

LINCOLN COUNTY, WISCONSIN
Merrill, Wisconsin

BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019



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TABLE OF CONTENTS

PAGE

INDEPENDENT AUDITORS' REPORT	1 - 3
-------------------------------------------	-------

MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
---------------------------------------------------	--------

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position	12
Statement of Activities	13

Fund Financial Statements:

Balance Sheet - Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position - Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	19
Statement of Cash Flows - Proprietary Funds	20
Statement of Fiduciary Net Position - Fiduciary Funds	21

Notes to Basic Financial Statements	22 - 52
-------------------------------------------	---------

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - General Fund	53 - 56
Budgetary Comparison Schedule - County Roads and Bridges	57
Budgetary Comparison Schedule - Social Services Fund	58
Schedule of Proportionate Share of Net Pension Liability (Asset) - Wisconsin Retirement System	59
Schedule of Contributions - Wisconsin Retirement System	59
Schedule of Employer's Proportionate Share of the Net OPEB Liability (Asset)	60
Schedule of Contributions - Local Retiree Life Insurance Fund	60
Notes to Required Supplementary Information	61

COMBINING FUND STATEMENTS

Combining Balance Sheet - Nonmajor Governmental Funds	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	63
Combining Statement of Net Position - Internal Service Funds	64
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds	65
Combining Statement of Cash Flows - Internal Service Funds	66
Combining Statement of Fiduciary Net Position	67



INDEPENDENT AUDITORS' REPORT

County Board
Lincoln 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 Lincoln County, Wisconsin (the "County"), as of and for the year ended December 31, 2019, 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 Pine Crest Nursing Home, which represent 43 percent, 14 percent, and 73 percent, respectively, of the assets, net position, and revenues of the business-type activities. 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 Pine Crest Nursing Home, 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. The Pine Crest Nursing Home enterprise fund were not audited in accordance with *Government Auditing Standards*.

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.

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, each major fund, and the aggregate remaining fund information of Lincoln County, Wisconsin as of December 31, 2019, 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 Regarding a Correction of an Error

As discussed in Note 2 of the basic financial statements, certain errors resulting in understatement of accrued sick leave and overstatement of net position previously reported for PineCrest Nursing Home as of December 31, 2018, were discovered by management during the current year. Accordingly, amounts reported for accrued sick leave and net position have been restated to correct the error. Our opinions are not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to pensions and other post-employment benefits on pages 59 and 60 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 and other auditors 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 Lincoln County, Wisconsin's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund statements 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining fund statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

County Board
Lincoln County, Wisconsin

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2020, on our consideration of Lincoln County, Wisconsin'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 Lincoln 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 Lincoln County, Wisconsin's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
July 31, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS



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Management's Discussion and Analysis

As management of Lincoln County, we offer the readers of Lincoln County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2019.

Financial Highlights

- The assets and deferred outflows of resources of Lincoln County exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$68,798,449 (net position). Of this amount, \$13,669,124 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The governmental activities total net position increased by \$1,370,698 and the business-type activities decreased by \$1,659,735.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$12,926,925, an increase of \$1,752,451 in comparison with the prior year. Eighty-two percent of this total amount, \$10,650,442, is available for spending at the government's discretion (committed, assigned, or unassigned).
- At the end of the current fiscal year, revenues exceeded expenditures in the general fund by \$589,098.
- In 2019 Lincoln County's capital assets decreased by \$159,167.

Overview of the Basic Financial Statements

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

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* reports what a government owns (assets and deferred outflows of resources) and owes (liabilities and deferred inflows of resources), as well as the net difference between the two (net position). This statement reports the financial position of Lincoln County at December 31, 2019. 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 related cash flows. Thus revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the *statement of net position* and the *statement of activities*, the County has two kinds of activities:

- **Governmental Activities** - Most of the County's programs and services are reported here, including general government, public safety, public works, health and human services, culture recreation and education, and conservation and development.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all or most of the services provided. The County's Nursing Home, Solid Waste Landfill, Lincoln Industries (developmental disabilities workshop) and Forestry are reported here.

Infrastructure assets (which include roads, bridges, curbs and gutters, street and sidewalks, drainage systems, and lighting systems) are reported at historical cost, or estimated historical cost, in the governmental activities column in the government-wide financial statements. They are part of the County Roads and Bridges governmental fund and were not required to have been reported before the implementation of GASB Statement No. 34.

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 objects. The County 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. Fund financial statements provide detailed information about the County's major funds. The County's major governmental funds are the General Fund, County Roads and Bridges Fund, and Social Services Fund.

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.

The County maintains nine 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 county roads and bridges special revenue fund, and social services special revenue fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these six 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 basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and for each individual, major special revenue funds to demonstrate compliance with the budget.

Proprietary Funds - When the County charges customers for the services it provides - whether to outside customers or to other units of the County - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Activities*. In fact, the County's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The County uses enterprise funds to account for its PineCrest Nursing Home, Solid Waste Landfill, Lincoln Industries Workshop and Forestry Department. The County uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the County's other programs and activities. The County uses internal service funds to account for its Health Insurance Trust Fund and the Highway Department.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The County's fiduciary funds include its employees' benefit cafeteria plan and clerk of courts collection fund. All of the County's fiduciary activities are reported in a separate *Statement of Fiduciary Net Position*. We exclude these net assets from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to 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.

Other information. The combining fund statements are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. At the close of 2019, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$68,808,649.

By far the largest portion of the County's net position, \$54,092,671 (78.6%) 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. The County's net investment in capital assets, 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.

Lincoln County's Net Position						
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
	2019	2018	2019	2018	2019	2018
Current and other assets	\$34,299,497	\$34,596,646	\$ 11,198,080	\$ 13,899,504	\$45,497,577	\$48,496,150
Capital assets	<u>52,999,532</u>	<u>53,060,866</u>	<u>18,947,589</u>	<u>19,045,422</u>	<u>71,947,121</u>	<u>72,106,288</u>
Total assets	<u>87,299,029</u>	<u>87,657,512</u>	<u>30,145,669</u>	<u>32,944,926</u>	<u>117,444,698</u>	<u>120,602,438</u>
Deferred outflow s of resources	<u>8,023,687</u>	<u>4,803,573</u>	<u>4,652,571</u>	<u>2,668,389</u>	<u>12,676,258</u>	<u>7,471,962</u>
Long-term liabilities						
outstanding	12,463,460	10,870,231	19,410,109	17,819,940	31,873,569	28,690,171
Other liabilities	<u>5,392,158</u>	<u>5,758,864</u>	<u>2,818,200</u>	<u>2,383,625</u>	<u>8,210,358</u>	<u>8,142,489</u>
Total liabilities	<u>17,855,618</u>	<u>16,629,095</u>	<u>22,228,309</u>	<u>20,203,565</u>	<u>40,083,927</u>	<u>36,832,660</u>
Deferred inflow s of resources	<u>18,748,986</u>	<u>18,484,576</u>	<u>2,489,594</u>	<u>3,220,388</u>	<u>21,238,580</u>	<u>21,704,964</u>
Net position:						
Net investment in capital assets	44,673,581	43,826,293	9,419,090	9,136,396	54,092,671	52,962,689
Restricted	888,417	3,214,536	148,237	1,553,706	1,036,654	4,768,242
Unrestricted	<u>13,156,114</u>	<u>10,306,585</u>	<u>513,010</u>	<u>1,499,260</u>	<u>13,669,124</u>	<u>11,805,845</u>
Total net position	<u>\$58,718,112</u>	<u>\$57,347,414</u>	<u>\$ 10,080,337</u>	<u>\$ 12,189,362</u>	<u>\$68,798,449</u>	<u>\$69,536,776</u>

An additional portion of the County's net position, \$1,036,654 (1.51%), represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, Lincoln County is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities except for Solid Waste, Pine Crest, and Emergency Medical Funds.

Governmental Activities. Governmental activities increased the County's net position by \$1,370,698. Key elements of this increase are as follows:

Lincoln County's Change in Net Position						
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 9,182,696	\$ 7,646,931	\$ 20,175,845	\$ 18,564,161	\$29,358,541	\$ 26,211,092
Operating grants and contributions	4,501,588	4,366,206	300,956	323,337	4,802,544	23,728,292
Capital grants and contributions	-	-	86,222	-	86,222	-
General revenues:						
Property taxes	14,068,429	13,633,080	440,815	556,942	14,509,244	14,190,022
Other taxes	3,259,161	3,307,688	-	-	3,259,161	3,307,688
Grants and contributions not restricted to specific programs	1,134,106	1,049,390	-	-	1,134,106	1,049,390
Other	401,119	278,563	991	145,679	402,110	424,242
Total revenues	<u>32,547,099</u>	<u>30,281,858</u>	<u>21,004,829</u>	<u>19,590,119</u>	<u>53,551,928</u>	<u>49,871,977</u>
Expenses:						
General government	\$6,631,956	6,560,754	-	-	6,631,956	6,560,754
Public safety	10,381,595	10,039,587	-	-	10,381,595	10,039,587
Public works	8,477,452	6,522,281	-	-	8,477,452	6,522,281
Health and human services	5,335,188	5,347,969	-	-	5,335,188	5,347,969
Culture and recreation	878,855	808,777	-	-	878,855	808,777
Conservation and development	681,049	631,707	-	-	681,049	631,707
Interest on long-term debt	250,505	283,769	-	-	250,505	283,769
Nursing home	-	-	16,312,715	15,334,628	16,312,715	15,334,628
Forestry	-	-	1,057,306	1,053,356	1,057,306	1,053,356
Lincoln Industries	-	-	1,871,570	1,489,486	1,871,570	1,489,486
Landfill	-	-	1,962,774	2,442,549	1,962,774	2,442,549
Total expenses	<u>32,636,600</u>	<u>30,194,844</u>	<u>21,204,365</u>	<u>20,320,019</u>	<u>53,840,965</u>	<u>50,514,863</u>
Increase (decrease) in net position before transfers	(89,501)	87,014	(199,536)	(729,900)	(289,037)	(642,886)
Transfers	1,460,199	299,297	(1,460,199)	(299,297)	-	-
Increase (Decrease) in net position	1,370,698	386,311	(1,659,735)	(1,029,197)	(289,037)	(642,886)
Prior Period Adjustment	-	-	(449,290)	-	(449,290)	-
Net position - January 1	57,347,414	56,961,103	12,189,362	13,218,559	69,536,776	70,179,662
Net position - December 31	<u>\$ 58,718,112</u>	<u>\$ 57,347,414</u>	<u>\$ 10,080,337</u>	<u>\$ 12,189,362</u>	<u>\$68,798,449</u>	<u>\$ 69,536,776</u>

The County's General Fund increased \$1,393,376 due to a net transfer in of \$804,278 and spending restraint. The County's Social Service fund increased \$270,392 due to reduced outside placement of at risk children. The County's Health Insurance fund showed a decrease of \$138,525 smaller than in 2018 by \$110,702 due to a reduction in claims by \$814,128. The Emergency Medical fund showed an increase of \$104,070 due to an increase in revenues.

Business-type Activities Business-type activities decreased Lincoln County's net position by \$1,659,735. Solid Waste had an operating loss of \$213,040, but the fund decreased \$103,453 due to a \$200,000 transfer to the General Fund and interest income of \$309,587. Forestry showed a loss of \$148,694 due to a transfer to the General Fund of \$1,247,072. Lincoln Industries posted a loss of \$127,661 due to lower than anticipated revenues and a transfer of \$100,000 to the General Fund. Pine Crest posted a loss of \$1,279,927 due to lower than anticipated census and a prior period adjustment of \$449,290 due to a prior period accrual of sick leave.

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$12,926,925, an increase of \$1,752,451 in comparison with the prior year. Approximately 82 percent of this total amount, \$10,651,270, constitutes the amount which is available for spending at the government's discretion. Of the \$12,926,925, \$1,724,835 is committed by County Board action for CIP projects and a 2020 Family Care payment, another \$567,996 is assigned for CIP projects in future years, and \$4,070,135 is recognized by County Board action for cash flow. Additionally, \$76,837 is assigned by the Finance and Insurance Committee for specific programs. The remaining \$3,436,589 in the General Fund is unassigned.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,506,723, while the total fund balance was \$11,758,152. A total of \$9,876,392 or eighty-four percent of the general fund balance remains under the County's discretion.

The fund balance of Lincoln County's general fund increased by \$1,393,376 during the current fiscal year. Key factors in this increase are as follows:

- The County transferred an amount of \$1,547,072 into General Fund. \$1,206,934 was transferred per Ordinance 3.26 which limit net position balances in other funds and an additional \$200,000 was transferred from the Solid Waste Fund and \$100,000 from Lincoln Industries to offset tax levy. The County transferred a total of \$742,794 out of the General Fund. \$258,500 was transferred to the Emergency Medical Fund for the purchase of an ambulance, and \$484,294 was transferred to the Roads fund for road work.
- Total revenues were better than budgeted expectations by \$614,587. Forest land revenue exceeded budgeted amounts by \$139,418. Both interest revenue and sale tax came in higher than budgeted at \$134,555 and \$132,181 respectively. Tax deed profit and sale of county property were \$85,863 higher than budgeted.
- Expenditures came in under budget by \$2,455,074. An additional \$912,249 was carried over into 2020 than was originally budgeted, The Sheriff's Office underspent by \$607,948, \$441,700 of contingency funds were not spent, capital projects were underspent by \$532,898 most of which was carried over into 2020, and the general government budget was underspent by an additional \$721,574 not previously noted.

The County Roads and Bridges Fund has a fund balance of \$596,880 at December 31, 2019 an increase of \$30,987 when compared to the previous year. Reserves were carried over for 2020 projects.

The Social Services fund has a total fund balance of \$299,589. The fund balance of the Social Services fund increased \$270,392 during the current year. Out of home placements were reduced in 2019.

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

Unrestricted net position of Pine Crest Nursing Home operations at the end of the year amounted to a negative \$757,743, those of Solid Waste Landfill amounted to a negative \$1,592,166, those of Lincoln Industries amounted to \$460,786 and those of Forestry amounted to \$2,402,133. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights.

In the course of the year, the Finance and Insurance Committee and the County Board of Supervisors revised the budget. The budget amendments fell into three main categories. The first category included amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts that we estimated during the budget process in October 2018). The second category included several increases in appropriations to prevent budget overruns. The third included grants or purchases that were not anticipated and budgeted for originally. Other budget amendments were not made for variances in revenue lines unless it was for a grant.

