

LINCOLN COUNTY, WISCONSIN
Merrill, Wisconsin

BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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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

Statement of Changes in Fiduciary Net Position 22

Notes to Basic Financial Statements 23 - 51

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - General Fund 52 - 55

Budgetary Comparison Schedule - County Roads and Bridges 56

Budgetary Comparison Schedule - Social Services Fund 57

Schedule of Proportionate Share of Net Pension Liability (Asset) - Wisconsin Retirement System 58

Schedule of Contributions - Wisconsin Retirement System 58

Schedule of Employer's Proportionate Share of the Net OPEB Liability (Asset) 59

Schedule of Contributions - Local Retiree Life Insurance Fund 59

Notes to Required Supplementary Information 60

COMBINING FUND STATEMENTS

Combining Balance Sheet - Nonmajor Governmental Funds 61

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds 62

Combining Statement of Net Position - Internal Service Funds 63

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position -
Internal Service Funds 64

Combining Statement of Cash Flows - Internal Service Funds 65

Combining Statement of Fiduciary Net Position - Fiduciary Funds 66

Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds 67

Additional Independent Auditors' Report

Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards 68

Schedule of Findings and Responses 70



INDEPENDENT AUDITORS' REPORT

County Board
Lincoln County, Wisconsin
Merrill, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Lincoln County, Wisconsin's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Wisconsin, as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lincoln County, Wisconsin and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 16, the County recorded a prior period adjustment of \$401,661 in the government wide and governmental fund statements to record sales tax revenue earned in a previous year. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lincoln County, Wisconsin's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lincoln County, Wisconsin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lincoln County, Wisconsin's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lincoln County, Wisconsin's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2022, 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

Wausau, Wisconsin
July 25, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS



LINCOLN COUNTY FINANCE DEPARTMENT

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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, 2021.

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 \$75,347,438 (net position). Of this amount, \$12,804,484 (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 \$2,428,334 and the business-type activities decreased by \$178,967.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$13,281,394, an increase of \$12,168 in comparison with the prior year. Eighty-one percent of this total amount, \$10,751,122, is available for spending at the government's discretion (committed, assigned, or unassigned).
- At the end of the current fiscal year, expenditures exceeded revenues in the general fund by \$763,771.
- In 2021 Lincoln County's capital assets increased by \$1,586,396.

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, 2021. 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 Solid Waste Landfill, Lincoln 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, Social Services Fund, Debt Service, and American Rescue Plan Funds.

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

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

The County maintains ten 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, social services special revenue fund, American Rescue Plan special revenue fund and the debt service fund, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these five 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 Solid Waste Landfill 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, collection of delinquent special assessments, special charges, and delinquent utilities, 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 2021, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$75,347,438.

By far the largest portion of the County's net position, \$54,481,811 (72.31%) 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 Activities 2021	Governmental Activities 2020	Business-Type Activities 2021	Business-Type Activities 2020	Total 2021	Total 2020
Current and other assets	\$49,114,463	\$43,007,576	\$ 9,599,679	\$ 10,618,717	\$58,714,142	\$53,626,293
Capital assets	<u>63,087,352</u>	<u>62,538,078</u>	<u>6,824,079</u>	<u>5,786,957</u>	<u>69,911,431</u>	<u>68,325,035</u>
Total assets	<u>112,201,815</u>	<u>105,545,654</u>	<u>16,423,758</u>	<u>16,405,674</u>	<u>128,625,573</u>	<u>121,951,328</u>
Deferred outflow s of resources	<u>10,052,010</u>	<u>12,116,200</u>	<u>537,568</u>	<u>592,215</u>	<u>10,589,578</u>	<u>12,708,415</u>
Long-term liabilities						
outstanding	17,448,458	15,815,647	8,952,771	8,781,812	26,401,229	24,597,459
Other liabilities	<u>7,783,654</u>	<u>7,431,640</u>	<u>792,205</u>	<u>846,001</u>	<u>8,575,859</u>	<u>8,277,641</u>
Total liabilities	<u>25,232,112</u>	<u>23,247,287</u>	<u>9,744,976</u>	<u>9,627,813</u>	<u>34,977,088</u>	<u>32,875,100</u>
Deferred inflow s of resources	<u>28,161,149</u>	<u>27,982,337</u>	<u>729,476</u>	<u>704,235</u>	<u>28,890,625</u>	<u>28,686,572</u>
Net position:						
Net investment in capital assets	47,657,732	46,001,749	6,824,079	5,786,958	54,481,811	51,788,707
Restricted	7,688,928	3,543,382	372,215	257,524	8,061,143	3,800,906
Unrestricted	<u>13,513,904</u>	<u>16,887,099</u>	<u>(709,420)</u>	<u>621,359</u>	<u>12,804,484</u>	<u>17,508,458</u>
Total net position	<u>\$68,860,564</u>	<u>\$66,432,230</u>	<u>\$ 6,486,874</u>	<u>\$ 6,665,841</u>	<u>\$75,347,438</u>	<u>\$73,098,071</u>

An additional portion of the County's net position, \$8,061,143 (10.7%), 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 and Emergency Medical Funds.

