in the Loan Agreement) are sufficient to complete the Project in accordance with the approved plans and specifications for the Project or, if such funds are not sufficient, the Borrower shall deposit a shortfall with the Trustee.

(c) The representations and warranties of Borrower contained in this Agreement or in any other Reimbursement Document shall be true and accurate in all material respects on and as of the date of any such disbursement, except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date.

(d) (i) No Default or Event of Default shall exist under this Agreement or any Reimbursement Document and (ii) there shall not exist a Default or any Event of Default under any Bond Document.

(e) There shall be no unrepaired damage to or destruction of any part of the Project Property or the Project.

(f) The County shall have received with respect to each Project Property:

(i) Evidence of title in the form of a mortgagee's policy of title insurance in the amount of the Mortgage on such Project Property, on a current ALTA form issued by an issuer licensed to write title insurance in the State of Wisconsin, including a gap endorsement and any other endorsements

requested by the County, insuring the County's Mortgage as a first lien on the Project Property, free and clear of all liens and encumbrances other than those liens and encumbrances acceptable to the County and Permitted Encumbrances as defined in the Indenture.

(ii) An ALTA survey with Table A items requested by the County, in a form sufficient to cause the title company issuing the mortgagee's loan policy of title insurance to delete the survey exception therefrom and otherwise in a form acceptable to the County.

(iii) Evidence of compliance with environmental laws, including a Phase I environmental assessment on the Project Property and further environmental testing if deemed necessary by the County based on the results of the Phase I assessment.

(iv) A disclaimer from any lessor of any Project Land satisfactory in form to the County, under the terms of which each lessor agrees that it has no interest in any improvements or other property comprising the Project Property and that upon the occurrence of an Event of Default, County shall be permitted, at its option, to remove any improvements located on the Project Land from the Project Land, and to enforce any mortgage or security interest the County may have, free and clear of any interest of such lessor in the property which is the subject of the Mortgage and/or security interest.

(g) If any Project Property land is to be leased by Borrower rather than owned by Borrower in fee simple, then the lease of the Project Property land must be approved in advance by County, which approval County can grant or withhold in its sole discretion. Borrower understands that County will not approve any lease of land unless it contains, among other things, (i) a provision allowing the County to terminate the lease or assume the lease, at County's option, upon the occurrence of an Event of Default by Borrower under this Agreement, and (ii) the terms of subparagraph 9(f)(iv) above.

(h) Borrower shall have executed and delivered to the County a Mortgage (with respect to each Project Land) or Security Agreement (with respect to any Project Property) with respect to each Project Property for which disbursement is being requested.

(i) Such other documents, certificates, and agreements as may be reasonably requested by the County.

**10. Indemnification.** To the fullest extent permitted by law, the Borrower agrees to indemnify, defend, and hold harmless the County and its respective officers, governing members, directors, officials, employees, attorneys and agents against any and all claims, losses, damages, actions, liabilities, costs, and expenses of any conceivable nature, kind, or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the County may become subject under any statutory law or at common law or otherwise, arising out of or based upon or in any way relating to the County's issuance or approval of the Bonds or Guaranty.

The County shall promptly notify the Borrower in writing of any claim or action brought against the County in respect of which indemnity may be sought against the Borrower, setting forth the particulars of such claim or action, and the Borrower will assume the defense thereof, including the employment of counsel reasonably satisfactory to the County, or such controlling person, as the case may be, and the payment of all expenses.

In its discretion, the County shall have the right to employ separate counsel in any circumstances described in this Section. The fees and expenses of such legal counsel shall be included within the costs indemnified pursuant to this Section, irrespective of whether the Borrower shall have consented to any settlement of any such action.

The obligations of the Borrower under this Section 10 shall survive the termination of this Reimbursement Agreement.

**11. Events of Default; Remedies.**

(a) Events of Default. The occurrence of any of the following shall constitute an Event of Default:

(i) Failure to Pay Obligations. The Borrower fails to pay when due any of the Obligations when the same comes due;

(ii) Breach of Representations and Warranties. Any representation or warranty made under this Agreement or information provided by Borrower or Hilbert in connection with this Agreement is or was false or fraudulent in any material respect;

(iii) Breach of Covenants. The Borrower fails to comply with any term, covenant or agreement contained in paragraphs 5(a) through 5(g) of this Agreement;

(iv) Breach of Other Provisions. The Borrower fails to comply with any other term, covenant or agreement contained herein or in any other Reimbursement Document and such default shall continue for a period of 30 days after written notice to the Borrower from the County;

(v) Default Under Bond Documents. An Event of Default (as defined therein) shall occur under any Bond Document and such default continues beyond any grace period provided therein;

(vi) Bankruptcy Events. Borrower or Hilbert shall: (i) become insolvent or generally not pay, or be unable to pay, or admit in writing its inability to pay, its debts as they mature; or (ii) make a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its assets; or (iii) become the subject of an "order for relief" within the meaning of the United States Bankruptcy Code, or file a petition in bankruptcy, for reorganization or to effect a plan or other arrangement with creditors; or (iv) have a petition or application filed against it in bankruptcy or any similar proceeding, or have such a proceeding commenced against it, and such petition, application or proceeding shall remain undismissed for a period of sixty (60) days or more, or Borrower or Hilbert shall file an answer to such a petition or application, admitting the material allegations thereof; or (v) apply to a court for the appointment of a receiver or custodian for any of its assets or properties, or have a receiver or custodian appointed for any of its assets or properties, with or without consent, and such receiver shall not be discharged within sixty (60) days after his appointment; or (vi) adopt a plan of complete liquidation of its assets; or

(vii) Other Defaults. Borrower or Hilbert defaults under any other indebtedness in excess of \$100,000 to any other person or entity which results in the acceleration of the indebtedness by the holders of such indebtedness prior to its stated final maturity; or

(viii) Dissolution. Borrower or Hilbert shall be dissolved or shall cease to exist.