During the year, the budget for expenditures was *increased* by \$1,319,589. Those amendments are briefly summarized below:

- \$849,606 - The actual amount of grant and designated funds spent down in 2018 was less than the amount estimated as designated for non-lapsing appropriations when the budget was prepared.
- \$22,298 - Increase in expenditures due to increased grant revenues.
- \$240,000 - Increase in Capital Improvement Projects (CIP) during the year.

Actual expenditures were \$2,455,074 *less* than the amended budget. Explanations not already provided elsewhere in this report are summarized below:

- \$336,653 - Unused electronic access and retained fee revenue.
- \$71,867 - Lower than expected jury costs in the Clerk of Courts Office.
- \$45,532 - Due to less contracted service and hardware costs than anticipated.

On the revenue side, the original budget was *increased* by \$271,411 with budget amendments largely due to increases in interest revenues, \$135,453, and intergovernmental charges for service, \$52,910.

Actual revenues were \$614,587 *higher* than budgeted. Significant variances not already provided elsewhere are as follows:

- Sheriff's Office revenue ended \$62,686 higher than budgeted.
- Land service permits were \$5,698 higher than anticipated.
- Donations were \$9,478 higher than budgeted.

Capital Asset and Debt Administration

Capital assets. Lincoln County's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounted to \$71,957,321 (net of accumulated depreciation) compared to \$72,106,288 in 2018. This investment in capital assets includes land, land improvements, infrastructure, buildings and improvements, equipment and vehicles, intangible assets, and work in progress. The net decrease in the County's investment in capital assets for the current fiscal year was \$148,967 or .2 percent.

Major capital asset events during the current fiscal year included the following:

- The HVAC project in the Social Services building was completed adding \$1,174,421 to buildings.
- An additional \$950,211 of equipment was added in 2019.
- Work in progress decreased by \$670,286 signaling a slowing of construction projects.
- Depreciation expense totaled \$4,888,930 in 2019.

Lincoln County's Capital Assets						
(net of accumulated depreciation)						
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
	2019	2018	2019	2018	2019	2018
Land	\$ 42,395	\$ 41,395	\$ 2,641,462	\$ 2,641,462	\$ 2,683,857	\$ 2,682,857
Land improvements	522,368	545,190	3,442,339	3,775,215	3,964,707	4,320,405
Infrastructure	32,664,000	32,516,983	-	-	32,664,000	32,516,983
Buildings and improvements	13,306,080	13,156,728	9,107,637	9,512,020	22,413,717	22,668,748
Equipment and vehicles	5,392,820	5,110,554	2,996,504	2,862,792	8,389,324	7,973,346
Intangible assets	425,865	373,726	-	-	425,865	373,726
Work in progress	<u>646,004</u>	<u>1,316,290</u>	<u>759,647</u>	<u>253,933</u>	<u>1,405,651</u>	<u>1,570,223</u>
Total	<u>\$ 52,999,532</u>	<u>\$ 53,060,866</u>	<u>\$ 18,947,589</u>	<u>\$ 19,045,422</u>	<u>\$ 71,947,121</u>	<u>\$ 72,106,288</u>

Additional information on Lincoln County's capital assets can be found in Note 6.

Long-term debt. At the end of the current fiscal year, Lincoln County had a total general obligation debt outstanding of \$15,245,000 which is a decrease of \$1,260,000. In 2018 the total general obligation debt outstanding was \$16,505,000. All Lincoln County general obligation debt is backed by the full faith and credit of the County. Lincoln County maintains a Standard and Poor's Rating of AA for general obligation debt.

Lincoln County's Outstanding Long-Term Obligations						
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
	2019	2018	2019	2018	2019	2018
Bonds	\$8,655,000	\$9,565,000	\$6,590,000	\$6,940,000	\$15,245,000	\$16,505,000
Notes	-	-	2,600,000	2,600,000	2,600,000	2,600,000
Capital lease	-	63,190	-	-	-	63,190
Compensated absences	<u>1,823,402</u>	<u>1,785,855</u>	<u>1,063,481</u>	<u>686,567</u>	<u>2,886,883</u>	<u>2,472,422</u>
Total general long-term obligations	<u>\$10,478,402</u>	<u>\$11,414,045</u>	<u>\$10,253,481</u>	<u>\$10,226,567</u>	<u>\$20,731,883</u>	<u>\$21,640,612</u>

Wisconsin statutes limit the amount of general obligation debt a government entity may issue to 5 percent of its total equalized valuation. Lincoln County's debt capacity is \$111,971,491, which is significantly in excess of Lincoln County's outstanding general obligation debt.

Additional information on Lincoln County's long-term debt can be found in Note 7.

Factors and Next Year's Budget Rates

- The unemployment rate for Lincoln County in April 2020 was 14.3 percent as compared to 14.6 percent for the State of Wisconsin. The April 2020 rate for Lincoln County was 11 percent higher than the April 2019 rate (3.3%). The 2020 rates are clearly affected by the coronavirus pandemic. Consequently, use for comparative purposes is limited.

The general economic condition and outlook for the County is unknown due to the coronavirus pandemic. In response to the coronavirus all non-essential spending has been prohibited by the Lincoln County board of Supervisors. All programming is being monitored with budgetary cuts probable in 2021. Equalized valuation in Lincoln County increased 3 percent in 2019 and has risen above the 2010 equalized valuation by 2.47 percent.

Inflationary trends in our region compare to national indices.

The above factors will be considered in preparing the County's budget for the 2021 fiscal year.

Request for information

This financial report is designed to provide a general overview of Lincoln County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Lincoln County, 801 North Sales Street Suite 211, Merrill, WI 54452.

BASIC FINANCIAL STATEMENTS

LINCOLN COUNTY, WISCONSIN
STATEMENT OF NET POSITION
December 31, 2019

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,184,349	\$ 4,477,985	\$ 17,662,334
Internal balances	716,573	(716,573)	-
Receivables, net:			
Property taxes	14,704,902	-	14,704,902
Tax certificates and deeds	1,413,485	-	1,413,485
Assessments	142,292	-	142,292
Accounts	1,347,204	1,800,554	3,147,758
Due from other governments	1,384,120	65,865	1,449,985
Inventories, at cost	1,133,372	127,189	1,260,561
Prepaid items	<u>267,760</u>	<u>56,713</u>	<u>324,473</u>
Total current assets	<u>34,294,057</u>	<u>5,811,733</u>	<u>40,105,790</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	<u>5,440</u>	<u>5,386,347</u>	<u>5,391,787</u>
Capital assets:			
Land and construction in progress	688,399	3,401,109	4,089,508
Other capital assets, net of depreciation	<u>52,311,133</u>	<u>15,546,480</u>	<u>67,857,613</u>
Total capital assets	<u>52,999,532</u>	<u>18,947,589</u>	<u>71,947,121</u>
Total noncurrent assets	<u>53,004,972</u>	<u>24,333,936</u>	<u>77,338,908</u>
Total assets	<u>87,299,029</u>	<u>30,145,669</u>	<u>117,444,698</u>
DEFERRED OUTFLOWS OF RESOURCES			
Early retirement of debt	462,389	-	462,389
Related to other post employment benefits	190,565	117,315	307,880
Related to pensions	<u>7,370,733</u>	<u>4,535,256</u>	<u>11,905,989</u>
Total deferred outflow of resources	<u>8,023,687</u>	<u>4,652,571</u>	<u>12,676,258</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,085,839	361,523	1,447,362
Accrued expenses	933,790	508,431	1,442,221
Compensated absences payable	920,535	894,803	1,815,338
Accrued claims	794,878	-	794,878
Deposits and advances	231,163	333,405	564,568
Due to other governments	237,976	271,572	509,548
Current portion of long-term obligations	985,000	360,000	1,345,000
Unearned revenue	<u>202,977</u>	<u>88,466</u>	<u>291,443</u>
Total current liabilities	<u>5,392,158</u>	<u>2,818,200</u>	<u>8,210,358</u>
Noncurrent liabilities:			
Future closure payable	-	7,543,114	7,543,114
Net other post employment benefits liability	1,031,352	631,722	1,663,074
Net pension liability	2,725,901	1,678,102	4,404,003
Compensated absences payable	902,867	168,678	1,071,545
Due other governments	-	219,994	219,994
Noncurrent portion of long-term obligations	<u>7,803,340</u>	<u>9,168,499</u>	<u>16,971,839</u>
Total noncurrent liabilities	<u>12,463,460</u>	<u>19,410,109</u>	<u>31,873,569</u>
Total liabilities	<u>17,855,618</u>	<u>22,228,309</u>	<u>40,083,927</u>
DEFERRED INFLOWS OF RESOURCES			
Related to other post employment benefits	275,347	169,508	444,855
Related to pensions	3,768,737	2,320,086	6,088,823
Property taxes levied for subsequent year	<u>14,704,902</u>	<u>-</u>	<u>14,704,902</u>
Total deferred inflows of resources	<u>18,748,986</u>	<u>2,489,594</u>	<u>21,238,580</u>
NET POSITION			
Net investment in capital assets	44,673,581	9,419,090	54,092,671
Restricted	888,417	148,237	1,036,654
Unrestricted	<u>13,156,114</u>	<u>513,010</u>	<u>13,669,124</u>
TOTAL NET POSITION	<u>\$ 58,718,112</u>	<u>\$ 10,080,337</u>	<u>\$ 68,798,449</u>

These financial statements should be read only in connection with
the accompanying notes to basic financial statements.

**LINCOLN COUNTY, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019**

	<u>General</u>	<u>County Roads and Bridges</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 9,761,585	\$ 417,616	\$ 177,624	\$ 635,238	\$ 10,992,063
Receivables, net:					
Property taxes	8,940,572	2,186,753	866,230	2,711,347	14,704,902
Tax certificates and deeds	1,413,485	-	-	-	1,413,485
Assessments	142,292	-	-	-	142,292
Accounts	1,001,297	-	-	336,316	1,337,613
Due from other governments	372,154	183,303	257,878	55,844	869,179
Due from other funds	1,225,406	-	-	-	1,225,406
Prepaid items	263,947	-	-	1,347	265,294
Inventory	10,850	-	-	-	10,850
Restricted assets:					
Cash and cash equivalents	<u>1,283</u>	<u>-</u>	<u>4,157</u>	<u>-</u>	<u>5,440</u>
TOTAL ASSETS	<u>\$ 23,132,871</u>	<u>\$ 2,787,672</u>	<u>\$ 1,305,889</u>	<u>\$ 3,740,092</u>	<u>\$ 30,966,524</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 192,295	\$ 4,039	\$ 85,643	\$ 188,212	\$ 470,189
Accrued liabilities	657,836	-	49,581	32,390	739,807
Deposits and advances	226,981	-	4,182	-	231,163
Due to other funds	-	-	-	508,833	508,833
Due to other governments	236,693	-	664	619	237,976
Unearned revenue	<u>176,590</u>	<u>-</u>	<u>-</u>	<u>26,387</u>	<u>202,977</u>
Total liabilities	<u>1,490,395</u>	<u>4,039</u>	<u>140,070</u>	<u>756,441</u>	<u>2,390,945</u>
Deferred inflows of resources					
Property taxes levied for subsequent year	8,940,572	2,186,753	866,230	2,711,347	14,704,902
Interest on delinquent taxes	421,493	-	-	-	421,493
Accounts receivable	143,461	-	-	-	143,461
Citation receivables	<u>378,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>378,798</u>
Total deferred inflows of resources	<u>9,884,324</u>	<u>2,186,753</u>	<u>866,230</u>	<u>2,711,347</u>	<u>15,648,654</u>
Fund balances					
Reserved for:					
Nonspendable	1,386,719	-	-	1,347	1,388,066
Restricted	495,042	-	44,363	349,012	888,417
Committed	1,724,835	-	-	-	1,724,835
Assigned	644,833	596,880	255,226	270,708	1,767,647
Unassigned	<u>7,506,723</u>	<u>-</u>	<u>-</u>	<u>(348,763)</u>	<u>7,157,960</u>
Total fund balances	<u>11,758,152</u>	<u>596,880</u>	<u>299,589</u>	<u>272,304</u>	<u>12,926,925</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 23,132,871</u>	<u>\$ 2,787,672</u>	<u>\$ 1,305,889</u>	<u>\$ 3,740,092</u>	<u>\$ 30,966,524</u>

These financial statements should be read only in connection with the accompanying notes to basic financial statements.

**LINCOLN COUNTY WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2019**

Total fund balances for governmental funds		\$ 12,926,925
Total net position used in governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 4,520	
Construction in progress	346,527	
Land improvements, net of \$146,659 accumulated depreciation	334,285	
Buildings, net of \$14,229,419 accumulated depreciation	12,813,444	
Machinery and equipment, net of \$3,693,703 accumulated depreciation	1,479,089	
Intangible assets, net of \$254,116 accumulated depreciation	425,865	
Infrastructure, net of \$26,444,430 accumulated depreciation	<u>32,664,000</u>	
Total capital assets		48,067,730
Internal service funds are used by the County to charge the cost of health insurance and County road work to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. Internal service fund's net position are:		
Health insurance fund	\$ 398,683	
Highway fund	<u>6,274,936</u>	
Total internal service funds		6,673,619
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities (current and long-term) are reported in the statement of net position. Balances on 12/31/19 are:		
Accrued interest on notes	\$ (44,275)	
Bonds payable	(8,655,000)	
Premium on debt issued	(133,340)	
Vacation payable	(663,757)	
Vested sick leave	(379,286)	
Accrued sick	(281,481)	
Comp time	<u>(15,390)</u>	
Total long-term liabilities		(10,172,529)
Accounts receivable are recorded when they become measurable and available in governmental funds. On 12/31/19 receivables were not available and consequently not recorded. Under full accrual accounting, revenues are recorded when earned. Consequently the accounts receivable is recorded and revenue recognized.		
		143,461
On 12/31/19 deferred inflows of resources were recorded in the governmental funds for citation revenue and interest on delinquent taxes that was not considered a current financial resource, but is an economic resource. Consequently, this revenue is recognized.		
Citation revenue	\$ 378,798	
Interest on delinquent taxes	<u>421,493</u>	
Total deferred revenue		800,291
Lincoln County recorded a deferred outflow of resources due to an advanced refunding in 2016		
Deferred outflow of resources on early extinguishment of debt on 12/31/19 is:		462,389
In 2017 Lincoln County reported its cost-sharing employer proportionate share of the collective balance of the pension plan's fiduciary net position as well as deferred outflows and inflows of resources related to pensions per GASB 68. Balances on 12/31/19 are:		
Net pension liability	\$ (2,219,297)	
Deferred outflow of resources-related to pensions	6,006,575	
Deferred inflow of resources-related to pensions	<u>(3,068,324)</u>	
		<u>718,954</u>
In 2018 Lincoln County reported its cost-sharing employer proportionate share of the collective balance of the OPEB plan's fiduciary net position as well as deferred outflows and inflows of resources related to OPEBs per GASB 75. Balances on 12/31/19 are:		
Net OPEB liability	(833,703)	
Deferred outflow of resources-OPEBs	155,149	
Deferred inflow of resources-OPEBs	<u>(224,174)</u>	
		<u>(902,728)</u>
Total net position of governmental activities		<u>\$ 58,718,112</u>

These financial statements should be read only in connection with the accompanying notes to basic financial statements.