Governmental Activities. Governmental activities increased the County's net position by \$2,428,334. 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		
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 8,163,697	\$ 7,646,914	\$ 3,353,819	\$ 3,573,441	\$ 11,517,516	\$ 11,220,355
Operating grants and contributions	5,273,476	5,988,181	308,494	363,916	5,581,970	6,352,097
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	14,930,281	14,704,902	-	-	14,930,281	14,704,902
Other taxes	3,877,276	3,517,635	-	-	3,877,276	3,517,635
Grants and contributions not restricted to specific programs	1,079,955	1,084,127	-	-	1,079,955	1,084,127
Other	10,432	116,212	-	-	10,432	116,212
Total revenues	33,335,117	33,057,971	3,662,313	3,937,357	36,997,430	36,995,328
Expenses:						
General government	6,266,549	6,860,415	-	-	6,266,549	6,860,415
Public safety	9,746,315	10,036,193	-	-	9,746,315	10,036,193
Public works	6,574,497	5,631,847	-	-	6,574,497	5,631,847
Health and human services	7,719,989	6,658,749	-	-	7,719,989	6,658,749
Culture and recreation	856,515	845,623	-	-	856,515	845,623
Conservation and development	536,916	629,662	-	-	536,916	629,662
Interest on long-term debt	489,351	480,892	-	-	489,351	480,892
Forestry	-	-	850,308	975,609	850,308	975,609
Landfill	-	-	2,014,430	2,939,658	2,014,430	2,939,658
Loss on Investments	-	-	94,854	-	94,854	-
Total expenses	32,190,132	31,143,381	2,959,592	3,915,267	35,149,724	35,058,648
Increase (decrease) in net position before transfers	1,144,985	1,914,590	702,721	22,090	1,847,706	1,936,680
Transfers	881,688	(469,547)	(881,688)	469,547	-	-
Increase (Decrease) in net position	2,026,673	1,445,043	(178,967)	491,637	1,847,706	1,936,680
Cumulative effect of Change in Accounting Principle	-	3,298,789	-	-	-	3,298,789
Special Item	-	2,970,286	-	(3,906,133)	-	(935,847)
Prior Period Adjustment	401,661	-	-	-	401,661	-
Net position - January 1	66,432,230	58,718,112	6,665,841	10,080,337	73,098,071	68,798,449
Net position - December 31	\$ 68,860,564	\$ 66,432,230	\$ 6,486,874	\$ 6,665,841	\$ 75,347,438	\$ 73,098,071

The County recorded a prior period adjustment in the amount of \$401,661. This reflects the sales tax earned in November and December of 2020 but was recorded in 2021.

The County Health fund's revenues were in excess of expenditures by \$232,305 due to several unbudgeted COVID related grants. The County's Health Insurance fund showed an increase of \$377,141 due to lower than anticipated claims. The Emergency Medical fund also showed an increase of \$285,520 due to a prepaid item to reflect a delay in a delivery of a new ambulance. The County's Highway fund had a change in net position of \$340,806 due to higher than anticipated road work.

Business-type Activities Business-type activities decreased Lincoln County's net position by \$178,967. Solid Waste had an operating loss of \$295,475 and an overall loss of \$478,827 due to an adjustment in the future closure payable. Forestry showed an operating gain of \$625,261 due to lower than expected expenses and higher than anticipated forest revenues. The fund showed an overall gain of \$299,860 after a transfer to the general fund.