(b) Remedies. Upon the occurrence of any Event of Default, to the extent known or knowable, at the County's option and in its sole discretion, all Obligations or any part of them shall become due and payable immediately. To the extent an Event of Default hereunder, is also an Event of Default under the Indenture, the County may exercise its right in conjunction with the other Participating Counties to redeem the Bonds to the extent permitted by Section 3.01(b)(2) of the Indenture. The County shall have

all of the remedies for default provided for under applicable law, and/or in equity, including without limitation, to foreclose on the Mortgage in accordance with the terms of the Mortgage or the other Security Agreements, and the County may, at its option and in its sole discretion, notify the Trustee that an Event of Default has occurred.. Upon the occurrence of any Event of Default, the Borrower shall immediately provide the County with copies of any and all leases, revenue agreements, and revenue sharing agreements relative to all Project Property. The County shall also have the right, at its option and in its sole discretion, to terminate or assume any lease of any Project Property. The County shall also have the right to foreclose its Mortgage or Security Agreement on all of the Project Properties or any one Project Property and/or take possession of all Project Properties or any one Project Property. No remedy herein conferred upon County is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement and/or available to County under any other Reimbursement Document, and/or now or hereafter existing at law or in equity. No failure or delay on the part of County in exercising any right or remedy shall operate as a waiver thereof nor shall any single or partial exercise of any right preclude other or further exercise thereof or the exercise of any other right or remedy.

**12. Obligations Absolute.** The obligations of the Borrower under this Agreement shall be absolute, unconditional and irrevocable and shall remain in full force and effect until the Guaranty has expired and the Obligations have been paid in full, and such obligations of the Borrower shall not be affected, modified or impaired upon the happening of any event.

**13. Waiver.** The County shall not be deemed to have waived any of its rights hereunder unless the County shall have signed such waiver in writing.

**14. No Necessity to Inquire.** The County is expressly authorized and directed to honor any request for payment which is made under and in compliance with the terms of Guaranty without regard to, and without any duty on the County's part to inquire into, the existence of any disputes or controversies between the Borrower, the Issuer or the Trustee or any other person or the rights, duties or liabilities of any of them.

**15. Binding Effect.** This Agreement inures to the benefit of, and is binding upon, the successors and assigns of the County and the Borrower, provided that none of the rights of the Borrower hereunder may be assigned without the prior written consent of the County and none of County's rights under Section 11 may be assigned without the prior written consent of the Borrower.

**16. Governing Law.** This Agreement is being delivered in and shall be deemed to be a contract governed by the laws of the State of Wisconsin and shall be interpreted and enforced in accordance with the laws of that state without regard to the principles of conflicts of laws.

**17. Titles.** The titles of sections in this Agreement are for convenience only and do not limit or construe the meaning of any section.

**18. Entire Agreement.** This Agreement, the Bond Documents and the other Reimbursement Documents shall constitute the entire agreement of the parties pertaining to the subject matter hereof and supersede all prior or contemporaneous agreements and understandings of the parties in connection therewith.

**19. Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement.

**20. Costs.** Borrower shall pay all fees, costs and expenses incurred by the County, including attorneys fees, in connection with: (i) the drafting and negotiation of this Agreement and the other Reimbursement Documents, (ii) the enforcement of County's rights against under this Agreement or any other Reimbursement Document, including without limitation the enforcement of such rights in any bankruptcy, reorganization or insolvency proceeding involving Borrower or Hilbert, and (iii) the review and approval of each disbursement, review and approval of any lease of land, or any other review or approval that the Borrower is required to obtain from the County. Any and all such fees, costs and expenses incurred by County shall be indebtedness of Borrower and Hilbert to the County hereunder.

**21. County's Right to Cure Default.** In case of failure by Borrower to procure or maintain insurance required to be maintained hereunder, or to pay any fees, assessments, charges or taxes arising with respect to the Project or to comply with the terms and conditions of this Agreement or any other document, contract or agreement affecting the Project Property, including without limitation, the terms and conditions of any Reimbursement Documents, the County shall have the right, but shall not be obligated, to effect such insurance or pay such fees, assessments, charges or taxes or take such act ion as is necessary to remedy the failure of Borrower to comply with the documents, contracts or agreements, and, in that event, the cost thereof shall be payable by Borrower to the County.

**22. No Personal Liability.** Under no circumstances shall any council person, supervisor, officer, official, director, attorney, employee or agent of the County have any personal liability arising out of this Agreement, or any other Reimbursement Document and no party shall seek or claim any such personal liability.

**23. Waiver.** No waiver, amendment, or variation in the terms of this Agreement shall be valid unless in writing and signed by the County and Borrower, and then only to the extent specifically set forth in writing.

**24. Notice.** All communications or notices required or permitted by this Agreement shall be in writing and shall be deemed to have been given (i) upon delivery to an officer of the person entitled to such notice, if hand delivered, or (ii) two business days following deposit in the United States mail, postage prepaid, or (iii) one business day following deposit with a nationally recognized overnight commercial carrier that will certify as to the date and time of delivery, airbill prepaid, or (iv) upon transmission if by facsimile, and each such communication or notice shall be addressed as follows, unless and until any of such parties notifies the other in accordance with this paragraph of a change of address:

If to the County: \_\_\_\_\_ County, Wisconsin  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_, WI \_\_\_\_\_  
Attn: County Administrator  
Phone: (\_\_\_\_) \_\_\_\_\_  
Fax: (\_\_\_\_) \_\_\_\_\_  
Email: \_\_\_\_\_

If to Borrower:

Bug Tussel 1, LLC  
c/o Hilbert Communications, LLC  
417 Pine Street  
Green Bay, WI 54301  
Attn: Steve Schneider, President and CEO  
Phone: (920) 662-3063  
Email: steve.schneider@bugtusselwireless.com

**25. Beneficiaries.** This Agreement is intended solely for the benefit of Borrower and the County, and no third party (other than successors and permitted assigns) shall have any rights or interest in any provision of this Agreement, or as a result of any action or inaction of the County in connection therewith.

**26. Venue.** Venue for any claim or controversy arising, directly or indirectly, from or relating to, this Agreement or the Reimbursement Documents shall be exclusively in the state circuit court located in the County. The parties agree to submit themselves to the jurisdiction of that court for resolution of any such claim or controversy.

**27. Relationship of Parties.** Nothing contained in this Agreement or in any Reimbursement Document or any other documents executed pursuant to this Agreement, shall be deemed or construed as creating a partnership or joint venture between any County and Borrower or between County and any other person, or cause County to be responsible in any way for the debts or obligations of Borrower or any other person. Borrower further represents, warrants and agrees, for itself and its successors and permitted assigns, not to make any assertion inconsistent with their acknowledgment and agreement contained in the preceding sentence in the event of any action, suit or proceeding, at law or in equity, with respect to the transactions which are the subject of this Agreement and this paragraph may be pleaded and construed as a complete bar and estoppel against any assertion by or for Borrower and its successors and permitted assigns, that is inconsistent with its acknowledgment and agreement contained in the preceding sentence.

**28. Compliance with Law.** Nothing contained in this Agreement is intended to or has the effect of releasing Borrower from compliance with all applicable laws, rules, regulations and ordinances in addition to compliance with all terms, conditions and covenants contained in this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first above written.