LINCOLN COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2019

	<u>General</u>	<u>County Roads and Bridges</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 11,320,806	\$ 2,658,282	\$ 843,794	\$ 2,640,214	\$ 17,463,096
Intergovernmental revenues	2,164,004	1,331,142	1,964,717	175,831	5,635,694
Licenses and permits	146,200	-	-	38,595	184,795
Fines, forfeits, and penalties	147,265	-	-	29,043	176,308
Public charges for service	2,132,804	-	-	1,193,243	3,326,047
Intergovernmental charges for service	212,210	-	3,130	209,837	425,177
Miscellaneous revenues	746,350	-	1,080	9,319	756,749
	<u>16,869,639</u>	<u>3,989,424</u>	<u>2,812,721</u>	<u>4,296,082</u>	<u>27,967,866</u>
Total revenues					
EXPENDITURES					
Current:					
General government	5,171,454	-	-	-	5,171,454
Public safety	7,286,657	-	-	2,011,475	9,298,132
Public works	-	4,442,731	-	-	4,442,731
Health and human services	1,522,078	-	2,534,802	1,092,798	5,149,678
Culture, recreation, and education	873,774	-	-	-	873,774
Conservation and development	642,705	-	-	-	642,705
Capital outlay	783,873	-	-	287,838	1,071,711
Debt service:					
Principal	-	-	-	910,000	910,000
Interest and other charges	-	-	-	194,775	194,775
	<u>16,280,541</u>	<u>4,442,731</u>	<u>2,534,802</u>	<u>4,496,886</u>	<u>27,754,960</u>
Total expenditures					
Excess (deficiency) of revenues under expenditures	<u>589,098</u>	<u>(453,307)</u>	<u>277,919</u>	<u>(200,804)</u>	<u>212,906</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,547,072	484,294	-	258,500	2,289,866
Transfers out	(742,794)	-	(7,527)	-	(750,321)
	<u>804,278</u>	<u>484,294</u>	<u>(7,527)</u>	<u>258,500</u>	<u>1,539,545</u>
Total other financing sources and uses					
Net change in fund balances	1,393,376	30,987	270,392	57,696	1,752,451
FUND BALANCES - BEGINNING	<u>10,364,776</u>	<u>565,893</u>	<u>29,197</u>	<u>214,608</u>	<u>11,174,474</u>
FUND BALANCES - ENDING	<u>\$ 11,758,152</u>	<u>\$ 596,880</u>	<u>\$ 299,589</u>	<u>\$ 272,304</u>	<u>\$ 12,926,925</u>

These financial statements should be read only in connection with
the accompanying notes to basic financial statements.

LINCOLN COUNTY, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

Net change in fund balances - total governmental funds		\$ 1,752,451
The change in net position reported for governmental activities in the statement of activities is different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. Additionally, the sale of a capital asset is recorded as a revenue in the governmental funds. However on the accrual basis, a gain or loss must be recognized. The net changes are as follows:		
Capital outlay	\$ 2,705,821	
Depreciation expense	<u>(3,096,680)</u>	
Deficiency of capital outlay over depreciation expense		(390,859)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, this amount consisted of:		
		910,000
Internal service funds are used by the County to charge the cost of health insurance and County road work to individual funds. The net revenue of the internal service funds is reported with governmental activities as follows:		
Health insurance fund	(138,525)	
Highway fund	<u>344,765</u>	
Total internal service funds		206,240
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when the financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following balances:		
Pension expense	(826,241)	
Life Insurance Expense	(96,252)	
Debt premium	26,166	
Early retirement of debt loss amortized	(90,734)	
Accrued interest on notes	8,838	
Vacation	(33,297)	
Vested sick leave	(30,757)	
Accrued sick	1,153	
Comp time	<u>2,164</u>	
Combined adjustment		(1,038,960)
Revenue had accrued on 12/31/19 but was not available. Consequently this revenue was either deferred or not accrued in governmental funds, but is recorded as a receivable on the statement of net position and recognized as revenue on the statement of activities. The net revenue consists of:		
Charges for service	12,787	
Interest on delinquent taxes	(135,506)	
Corrections	1,196	
Citations	<u>53,349</u>	
Combined adjustment		<u>(68,174)</u>
Change in net position of governmental activities		<u>\$ 1,370,698</u>

These financial statements should be read only in connection with the accompanying notes to basic financial statements.

LINCOLN COUNTY, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019

	Enterprise Funds					Governmental Activities - Internal Service Funds
	Pine Crest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 196,187	\$ 678,274	\$ 3,154,837	\$ 448,687	\$ 4,477,985	\$ 2,192,286
Receivables, net:						
Accounts	1,303,841	207,898	105,080	183,735	1,800,554	9,591
Due from other governments	-	12	65,733	120	65,865	514,941
Inventories, at cost	36,439	90,750	-	-	127,189	1,122,522
Prepaid items	35,048	20,039	-	1,626	56,713	2,466
Total current assets	<u>1,571,515</u>	<u>996,973</u>	<u>3,325,650</u>	<u>634,168</u>	<u>6,528,306</u>	<u>3,841,806</u>
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	-	5,386,347	-	-	5,386,347	-
Capital assets:						
Land	13,833	84,605	2,518,419	24,605	2,641,462	37,875
Construction work in progress	-	759,647	-	-	759,647	299,477
Improvements other than buildings	454,531	13,202,971	9,603	10,752	13,677,857	332,477
Buildings	15,723,209	300,049	312,677	1,264,652	17,600,587	2,242,080
Machinery and equipment	4,286,763	1,136,787	656,531	392,958	6,473,039	11,328,986
Less accumulated depreciation and depletion	(8,759,069)	(11,167,004)	(758,850)	(1,520,080)	(22,205,003)	(9,309,093)
Total capital assets	<u>11,719,267</u>	<u>4,317,055</u>	<u>2,738,380</u>	<u>172,887</u>	<u>18,947,589</u>	<u>4,931,802</u>
Total noncurrent assets	<u>11,719,267</u>	<u>9,703,402</u>	<u>2,738,380</u>	<u>172,887</u>	<u>24,333,936</u>	<u>4,931,802</u>
Total assets	<u>13,290,782</u>	<u>10,700,375</u>	<u>6,064,030</u>	<u>807,055</u>	<u>30,862,242</u>	<u>8,773,608</u>
DEFERRED OUTFLOWS OF RESOURCES						
Related to other post employment benefits	97,465	3,559	6,916	9,375	117,315	35,416
Related to pensions	3,771,586	137,493	266,432	359,745	4,535,256	1,364,158
Total deferred outflows of resources	<u>3,869,051</u>	<u>141,052</u>	<u>273,348</u>	<u>369,120</u>	<u>4,652,571</u>	<u>1,399,574</u>
LIABILITIES						
Current liabilities:						
Accounts payable	233,927	74,923	2,278	50,395	361,523	615,650
Accrued expenses	445,138	13,090	22,865	27,338	508,431	149,708
Compensated absences payable	782,091	27,644	49,275	35,793	894,803	241,388
Accrued claims	-	-	-	-	-	794,878
Due to other funds	716,573	-	-	-	716,573	-
Due to other governments	-	16,666	254,709	197	271,572	-
Unearned revenue	-	-	88,466	-	88,466	-
Current maturities of long-term debt	360,000	-	-	-	360,000	-
Deposits and advances	7,243	-	326,162	-	333,405	-
Total current liabilities	<u>2,544,972</u>	<u>132,323</u>	<u>743,755</u>	<u>113,723</u>	<u>3,534,773</u>	<u>1,801,624</u>
Noncurrent liabilities:						
Noncurrent due to other governments	-	219,994	-	-	219,994	-
Compensated absences payable	-	74,805	46,174	47,699	168,678	242,100
Noncurrent portion of long-term obligations	9,168,499	-	-	-	9,168,499	-
Net other post employment benefit liabilities	526,478	19,854	37,347	48,043	631,722	197,649
Net pension liability	1,394,171	50,914	98,921	134,096	1,678,102	506,604
Future closure payable	-	7,543,114	-	-	7,543,114	-
Total noncurrent liabilities	<u>11,089,148</u>	<u>7,908,681</u>	<u>182,442</u>	<u>229,838</u>	<u>19,410,109</u>	<u>946,353</u>
Total liabilities	<u>13,634,120</u>	<u>8,041,004</u>	<u>926,197</u>	<u>343,561</u>	<u>22,944,882</u>	<u>2,747,977</u>
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	1,927,534	70,391	136,765	185,396	2,320,086	700,413
Related to other post employment benefits	140,828	5,143	9,992	13,545	169,508	51,173
Total deferred inflows of resources	<u>2,068,362</u>	<u>75,534</u>	<u>146,757</u>	<u>198,941</u>	<u>2,489,594</u>	<u>751,586</u>
NET POSITION						
Net investment in capital assets	2,190,768	4,317,055	2,738,380	172,887	9,419,090	4,931,802
Restricted	24,326	-	123,911	-	148,237	-
Unrestricted	(757,743)	(1,592,166)	2,402,133	460,786	513,010	1,741,817
TOTAL NET POSITION	<u>\$ 1,457,351</u>	<u>\$ 2,724,889</u>	<u>\$ 5,264,424</u>	<u>\$ 633,673</u>	<u>\$ 10,080,337</u>	<u>\$ 6,673,619</u>

These financial statements should be read only in connection with the accompanying notes to basic financial statements.

LINCOLN COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2019

	<u>Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Pine Crest Nursing Home</u>	<u>Solid Waste Landfill</u>	<u>Forestry</u>	<u>Lincoln Industries</u>	<u>Total</u>	
OPERATING REVENUES						
Public charges for service	\$ 14,519,971	\$ 1,603,128	\$ 1,845,497	\$ 1,707,637	\$ 19,676,233	\$ -
Interdepartmental charges for service	-	-	-	28,000	28,000	10,093,787
Intergovernmental charges for service	-	132,741	-	-	132,741	3,142,758
Other	2,776	11,008	-	-	13,784	91,885
Total operating revenues	<u>14,522,747</u>	<u>1,746,877</u>	<u>1,845,497</u>	<u>1,735,637</u>	<u>19,850,758</u>	<u>13,328,430</u>
OPERATING EXPENSES						
Claims paid	-	-	-	-	-	4,902,894
Nursing services	7,362,119	-	-	-	7,362,119	-
Other professional services	826,711	-	-	-	826,711	-
General services	2,351,777	1,176,621	1,003,851	1,830,135	6,362,384	6,016,060
Administrative and fiscal services	4,333,177	-	-	-	4,333,177	1,723,864
Provider assessment tax	360,400	-	-	-	360,400	-
Future closing costs	-	352,494	-	-	352,494	-
Depreciation and amortization	713,155	430,802	48,705	36,787	1,229,449	573,000
Total operating expenses	<u>15,947,339</u>	<u>1,959,917</u>	<u>1,052,556</u>	<u>1,866,922</u>	<u>20,826,734</u>	<u>13,215,818</u>
Operating income (loss)	<u>(1,424,592)</u>	<u>(213,040)</u>	<u>792,941</u>	<u>(131,285)</u>	<u>(975,976)</u>	<u>112,612</u>
NONOPERATING REVENUES (EXPENSES)						
Property taxes	440,815	-	-	-	440,815	-
Insurance recoveries	-	-	-	7,049	7,049	4,558
Interest income	991	309,587	-	-	310,578	43,008
Rental income	-	-	-	-	-	50
Grant revenue	-	-	300,956	86,222	387,178	-
Salvage revenue	-	-	-	-	-	2,637
Donations	1,144	-	31	770	1,945	-
Interest expense	(252,806)	-	-	-	(252,806)	-
Gain on sale of supplies	-	-	-	-	-	350
Gain (loss) on disposal of capital assets	(45,479)	-	4,450	2,056	(38,973)	43,025
Total nonoperating revenues (expenses)	<u>144,665</u>	<u>309,587</u>	<u>305,437</u>	<u>96,097</u>	<u>855,786</u>	<u>93,628</u>
Income before transfers	(1,279,927)	96,547	1,098,378	(35,188)	(120,190)	206,240
Transfer in	-	-	-	7,527	7,527	-
Transfer out	-	(200,000)	(1,247,072)	(100,000)	(1,547,072)	-
Total transfers	<u>-</u>	<u>(200,000)</u>	<u>(1,247,072)</u>	<u>(92,473)</u>	<u>(1,539,545)</u>	<u>-</u>
Change in net position	(1,279,927)	(103,453)	(148,694)	(127,661)	(1,659,735)	206,240
NET POSITION - BEGINNING, AS ORIGINALLY REPORTED	3,186,568	2,828,342	5,413,118	761,334	12,189,362	6,467,379
PRIOR PERIOD ADJUSTMENT	(449,290)	-	-	-	(449,290)	-
NET POSITION - BEGINNING, AS RESTATED	<u>2,737,278</u>	<u>2,828,342</u>	<u>5,413,118</u>	<u>761,334</u>	<u>11,740,072</u>	<u>6,467,379</u>
NET POSITION - ENDING	<u>\$ 1,457,351</u>	<u>\$ 2,724,889</u>	<u>\$ 5,264,424</u>	<u>\$ 633,673</u>	<u>\$ 10,080,337</u>	<u>\$ 6,673,619</u>

These financial statements should be read only in connection with
the accompanying notes to basic financial statements.