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, unrestricted 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 \$13,281,394, an increase of \$12,168 in comparison with the prior year. Approximately 81 percent of this total amount, \$10,751,122, constitutes the amount which is available for spending at the government's discretion. Of the \$13,281,394, \$1,788,758 is committed by County Board action for CIP projects, out of home placements for juveniles, and a 2022 Family Care payment, another \$379,574 is assigned for CIP projects in future years. Additionally, \$97,187 is assigned by the Finance and Insurance Committee for specific programs. Of the \$7,872,002 unassigned fund balance within the general fund, \$4,634,043 is recognized by County Board action for cash flow, the remaining \$3,237,959 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 \$7,872,002, while the total fund balance was \$11,499,593. A total of \$9,699,221 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 \$101,135 during the current fiscal year. Key factors in this increase are as follows:

- The County transferred an amount of \$1,160,947 into General Fund. \$893,474 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. The County transferred a total of \$697,702 out of the General Fund to the Roads fund for road work.
- A prior period adjustment was made for \$401,661 to reflect sales tax which was earned in 2020 but received in 2021.
- Total revenues were less than budgeted expectations by \$489,530. Interest revenue fell short of budget by \$221,456, outside housing revenue in the jail ended up \$389,338 under budget, and maintenance public charges for service revenue was short of budget by \$157,565. Sale tax came in higher than budgeted at \$317,353.
- Expenditures came in under budget by \$2,266,605. An additional \$630,346 was carried over into 2022 than was originally budgeted, The land services underspent by \$508,328, \$357,363 of contingency funds were not spent, capital projects were underspent by \$318,982 most of which was carried over into 2022. Maintenance also spend \$240,323 less than budgeted.

The County Roads and Bridges Fund has a fund balance of \$131,765 at December 31, 2021 a decrease of \$309,659 when compared to the previous year. Reserves were carried over from 2020 and spent in 2021 on planned projects.

The Social Services fund has a total fund balance of \$743,071. The fund balance of the Social Services fund decreased \$1,391 during the current year. Actual revenues and expenditures mirrored what was expected.

The Emergency Medical Services fund increased \$285,520 reported a fund balance of (\$4,986) on December 31, 2021 largely due to a prepaid ambulance that did not arrive until 2022.

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 Solid Waste Landfill amounted to a negative \$2,725,855, and those of Forestry amounted to \$2,016,435. 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 2020). 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 \$1,142,378. Those amendments are briefly summarized below:

- \$260,299 - The actual amount of grant and designated funds spent down in 2020 was less than the amount estimated as designated for non-lapsing appropriations when the budget was prepared.
- \$80,434 - Increase in expenditures due to increased grant revenues.
- \$1,537,067 - Increase in Capital Improvement Projects (CIP) during the year.

Actual expenditures were \$2,266,605 *less* than the amended budget. Explanations not already provided elsewhere in this report are summarized below:

- \$416,605 - Unused electronic access and retained fee revenue and lower than anticipated payroll costs due to turnover.
- \$242,713 - Lower than expected operational costs in the Sheriff's Office other than payroll.
- \$293,029 - Due to lower than anticipated payroll costs largely due to turnover.

On the revenue side, the original budget was *increased* by \$785,696 with budget amendments largely due to increases in sales tax revenues, \$73,348, and donation revenue, \$624,141.

Actual revenues were \$489,530 *lower* than budgeted. Significant variances not already provided elsewhere are as follows:

- Land service intergovernmental revenue ended \$113,869 lower than budgeted.
- Forest land revenues were \$47,345 lower than anticipated.
- Interest on delinquent tax revenue was \$25,533 lower 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, 2021, amounted to \$69,911,431 (net of accumulated depreciation) compared to \$68,325,035 in 2020. This investment in capital assets includes land, land improvements, infrastructure, buildings and improvements, equipment and vehicles, intangible assets, and work in progress. The net increase in the County's investment in capital assets for the current fiscal year was \$1,586,396 or 2.3 percent.

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

- \$1,406,670 increase in land improvements due to the completion of a new cell in the landfill.
- Infrastructure increased \$1,183,743 in 2021.
- Depreciation expense totaled \$4,968,980 in 2021.