**BORROWER:**

BUG TUSSEL 1, LLC

By: \_\_\_\_\_  
Steve J. Schneider, President/CEO

**COUNTY:**

\_\_\_\_\_ County

By: \_\_\_\_\_  
\_\_\_\_\_, County Board Chairperson

By: \_\_\_\_\_  
\_\_\_\_\_, County Clerk

**EXHIBIT A**

FORM OF SECURITY AGREEMENTS

*[see attached]*



**EXHIBIT B**

**FORM OF FACILITIES ACCESS AGREEMENT**

[TO BE PROVIDED]

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## **APPENDIX D**

### **Form of Bond Counsel Opinion**

December 16, 2021

**\$70,000,000**  
**Fond du Lac County, Wisconsin**  
**Taxable Revenue Bonds, Series 2021**  
**(Bug Tussel 1, LLC Project) (Social Bonds)**

We have acted as bond counsel in connection with the issuance by Fond du Lac County, Wisconsin (the "Issuer"), of its \$70,000,000 Taxable Revenue Bonds, Series 2021 (Bug Tussel 1, LLC Project) (Social Bonds) (the "Bonds"). We have investigated the law and examined such certified proceedings, including specimen bonds and other papers as we deemed necessary to render this opinion.

The Bonds are issued pursuant to an Indenture of Trust dated as of December 1, 2021 (the "Indenture"), by and between the Issuer and U.S. Bank National Association, as trustee (the "Trustee") and authorized pursuant to a resolution adopted by the Issuer on November 9, 2021 (the "Resolution"), and the Issuer has loaned the bond proceeds to Bug Tussel 1, LLC, a Wisconsin limited liability company (the "Borrower"). The loan is evidenced by the Borrower's promissory note in the amount of \$70,000,000 (the "Promissory Note"). Pursuant to the Loan Agreement dated as of December 1, 2021 (the "Loan Agreement"), between the Issuer and the Borrower, the Borrower agrees to make payments sufficient to pay when due the principal of, premium, if any, and interest on the Bonds, and such payments and other revenues under the Loan Agreement and the rights of the Issuer thereunder are pledged and assigned by the Issuer as security for the Bonds.

The Bonds are payable solely from: (i) payments by the Borrower on the Promissory Note or pursuant to the Loan Agreement (excluding any amounts payable by the Borrower to the Issuer pursuant to the Loan Agreement for any indemnity payments) and (ii) all cash and securities held from time to time in certain trust funds held by the Trustee under the Indenture (the "Pledged Revenues").

As to factual matters material to our opinion, we have relied upon representations of the Issuer and the Borrower contained in the Bond Purchase Agreement dated December 8, 2021, among UBS Financial Services Inc., as representative for the underwriters, and the Issuer, with the Letter of Representations from the Borrower and accepted and agreed to by the Issuer (the "Bond Purchase Agreement"), the Loan Agreement and the Indenture and certificates of representatives of the Borrower and public officials (including certifications as to the use of Bond proceeds and the operation and use of the Project), without undertaking to verify the same by independent investigation.

We have not passed upon any matters relating to the business, properties, affairs or condition (financial or otherwise) of the Borrower, and no inference should be drawn that we have expressed any opinion on matters relating to the ability of the Borrower to perform its obligations under the contracts described herein.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Loan Agreement, the Promissory Note and the Bond Purchase Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Based upon the foregoing, we are of the opinion that, as of the date hereof:

1. The Issuer is a political subdivision of the State of Wisconsin, duly and validly created and existing under the Constitution and laws of the State of Wisconsin and has the power to issue the Bonds and to enter into and perform under the Bond Purchase Agreement, the Loan Agreement and the Indenture.

2. The Bond Purchase Agreement, the Loan Agreement, the Indenture and the Promissory Note have been duly authorized, executed and delivered by the respective parties thereto and are valid, binding and enforceable obligations of such parties. All rights of the Issuer under the Loan Agreement and the Promissory Note have been validly assigned to the Trustee under the Indenture.

3. The Indenture creates a valid first lien on the revenues pledged thereunder and on the rights of the Issuer under the Loan Agreement (except for the right to enforce certain limited provisions of the Loan Agreement), subject, however, to the requirement under current law that it is necessary that the Trustee file appropriate Uniform Commercial Code continuation statements at such intervals required by applicable law and that the Trustee maintain physical possession of any money or instruments that may constitute or evidence the revenues pledged under the Indenture.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and, assuming all Bonds have been authenticated by the Trustee, the Bonds are valid and binding special and limited obligations of the Issuer, payable solely from the Pledged Revenues, and not from any other revenues, funds or assets of the Issuer. The Bonds and the interest payable thereon do not constitute a charge against the general credit of the Issuer. Neither the faith and credit nor the taxing powers of the Issuer, the State of Wisconsin or any political subdivision thereof is pledged to the payment of the principal of or interest or premium, if any, on the Bonds.

5. Under existing laws, interest on the Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

This opinion is limited to the matters specifically stated in this letter, and no further opinion is to be implied or may be inferred beyond the opinions specifically stated herein. Unless otherwise stated herein, we have made no independent investigation regarding factual matters. This opinion is based solely on the state of the law as of the date of this opinion, and we specifically disclaim any obligation to monitor any of the matters stated in this opinion or to advise the persons entitled to rely on this opinion of any change in law or fact after the date of this opinion which might affect any of the opinions stated herein.

Very truly yours,

**APPENDIX E**

**Form of Continuing Disclosure Agreements**

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## FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of December 1, 2021 (the “Undertaking”), between Bug Tussel 1, LLC (the “Borrower”) and U.S. Bank National Association as dissemination agent (the “Dissemination Agent”), is being delivered in connection with the issuance and sale by Fond du Lac County, Wisconsin (the “Issuer”) of its \$70,000,000 Fond du Lac County, Wisconsin Taxable Revenue Bonds, Series 2021(Bug Tussel 1, LLC Project) (Social Bonds) (the “Bonds”) pursuant to the terms of that certain Indenture of Trust dated as of December 1, 2021 (as the same may be amended and supplemented from time to time, the “Indenture”), between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”).

SECTION 1. Purpose of the Undertaking. This Undertaking is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the Beneficial Owners (defined below) and in order to assist the Participating Underwriter (defined below) in complying with the Rule (defined below). The Borrower acknowledges that the Issuer and the Dissemination Agent have undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Undertaking, and the Issuer and the Dissemination Agent have no liability to any person, including any Beneficial Owner, with respect to any such reports, notices or disclosures.