LINCOLN COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2019

	Enterprise Funds					Governmental Activities - Internal Service Funds
	Pine Crest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
From patients and third party payers	\$ 14,637,108	\$ 1,646,359	\$ 1,822,942	\$ 1,685,810	\$ 19,792,219	\$ -
From other County departments	-	-	-	28,000	28,000	10,093,787
From government and other parties for sales	-	132,747	-	-	132,747	3,128,211
To employees for compensation and fringe benefits	(9,427,196)	(378,463)	(717,952)	(996,300)	(11,519,911)	(3,576,757)
To vendors for goods and services	(4,723,777)	(688,652)	(231,383)	(750,573)	(6,394,385)	(9,016,817)
Other cash received	11,624	11,008	-	-	22,632	-
Net cash provided by (used in) operating activities	<u>497,759</u>	<u>722,999</u>	<u>873,607</u>	<u>(33,063)</u>	<u>2,061,302</u>	<u>628,424</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grant revenue	-	-	287,431	-	287,431	-
Rent	-	-	-	-	-	50
Donations	1,144	-	31	770	1,945	-
Transfer out	-	(200,000)	(1,247,072)	(100,000)	(1,547,072)	-
Transfer in	-	-	-	7,527	7,527	-
Tax levy appropriations	440,815	-	-	-	440,815	-
Net cash provided by (used in) noncapital financing activities	<u>441,959</u>	<u>(200,000)</u>	<u>(959,610)</u>	<u>(91,703)</u>	<u>(809,354)</u>	<u>50</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(284,143)	(769,647)	(41,826)	(107,953)	(1,203,569)	(938,355)
Proceeds from sale of assets	301	-	-	2,056	2,357	32,826
Proceeds from sale of supplies	-	-	-	-	-	2,637
Insurance recovery for damaged equipment	-	-	-	7,049	7,049	4,558
Capital lease payment	-	-	-	-	-	(63,190)
Capital grant	-	-	-	86,222	86,222	-
Principal payments on long-term debt	(350,000)	-	-	-	(350,000)	-
Interest paid on long-term debt	(283,349)	-	-	-	(283,349)	-
Net cash provided by (used in) capital and related financing activities	<u>(917,191)</u>	<u>(769,647)</u>	<u>(41,826)</u>	<u>(12,626)</u>	<u>(1,741,290)</u>	<u>(961,524)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	991	307,789	-	-	308,780	43,795
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,518	61,141	(127,829)	(137,392)	(180,562)	(289,255)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>172,669</u>	<u>6,003,480</u>	<u>3,282,666</u>	<u>586,079</u>	<u>10,044,894</u>	<u>2,481,541</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 196,187</u>	<u>\$ 6,064,621</u>	<u>\$ 3,154,837</u>	<u>\$ 448,687</u>	<u>\$ 9,864,332</u>	<u>\$ 2,192,286</u>
CASH AND CASH EQUIVALENTS CONSIST OF:						
Unrestricted	\$ 196,187	\$ 678,274	\$ 3,154,837	\$ 448,687	\$ 4,477,985	\$ 2,192,286
Restricted	-	5,386,347	-	-	5,386,347	-
	<u>\$ 196,187</u>	<u>\$ 6,064,621</u>	<u>\$ 3,154,837</u>	<u>\$ 448,687</u>	<u>\$ 9,864,332</u>	<u>\$ 2,192,286</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES						
Operating income (loss)	\$ (1,424,592)	\$ (213,040)	\$ 792,941	\$ (131,285)	\$ (975,976)	\$ 112,612
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	713,155	430,802	48,705	36,787	1,229,449	573,000
Future closing costs	-	352,494	-	-	352,494	-
Changes in pension related amounts						
Net pension asset (liability)	(1,639,960)	(44,925)	(89,383)	(127,819)	(1,902,087)	(446,855)
Deferred outflows of resources	2,564,527	79,143	152,113	202,674	2,998,457	791,597
Deferred inflows of resources	(387,059)	(14,872)	(24,229)	(23,045)	(449,205)	(148,331)
Changes in OPEB related amounts						
Net OPEB liability	(582,00)	(136)	(453)	(1,008)	(2,179)	(1,345)
Deferred outflows of resources	(83,506)	(2,616)	(5,082)	(6,889)	(98,093)	(26,027)
Deferred inflows of resources	132,234	4,826	9,394	12,771	159,225	48,021
Change in assets and liabilities:						
Accounts receivable	(254,429)	43,231	(24,068)	(21,794)	(257,060)	23,477
Due from other governments	455,150	6	-	(33)	455,123	(129,909)
Inventories	5,274	-	-	-	5,274	70,074
Prepaid items	2,407	10,772	-	21,521	34,700	(1,766)
Accounts payable	(31,083)	(6,160)	492	22,395	(14,356)	(93,123)
Due to other governments	(3,278)	53,334	(22,247)	(234)	27,575	-
Accrued expenses	62,876	3,062	(1,825)	(4,434)	59,679	36,436
Due to other funds	444,521	-	-	-	444,521	-
Deferred revenue	-	-	1,513	-	1,513	-
Compensated absences payable	(65,139)	27,078	(21,645)	(12,670)	(72,376)	23,190
Deposits and advances	7,243	-	57,381	-	64,624	-
Claims paid	-	-	-	-	-	(202,627)
Total adjustments	<u>1,922,351</u>	<u>936,039</u>	<u>80,666</u>	<u>98,222</u>	<u>3,037,278</u>	<u>515,812</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 497,759</u>	<u>\$ 722,999</u>	<u>\$ 873,607</u>	<u>\$ (33,063)</u>	<u>\$ 2,061,302</u>	<u>\$ 628,424</u>

These financial statements should be read only in connection with the accompanying notes to the basic financial statements.

**LINCOLN COUNTY, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2019**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 45,513
Accounts receivable	611,524
Total assets	\$ 657,037
 LIABILITIES	
Deposits and advances	\$ 39,050
Due other governments	611,524
Accounts payable	6,463
Total liabilities	\$ 657,037

These financial statements should be read only in connection with
the accompanying notes to basic financial statements.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lincoln County, Wisconsin, have been prepared in conformity with generally accepted accounting principles as applied to governmental 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:

REPORTING ENTITY

Lincoln County was incorporated under the laws of the State of Wisconsin and is governed by an elected 22-member board. The County provides a full range of services, including public safety, public works, health and human services, conservation, culture, recreation, education, and general administrative services. As required by generally accepted accounting principles, these financial statements present the County government and all associated departments. The County has evaluated the following criteria in defining the reporting entity:

- Selection of government authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters
- Scope of public service
- Financial relationships

Based on these criteria, no additional component units were determined to be reportable.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the reporting government as a whole except for fiduciary funds. Fiduciary funds are reported only in the statement of fiduciary net position. The statements of net position and activities distinguish between governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are primarily financed 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 are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods or services provided by a specific function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements

Financial statements of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- Total assets, liabilities, revenues, or expenditure/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category type, and
- The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- In addition, any other governmental or proprietary fund that the County believes is particularly important to the financial statement users may be reported as a major fund.

The County reports the following major governmental funds:

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

County Roads and Bridges Fund - Accounts for State transportation aid received by the County and all maintenance and construction for highways and bridges provided by the Highway Department to the County.

Social Services Fund - Evaluates eligibility for and administers a variety of social service and financial support programs (Federal, State, and local) to persons within the County and makes appropriate referrals to other service providers. These services are provided to meet the basic economic needs of dependent persons, alleviate dependency, enhance family functioning, assess/provide services to children and adults in need of protection, and to coordinate supportive care of elderly and disabled persons.

The County reports the following major enterprise funds:

Pine Crest Nursing Home Fund - Provides a full range of nursing care in a residential facility.

Solid Waste Landfill Fund - Provides Lincoln County residents, businesses, and institutions with a solid waste disposal facility, a recycling drop-off facility, construction and demolition site, clean wood/brush disposal area, and fuel contaminated soil treatment capabilities.

Forestry Fund - Manages the natural resources of the County Forest on a sustainable basis, accounts for timber sales, administers trail maintenance aid programs, and provides and maintains recreational opportunities, including parks, within the County.

Lincoln Industries - Provides sheltered workshop and employment opportunities to the developmentally disabled community.

In addition, the County reports the following fund types:

Internal Service Funds - Internal Service Funds account for financing of goods and services provided by one department to other departments of the County or to other governmental units on a cost-reimbursement basis.

Fiduciary Funds - Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is 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 revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been satisfied.

Fund Financial Statements

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are presented using the flow of current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. With this measurement focus, revenues are recognized when they become susceptible to accrual or when measurable and available. Those revenues susceptible to modified accrual are as follows:

- Property tax collections made during the year;
- Sales tax collected and held by the State of Wisconsin at year-end on behalf of the County;
- Other revenues receivable at year-end if actually collected during the first thirty days after year-end.

State general and categorical aids and other entitlements are recognized as revenue at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenue.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Employee services and payroll-related costs (employee health, life, disability insurance, FICA, Wisconsin Retirement System contributions, annuities) other than compensated absences, termination, and other post-employment benefits are recognized in the fiscal period when incurred. The cost of capital items is recorded as an expenditure when acquired. Interest cost on temporary borrowing is recognized as an expenditure of the fiscal period incurred.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when a liability is incurred regardless of the timing of related cash flows.

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 for the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue 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.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

PROPERTY TAXES

Property taxes are levied prior to December 31 and are due and collectible in the following year. The 2019 tax levy is recorded as receivable with offsetting deferred inflows of resources at December 31, 2019; it will be recognized as revenue in 2020 when used to finance the County's services.

The County is responsible to collect the second installment of current property taxes and all delinquent property taxes levied by local taxing districts within its boundaries, except delinquent personal property taxes which may either be turned over to the County for collection or retained by the local municipal district. Delinquent taxes returned to the County for collection are accounted for in the general fund. As provided in Wisconsin Statutes, the County has purchased the equity in delinquent property taxes from all taxing districts, including the state. These purchased taxes are recorded as tax certificates and deeds and nonspendable fund balance of the County's general fund.

The property tax calendar for the 2019 tax roll follows:

Lien date and date levy	December 2019
Tax bills mailed	December 2019
Real estate taxes first installment due	January 31, 2020
Personal property taxes due in full	January 31, 2020
Real estate taxes second installment due	July 31, 2020
Tax sale - 2019 delinquent real estate taxes	October 2023

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Cash equivalents 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 with a maturity of three months or less (including restricted assets) are considered to be cash equivalents.

INTERFUND RECEIVABLES AND PAYABLES

The current portion of lending/borrowing arrangements between funds is identified as "due to/from other funds". The non-current portion of outstanding balances between funds is reported as "advances to/from other funds". Advances between funds are offset by nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

INVENTORIES

Inventories are recorded at cost, which approximates market, using the moving average cost basis. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure or as an expense at the time individual inventory items are consumed rather than when purchased.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PREPAID ITEMS

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items of governmental fund types are offset by nonspendable fund balance to indicate that they do not represent available spendable financial resources.

CAPITAL ASSETS

Capital assets are recorded at cost, when available, or estimated historical cost, when historical records could not be obtained. Donated capital assets are valued at their estimated acquisition value on the date donated. The County capitalizes all land and work in progress as well as assets with an initial cost of more than the following:

<u>Type of Asset</u>	<u>Amount</u>
Land improvements	\$ 25,000
Infrastructure (per subsystem)	250,000
Buildings	50,000
Equipment and vehicles	2,000-5,000
Intangible assets	5,000

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities. Accumulated depreciation is reported on the statement of net assets. Depreciation has been charged over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Type of Asset</u>	<u>Life in Years</u>
Land improvements	25
Infrastructure (per subsystem)	10-50
Buildings	10-25
Equipment and vehicles	3-15
Intangible assets	3

Capital assets used in the governmental funds type 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 as in the government-wide statements.

COMPENSATED ABSENCES

The County records compensated absences pursuant to GASB Statement No. 16, *Accounting for Compensated Absences*. All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements.

In governmental funds, compensated absences (unpaid vacation and sick leave) for governmental fund employees are recorded as expenditures in the year paid, as it is the County's policy to liquidate any unpaid vacation or sick leave at year end from future resources rather than currently available expendable resources. Accordingly, the entire unpaid liability for compensated absences for the governmental funds is not recorded in the fund.

Unpaid compensated absences for the proprietary funds are recorded as an expense and a liability in those funds as the vacation and sick leave benefits accrue to the employees.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 delinquent property taxes receivable and citation receivables. These inflows are recognized as revenues in the government-wide financial statements.

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.

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.

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 reported as expenses in the period in which they are 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.

INTERFUND TRANSACTIONS

Transactions that would be treated as revenues, expenditures, or expenses if they involved organizations external to the County are similarly treated when involving other funds of the County. Reimbursements from one fund to another are treated as expenditures or expenses of the reimbursing fund and a reduction of expenditures or expenses of the reimbursed fund. All interfund transfers are reported as operating transfers.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

- 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 Lincoln County Board of Supervisors. These constraints can only be removed or changed by the Lincoln County Board of Supervisors using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by the action of the Lincoln County Finance and Insurance Committee. 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. Unassigned amounts are only reported in the General Fund.

The County has adopted a fund balance spend down policy in Lincoln County Ordinance 3.29 stating that restricted funds will be spent prior to fund balance that is not restricted.

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 attributed 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 are 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 are neither classified as restricted nor net investment in capital assets.

DEFICIT FUND BALANCE

As of December 31, 2019, the Emergency Medical fund had a deficit of \$348,243. The deficit is anticipated to be funded with future revenues of the fund.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETARY ACCOUNTING

The County follows these procedures in establishing the annual budget:

- 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 the County Board action.
- Budgets are adopted on a basis consistent with generally accepted accounting principles for the governmental funds, except for the application of the prior year fund balance. 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.
- During the year, formal budgetary integration is employed as a management control device for the governmental funds. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each functional area of the County. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the County Board.
- Encumbrance accounting is not used to record commitments related to unperformed contracts for goods or services.

NOTE 2 - CASH AND CASH EQUIVALENTS

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 basic financial statements as "cash and cash equivalents".