Lincoln County's Capital Assets						
(net of accumulated depreciation)						
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
	2021	2020	2021	2020	2021	2020
Land	\$ 43,896	\$ 43,896	\$ 2,603,024	\$ 2,603,024	\$ 2,646,920	\$ 2,646,920
Land improvements	474,732	487,989	3,851,416	2,444,746	4,326,148	2,932,735
Infrastructure	35,885,769	34,702,026	-	-	35,885,769	34,702,026
Buildings and improvements	19,489,843	20,933,986	63,899	72,966	19,553,742	21,006,952
Equipment and vehicles	6,090,090	5,769,639	305,740	223,648	6,395,830	5,993,287
Work in progress	<u>1,103,022</u>	<u>600,542</u>	<u>-</u>	<u>442,573</u>	<u>1,103,022</u>	<u>1,043,115</u>
Total	<u>\$ 63,087,352</u>	<u>\$ 62,538,078</u>	<u>\$ 6,824,079</u>	<u>\$ 5,786,957</u>	<u>\$ 69,911,431</u>	<u>\$ 68,325,035</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 \$15,305,000 which is an increase of \$1,405,000. In 2020 the total general obligation debt outstanding was \$13,900,000. In 2021 a five year note came due, and Lincoln County issued G.O. debt in the amount of \$2,595,000 to make the principal payment on the note. 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		
	2021	2020	2021	2020	2021	2020
Bonds	\$15,305,000	\$13,900,000	\$ -	\$ -	\$15,305,000	\$13,900,000
Note anticipation note	-	2,600,000	-	-	-	2,600,000
Compensated absences	<u>1,875,721</u>	<u>1,991,177</u>	<u>142,928</u>	<u>154,501</u>	<u>2,018,649</u>	<u>2,145,678</u>
Total general long-term obligations	<u>\$17,180,721</u>	<u>\$18,491,177</u>	<u>\$142,928</u>	<u>\$154,501</u>	<u>\$17,323,649</u>	<u>\$18,645,678</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 \$126,408,705, 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 2022 was 3.3 percent as compared to 2.8 percent for the State of Wisconsin. The April 2022 rate for Lincoln County was 0.9 percent lower than the April 2020 rate (4.2%).

The general economic condition and outlook for the County is for relatively low unemployment with economic growth. Equalized valuation in Lincoln County increased 6.37 percent in 2021.

Inflationary trends in our region compare to national indices.

The above factors will be considered in preparing the County's budget for the 2023 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, 2021

ASSETS	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 16,526,145	\$ 2,790,002	\$ 19,316,147
Internal balances	173,853	(173,853)	-
Receivables, net:			
Property taxes	15,049,934	-	15,049,934
Tax certificates and deeds	1,057,281	-	1,057,281
Accounts	1,655,953	158,882	1,814,835
Due from other governments	1,603,616	59,232	1,662,848
Inventories, at cost	1,439,281	925,127	2,364,408
Prepaid items	602,426	10,978	613,404
Total current assets	38,108,489	3,770,368	41,878,857
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	64,849	5,463,881	5,528,730
Investment in joint venture	4,373,146	-	4,373,146
Net pension asset	6,567,979	365,430	6,933,409
Total noncurrent assets	11,005,974	5,829,311	16,835,285
Capital assets:			
Land and construction in progress	1,146,918	2,603,024	3,749,942
Other capital assets, net of depreciation	61,940,434	4,221,055	66,161,489
Total capital assets	63,087,352	6,824,079	69,911,431
Total noncurrent assets	74,093,326	12,653,390	86,746,716
Total assets	112,201,815	16,423,758	128,625,573
DEFERRED OUTFLOWS OF RESOURCES			
Early retirement of debt	297,147	-	297,147
Related to other post employment benefits	718,124	39,950	758,074
Related to pensions	9,036,739	497,618	9,534,357
Total deferred outflow of resources	10,052,010	537,568	10,589,578
LIABILITIES			
Current liabilities:			
Accounts payable	993,648	104,301	1,097,949
Accrued expenses	729,889	15,607	745,496
Compensated absences payable	967,695	67,731	1,035,426
Accrued claims	395,819	-	395,819
Deposits and advances	412,139	311,210	723,349
Due to other governments	103,569	235,557	339,126
Current portion of long-term obligations	1,255,000	-	1,255,000
Unearned revenue	2,925,895	57,799	2,983,694
Total current liabilities	7,783,654	792,205	8,575,859
Noncurrent liabilities:			
Future closure payable	-	8,590,954	8,590,954
Net other post employment benefits liability	2,068,665	115,084	2,183,749
Compensated absences payable	908,026	75,197	983,223
Due other governments	-	171,536	171,536
Noncurrent portion of long-term obligations	14,471,767	-	14,471,767
Total noncurrent liabilities	17,448,458	8,952,771	26,401,229
Total liabilities	25,232,112	9,744,976	34,977,088
DEFERRED INFLOWS OF RESOURCES			
Related to other post employment benefits	858,978	47,786	906,764
Related to pensions	12,252,237	681,690	12,933,927
Property taxes levied for subsequent year	15,049,934	-	15,049,934
Total deferred inflows of resources	28,161,149	729,476	28,890,625
NET POSITION			
Net investment in capital assets	47,657,732	6,824,079	54,481,811
Restricted			
Grant Programs	1,047,387	-	1,047,387
Pension	6,567,979	365,430	6,933,409
Other	73,562	6,785	80,347
Unrestricted	13,513,904	(709,420)	12,804,484
Total NET POSITION	\$ 68,860,564	\$ 6,486,874	\$ 75,347,438