### SECTION 2. Definitions.

(a) In addition to the definitions set forth in the Indenture and the Loan Agreement (defined below), which apply to any capitalized term used in this Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean the filings described in the Section 3(b) hereof.

“**Beneficial Owner**” shall mean, while the Bonds are held in a book-entry only system, the actual purchaser of each Bond, the ownership interest of which is to be recorded on the records of the direct and indirect participants of The Depository Trust Company, and otherwise shall mean the Bondowner.

“**Commission**” shall mean the United States Securities and Exchange Commission or any successor body thereto.

“**EMMA**” shall mean the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended.

“**Limited Offering Memorandum**” shall mean the Limited Offering Memorandum dated December 8, 2021 used in connection with the sale of the Bonds.

“**Listed Events**” shall mean any of the events listed in Section 4(a) of this Undertaking.

“**Loan Agreement**” shall mean the Loan Agreement dated as of December 1, 2021 between the Issuer and the Borrower.

“**MSRB**” means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Exchange Act, as amended, or any successor thereto or to the functions of the MSRB contemplated by this Undertaking.

“**Participating Underwriter**” shall mean the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

(b) In addition, the terms “financial obligation,” “material” and “event of default” shall have the meanings assigned to such terms in the Rule and Securities and Exchange Commission Release No. 34-83885.

### SECTION 3. Provision of Annual Reports

(a) The Borrower shall, or shall cause the Dissemination Agent to, provide to EMMA not later than two hundred seventy (270) days after the close of its Fiscal Year, beginning with the Fiscal Year ending December 31, 2021, an Annual Report.

(b) The Annual Report shall consist of:

(i) the annual audited financial statements of the Borrower; and

(ii) certain financial information and annual operating data relating to the Project provided in the Limited Offering Memorandum under the caption “THE BORROWER, HILBERT AND THE PROJECT” (historical updates only and not including any projections); and

(iii) such other matters as determined by the Borrower.

(c) Not later than five (5) Business Days prior to the dates specified in subsection (a) above for providing the Annual Report, the Borrower shall provide the Annual Report, as applicable, in PDF format, word-searchable, to the Dissemination Agent, together with a certificate of compliance substantially in the form of Exhibit B hereto and with instructions to file such report as specified in subsection (a) above or provide a written certification to the Dissemination Agent that the Borrower has provided the Annual Report to EMMA.

(d) If the Dissemination Agent has not received the Annual Report and instructions or the written certification of the Borrower as provided in subsection (c) above by the date specified in subsection (a) above, the Dissemination Agent shall send to EMMA timely notice of such in substantially the form of Exhibit A hereto.

(e) The Dissemination Agent shall have no obligation to disclose information except as expressly provided herein.

(f) If on the seventh day prior to each filing date of any Annual Report the Dissemination Agent has not received a copy of such report, the Dissemination Agent shall contact the Borrower by telephone and in writing (which may be by e-mail) to remind the Borrower of its undertaking to provide such report pursuant to Section 3(b) (above). Upon such reminder, the Borrower shall either (i) provide the Dissemination Agent with an electronic copy of the report in accordance with Section 3(b) (above), or (ii) instruct the Dissemination Agent in writing that the Borrower will not be able to file such report within the time required under this Undertaking, state the date by which the report will be provided and instruct the Dissemination Agent immediately send a notice to EMMA in substantially the form attached as Exhibit A hereto.



SECTION 4. Reporting of Listed Events and Certain Other Events.

(a) The Borrower shall provide, in a timely manner not in excess of ten (10) Business Days, to the Dissemination Agent, who will then provide the same to the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of a Borrower;<sup>1</sup>
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of the trustee, if material;

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<sup>1</sup> For the purpose of the event specified in (xii), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower.

(xv) the incurrence of a “financial obligation” of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; and

(xvi) a default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Borrower, if any such event reflects financial difficulties.

(b) The Borrower shall provide, in a timely manner or in any event as part of the Annual Report, to the Dissemination Agent, who will then provide the same to the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

(i) if the Project is damaged, destroyed or rendered unfit for normal use and such damage is in excess of \$5,000,000 in value individually or any series of such events or circumstances during any 12-month period in excess of \$5,000,000, such amounts to be adjusted annually by the increase in the consumer price index from the prior year since the Closing Date;

(ii) any litigation or similar proceeding affecting the project or the Borrower in which the amount involved is in excess of \$5,000,000, such amount to be adjusted annually by the increase in the consumer price index from the prior year since the Closing Date;

(iii) any disposition of an asset of the Borrower with a value of \$5,000,000 or more, such amount to be adjusted annually by the increase in the consumer price index from the prior year since the Closing Date;

(iv) any event or circumstance that could reasonably be expected to result in a material liability of the Borrower under ERISA or under the Code with respect to any pension plan;

(v) the creation of any lien known to the Borrower against the Trust Estate other than Permitted Encumbrances);

(vi) any written notice indicating that any material permits will not be granted or renewed, or will be granted or renewed on terms materially more burdensome than proposed; or

(vii) any event or circumstance affecting any of the parties to the Transaction Documents that could reasonably be expected to materially impair the ability of such party to perform its obligations under such Transaction Document.

(c) The Borrower shall provide to each Participating County notice of any listed event described in Section 4(a) above and any notice required under Section 4(b) at the time the Borrower provides such notice to the Dissemination Agent and shall deliver to the Dissemination Agent a certificate stating that such notice has been provided.

**SECTION 5. Format of Filing.** Unless otherwise required by the MSRB, or otherwise provided herein, all notices, documents and information provided to the MSRB pursuant to this Undertaking shall be provided to the MSRB’s EMMA system, the current Internet Web address of which is [www.emma.msrb.org](http://www.emma.msrb.org). All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB (currently, portable document format (pdf) which must be word-searchable except for non-textual elements) and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 6. Termination of Reporting Obligation. The Borrower's obligations under this Undertaking shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If the Borrower's obligations under the Loan Agreement and this Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Undertaking in the same manner as if it were the Borrower and the Borrower shall have no further responsibility hereunder. The Borrower shall provide timely notice to the Dissemination Agent, who will then provide the same to the MSRB, of the termination of the Borrower's obligations under this Undertaking pursuant to an assumption of its obligations hereunder.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Undertaking, the Borrower and the Dissemination Agent may amend this Undertaking (and the Dissemination Agent shall agree to any amendment so reasonably requested by the Borrower) in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the obligor with respect to the Bonds or the type of business conducted by said obligor, provided that (x) this Undertaking, as amended or following such waiver, would have complied with the requirements of the Rule on the date of issuance of the Bonds, after taking into account any amendments to the Rule as well as any change in circumstances, and (y) the amendment or waiver does not materially impair the interests of the Beneficial Owners, in the opinion of counsel expert in federal securities laws acceptable to the Borrower, or is approved by not less than the Beneficial Owners of a majority in aggregate principal amount of the outstanding Bonds.