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

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association.
- Bonds or securities of any county, city, drainage district, VTAE district, village, town, or school district of the state.
- Bonds or securities issued or guaranteed by the Federal government.
- The Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities.
- Securities of open-end management investment companies or investment trusts (mutual funds) if the portfolio is limited to (a) bonds and securities issued by the federal government or a commission, board, or other instrumentality of the federal government, (b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds or securities.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

The carrying amount of the County's cash and cash equivalents totaled \$23,099,634 on December 31, 2019, as summarized below:

Petty cash fund	\$ 2,250
Deposits with financial institutions	13,413,926
Investments	
Wisconsin local government investment pool	2,993,207
Landfill long-term care trust	5,386,347
Health insurance trust fund	1,302,621
Insurance deposits	1,283
	<u>\$ 23,099,634</u>

Presented in the basic financial statements as follows:

Government-wide Statement of Net Position	
Unrestricted cash and cash equivalents	\$ 17,662,334
Restricted cash and investments	5,391,787
Fiduciary Fund Statement of Net Position	
Cash and cash equivalents	45,513
	<u>\$ 23,099,634</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, 2019:

<u>Type of Investment</u>	<u>12/31/2019</u>	<u>Quoted prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant other Observable Inputs (Level 2)</u>
Negotiable certificates of deposit	\$ 2,358,583	\$ -	\$ 2,358,583
U.S. Treasury Notes	629,062	-	629,062
U.S. Government securities	3,053,194	-	3,053,194
Money market mutual funds	347,436	347,436	-
Fixed income mutual funds	170,074	170,074	-
Total	<u>\$ 6,558,349</u>	<u>\$ 517,510</u>	<u>\$ 6,040,839</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.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County has a formal policy addressing this type of deposit risk. The County's policy requires depositories to pledge collateral to secure amounts over and above guaranteed amounts. All securities serving as collateral shall be specifically pledged to the County (not as part of a pooled fund) and placed in the custodial account at the Federal Reserve Bank, a trust department of a commercial bank, or through another financial institution.

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 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. In addition, 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.

As of December 31, 2019, none of the County's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

Investments

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County has a formal policy addressing this type of investment risk.

The Local Government Investment Pool is part of the Wisconsin State Investment Fund. The Investment Fund is administered by the State of Wisconsin Investment Board and includes investments made from the excess cash of the State's operating funds, the State' public retirement funds and the voluntary deposits made by participants of the Local Government Investment Pool.

Credit Risk

Credit risk is the risk that, an issuer of other counterparty to an investment will not fulfill its obligations to the County. The County has a formal policy addressing this type of investment risk. The County's policy requires the preserve capital in the overall portfolio and to protect investment principal by investing in specific securities in accordance with the Wisconsin Statutes, with the County Treasurer responsible to report changes in any individual security's credit risk to the County's Finance & Insurance Committee.

<u>Type of Investment</u>	<u>Fair Value at Year End</u>	<u>Investment Rating</u>
Local Government Investment Pool	\$ 2,993,207	Not Rated
U.S. Treasury Notes	629,062	Exempt
U.S. Government securities	3,053,194	AAA
Negotiable certificates of deposit	2,358,583	Not Rated
Money market mutual funds	347,436	AAA
Fixed income mutual funds	170,074	Not Rated
Insurance deposits	1,283	Not Rated

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that, changes in interest rates will adversely affect the fair value of an investment. As of December 31, 2019 the County had the following investments and maturities:

<u>Type of Investment</u>	<u>Fair Value at Year End</u>	<u>Average Maturities</u>
Local Government Investment Pool	\$ 2,993,207	Less than 1 year
U.S. Treasury Notes	629,062	1 to 5 years
U.S. Government securities	3,053,194	1 to 3 years
Negotiable certificates of deposit	2,358,583	1 to 5 years
Fixed income mutual funds	170,074	Less than 1 year

Governmental entities including counties, municipalities and school districts may deposit money in the Local Government Investment Pool (LGIP), which holds investments in U.S. Government securities, certificates of deposit, commercial papers, and repurchase agreements. Participants in the fund may withdraw or add to their account balances at part at any time. The fair value of this fund may be different from the accounting basis that is reflected in the monthly statements sent to participants. To translate participant's holdings to a fair value amount, a conversion factor must be applied to the County's account balance. The State Investment Fund publishes this conversion factor monthly and as of December 31, 2019, the factor was 100%. As of December 31, 2019 the carrying amount of these investments was \$2,993,207. The annualized interest rate on the LGIP was 1.63% for the month of December 2019.

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) did not represent 5% or more of total County investments.

NOTE 3 - RESTRICTED ASSETS

Restricted assets on December 31, 2019, totaled \$5,391,787 consisting of cash and investments as follows:

General fund		
Insurance deposits	\$	1,283
Social Services fund		
Protective payee deposits held		4,157
Enterprise Fund		
Solid waste landfill		
Long-term care and closure deposits		5,386,347
Total Restricted Assets	<u>\$</u>	<u>5,391,787</u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE

Receivables at year-end for the County's individual major, nonmajor, and internal service funds in aggregate, including the applicable allowances for uncollectible accounts as follows:

	General	County Roads and Bridges	Social Services	PineCrest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Nonmajor and Internal Service Funds	Total
Receivables									
Property taxes	\$ 8,940,572	\$ 2,186,753	\$ 866,230	\$ -	\$ -	\$ -	\$ -	\$ 2,711,347	\$ 14,704,902
Tax certificates and deeds	1,413,485	-	-	-	-	-	-	-	1,413,485
Assessments	142,292	-	-	-	-	-	-	-	142,292
Accounts	1,001,297	-	-	1,378,841	207,898	105,080	183,735	384,761	3,261,612
Due from other governments	372,154	183,303	257,878	-	12	65,733	120	570,785	1,449,985
Gross receivables	11,869,800	2,370,056	1,124,108	1,378,841	207,910	170,813	183,855	3,666,893	20,972,276
Less allowance for for uncollectibles	-	-	-	(75,000)	-	-	-	(38,854)	(113,854)
Net total fund receivables	<u>\$ 11,869,800</u>	<u>\$ 2,370,056</u>	<u>\$ 1,124,108</u>	<u>\$ 1,303,841</u>	<u>\$ 207,910</u>	<u>\$ 170,813</u>	<u>\$ 183,855</u>	<u>\$ 3,628,039</u>	<u>\$ 20,858,422</u>

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, 2019, the County's general fund showed an investment of \$1,413,485 in delinquent taxes as follows:

Tax certificates	\$ 1,407,030
Tax deeds	6,455
Total	<u>\$ 1,413,485</u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE (Continued)

An aging of the delinquent tax certificate taxes of \$1,407,030 on December 31, 2019, follows:

<u>Year Acquired</u>	
Prior to 2015	\$ 107,681
2015	52,996
2016	73,855
2017	161,634
2018	315,692
2019	<u>695,172</u>
	<u>\$ 1,407,030</u>

Of the total of \$1,407,030 for delinquent tax certificate taxes, \$301,563 was collected by the County within 90 days after December 31, 2019. The remaining unpaid balance of \$1,105,467 and tax deeds of \$6,455 are recorded as nonspendable fund balance of \$1,111,922 for the general fund.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At December 31, 2019, interfund receivables and payables were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,225,406	\$ -
Pine Crest Fund	-	716,573
Emergency Medical Fund	-	<u>508,833</u>
Totals	<u>\$ 1,225,406</u>	<u>\$ 1,225,406</u>

All interfund payables due to the General Fund are for cash flow purposes.

Transfers were made in the primary government as follows:

	<u>General Fund</u>	<u>County Roads and Bridges Fund</u>	<u>Emergency Medical Fund</u>	<u>Lincoln Industries Fund</u>	<u>Totals</u>
Transfers from:					
General fund	\$ -	\$ 484,294	\$ 258,500	\$ -	\$ 742,794
Solid Waste Landfill	200,000	-	-	-	200,000
Lincoln Industries	100,000	-	-	-	100,000
Social Services	-	-	-	7,527	7,527
Forestry	<u>1,247,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,247,072</u>
Totals	<u>\$ 1,547,072</u>	<u>\$ 484,294</u>	<u>\$ 258,500</u>	<u>\$ 7,527</u>	<u>\$ 2,297,393</u>
Less: Elimination of fund transfers					(757,848)
Less: Health insurance transfer					<u>(79,346)</u>
Total transfers - Statement of Activities					<u>\$ 1,460,199</u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Interfund transfers from various funds to the General Fund are primarily performed to comply with Chapters 3.07 and 3.26 Lincoln County Code limiting fund balances and to provide cash for operations for the Health Insurance Fund. The transfer from Social Services to Lincoln Industries was 85.21 grant dollars for vehicle repair.

NOTE 6 - CAPITAL ASSETS

Changes in capital assets were as follows:

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 41,395	\$ 1,000	\$ -	\$ 42,395
Construction in progress	1,316,290	632,077	1,302,363	646,004
Total capital assets not depreciated	1,357,685	633,077	1,302,363	688,399
Capital assets, being depreciated:				
Land improvements	797,275	16,146	-	813,421
Infrastructure	58,371,829	1,537,560	800,959	59,108,430
Buildings and improvements	28,110,522	1,174,421	-	29,284,943
Equipment and vehicles	15,438,555	1,379,905	316,682	16,501,778
Intangible assets	487,755	192,226	-	679,981
Subtotals	103,205,936	4,300,258	1,117,641	106,388,553
Less accumulated depreciation for:				
Land improvements	252,085	38,968	-	291,053
Infrastructure	25,854,846	1,390,543	800,959	26,444,430
Buildings and improvements	14,953,794	1,025,069	-	15,978,863
Equipment and vehicles	10,328,001	1,075,013	294,056	11,108,958
Intangible assets	114,029	140,087	-	254,116
Subtotals	51,502,755	3,669,680	1,095,015	54,077,420
Total capital assets, being depreciated, net	51,703,181	630,578	22,626	52,311,133
Governmental activities capital assets, net	<u>\$ 53,060,866</u>	<u>\$ 1,263,655</u>	<u>\$ 1,324,989</u>	52,999,532
Less: Capital related debt				8,788,340
Add: Deferred charge on refunding				<u>(462,389)</u>
Net investment in capital assets				<u>\$ 44,673,581</u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 6 - CAPITAL ASSETS (Continued)

Changes in capital assets were as follows:

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,641,462	\$ -	\$ -	\$ 2,641,462
Construction in progress	253,933	759,647	253,933	759,647
Total capital projects not depreciated	<u>2,895,395</u>	<u>759,647</u>	<u>253,933</u>	<u>3,401,109</u>
Capital assets, being depreciated:				
Land improvements	13,677,857	-	-	13,677,857
Buildings	17,648,763	108,924	157,100	17,600,587
Machinery and equipment	6,055,459	562,758	145,179	6,473,038
Subtotals	<u>37,382,079</u>	<u>671,682</u>	<u>302,279</u>	<u>37,751,482</u>
Less accumulated depreciation for:				
Land improvements	9,902,642	332,876	-	10,235,518
Buildings	8,136,743	471,745	115,538	8,492,950
Machinery and equipment	3,192,667	424,828	140,961	3,476,534
Subtotals	<u>21,232,052</u>	<u>1,229,449</u>	<u>256,499</u>	<u>22,205,002</u>
Total capital assets, being depreciated, net	<u>16,150,027</u>	<u>(557,767)</u>	<u>45,780</u>	<u>15,546,480</u>
Business-type activities capital assets, net	<u>\$ 19,045,422</u>	<u>\$ 201,880</u>	<u>\$ 299,713</u>	18,947,589
Less: Capital related debt				<u>9,528,499</u>
Net investment in capital assets				<u>\$ 9,419,090</u>

Depreciation expense was charged to the functions as follows:

Governmental activities	
General government	\$ 1,134,897
Public safety	564,837
Public works	1,963,543
Health and Human Services	6,403
Total depreciation expense - governmental activities	<u>\$ 3,669,680</u>
Business-type activities	
Nursing home	\$ 713,155
Forestry	48,705
Solid waste landfill	430,802
Lincoln Industries	36,787
Total depreciation expense - business-type activities	<u>\$ 1,229,449</u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 6 - CAPITAL ASSETS (Continued)

The County has active maintenance and Information Technology construction projects as of December 31, 2019 as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Maintenance Projects	\$ 43,435	\$ 141,565
Bridge Project	114,069	454,663
IT Projects	125,684	124,316

NOTE 7 - LONG-TERM OBLIGATIONS

All general obligations bonds are backed by the full faith and credit of the County. The County's, general long-term obligations are as follows:

	<u>Outstanding 1/1/19</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding 12/31/19</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Debt					
Bonds	\$ 9,565,000	\$ -	\$ 910,000	\$ 8,655,000	\$ 985,000
Debt premium	159,506	-	26,166	133,340	-
Capital lease	63,190	-	63,190	-	-
Compensated absences	<u>1,785,855</u>	<u>1,059,264</u>	<u>1,021,717</u>	<u>1,823,402</u>	<u>920,535</u>
Governmental activities Long-term obligations	<u>\$ 11,573,551</u>	<u>\$ 1,059,264</u>	<u>\$ 2,021,073</u>	<u>\$ 10,611,742</u>	<u>\$ 1,905,535</u>
Business-type activities:					
General Obligation Debt					
Bonds	\$ 6,940,000	\$ -	\$ 350,000	\$ 6,590,000	\$ 360,000
Taxable note anticipation note	2,600,000	-	-	2,600,000	-
Debt premium	369,026	-	30,527	338,499	-
Compensated absences	<u>686,567</u>	<u>1,075,062</u>	<u>698,148</u>	<u>1,063,481</u>	<u>894,803</u>
Business-type activities Long-term obligations	<u>\$ 10,595,593</u>	<u>\$ 1,075,062</u>	<u>\$ 1,078,675</u>	<u>\$ 10,591,980</u>	<u>\$ 1,254,803</u>

Interest paid for the year ended December 31, 2019 totaled \$478,125.