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

LINCOLN COUNTY, WISCONSIN
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Sales and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$ 6,266,549	\$ 724,652	\$ 270,893	\$ -	\$ (5,271,004)	\$ -	\$ (5,271,004)
Public safety	9,746,315	2,513,387	271,459	-	(6,961,469)	-	(6,961,469)
Public works	6,574,497	3,129,990	1,345,468	-	(2,099,039)	-	(2,099,039)
Health and human services	7,719,989	448,240	3,151,311	-	(4,120,438)	-	(4,120,438)
Culture, recreation, and education	856,515	79,378	2,073	-	(775,064)	-	(775,064)
Conservation and development	536,916	636,000	232,272	-	331,356	-	331,356
Interest on long-term debt	489,351	632,050	-	-	142,699	-	142,699
Total governmental activities	32,190,132	8,163,697	5,273,476	-	(18,752,959)	-	(18,752,959)
BUSINESS-TYPE ACTIVITIES:							
Forestry	850,308	1,513,575	308,494	-	-	971,761	971,761
Solid waste landfill	2,014,430	1,840,244	-	-	-	(174,186)	(174,186)
Total business-type activities	2,864,738	3,353,819	308,494	-	-	797,575	797,575
TOTAL PRIMARY GOVERNMENT	\$ 35,054,870	\$ 11,517,516	\$ 5,581,970	\$ -	(18,752,959)	797,575	(17,955,384)
GENERAL REVENUES:							
Taxes:							
Property taxes, levied for general purposes					14,930,281	-	14,930,281
Private forest cropland/managed forest land taxes					142,775	-	142,775
Wheel Tax					544,590	-	544,590
County sales tax					2,704,701	-	2,704,701
Real estate transfer taxes					105,673	-	105,673
Payment in lieu of taxes					85,803	-	85,803
Personal Property Aid					28,474	-	28,474
Interest and penalties on taxes					265,260	-	265,260
Loss on investments					-	(94,854)	(94,854)
Grants and contributions not restricted to specific programs					1,079,955	-	1,079,955
Unrestricted investment earnings					10,432	-	10,432
Transfers					881,688	(881,688)	-
Total general revenues and transfers					20,779,632	(976,542)	19,803,090
CHANGE IN NET POSITION					2,026,673	(178,967)	1,847,706
NET POSITION - BEGINNING, AS ORIGINALLY REPORTED					66,432,230	6,665,841	73,098,071
PRIOR PERIOD ADJUSTMENT					401,661	-	401,661
NET POSITION - BEGINNING, RESTATED					66,833,891	6,665,841	73,499,732
NET POSITION - ENDING					<u>\$ 68,860,564</u>	<u>\$ 6,486,874</u>	<u>\$ 75,347,438</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, 2021**