SECTION 8. Additional Information. Nothing in this Undertaking shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Undertaking, the Borrower shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the Borrower to comply with any provision of this Undertaking, the Trustee may (and, at the request of the Beneficial Owners of at least 51% aggregate principal amount of outstanding Bonds and upon receiving satisfactory indemnity, shall) subject to the same conditions, limitations and procedures that would apply under the Indenture if the breach were an Event of Default under the Indenture, or any Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower to comply with its obligations under this Undertaking; provided that, to the extent permitted by the securities laws, any Beneficial Owner's right to challenge the adequacy of the information provided in accordance with the undertaking of the Borrower described in Sections 3 and 4 hereof shall be subject to the same limitations as those set forth in Article VII of the Indenture with respect to Events of Default thereunder. A default under this Undertaking, in and of itself, shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Undertaking in the event of any failure of the Borrower to comply with this Undertaking shall be an action to compel performance. The Dissemination Agent shall be entitled to rely conclusively upon any written evidence provided by the Borrower regarding the provision of information to it pursuant to the terms hereof.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent; Assignment by Dissemination Agent. Solely for the purpose of (a) defining the standards of care and performance applicable to the Dissemination Agent in the performance of its obligations under this Undertaking, (b) the manner of execution by the Dissemination Agent of those obligations, and (c) matters of removal, resignation and succession of the Dissemination Agent under this Undertaking, Article VIII of the

Indenture is hereby made applicable to this Undertaking as if this Undertaking were (solely for this purpose) contained in the Indenture; provided the Dissemination Agent shall have only such duties under this Undertaking as are specifically set forth in this Undertaking. Anything herein to the contrary notwithstanding, the Dissemination Agent shall have no duty to investigate or monitor compliance by the Borrower with the terms of this Undertaking, including without limitation, reviewing the accuracy or completeness of any information or notices filed by the Borrower. Anything herein to the contrary notwithstanding, the Dissemination Agent shall not be construed as having any duty to the Participating Underwriter, except to the extent that such Participating Underwriter is a Beneficial Owner. The Dissemination Agent shall assign this Undertaking to any successor Dissemination Agent appointed pursuant to the terms of the Indenture. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Bondowners or any other party.

The Borrower agrees to pay the Dissemination Agent from time to time reasonable compensation for services provided by the Dissemination Agent under this Undertaking and to pay or reimburse the Dissemination Agent upon request such compensation as shall be agreed to in writing between the Borrower and the Dissemination Agent, expenses, disbursements and advances incurred or made in accordance with this Undertaking (including reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons regularly in its employ) or as a result of the Dissemination Agent's duties and obligations hereunder, or as a result of the Borrower's failure to perform its obligations hereunder, except to the extent that any such expenses, disbursement or advance is due to the gross negligence or willful misconduct of the Dissemination Agent. In addition to any and all rights of the Dissemination Agent for reimbursement, indemnification and other rights pursuant to the Rule or under law or equity, the Borrower shall indemnify and hold harmless the Dissemination Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Dissemination Agent's performance under this Undertaking; provided that the Borrower shall not be required to indemnify the Dissemination Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the gross negligence or willful misconduct of the Dissemination Agent in such disclosure of information hereunder. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Borrower, apart from the relationship created by the Rule shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Borrower. The Dissemination Agent shall have no obligation to disclose information about the Bonds or the Borrower except as expressly provided herein. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower pursuant to this Undertaking. The Dissemination Agent shall have no responsibility for the Borrower's failure to deliver notice of a Listed Event to the Dissemination Agent and shall have no duty to determine the materiality of any such event. The Dissemination Agent may conclusively rely upon certifications of the Borrower at all times.

Nothing in this Undertaking shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information made public. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to the Borrower for response.

**SECTION 11. Beneficiaries.** This Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriter and Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 12. Notices. Any notices or communications between the parties to this Undertaking may be given by registered or certified mail, return receipt requested, or by confirmed facsimile, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the Borrower: Bug Tussel 1, LLC  
c/o Hilbert Communications, LLC  
417 Pine Street  
Green Bay, WI 54301  
Attn: Steve Schneider, President and CEO

To the Dissemination Agent: U.S. Bank National Association  
1555 North RiverCenter Drive, Suite 203  
Milwaukee, WI 53212  
Attn: Corporate Trust Services

Any person may, by written notice to the other persons listed above, designate a different address, telephone number(s) or facsimile number(s) to which subsequent notices or communications should be sent.

All notices, approvals, consents, requests and any communications to the Dissemination Agent hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Dissemination Agent). Electronic signatures believed by the Dissemination Agent to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the Borrower chooses to use electronic signatures to sign documents delivered to the Dissemination Agent, the Borrower agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Dissemination Agent acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Dissemination Agent may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Dissemination Agent in lieu of, or in addition to, any document signed via electronic signature.

SECTION 13. Counterparts. This Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 14. Governing Law. This Undertaking shall be governed and construed in accordance with the laws of the State of Wisconsin.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have caused this Undertaking to be executed as of the date first above written.

BUG TUSSEL 1, LLC, as Borrower

By: \_\_\_\_\_  
Name: Steven J. Schneider  
Title: President/CEO

U.S. BANK NATIONAL ASSOCIATION, as  
dissemination agent

By: \_\_\_\_\_  
Name: Yvonne Siira  
Title: Vice President

[Signature Page to Continuing Disclosure Agreement (Bug Tussel)]

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE  
ANNUAL REPORT**

Name of Issuer: Fond du Lac County, Wisconsin  
Name of Obligor: Bug Tussel 1, LLC (the "Borrower")  
Name of Bonds: Fond du Lac County, Wisconsin  
Taxable Revenue Bonds, Series 2021  
(Bug Tussel 1, LLC Project) (Social Bonds)  
Date of Issuance: December 16, 2021

NOTICE IS HEREBY GIVEN that the Borrower has not filed an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of December 1, 2021 between the Borrower and U.S. Bank National Association, as Dissemination Agent. The Borrower has notified the Dissemination Agent that it anticipates that the Annual Report will be filed by the following date: \_\_\_\_\_.