Prior Year Advance Refunding

In prior years, the County advance refunded maturities due from 2020 through 2028 on the 2008 Series General Obligation Refunding Bond issue. At December 31, 2019, \$8,165,000 of outstanding general obligation refunding bonds are considered defeased.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

Detail of the above outstanding general obligations debt follows:

Bonds:

\$ 890,000	issued August 27, 2010; \$170,000 to \$520,000 due 2018 through 2020, interest 4%	\$ 200,000
8,820,000	issued December 1, 2016; \$110,000 to \$1,110,000 due annually from 2017 through 2028; interest 2%	8,455,000
6,950,000	issued February 14, 2017; \$10,000 to \$480,000 due annually, from 2018 through 2036; interest 2% to 3.5%	<u>6,590,000</u>
 Total Bonds		 <u>\$ 15,245,000</u>

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2019, are allocated to activities as detailed below:

Year Ended December 31	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 985,000	\$ 165,250	\$ 360,000	\$ 207,850	\$ 1,345,000	\$ 373,100
2021	820,000	145,200	370,000	197,050	1,190,000	342,250
2022	860,000	128,400	315,000	185,950	1,175,000	342,250
2023	895,000	110,850	325,000	176,500	1,220,000	314,350
2024	935,000	92,550	335,000	166,750	1,270,000	287,350
2025-2029	4,160,000	170,900	1,825,000	677,000	5,985,000	847,900
2030-2034	-	-	2,115,000	380,612	2,115,000	380,612
2035-2036	-	-	945,000	49,875	945,000	49,875
	<u>\$ 8,655,000</u>	<u>\$ 813,150</u>	<u>\$ 6,590,000</u>	<u>\$ 2,041,587</u>	<u>\$15,245,000</u>	<u>\$ 2,937,687</u>

Equalized valuation of the County	\$ 2,541,238,500
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>127,061,925</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 15,245,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>74,566</u>
Net outstanding general obligation debt applicable to debt limitation	<u>15,170,434</u>
Legal Margin for New Debt	<u>\$ 111,891,491</u>

Pursuant to Section 67.03 Wisconsin Statutes, the total indebtedness of the County for general purposes may not exceed 5% of the value of the taxable property located therein for state purposes.

Taxable Note Anticipation Note

Pursuant to a resolution adopted on January 17, 2018, Lincoln County, Wisconsin (the "County") authorized the issuance of \$2,600,000 Taxable Note Anticipation Notes ("Series 2017 NANs"), to provide interim financing for the purposes of paying a portion of the cost of the construction of an addition to the nursing home facility, renovation of a portion of the existing nursing home, and acquisition of related equipment. The notes carry an interest rate of 2.5% and require semiannual interest only payments with the balance due on December 1, 2021.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

Capital Lease

The County has entered into a lease agreement as lessee for financing the acquisition of two tractors. These lease agreements qualify as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital lease are recorded in the governmental activities accounts with an original cost of \$123,389.

As of December 31, 2019, the County has no balance on the lease.

Other long-term obligations consists of compensated absences. Compensated absence expenses follow employee payroll expenses, which are expensed to the appropriate funds as incurred.

NOTE 8 - EMPLOYEE RETIREMENT PLAN - WISCONSIN RETIREMENT SYSTEM (WRS)

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 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 <http://etf.wi.gov/publications/cafr.htm>.

Vesting - For employees beginning 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, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit.

Final average earnings are the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earning and makes contributions as required. The formula factor is a standard percentage based on employment category.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 8 - EMPLOYEE RETIREMENT PLAN - WISCONSIN RETIREMENT SYSTEM (WRS) (Continued)

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits. 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
2008	6.6	0
2009	(2.1)	(42)
2010	(13)	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

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

During the year ending December 31, 2019, the WRS recognized \$1,300,366 in contributions from the employer.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 8 - EMPLOYEE RETIREMENT PLAN - WISCONSIN RETIREMENT SYSTEM (WRS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2019 Lincoln County reported a liability of \$4,404,003 for its proportionate share of the net pension liability. The net pension liability 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 30, 2017, rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. Lincoln County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, Lincoln County's proportion was 0.12378839%, which is an increase of 0.00169833% from its proportion measured as of December 31, 2017. For the year ended December 31, 2019, Lincoln County recognized pension expense of \$2,968,507.

At December 31, 2019, Lincoln 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	\$ 3,430,051	\$ 6,063,097
Net differences between projected and actual earnings on pension plan investments	6,431,744	-
Changes in assumptions	742,353	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,475	25,726
Employer contributions subsequent to the measurement date	1,300,366	-
Total	\$ 11,905,989	\$ 6,088,823

\$1,300,366 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, 2020.

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

Year Ended December 31	Expenses
2020	\$ 1,634,791
2021	405,561
2022	714,632
2023	1,761,816
	\$ 4,516,800

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 8 - EMPLOYEE RETIREMENT PLAN - WISCONSIN RETIREMENT SYSTEM (WRS) (Continued)

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 investment:

Actuarial Valuation Date	December 31, 2017
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value
Long-Term Expected Rate of Return	7.00%
Discount Rate	7.00%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Postretirement Adjustments*	1.90%

* No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. The assumed annual adjustment is 1.9% based on the investment return assumption and the postretirement 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. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from the prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality, and separation rates. The total pension liability for the December 31, 2018, is based upon a roll-forward of the liability calculated from the December 31, 2017, actuarial valuation

Long-term expected rate of 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:

	Current Asset Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
<u>Core fund asset class</u>			
Global Equities	49.0%	8.1%	5.5%
Fixed Income	24.5%	4.0%	1.5%
Inflation Sensitive Assets	15.5%	3.8%	1.3%
Real Estate	9.0%	6.5%	3.9%
Private Equity/Debt	8.0%	9.4%	6.7%
Multi-Asset	4.0%	67.0%	4.1%
Total Core Fund	110.0%	7.1%	4.7%
<u>Variable fund asset class</u>			
U.S. Equities	70.0%	7.6%	5.0%
International Equities	30.0%	8.5%	5.9%
Total Variable Fund	100.0%	8.0%	5.4%

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

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

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 8 - EMPLOYEE RETIREMENT PLAN - WISCONSIN RETIREMENT SYSTEM (WRS) (Continued)

Single Discount Rate: A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 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, 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 Lincoln County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00% as well as what Lincoln County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Lincoln County's proportionate share of the net pension liability (asset)	\$ 17,501,968	\$ 4,404,002	\$ (5,335,350)

Pension Plan Fiduciary 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>.

Payables to the Pension Plan - At December 31, 2019 Lincoln County reported a payable of \$199,621 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND

Plan Description

The Local Retiree Life Insurance Fund (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.

OPEB Plan Fiduciary Net Position

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found online 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.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND (continued)

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 the future benefits and the present value of future contributions. A portion of employer contributions made during a members working lifetime funds a postretirement benefit.

Employers are required to pay the following contributions base 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.

Contributions rates as of December 31, 2018 are as follows:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% postretirement coverage	40% of employee contribution
25% postretirement coverage	20% of employee contribution

Employee contributions are based upon nine age banks 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 year ended December 31, 2018, are as listed below:

Life Insurance Employee Contribution Rates*
For the Year Ended December 31, 2018

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	0.05	0.05
30-34	0.06	0.05
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 \$12,417 in contributions from the employer.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND (continued)

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

At December 31, 2019 Lincoln County reported a liability of \$1,663,074 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. Lincoln County's proportion of the net OPEB liability was based on Lincoln County's share of contributions to the OPEB plan relative to the contributions of all participating employers.

At December 31, 2018, Lincoln County's proportion was .64451800%, which was an increase of .0016537% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, Lincoln County recognized OPEB expense of \$184,306.

At December 31, 2019, Lincoln 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	\$ -	\$ 84,366
Net differences between projected and actual earnings on OPEB plan investments	39,745	-
Changes in assumptions	158,683	360,489
Changes in proportion and differences between employer contributions and proportionate share of contributions	109,452	-
Total	\$ 307,880	\$ 444,855

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
2020	\$ (13,643)
2021	(13,643)
2022	(13,643)
2023	(19,225)
2024	(24,975)
Thereafter	(51,846)
Total	\$ (136,975)

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND (continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2018
Measurement date of net OPEB liability (asset)	December 31, 2018
Actuarial cost method	Entry age normal
20 year tax-exempt municipal bond yield	4.10%
Long-term expected rate of return	5.00%
Discount rate	5.00%
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. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from prior year, including the discount rate, wage inflation rate, mortality, and separation rates. The total OPEB liability for December 31, 2018, is based upon a roll-forward of the liability calculated from the December 31, 2017, 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 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.

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. government bonds	Barclays Government	1.00%	1.44%
U.S. credit bonds	Barclays Credit	40.00%	2.69%
U.S. long credit bonds	Barclays Long Credit	4.00%	3.01%
U.S. mortgages	Barclays MBS	54.00%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Muni	1.00%	1.68%
Inflation			2.30%
Long-term expected rate of return			5.00%

Single Discount Rate: A single discount rate of 4.22% was used to measure the OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. 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.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND (continued)

Sensitivity of Lincoln County’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate: The following presents Lincoln County’s proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.22% as well as what Lincoln 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 (3.22%)	Current Discount Rate (4.22%)	1 % Increase to Discount Rate (5.22%)
Lincoln County's proportionate share of the net OPEB liability (asset)	\$ 2,365,833	\$ 1,663,074	\$ 1,121,055

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://eft.wi.gov/publications/cafr.htm>.

Payable to the OPEB Plan

At December 31, 2019, the County reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the year ended December 31, 2019.

NOTE 10 - RISK MANAGEMENT

Health Insurance

The County is exposed to various risks of losses related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; natural disasters, and employee health claims.

The County also operates a self-insurance program administered by a third party administrator for employee health care benefits. The program is supplemented by stop loss protection, which limits the County’s liability to \$125,000 per individual claim or an aggregate limit of \$6,553,353 during the period of January 1, 2019 to December 31, 2019.

The provision for current year claims includes paid and unpaid claims and expenses associated with settling claims, including legal fees. The claims liability at year-end is based on claims, adjusters’ evaluations of individual claims, and management’s evaluation with respect to the probable number and nature of claims arising from losses that have been incurred, but have not yet been reported. The liability represents the estimated ultimate cost of settling the claims, including the effects of inflation and other societal economic factors. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined.

An analysis of claim activities is presented below:

	Liability January 1	Current Year Claims and Changes in Estimates	Claims Paid	Liability December 31
2019	\$ 1,537,323	\$ 4,684,129	\$ 4,902,894	\$ 1,318,558
2018	1,492,669	5,761,676	5,717,022	1,537,323

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 10 - RISK MANAGEMENT (continued)

Liability Insurance

Lincoln County participates with other counties in the Wisconsin County Mutual Insurance Corporation. This joint venture began operation January 1, 1988, and provides liability insurance coverage to the counties. The creation of the mutual insurance corporation required the establishment of capital reserves. Each participating county deposited a portion of the required reserves. Lincoln County's share of the capital reserves is \$1,283. These deposits have been reported in the financial statements as restricted deposits.

The governing body of the mutual insurance corporation is made up of twelve directors elected by the participating counties. The governing body has authority to adopt its own budget and control the financial affairs of the corporation. Financial information as of and for the year ended December 31, 2019, is not available for presentation.

NOTE 11 - TRI-COUNTY HUMAN SERVICES BOARD

Lincoln County is a participating member of a Tri-County Human Services Board along with Marathon and Langlade Counties. The Board is funded through State grant-in-aid, federal grants, fees for services rendered, and County appropriations. The net appropriation for 2018 was \$9,313,741 with Lincoln County's share totaling \$712,416 (7.65%). Operations of the Tri-County Human Services Board are not reflected in the financial statements of Lincoln County.

The following audited summary financial information for North Central Health Care Tri-County facilities is as of December 31, 2019, and for the year then ended.

Assets	\$ 49,435,087
Liabilities	20,524,963
Net Position	37,753,941
Revenues	72,792,825
Expenses	79,139,699
Non-operating gain	500,439
Change in net position	(5,461,034)

Lincoln County's share of net position for the year ended December, 31 2019 is \$3,298,789.

Audited financial statements of the North Central Health Care Tri-County facilities are available at its administrative office at 1100 Lake Shore Drive, Wausau, Wisconsin 54401.

NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that Lincoln County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill sites only for forty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. In 2014 the County opened the north expansion of the landfill.

At December 31, 2019, the County has utilized approximately 98.6% of its original landfill's capacity and 14.4% of the expansion landfill capacity. The entire landfill is estimated to be fully utilized in 2036.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (continued)

The estimated liability for landfill closure and postclosure care costs and total future estimated costs as of December 31, 2019, is as follows:

Total estimated costs	\$ 8,675,161
Less closure costs accrued	<u>7,543,114</u>
Estimated costs of construction, closure, and postclosure care to be recognized in future years	<u>\$ 1,132,047</u>

The estimated total current cost of the landfill construction, closure, and postclosure care of \$8,675,161 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2019. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. With respect to the sanitary landfill, Lincoln County is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care. The County is in compliance with these requirements, and at December 31, 2019, investments of \$5,386,347 are held for these purposes. These investments are held and managed by the County and are presented on the County's statement of net position as "Restricted Assets". It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

NOTE 13 - CONTINGENCIES

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and the Corporation Counsel that the resolution of these matters will not have a material adverse effect on the financial condition of the County.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 14 - FUND EQUITY

Fund Balances

Fund Balances for governmental funds were presented in aggregate. The specific purpose details are as follows:

	General	County Roads and Bridges	Social Services	Other Funds	Total
Nonspendable:					
Property Taxes	\$ 1,111,922	\$ -	\$ -	\$ -	\$ 1,111,922
Prepaid	263,947	-	-	1,347	265,294
Inventory	10,850	-	-	-	10,850
Subtotal	<u>1,386,719</u>	<u>-</u>	<u>-</u>	<u>1,347</u>	<u>1,388,066</u>
Restricted:					
Insurance Deposits	1,283	-	-	-	1,283
Veterans	7,201	-	-	-	7,201
Elderly transportation	-	-	44,363	-	44,363
Land Services	350,615	-	-	-	350,615
Clerk of Court	3,070	-	-	-	3,070
UW Extension	3,566	-	-	-	3,566
Sheriff	129,307	-	-	-	129,307
County Health	-	-	-	349,012	349,012
Subtotal	<u>495,042</u>	<u>-</u>	<u>44,363</u>	<u>349,012</u>	<u>888,417</u>
Committed:					
Roads Fund	250,000	-	-	-	250,000
Family Care	289,849	-	-	-	289,849
Sheriff's Office CIP	256,653	-	-	-	256,653
IT CIP	262,316	-	-	-	262,316
Maintenance	636,017	-	-	-	636,017
Land services	30,000	-	-	-	30,000
Subtotal	<u>1,724,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,724,835</u>
Assigned:					
Veterans	1,850	-	-	-	1,850
Information technology	9,938	-	-	-	9,938
UW Extension	23,715	-	-	-	23,715
Register of Deeds	1,249	-	-	-	1,249
Sheriff	1,176	-	-	-	1,176
Maintenance	12,621	-	-	-	12,621
Land Services	1,292	-	-	-	1,292
Clerk of Court	15,000	-	-	-	15,000
Family Court Commission	9,996	-	-	-	9,996
CIP not Committed	567,996	-	-	-	567,996
Roads Fund	-	596,880	-	-	596,880
Social Services	-	-	255,226	-	255,226
Other Funds	-	-	-	270,708	270,708
Subtotal	<u>644,833</u>	<u>596,880</u>	<u>255,226</u>	<u>270,708</u>	<u>1,767,647</u>
Unassigned					
General fund	7,506,723	-	-	-	7,506,723
Other Funds	-	-	-	(348,763)	(348,763)
Subtotal	<u>7,506,723</u>	<u>-</u>	<u>-</u>	<u>(348,763)</u>	<u>7,157,960</u>
Total Fund Balances	<u>\$ 11,758,152</u>	<u>\$ 596,880</u>	<u>\$ 299,589</u>	<u>\$ 272,304</u>	<u>\$ 12,926,925</u>

The County's general fund unassigned balance is \$7,506,723. Included in this unassigned balance is \$3,436,589 for the County's cash flow needs.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 14 - FUND EQUITY (continued)

Restricted net position

Restricted net position is reported in the Statement of Net Position as follows:

	Governmental Activities	Business-type Activities
Insurance deposit	\$ 1,283	\$ -
Grant and program fees	842,771	-
Elderly transportation	44,363	-
Nursing home funds	-	24,326
Forestry grants	-	123,911
	\$ 888,417	\$ 148,237

NOTE 15 - 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 2019 and 2020 budget year, the increase in the maximum allowable tax levy is limited to the greater of the percentage change in the County's January 1 equalized value as a result of net new construction or zero. The actual limit for the County's 2019 budget was .76%. The limit for the County's 2020 budget was .84%. Debt service for debt authorized after July 2005 is exempt for 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 16 – SUBSEQUENT EVENT – CORONAVIRUS DISEASE

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to Lincoln County, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes Lincoln 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 these events occurred subsequent to year end and are still developing.