	<u>General</u>	<u>County Roads and Bridges</u>	<u>Social Services</u>	<u>Debt Service</u>	<u>American Rescue Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 10,185,841	\$ 5,079	\$ 509,320	\$ 75,663	\$ 2,680,479	\$ 671,635	\$ 14,128,017
Receivables, net:							
Property taxes	9,323,250	2,180,427	687,685	988,400	-	1,870,172	15,049,934
Tax certificates and deeds	1,057,281	-	-	-	-	-	1,057,281
Accounts	1,230,835	-	-	-	-	250,660	1,481,495
Due from other governments	386,586	126,686	355,432	-	-	217,086	1,085,790
Due from other funds	468,075	-	-	-	-	-	468,075
Prepaid items	352,803	-	6,999	-	-	240,434	600,236
Inventory	15,483	-	-	-	-	-	15,483
Restricted assets:							
Cash and cash equivalents	<u>59,422</u>	<u>-</u>	<u>5,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,849</u>
TOTAL ASSETS	<u>\$ 23,079,576</u>	<u>\$ 2,312,192</u>	<u>\$ 1,564,863</u>	<u>\$ 1,064,063</u>	<u>\$ 2,680,479</u>	<u>\$ 3,249,987</u>	<u>\$ 33,951,160</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 230,769	\$ -	\$ 103,038	\$ -	\$ -	\$ 203,453	\$ 537,260
Accrued liabilities	571,333	-	25,617	-	-	19,425	616,375
Deposits and advances	406,687	-	5,452	-	-	-	412,139
Due to other funds	-	-	-	-	-	294,222	294,222
Due to other governments	120,777	-	-	-	-	555	121,332
Unearned revenue	<u>214,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,679,809</u>	<u>31,528</u>	<u>2,925,895</u>
Total liabilities	<u>1,544,124</u>	<u>-</u>	<u>134,107</u>	<u>-</u>	<u>2,679,809</u>	<u>549,183</u>	<u>4,907,223</u>
Deferred inflows of resources							
Property taxes levied for subsequent year	9,323,250	2,180,427	687,685	988,400	-	1,870,172	15,049,934
Interest on delinquent taxes	235,876	-	-	-	-	-	235,876
Unavailable Revenue	146,071	-	-	-	-	-	146,071
Citation receivables	<u>330,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,662</u>
Total deferred inflows of resources	<u>10,035,859</u>	<u>2,180,427</u>	<u>687,685</u>	<u>988,400</u>	<u>-</u>	<u>1,870,172</u>	<u>15,762,543</u>
Fund balances							
Reserved for:							
Nonspendable	1,161,890	-	6,999	-	-	240,434	1,409,323
Restricted	638,182	-	101,088	-	670	381,009	1,120,949
Committed	1,350,758	131,765	634,984	-	-	454,472	2,571,979
Assigned	476,761	-	-	75,663	-	-	552,424
Unassigned	<u>7,872,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(245,283)</u>	<u>7,626,719</u>
Total fund balances	<u>11,499,593</u>	<u>131,765</u>	<u>743,071</u>	<u>75,663</u>	<u>670</u>	<u>830,632</u>	<u>13,281,394</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 23,079,576</u>	<u>\$ 2,312,192</u>	<u>\$ 1,564,863</u>	<u>\$ 1,064,063</u>	<u>\$ 2,680,479</u>	<u>\$ 3,249,987</u>	<u>\$ 33,951,160</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, 2021

Total fund balances for governmental funds \$ 13,281,394

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	\$ 6,021	
Construction in progress	1,097,686	
Land improvements, net of \$210,960 accumulated depreciation	303,167	
Buildings, net of \$24,551,874 accumulated depreciation	19,143,940	
Machinery and equipment, net of \$4,516,385 accumulated depreciation	1,726,138	
Intangible assets, net of \$523,871 accumulated depreciation	145,690	
Infrastructure, net of \$27,182,633 accumulated depreciation	<u>35,885,769</u>	
Total capital assets		58,308,411

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	\$ 1,305,419	
Highway fund	<u>6,785,996</u>	
Total internal service funds		8,091,415

Lincoln County entered into an agreement with Langlade and Marathon counties to provide mental health and other related human services in each of the counties. The agreement created North Central Health Care (NCHC). The agreement divides the net position of NCHC between the counties in proportion of each of the county's population. This joint venture is reported on Lincoln County's financial statements as an investment in a joint venture as follows:

4,373,146

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 12/31/21 are:

Accrued interest on notes	\$ (53,998)	
Bonds payable	(15,305,000)	
Premium on debt issued	(421,767)	
Vacation payable	(702,622)	
Vested sick leave	(380,875)	
Accrued sick	(269,370)	
Comp time	<u>(11,320)</u>	
Total long-term liabilities		(17,144,952)

On 12/31/21 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	\$ 330,662	
Other unavailable revenue	146,071	
Interest on delinquent taxes	<u>235,876</u>	
Total deferred revenue		712,609

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 12/31/21 is: 297,147

Lincoln County reported its cost-sharing employer proportionate share of the collective balance of the pension plan's fiduciary asset/liability as well as deferred outflows and inflows of resources related to pensions per GASB 68. Balances on 12/31/21 are:

Net pension asset	\$ 5,326,988	
Deferred outflow of resources-related to pensions	7,343,649	
Deferred inflow of resources-related to pensions	<u>(9,937,231)</u>	
		<u>2,733,406</u>

Lincoln County reported its cost-sharing employer proportionate share of the collective balance of the OPEB plan's fiduciary liability as well as deferred outflows and inflows of resources related to OPEBs per GASB 75. Balances on 12/31/21 are:

Net OPEB liability	(1,677,774)	
Deferred outflow of resources-OPEBs	582,429	
Deferred inflow of resources-OPEBs	<u>(696,667)</u>	
		<u>(1,792,012)</u>