Dated: \_\_\_\_\_

**EXHIBIT B**

**FORM OF COMPLIANCE CERTIFICATE**

Name of Issuer: Fond du Lac County, Wisconsin  
Name of Obligor: Bug Tussel 1, LLC (the “Borrower”)  
Name of Bonds: Fond du Lac County, Wisconsin  
Taxable Revenue Bonds, Series 2021  
(Bug Tussel 1, LLC Project) (Social Bonds)

[Date]

U.S. Bank National Association, as Dissemination Agent  
1555 North RiverCenter Drive, Suite 203  
Milwaukee, WI 53212  
Attn: Corporate Trust Services

Re: Compliance Certificate for Annual Report

Pursuant to the Continuing Disclosure Agreement dated as of December 1, 2021 (the “Continuing Disclosure Agreement”) between the Borrower and U.S. Bank National Association as Dissemination Agent, the undersigned, as representative of the Borrower, does hereby certify that the enclosed Annual Report for the Fiscal Year ended \_\_\_\_\_, 20\_\_ of the Borrower, complies with the requirements of the Continuing Disclosure Agreement.

BUG TUSSEL 1, LLC

By: \_\_\_\_\_  
Name:  
Title:



## FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated as of December 1, 2021 (the “Undertaking”), between \_\_\_\_\_ County (the “County”) and U.S. Bank National Association as dissemination agent (the “Dissemination Agent”), is being delivered in connection with the issuance and sale by Fond du Lac County, Wisconsin (the “Issuer”) of its \$70,000,000 Fond du Lac County, Wisconsin Taxable Revenue Bonds, Series 2021(Bug Tussel 1, LLC Project) (Social Bonds) (the “Bonds”) pursuant to the terms of that certain Indenture of Trust dated as of December 1, 2021 (as the same may be amended and supplemented from time to time, the “Indenture”), between the Issuer and U.S. Bank National Association, as trustee (the “Trustee”).

**SECTION 1. Purpose of the Undertaking.** This Undertaking is being executed and delivered by the County and the Dissemination Agent for the benefit of the Beneficial Owners (defined below) and in order to assist the Participating Underwriter (defined below) in complying with the Rule (defined below). The County acknowledges that the Issuer and the Dissemination Agent have undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Undertaking, and the Issuer and the Dissemination Agent have no liability to any person, including any Beneficial Owner, with respect to any such reports, notices or disclosures.

### **SECTION 2. Definitions.**

(a) In addition to the definitions set forth in the Indenture and the Loan Agreement (defined below), which apply to any capitalized term used in this Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean the filings described in the Section 3(b) hereof.

“**Beneficial Owner**” shall mean, while the Bonds are held in a book-entry only system, the actual purchaser of each Bond, the ownership interest of which is to be recorded on the records of the direct and indirect participants of The Depository Trust Company, and otherwise shall mean the Bondowner.

“**Commission**” shall mean the United States Securities and Exchange Commission or any successor body thereto.

“**County Guaranty**” shall mean the County’s guarantee to replenish the Series 2021 Debt Service Reserve Account related to the Bonds in an amount equal to the County’s pro rata share of allocated principal of and interest on the Bonds.

“**EMMA**” shall mean the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB.

“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended.

“**Limited Offering Memorandum**” shall mean the Limited Offering Memorandum dated December 8, 2021 used in connection with the sale of the Bonds.

“**Listed Events**” shall mean any of the events listed in Section 4(a) of this Undertaking.

“**Loan Agreement**” shall mean the Loan Agreement dated as of December 1, 2021 between the Issuer and Bug Tussel 1, LLC.

“**MSRB**” means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Exchange Act, as amended, or any successor thereto or to the functions of the MSRB contemplated by this Undertaking.

“**Participating Underwriter**” shall mean the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

(b) In addition, the terms “financial obligation,” “material” and “event of default” shall have the meanings assigned to such terms in the Rule and Securities and Exchange Commission Release No. 34-83885.

### SECTION 3. Provision of Annual Reports

(a) The County shall, or shall cause the Dissemination Agent to, provide to EMMA not later than [two hundred seventy (270)] [three hundred sixty five (365)] days after the close of its Fiscal Year, beginning with the Fiscal Year ending December 31, 2021, an Annual Report.

(b) The Annual Report shall consist of the County’s annual audited financial statements.

(c) Not later than five (5) Business Days prior to the dates specified in subsection (a) above for providing the Annual Report, the County shall provide the Annual Report, as applicable, in PDF format, word-searchable, to the Dissemination Agent, together with a certificate of compliance substantially in the form of Exhibit B hereto and with instructions to file such report as specified in subsection (a) above or provide a written certification to the Dissemination Agent that the County has provided the Annual Report to EMMA.

(d) If the Dissemination Agent has not received the Annual Report and instructions or the written certification of the County as provided in subsection (c) above by the date specified in subsection (a) above, the Dissemination Agent shall send to EMMA timely notice of such in substantially the form of Exhibit A hereto.

(e) The Dissemination Agent shall have no obligation to disclose information except as expressly provided herein.

(f) If on the seventh day prior to each filing date of any Annual Report the Dissemination Agent has not received a copy of such report, the Dissemination Agent shall contact the County by telephone and in writing (which may be by e-mail) to remind the County of its undertaking to provide such report pursuant to Section 3(b) (above). Upon such reminder, the County shall either (i) provide the Dissemination Agent with an electronic copy of the report in accordance with Section 3(b) (above), or (ii) instruct the Dissemination Agent in writing that the County will not be able to file such report within the time required under this Undertaking, state the date by which the report will be provided and instruct the Dissemination Agent immediately send a notice to EMMA in substantially the form attached as Exhibit A hereto.

SECTION 4. Reporting of Listed Events and Certain Other Events.

(a) The County shall provide, in a timely manner not in excess of ten (10) Business Days, to the Dissemination Agent, who will then provide the same to the MSRB, notice of the occurrence of any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of a County;<sup>1</sup>
- (xiii) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of the trustee, if material;

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<sup>1</sup> For the purpose of the event specified in (xii), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

(xv) the incurrence of a “financial obligation” of the County, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; and

(xvi) a default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the County, if any such event reflects financial difficulties.

(b) The Dissemination Agent shall provide the County with any notice it receives from the Borrower pursuant to Section 4(a) or Section 4(b) of the Borrower’s continuing disclosure agreement; provided, however, that the Dissemination Agent shall not be required to provide such notice to the County if the Borrower has certified to the Dissemination Agent that such notice has been provided by the Borrower.