NOTE 17 - SUBSEQUENT EVENT – PINE CREST AND LINCOLN INDUSTRIES MANAGEMENT AGREEMENT

During 2019 Lincoln County entered into a management agreement affecting the operations of Pine Crest nursing home and Lincoln Industries sheltered workshop with North Central Health Care (NCHC) to begin in the year 2020. All employees will be transferred from Lincoln County to NCHC on January 1, 2020. Additionally, a payment will be made to NCHC from Lincoln County to cover employee sick leave and vacation balances as of December 31, 2019. This payment will be made in 2020 and is not known at this time. Management believes the payment will be able to be made from existing equity balances in the respective funds.

Effective January 1, 2020, Lincoln County entered into a management agreement with North Central Health Care, a component unit of Marathon County. North Central Health Care is a statutory-mandated entity pursuant to Wisconsin Statutes 51.42/.437 and was established under a contract between Langlade, Lincoln, and Marathon Counties as a quasi-political subdivision.

Under terms of the management agreement, North Central Health Care assumed operational and management responsibility for the Pine Crest nursing home and Lincoln Industries sheltered workshop and the majority of the Pine Crest nursing home and Lincoln Industries sheltered workshop's employees became employees of North Central Health Care. As part of this transition, the Pine Crest nursing home and Lincoln Industries sheltered workshop's employees over the age of 55 received payment for their accrued sick leave balance.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after December 15, 2019. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

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 financial statements when adopted.

NOTE 17 - CORRECTION OF AN ERROR

During 2019, management of the PineCrest Nursing Home discovered that amounts recorded for accrued sick leave in the financial statements for the year ended December 31, 2018, were not calculated correctly based on the their personnel policy. As a result, the accrued vacation and sick liability of PineCrest Nursing Home was increased and their net position decreased by \$449,290.

REQUIRED SUPPLEMENTARY INFORMATION

**LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes				
General property	\$ 8,472,345	\$ 8,472,345	\$ 8,472,345	\$ -
Forest crop	3,000	3,000	4,696	1,696
Managed forest land	110,093	110,093	123,098	13,005
County sales tax	2,080,000	2,080,000	2,212,181	132,181
Real estate transfer fees	65,000	65,000	75,566	10,566
Interest on taxes	440,000	440,000	346,850	(93,150)
Payment in lieu of taxes	90,000	90,000	86,070	(3,930)
Total taxes	<u>11,260,438</u>	<u>11,260,438</u>	<u>11,320,806</u>	<u>60,368</u>
Intergovernmental				
State shared revenues	1,015,000	1,015,000	1,059,007	44,007
Exempt computer aid	25,000	25,000	26,216	1,216
Personal property	48,883	48,883	48,883	-
Clerk of courts	84,987	84,987	92,937	7,950
Circuit court	73,314	75,380	75,176	(204)
Land services	332,312	345,673	256,504	(89,169)
Sheriff Office	58,280	65,151	95,216	30,065
Emergency management	43,750	43,750	23,336	(20,414)
Victim witness	35,903	35,903	33,799	(2,104)
Veterans service	10,000	10,000	10,000	-
Family court commissioner	900	900	1,000	100
Child support	270,662	270,662	372,451	101,789
UW extension	4,145	4,145	2,073	(2,072)
State acreage payment	67,000	67,000	67,406	406
Total intergovernmental	<u>2,070,136</u>	<u>2,092,434</u>	<u>2,164,004</u>	<u>71,570</u>
Licenses and permits				
County clerk	8,100	8,100	8,805	705
Family court commissioner	3,250	3,250	3,440	190
Land Services	118,750	128,257	133,955	5,698
Total licenses and permits	<u>130,100</u>	<u>139,607</u>	<u>146,200</u>	<u>6,593</u>
Fines, forfeits, and penalties				
Clerk of courts	111,000	111,000	146,663	35,663
Circuit court	900	900	602	(298)
Total fines, forfeits, and penalties	<u>111,900</u>	<u>111,900</u>	<u>147,265</u>	<u>35,365</u>

**LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public charges for service				
Clerk of courts	\$ 55,000	\$ 55,000	\$ 55,727	\$ 727
Circuit court	11,848	14,787	14,788	1
Family court commissioner	2,800	2,800	3,390	590
Register of deeds	158,020	158,020	169,100	11,080
Land services	46,700	46,878	51,443	4,565
Administration/personnel	-	-	50	50
County clerk	250	250	8	(242)
Treasurer	30	30	70	40
District attorney	2,000	2,000	5,592	3,592
Sheriff office	1,125,200	1,125,200	1,187,886	62,686
Information Technology	66,225	67,108	67,108	-
Coroner	17,000	17,000	18,675	1,675
Maintenance	-	2,615	2,615	-
Finance	200	200	105	(95)
Child support	5,000	5,000	5,984	984
UW extension	15,000	15,503	17,935	2,432
Forest land revenue	370,000	370,000	509,418	139,418
Other charges for service	10,000	10,000	22,910	12,910
Total public charges for services	<u>1,885,273</u>	<u>1,892,391</u>	<u>2,132,804</u>	<u>240,413</u>
Intergovernmental charges for service				
Sheriff department	142,119	152,495	125,106	(27,389)
Information technology	-	36,088	36,088	-
Maintenance	-	7,446	7,446	-
Land services	-	-	14,775	14,775
Clerk of courts	2,150	2,150	3,400	1,250
County clerk	22,000	22,000	23,075	1,075
UW extension	2,700	2,700	2,320	(380)
Total intergovernmental charges for services	<u>168,969</u>	<u>222,879</u>	<u>212,210</u>	<u>(10,669)</u>
Miscellaneous				
Interest	132,400	267,853	402,408	134,555
Rent	165,000	175,800	175,800	-
Tax Deed Profit	7,000	7,000	68,279	61,279
Sale of county property	18,000	18,000	42,584	24,584
Insurance recovery	30,000	30,000	11,051	(18,949)
Private organization donations	4,425	36,750	46,228	9,478
Total miscellaneous	<u>356,825</u>	<u>535,403</u>	<u>746,350</u>	<u>210,947</u>
Total revenues	<u>15,983,641</u>	<u>16,255,052</u>	<u>16,869,639</u>	<u>614,587</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES				
General government				
County board chairman	\$ 33,500	\$ 33,500	\$ 28,167	\$ 5,333
County board committees	93,914	93,784	75,438	18,346
Clerk of courts	532,342	548,551	476,684	71,867
Circuit court	305,643	318,948	318,943	5
Family court commissioner	29,550	29,550	25,625	3,925
Coroner	61,986	61,986	51,901	10,085
District attorney	197,149	197,149	178,206	18,943
Corporation counsel	194,476	194,476	189,540	4,936
Victim witness	74,172	74,172	71,278	2,894
County clerk	168,134	168,134	157,404	10,730
Administration/personnel	276,495	276,495	259,770	16,725
Information technology	803,445	858,271	812,739	45,532
General administration	15,900	96,157	86,025	10,132
Treasurer	159,696	159,696	154,402	5,294
Finance department	466,489	466,489	455,777	10,712
Maintenance	923,128	974,797	959,844	14,953
Land services	619,550	908,479	454,410	454,069
Register of deeds	241,511	241,511	224,723	16,788
Insurance	103,000	158,196	158,003	193
Elections	32,687	32,687	32,575	112
Contingency fund	450,000	441,700	-	441,700
Total general government	<u>5,782,767</u>	<u>6,334,728</u>	<u>5,171,454</u>	<u>1,163,274</u>
Public safety				
Sheriff department:				
Law enforcement	3,730,310	3,766,192	3,654,345	111,847
Emergency communication (911)	1,083,543	1,083,543	916,635	166,908
Correction and detention	2,912,110	2,995,623	2,666,430	329,193
Emergency management	72,850	72,850	48,857	23,993
Civil service commission	1,000	1,000	390	610
Total public safety	<u>7,799,813</u>	<u>7,919,208</u>	<u>7,286,657</u>	<u>632,551</u>
Public works				
Land services-sanitation	15,000	15,000	-	15,000
Health and human services				
Community organizations	35,000	35,000	35,000	-
Family care	439,849	439,849	439,315	534
Health care center	581,635	581,635	581,635	-
Child support agency	305,066	305,066	288,430	16,636
Veterans services	173,413	187,952	176,385	11,567
Cemetery	1,314	1,314	1,313	1
Total health and human services	<u>1,536,277</u>	<u>1,550,816</u>	<u>1,522,078</u>	<u>28,738</u>

**LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Culture, recreation, and education				
Public libraries	\$ 647,324	\$ 647,454	\$ 647,454	\$ -
UW extension	<u>202,654</u>	<u>251,651</u>	<u>226,320</u>	<u>25,331</u>
Total culture, recreation, and education	<u>849,978</u>	<u>899,105</u>	<u>873,774</u>	<u>25,331</u>
Conservation and development				
Economic development	53,000	53,000	53,000	-
Land services	<u>624,241</u>	<u>646,987</u>	<u>589,705</u>	<u>57,282</u>
Total conservation and development	<u>677,241</u>	<u>699,987</u>	<u>642,705</u>	<u>57,282</u>
Capital outlay				
Maintenance	324,000	531,741	258,484	273,257
Information Technology	250,000	324,855	200,209	124,646
Sheriff	<u>180,950</u>	<u>460,175</u>	<u>325,180</u>	<u>134,995</u>
Total capital outlay	<u>754,950</u>	<u>1,316,771</u>	<u>783,873</u>	<u>532,898</u>
Total expenditures	<u>17,416,026</u>	<u>18,735,615</u>	<u>16,280,541</u>	<u>2,455,074</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,432,385)</u>	<u>(2,480,563)</u>	<u>589,098</u>	<u>3,069,661</u>
Other financing sources (uses)				
Funds applied	1,565,496	2,847,968	2,847,968	-
Transfer in	375,389	375,389	1,547,072	1,171,683
Transfer out	<u>(508,500)</u>	<u>(742,794)</u>	<u>(742,794)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,432,385</u>	<u>2,480,563</u>	<u>3,652,246</u>	<u>1,171,683</u>
Net change in fund balance	-	-	4,241,344	4,241,344
FUND BALANCE - BEGINNING	<u>10,364,776</u>	<u>10,364,776</u>	<u>10,364,776</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 10,364,776</u>	<u>\$ 10,364,776</u>	<u>\$ 14,606,120</u>	<u>\$ 4,241,344</u>

RECONCILIATION FROM BUDGET TO GAAP:

Net change in fund balance - budget	\$ 4,241,344
Fund balance applied is reported as an other financing source for budget purposes, but fund balance applied is not reported as an other financing source for GAAP purposes.	<u>(2,847,968)</u>
Net change in fund balance - GAAP	<u>\$ 1,393,376</u>

See notes to required supplementary information.

**LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - COUNTY ROADS AND BRIDGES
Year Ended December 31, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
General property	\$ 2,112,076	\$ 2,112,076	\$ 2,112,076	\$ -
Vehicle Registration Fee	536,302	546,206	546,206	-
Intergovernmental	1,346,224	1,331,101	1,331,142	41
Total revenues	3,994,602	3,989,383	3,989,424	41
EXPENDITURES				
Public works	4,244,602	5,039,560	4,442,731	596,829
Deficiency of revenues over (under) expenditures	(250,000)	(1,050,177)	(453,307)	596,870
OTHER FINANCING SOURCES				
Transfers in	250,000	484,294	484,294	-
Fund balance applied	-	565,883	565,883	-
Total other financing sources	250,000	1,050,177	1,050,177	-
Net change in fund balance	-	-	596,870	596,870
FUND BALANCES - BEGINNING	565,893	565,893	565,893	-
FUND BALANCES - ENDING	\$ 565,893	\$ 565,893	\$ 1,162,763	\$ 596,870
RECONCILIATION FROM BUDGET TO GAAP:				
Net change in fund balance - budget	\$ 596,870			
Fund balance applied is reported as an other financing source for budget purposes, but fund balance applied is not reported as an other financing source for GAAP purposes.	(565,883)			
Net change in fund balance - GAAP	\$ 30,987			

See notes to required supplementary information.