SECTION 5. Format of Filing. Unless otherwise required by the MSRB, or otherwise provided herein, all notices, documents and information provided to the MSRB pursuant to this Undertaking shall be provided to the MSRB’s EMMA system, the current Internet Web address of which is [www.emma.msrb.org](http://www.emma.msrb.org). All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB (currently, portable document format (pdf) which must be word-searchable except for non-textual elements) and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 6. Termination of Reporting Obligation. The County’s obligations under this Undertaking shall terminate upon the termination of the County Guaranty. If the County’s obligations under this Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Undertaking in the same manner as if it were the County and the County shall have no further responsibility hereunder. The County shall provide timely notice to the Dissemination Agent, who will then provide the same to the MSRB, of the termination of the County’s obligations under this Undertaking pursuant to an assumption of its obligations hereunder.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Undertaking, the County and the Dissemination Agent may amend this Undertaking (and the Dissemination Agent shall agree to any amendment so reasonably requested by the County) in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the obligor with respect to the Bonds or the type of business conducted by said obligor, provided that (x) this Undertaking, as amended or following such waiver, would have complied with the requirements of the Rule on the date of issuance of the Bonds, after taking into account any amendments to the Rule as well as any change in circumstances, and (y) the amendment or waiver does not materially impair the interests of the Beneficial Owners, in the opinion of counsel expert in federal securities laws acceptable to County, or is approved by not less than the Beneficial Owners of a majority in aggregate principal amount of the outstanding Bonds.

SECTION 8. Additional Information. Nothing in this Undertaking shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Undertaking, the County shall have no obligation under this Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the County to comply with any provision of this Undertaking, the Trustee may (and, at the request of the Beneficial Owners of at least 51% aggregate principal amount of outstanding Bonds and upon receiving satisfactory indemnity, shall) subject to the same conditions, limitations and procedures that would apply under the Indenture if the breach were an Event of Default under the Indenture, or any Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Undertaking; provided that, to the extent permitted by the securities laws, any Beneficial Owner's right to challenge the adequacy of the information provided in accordance with the undertaking of the County described in Sections 3 and 4 hereof shall be subject to the same limitations as those set forth in Article VII of the Indenture with respect to Events of Default thereunder. A default under this Undertaking, in and of itself, shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Undertaking in the event of any failure of the County to comply with this Undertaking shall be an action to compel performance. The Dissemination Agent shall be entitled to rely conclusively upon any written evidence provided by the County regarding the provision of information to it pursuant to the terms hereof.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent; Assignment by Dissemination Agent. Solely for the purpose of (a) defining the standards of care and performance applicable to the Dissemination Agent in the performance of its obligations under this Undertaking, (b) the manner of execution by the Dissemination Agent of those obligations, and (c) matters of removal, resignation and succession of the Dissemination Agent under this Undertaking, Article VIII of the Indenture is hereby made applicable to this Undertaking as if this Undertaking were (solely for this purpose) contained in the Indenture; provided the Dissemination Agent shall have only such duties under this Undertaking as are specifically set forth in this Undertaking. Anything herein to the contrary notwithstanding, the Dissemination Agent shall have no duty to investigate or monitor compliance by the County with the terms of this Undertaking, including without limitation, reviewing the accuracy or completeness of any information or notices filed by the County. Anything herein to the contrary notwithstanding, the Dissemination Agent shall not be construed as having any duty to the Participating Underwriter, except to the extent that such Participating Underwriter is a Beneficial Owner. The Dissemination Agent shall assign this Undertaking to any successor Dissemination Agent appointed pursuant to the terms of the Indenture. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the County, the Bondowners or any other party.

The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the County, apart from the relationship created by the Rule shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the County. The Dissemination Agent shall have no obligation to disclose information about the Bonds or the County except as expressly provided herein. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Undertaking. The Dissemination Agent shall have no responsibility for the County's failure to deliver notice of a Listed Event to the Dissemination Agent and shall have no duty to determine the materiality of any such event. The Dissemination Agent may conclusively rely upon certifications of the County at all times.

Nothing in this Undertaking shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information made public. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to the County for response.

In addition to any and all rights of the Dissemination Agent for reimbursement, indemnification and other rights pursuant to the Rule or under law or equity, the County, to the extent permitted by law,

shall indemnify and hold harmless the Dissemination Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Dissemination Agent's performance under this Undertaking; provided that the County shall not be required to indemnify the Dissemination Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Dissemination Agent in such disclosure of information hereunder. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 11. Beneficiaries. This Undertaking shall inure solely to the benefit of the Issuer, the County, the Dissemination Agent, the Participating Underwriter and Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 12. Notices. Any notices or communications between the parties to this Undertaking may be given by registered or certified mail, return receipt requested, or by confirmed facsimile, or delivered in person or by overnight courier, and will be deemed given on the second day following the date on which the notice or communication is so mailed, as follows:

To the County: \_\_\_\_\_ County  
\_\_\_\_\_  
\_\_\_\_\_, WI  
Attn: \_\_\_\_\_

To the Dissemination Agent: U.S. Bank National Association  
1555 North RiverCenter Drive, Suite 203  
Milwaukee, WI 53212  
Attn: Corporate Trust Services

Any person may, by written notice to the other persons listed above, designate a different address, telephone number(s) or facsimile number(s) to which subsequent notices or communications should be sent.

All notices, approvals, consents, requests and any communications to the Dissemination Agent hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Dissemination Agent). Electronic signatures believed by the Dissemination Agent to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the County chooses to use electronic signatures to sign documents delivered to the Dissemination Agent, the County agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Dissemination Agent acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Dissemination Agent may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Dissemination Agent in lieu of, or in addition to, any document signed via electronic signature.

SECTION 13. Counterparts. This Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 14. Governing Law. This Undertaking shall be governed and construed in accordance with the laws of the State of Wisconsin.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have caused this Undertaking to be executed as of the date first above written.

\_\_\_\_\_ COUNTY

By: \_\_\_\_\_  
Name:  
Title:

U.S. BANK NATIONAL ASSOCIATION, as  
dissemination agent

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE  
ANNUAL REPORT**

Name of Issuer: Fond du Lac County, Wisconsin  
Name of Obligor: Bug Tussel 1, LLC (the "Borrower")  
Name of Guarantor: \_\_\_\_\_ County  
Name of Bonds: Fond du Lac County, Wisconsin  
Taxable Revenue Bonds, Series 2021  
(Bug Tussel 1, LLC Project) (Social Bonds)  
Date of Issuance: December 16, 2021

NOTICE IS HEREBY GIVEN that the County has not filed an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of December 1, 2021 between the County and U.S. Bank National Association, as Dissemination Agent. The County has notified the Dissemination Agent that it anticipates that the Annual Report will be filed by the following date: \_\_\_\_\_.

Dated: \_\_\_\_\_



**EXHIBIT B**

**FORM OF COMPLIANCE CERTIFICATE**

Name of Issuer: Fond du Lac County, Wisconsin  
Name of Obligor: Bug Tussel 1, LLC (the "Borrower")  
Name of Guarantor: \_\_\_\_\_ County  
Name of Bonds: Fond du Lac County, Wisconsin  
Taxable Revenue Bonds, Series 2021  
(Bug Tussel 1, LLC Project) (Social Bonds)

[Date]

U.S. Bank National Association, as Dissemination Agent  
1555 North RiverCenter Drive, Suite 203  
Milwaukee, WI 53212  
Attn: Corporate Trust Services

Re: Compliance Certificate for Annual Report

Pursuant to the Continuing Disclosure Agreement dated as of December 1, 2021 (the "Continuing Disclosure Agreement") between the County and U.S. Bank National Association as Dissemination Agent, the undersigned, as representative of the County, does hereby certify that the enclosed Annual Report for the Fiscal Year ended \_\_\_\_\_, 20\_\_ of the County, complies with the requirements of the Continuing Disclosure Agreement.

\_\_\_\_\_ COUNTY

By: \_\_\_\_\_  
Name:  
Title:

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**APPENDIX F**

**Form of Investor Letter**

December 8, 2021

U.S. Bank National Association, as Trustee 1555 North RiverCenter Drive, Suite 203 Milwaukee, WI 53212	UBS Financial Services Inc. 1285 Avenue of the Americas, 13th Floor New York, NY 10019
Robert W. Baird & Co. Incorporated 777 E Wisconsin Avenue 25th Floor Milwaukee, WI 53202-5391	

\$70,000,000  
FOND DU LAC COUNTY, WISCONSIN  
TAXABLE REVENUE BONDS, SERIES 2021  
(BUG TUSSEL 1, LLC PROJECT) (SOCIAL BONDS)

Ladies and Gentlemen:

The undersigned (the “Investor”) is purchasing Fond du Lac County, Wisconsin Taxable Revenue Bonds, Series 2021 (Bug Tussel 1, LLC Project) (Social Bonds) (the “Bonds”) issued by Fond du Lac County, Wisconsin (the “Issuer”) pursuant to that certain Indenture of Trust, dated as of December 1, 2021 (the “Indenture”), between the Issuer and U.S. Bank National Association, as trustee. In connection with the Investor’s purchase of the Bonds, the Issuer, Bug Tussel 1, LLC (the “Company”), UBS Financial Services Inc. (“UBS”), and Robert W. Baird & Co. Incorporated (“Baird” and, together with UBS, the “Underwriters”) have requested and the Investor has agreed to execute and deliver this letter (this “Investor Letter”). Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the LOM (as defined below).

In connection with such purchase, the undersigned hereby represents, warrants, covenants, and agrees as follows:

1. The Investor is a “qualified institutional buyer” within the meaning of Rule 144A promulgated and adopted by the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the “Securities Act”) and is purchasing a portion of the Bonds or the beneficial interest therein.
2. The Investor has authority to purchase the Bonds or beneficial interest therein and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds or beneficial interest therein.
3. The Investor has the knowledge and experience in financial and business matters, including purchase and ownership of revenue bonds, as to be capable of evaluating the merits and risks of an investment in the Bonds. The Bonds are a financially suitable investment for the Investor consistent with its investment policies, needs and objectives. The Investor represents that it is able to bear the economic risk of an investment in the Bonds, including an entire loss of its investment.
4. The Investor has received a final Limited Offering Memorandum related to the Bonds (the “LOM”). The Investor acknowledges that it has undertaken its own independent analysis of the LOM and based its decision to invest solely on the content of the LOM.
5. The Investor acknowledges that it has not relied upon any advice, counsel, representation or other information of the Issuer, UBS, or Baird in connection with the Investor’s purchase of the Bonds or beneficial interest therein.

6. The Investor and its advisors have had a reasonable opportunity (a) to ask questions of and receive answers from the Company concerning the terms and conditions of the offering of the Bonds and (b) to obtain (i) additional information necessary to verify the accuracy of the information obtained by, or made available to, the Investor and (ii) information and materials the Investor regards as relevant to evaluate properly the merits and risks of an investment in the Bonds.

7. The Investor further acknowledges that the Underwriters have not provided any recommendation to purchase the Bonds to the Investor.

8. The Investor is purchasing the Bonds or beneficial interest therein for investment for its own account and is not purchasing the Bonds or beneficial interest therein for resale, distribution, or other disposition, and the Investor has no present intention to resell, distribute, or otherwise dispose of all or any part of the Bonds or beneficial interest therein. The Investor acknowledges that the transfer of the Bonds or beneficial interest therein is currently restricted pursuant to the terms of Section 2.06 of the Indenture which provides that a transfer may be made only to another purchaser who is a “qualified institutional buyer” described above. Transfer is further restricted to denominations of Bonds in “Authorized Denominations” only, being denominations of \$100,000, or any integral multiples of \$5,000 in excess thereof. Reference is further made to the section of the LOM related to the Bonds captioned “NOTICE TO INVESTORS.”

9. The Investor agrees that it will not offer, sell, pledge or otherwise transfer the Bonds, prior to the expiration of the applicable holding period with respect to restricted securities set forth in Rule 144A, except where:

- a. (1) the security is eligible for resale pursuant to Rule 144A, to a person who the seller reasonably believes is a Qualified Institutional Buyer that purchases for its own account or for the account of a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A, (2) in a transaction meeting the requirements of Rule 144 under the Securities Act, or (3) in accordance with another exemption from the registration requirements of the Securities Act;
- b. to the Company or any subsidiary thereof; or
- c. pursuant to an effective registration statement under the Securities Act and, in each case described in this Section 9, in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction.

10. The Investor acknowledges that the Bonds are a speculative investment; that there is a high degree of risk in investing in the Bonds.

11. In connection with the initial purchase of the Bonds, the Investor acknowledges that, under Rule 144A(d)(4) of the Securities Act, upon its request, certain financial information with respect to the Company is required to be provided to the Investor (e.g., the Company’s most recent balance sheet and profit and loss and retained earnings statements, and similar financial statements for such part of the two preceding fiscal years as the Company has been in operation) (the “Financial Information”) and, as of the date hereof, certain of such Financial Information which is available has been included by the Company in the LOM.

12. Other than the addressees hereto, the representations, agreements and acknowledgements contained in this letter may not be relied upon by any person. Without limiting the generality of the foregoing, nothing in this letter will be deemed to relieve any party of its obligations under any federal or state securities laws.

13. This letter shall be binding upon the undersigned as of the date first written above.

Very truly yours,