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SOCIAL SERVICES FUND
Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
General property	\$ 843,794	\$ 843,794	\$ 843,794	\$ -
Intergovernmental	1,746,466	1,747,036	1,964,717	217,681
Intergovernmental charges for service	3,700	3,130	3,130	-
Miscellaneous revenues	-	-	1,080	1,080
Total revenues	<u>2,593,960</u>	<u>2,593,960</u>	<u>2,812,721</u>	<u>218,761</u>
EXPENDITURES				
Health and human services	2,593,960	2,586,432	2,534,802	51,630
Outlay	-	-	-	-
Total expenditures	<u>2,593,960</u>	<u>2,586,432</u>	<u>2,534,802</u>	<u>51,630</u>
Excess (deficiency) of revenues over (under) expenditures	-	7,528	277,919	270,391
OTHER FINANCING SOURCES (USES)				
Transfer out	-	(7,528)	(7,527)	(1)
Total other financing sources (uses)	-	(7,528)	(7,527)	(1)
Net change in fund balance	-	-	270,392	270,390
FUND BALANCE - JANUARY 1	<u>29,197</u>	<u>29,197</u>	<u>29,197</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$ 29,197</u>	<u>\$ 29,197</u>	<u>\$ 299,589</u>	<u>\$ 270,392</u>

See notes to required supplementary information.

LINCOLN COUNTY, WISCONSIN
SCHEDULES OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
December 31, 2019

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	0.11840415%	\$ (2,908,330)	\$ 15,567,327	18.68%	102.74%
12/31/15	0.11886455%	1,931,526	16,340,961	11.82%	98.20%
12/31/16	0.11979679%	978,412	16,734,793	5.90%	99.12%
12/31/17	0.12209006%	(3,624,999)	17,269,087	20.99%	102.93%
12/31/18	0.12378839%	4,404,002	18,071,877	24.37%	96.45%

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	\$ 1,166,661	\$ 1,166,661	\$ -	\$ 16,340,961	7.14%
12/31/16	1,159,525	1,159,525	-	16,734,793	6.93%
12/31/17	1,251,041	1,251,041	-	17,269,087	7.24%
12/31/18	1,299,906	1,299,906	-	18,071,877	7.19%
12/31/19	1,300,366	1,295,606	-	18,491,319	7.01%

See notes to required supplementary information.

LINCOLN COUNTY, WISCONSIN
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
December 31, 2019

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/17	0.62798100%	\$ 1,889,331	\$ 17,269,087	10.94%	44.81%
12/31/18	0.64451800%	1,663,074	18,071,877	11.86%	48.69%

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
12/31/2018	\$ 12,297	\$ 12,297	-	\$ 18,071,877	0.07%
12/31/2019	12,417	12,417	-	18,491,319	0.07%

See notes to required supplementary information.

LINCOLN COUNTY, WISCONSIN
Notes to Required Supplementary Information
December 31, 2019

NOTE 1 - WISCONSIN RETIREMENT SYSTEM

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

Actuarial assumptions are based upon an experience study conducted in 2018 using experiences from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop the total pension liability changed including the discount rate, long-term expected rate of return, post retirement adjustment, wage inflation rate, mortality, and separation rates.

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

NOTE 2 – OTHER POSTEMPLOYMENT BENEFITS

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

Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop the total OPEB liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

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.

COMBINING FUND STATEMENTS

LINCOLN COUNTY, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2019

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	County Health	Dog License	Community Development	Emergency Medical	Jail Assessment	Total		
ASSETS								
Cash and cash equivalents	\$ 440,576	\$ 39,358	\$ 2	\$ 30	\$ 80,706	\$ 560,672	\$ 74,566	\$ 635,238
Receivables (net of allowances):								
Property taxes	539,318	-	-	1,023,779	-	1,563,097	1,148,250	2,711,347
Accounts	1,327	-	-	334,989	-	336,316	-	336,316
Due from other governments	54,794	-	-	238	812	55,844	-	55,844
Prepaid items	827	-	-	520	-	1,347	-	1,347
TOTAL ASSETS	\$ 1,036,842	\$ 39,358	\$ 2	\$ 1,359,556	\$ 81,518	\$ 2,517,276	\$ 1,222,816	\$ 3,740,092
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 1,975	\$ 37,739	\$ -	\$ 148,498	\$ -	\$ 188,212	\$ -	\$ 188,212
Accrued liabilities	32,088	-	-	302	-	32,390	-	32,390
Due to other funds	-	-	-	508,833	-	508,833	-	508,833
Due to other governments	-	619	-	-	-	619	-	619
Deferred revenue	-	-	-	26,387	-	26,387	-	26,387
Total liabilities	34,063	38,358	-	684,020	-	756,441	-	756,441
Deferred inflows of resources								
Property taxes levied for subsequent year	539,318	-	-	1,023,779	-	1,563,097	1,148,250	2,711,347
Fund balance (deficit)								
Fund balances:								
Nonspendable	827	-	-	520	-	1,347	-	1,347
Restricted	349,012	-	-	-	-	349,012	-	349,012
Assigned	113,622	1,000	2	-	81,518	196,142	74,566	270,708
Unassigned	-	-	-	(348,763)	-	(348,763)	-	(348,763)
Total fund balances (deficit)	463,461	1,000	2	(348,243)	81,518	197,738	74,566	272,304
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,036,842	\$ 39,358	\$ 2	\$ 1,359,556	\$ 81,518	\$ 2,517,276	\$ 1,222,816	\$ 3,740,092

LINCOLN COUNTY, WISCONSIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2019

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	County Health	Dog License	Community Development	Emergency Medical	Jail Assessment	Total		
REVENUES								
Taxes	\$ 550,016	\$ -	\$ -	\$ 1,000,323	\$ -	\$ 1,550,339	\$ 1,089,875	\$ 2,640,214
Intergovernmental revenues	104,616	-	-	66,403	-	171,019	4,812	175,831
Licenses and permits	-	38,595	-	-	-	38,595	-	38,595
Fines, forfeits, and penalties	-	-	-	-	29,043	29,043	-	29,043
Public charges for service	159,768	-	-	1,033,475	-	1,193,243	-	1,193,243
Intergovernmental charges for service	209,837	-	-	-	-	209,837	-	209,837
Miscellaneous revenues	9,319	-	-	-	-	9,319	-	9,319
Total revenues	1,033,556	38,595	-	2,100,201	29,043	3,201,395	1,094,687	4,296,082
EXPENDITURES								
Current:								
Public safety	-	-	-	1,989,843	21,632	2,011,475	-	2,011,475
Health and human services	1,054,203	38,595	-	-	-	1,092,798	-	1,092,798
Capital outlay	23,050	-	-	264,788	-	287,838	-	287,838
Debt service:								
Principal	-	-	-	-	-	-	910,000	910,000
Interest	-	-	-	-	-	-	194,775	194,775
Total expenditures	1,077,253	38,595	-	2,254,631	21,632	3,392,111	1,104,775	4,496,886
Excess (deficiency) of revenues over (under) expenditures	(43,697)	-	-	(154,430)	7,411	(190,716)	(10,088)	(200,804)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	258,500	-	258,500	-	258,500
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(43,697)	-	-	104,070	7,411	67,784	(10,088)	57,696
FUND BALANCES (DEFICIT) - BEGINNING	507,158	1,000	2	(452,313)	74,107	129,954	84,654	214,608
FUND BALANCES (DEFICIT) - ENDING	\$ 463,461	\$ 1,000	\$ 2	\$ (348,243)	\$ 81,518	\$ 197,738	\$ 74,566	\$ 272,304

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2019

	Internal Service Funds		
	Highway	Health Insurance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 477,896	\$ 1,714,390	\$ 2,192,286
Accounts receivable	6,740	2,851	9,591
Due from other governments	514,941	-	514,941
Inventories, at cost	1,122,522	-	1,122,522
Prepaid expenses	2,466	-	2,466
Total current assets	2,124,565	1,717,241	3,841,806
Noncurrent assets:			
Capital assets:			
Land	37,875	-	37,875
Improvements other than buildings	332,477	-	332,477
Buildings	2,242,080	-	2,242,080
Machinery and equipment	11,328,986	-	11,328,986
Work in progress	299,477	-	299,477
Less accumulated depreciation	(9,309,093)	-	(9,309,093)
Total capital assets	4,931,802	-	4,931,802
Total Assets	7,056,367	1,717,241	8,773,608
DEFERRED OUTFLOWS OF RESOURCES			
Related to other post employment benefits	35,416	-	35,416
Related to pensions	1,364,158	-	1,364,158
	1,399,574	-	1,399,574
Total assets and deferred outflows of resources	8,455,941	1,717,241	10,173,182
LIABILITIES			
Current liabilities:			
Accounts payable	92,081	523,569	615,650
Accrued expenses	149,597	111	149,708
Compensated absences payable	241,388	-	241,388
Accrued claims	-	794,878	794,878
Total current liabilities	483,066	1,318,558	1,801,624
Noncurrent liabilities:			
Compensated absences payable	242,100	-	242,100
Net other post employment benefit liabilities	197,649	-	197,649
Net pension liability	506,604	-	506,604
Total noncurrent liabilities	946,353	-	946,353
Total liabilities	1,429,419	1,318,558	2,747,977
DEFERRED INFLOWS OF RESOURCES			
Related to other post employment benefits	51,173	-	51,173
Related to pensions	700,413	-	700,413
Total deferred inflows of resources	751,586	-	751,586
NET POSITION			
Net investment in capital assets	4,931,802	-	4,931,802
Unrestricted	1,343,134	398,683	1,741,817
TOTAL NET POSITION	\$ 6,274,936	\$ 398,683	\$ 6,673,619

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended December 31, 2019

	<u>Internal Service Funds</u>		
	<u>Highway</u>	<u>Health Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Interdepartmental charges for service	\$ 4,461,894	\$ 5,631,893	\$ 10,093,787
Intergovernmental charges for service	3,142,758	-	3,142,758
Other operating revenue	<u>91,885</u>	<u>-</u>	<u>91,885</u>
Total operating revenues	<u>7,696,537</u>	<u>5,631,893</u>	<u>13,328,430</u>
OPERATING EXPENSES			
Claims paid	-	4,902,894	4,902,894
General services	6,016,060	-	6,016,060
Administrative and fiscal services	813,332	910,532	1,723,864
Depreciation and amortization	<u>573,000</u>	<u>-</u>	<u>573,000</u>
Total operating expenses	<u>7,402,392</u>	<u>5,813,426</u>	<u>13,215,818</u>
Operating income (loss)	<u>294,145</u>	<u>(181,533)</u>	<u>112,612</u>
NONOPERATING REVENUES			
Rent revenue	50	-	50
Gain on disposal of capital assets	43,025	-	43,025
Salvage revenue	2,637	-	2,637
Gain on sale of supplies	350	-	350
Insurance recoveries	4,558	-	4,558
Interest income	<u>-</u>	<u>43,008</u>	<u>43,008</u>
Total nonoperating revenues	<u>50,620</u>	<u>43,008</u>	<u>93,628</u>
Income before transfers	344,765	(138,525)	206,240
TOTAL NET POSITION - BEGINNING	<u>5,930,171</u>	<u>537,208</u>	<u>6,467,379</u>
TOTAL NET POSITION - ENDING	<u>\$ 6,274,936</u>	<u>\$ 398,683</u>	<u>\$ 6,673,619</u>

**LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2019**

	Internal Service Funds		
	Highway	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
From other County departments	\$ 4,461,894	\$ 5,631,893	\$ 10,093,787
From government and other parties for sales	3,128,211	-	3,128,211
To employees for compensation and fringe benefits	(3,549,872)	(26,885)	(3,576,757)
To vendors for goods and services	<u>(3,011,511)</u>	<u>(6,005,306)</u>	<u>(9,016,817)</u>
Net cash provided by (used for) operating activities	<u>1,028,722</u>	<u>(400,298)</u>	<u>628,424</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Rent	<u>50</u>	<u>-</u>	<u>50</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(938,355)	-	(938,355)
Proceeds from sales of supplies	2,637	-	2,637
Insurance Recoveries	4,558	-	4,558
Sale of Capital Assets	32,826	-	32,826
Lease payment	<u>(63,190)</u>	<u>-</u>	<u>(63,190)</u>
Net cash used for capital and related financing activities	<u>(961,524)</u>	<u>-</u>	<u>(961,524)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>-</u>	<u>43,795</u>	<u>43,795</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	67,248	(356,503)	(289,255)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>410,648</u>	<u>2,070,893</u>	<u>2,481,541</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 477,896</u>	<u>\$ 1,714,390</u>	<u>\$ 2,192,286</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	<u>\$ 294,145</u>	<u>\$ (181,533)</u>	<u>\$ 112,612</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	573,000	-	573,000
Changes in pension related amounts			
Net pension asset (liability)	(446,855)	-	(446,855)
Deferred outflows of resources	791,597	-	791,597
Deferred inflows of resources	(148,331)	-	(148,331)
Changes in OPEB related amounts			
Net OPEB liability	(1,345)	-	(1,345)
Deferred outflows of resources	(26,027)	-	(26,027)
Deferred inflows of resources	48,021	-	48,021
Changes in operating assets and liabilities:			
Accounts receivable	23,477	-	23,477
Due from other governments	(129,909)	-	(129,909)
Prepaid expenses	(1,766)	-	(1,766)
Inventories	70,074	-	70,074
Accounts payable	(77,728)	(15,395)	(93,123)
Accrued expenses	37,179	(743)	36,436
Compensated absences	23,190	-	23,190
Accrued claims	<u>-</u>	<u>(202,627)</u>	<u>(202,627)</u>
Total adjustments	<u>734,577</u>	<u>(218,765)</u>	<u>515,812</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 1,028,722</u>	<u>\$ (400,298)</u>	<u>\$ 628,424</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2019

Agency Funds

	Employee Benefit Cafeteria Plan	Clerk of Court Collection Fund	Pine Crest Resident Funds	Total
ASSETS				
Cash and cash equivalents	\$ 23,037	\$ -	\$ 22,476	\$ 45,513
Accounts receivable	<u>-</u>	<u>611,524</u>	<u>-</u>	<u>611,524</u>
Total assets	<u>\$ 23,037</u>	<u>\$ 611,524</u>	<u>\$ 22,476</u>	<u>\$ 657,037</u>
LIABILITIES				
Deposits and advances	\$ 16,574	\$ -	\$ 22,476	\$ 39,050
Due other governments	-	611,524	-	611,524
Accounts payable	<u>6,463</u>	<u>-</u>	<u>-</u>	<u>6,463</u>
Total liabilities	<u>\$ 23,037</u>	<u>\$ 611,524</u>	<u>\$ 22,476</u>	<u>\$ 657,037</u>