Total net position of governmental activities \$ 68,860,564

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, 2021

	<u>General</u>	<u>County Roads and Bridges</u>	<u>Social Services</u>	<u>Debt Service</u>	<u>American Rescue Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Taxes	\$ 12,624,119	\$ 2,731,343	\$ 698,102	\$ 965,200	\$ -	\$ 1,898,001	\$ 18,916,765
Intergovernmental revenues	2,201,069	1,345,468	2,290,963	-	-	515,930	6,353,430
Licenses and permits	192,185	-	-	-	-	33,433	225,618
Fines, forfeits, and penalties	151,515	-	-	-	-	27,461	178,976
Public charges for service	1,503,314	-	2,125	-	-	1,200,673	2,706,112
Intergovernmental charges for service	181,363	-	346	632,050	-	197,969	1,011,728
Miscellaneous revenues	918,834	-	60	-	670	3,910	923,474
	<u>17,772,399</u>	<u>4,076,811</u>	<u>2,991,596</u>	<u>1,597,250</u>	<u>670</u>	<u>3,877,377</u>	<u>30,316,103</u>
Total revenues							
EXPENDITURES							
Current:							
General government	5,549,239	-	-	-	-	-	5,549,239
Public safety	7,973,004	-	-	-	-	2,115,585	10,088,589
Public works	-	5,084,172	-	-	-	-	5,084,172
Health and human services	2,085,645	-	2,992,987	-	-	1,238,460	6,317,092
Culture, recreation, and education	867,652	-	-	-	-	-	867,652
Conservation and development	571,545	-	-	-	-	-	571,545
Capital outlay	1,489,085	-	-	-	-	-	1,489,085
Debt service:							
Principal	-	-	-	3,790,000	-	-	3,790,000
Interest and other charges	-	-	-	466,035	-	-	466,035
	<u>18,536,170</u>	<u>5,084,172</u>	<u>2,992,987</u>	<u>4,256,035</u>	<u>-</u>	<u>3,354,045</u>	<u>34,223,409</u>
Total expenditures							
Excess (deficiency) of revenues under expenditures	<u>(763,771)</u>	<u>(1,007,361)</u>	<u>(1,391)</u>	<u>(2,658,785)</u>	<u>670</u>	<u>523,332</u>	<u>(3,907,306)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from long-term debt	-	-	-	2,595,000	-	-	2,595,000
Premium on long-term debt	-	-	-	65,188	-	-	65,188
Transfers in	1,160,947	697,702	-	-	-	-	1,858,649
Transfers out	(697,702)	-	-	-	-	(303,322)	(1,001,024)
	<u>463,245</u>	<u>697,702</u>	<u>-</u>	<u>2,660,188</u>	<u>-</u>	<u>(303,322)</u>	<u>3,517,813</u>
Total other financing sources and uses							
Net change in fund balances	(300,526)	(309,659)	(1,391)	1,403	670	220,010	(389,493)
FUND BALANCES - BEGINNING, AS ORIGINALLY REPORTED	11,398,458	441,424	744,462	74,260	-	610,622	13,269,226
Prior period adjustment	401,661	-	-	-	-	-	401,661
FUND BALANCES - BEGINNING, AS RESTATED	<u>11,800,119</u>	<u>441,424</u>	<u>744,462</u>	<u>74,260</u>	<u>-</u>	<u>610,622</u>	<u>13,670,887</u>
FUND BALANCES - ENDING	<u>\$ 11,499,593</u>	<u>\$ 131,765</u>	<u>\$ 743,071</u>	<u>\$ 75,663</u>	<u>\$ 670</u>	<u>\$ 830,632</u>	<u>\$ 13,281,394</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, 2021**

Net change in fund balances - total governmental funds \$ (389,493)

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	\$ 4,223,624	
Sale and disposal of capital assets	(10,420)	
Depreciation expense	<u>(3,652,447)</u>	
Deficiency of capital outlay over depreciation expense		560,757

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: 3,790,000

Lincoln County entered into an agreement with Langlade and Marathon counties to provide mental health and other related human services in each of the counties. The agreement created North Central Health Care (NCHC). The agreement divides the net position of NCHC between the counties in proportion of each of the county's population. The change in NCHC's net position is reported as an expense on Lincoln County's entity-wide statements. The change is: (1,206,629)

In 2021, a \$2,600,000 note was defeased by G.O. bonds. Under the modified accrual basis of accounting the proceeds from the G.O. bonds were recorded as revenues. In the Statement of Activities, which is presented on the accrual basis, these proceeds are accounted for on the Statement of Net Position. This adjustment removes the revenue from the Statement of Activities as follows:

Proceeds of long-term debt	(2,595,000)	
Debt premium	<u>(65,188)</u>	
Proceeds and debt premium used for issuance costs		(2,660,188)

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	377,141	
Highway fund	<u>340,806</u>	
Total internal service funds		717,947

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	2,029,139	
Life Insurance Expense	(762,224)	
Debt premium	55,904	
Early retirement of debt loss amortized	(79,007)	
Accrued interest on notes	6,190	
Vacation	65,492	
Vested sick leave	40,524	
Accrued sick	6,904	
Comp time	<u>1,528</u>	
Combined adjustment		1,364,450

Revenue had accrued on 12/31/21 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	8,966	
Interest on delinquent taxes	(109,207)	
Corrections	(14,117)	
Citations	<u>(35,813)</u>	
Combined adjustment		<u>(150,171)</u>

Change in net position of governmental activities \$ 2,026,673

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, 2021**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste Landfill	Forestry	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 300	\$ 2,789,702	\$ 2,790,002	\$ 2,398,128
Receivables, net:				
Accounts	138,293	20,589	158,882	174,458
Due from other governments	-	59,232	59,232	535,589
Inventories, at cost	925,127	-	925,127	1,423,798
Prepaid items	10,978	-	10,978	2,190
	<u>1,074,698</u>	<u>2,869,523</u>	<u>3,944,221</u>	<u>4,534,163</u>
Total current assets				
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	5,463,881	-	5,463,881	-
Net Pension Asset	132,753	232,677	365,430	1,240,991
	<u>5,632,114</u>	<u>232,677</u>	<u>5,864,791</u>	<u>1,240,991</u>
Capital assets:				
Land	84,605	2,518,419	2,603,024	37,875
Improvements other than buildings	15,243,452	9,603	15,253,055	332,477
Buildings	300,049	312,677	612,726	2,242,080
Machinery and equipment	1,165,970	733,211	1,899,181	11,729,862
Work in progress	-	-	-	5,336
Less accumulated depreciation and depletion	(12,716,509)	(827,398)	(13,543,907)	(9,568,689)
	<u>4,077,567</u>	<u>2,746,512</u>	<u>6,824,079</u>	<u>4,778,941</u>
Total capital assets	<u>4,077,567</u>	<u>2,746,512</u>	<u>6,824,079</u>	<u>4,778,941</u>
Total noncurrent assets	<u>9,674,201</u>	<u>2,979,189</u>	<u>12,653,390</u>	<u>6,019,932</u>
Total assets	<u>10,748,899</u>	<u>5,848,712</u>	<u>16,597,611</u>	<u>10,554,095</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to other post employment benefits	14,479	25,471	39,950	135,695
Related to pensions	182,627	314,991	497,618	1,693,090
	<u>197,106</u>	<u>340,462</u>	<u>537,568</u>	<u>1,828,785</u>
Total deferred outflows of resources	<u>197,106</u>	<u>340,462</u>	<u>537,568</u>	<u>1,828,785</u>
LIABILITIES				
Current liabilities:				
Accounts payable	102,871	1,430	104,301	456,388
Accrued expenses	5,888	9,719	15,607	59,516
Compensated absences payable	29,543	38,188	67,731	253,753
Accrued claims	-	-	-	395,819
Due to other funds	173,853	-	173,853	-
Due to other governments	21,729	213,828	235,557	-
Unearned revenue	-	57,799	57,799	-
Deposits and advances	-	311,210	311,210	-
	<u>333,884</u>	<u>632,174</u>	<u>966,058</u>	<u>1,165,476</u>
Total current liabilities	<u>333,884</u>	<u>632,174</u>	<u>966,058</u>	<u>1,165,476</u>
Noncurrent liabilities:				
Noncurrent due to other governments	171,536	-	171,536	-
Compensated absences payable	58,494	16,703	75,197	257,781
Net other post employment benefit liabilities	41,710	73,374	115,084	390,891
Future closure payable	8,590,954	-	8,590,954	-
	<u>8,862,694</u>	<u>90,077</u>	<u>8,952,771</u>	<u>648,672</u>
Total noncurrent liabilities	<u>8,862,694</u>	<u>90,077</u>	<u>8,952,771</u>	<u>648,672</u>
Total liabilities	<u>9,196,578</u>	<u>722,251</u>	<u>9,918,829</u>	<u>1,814,148</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	247,643	434,047	681,690	2,315,006
Related to other post employment benefits	17,319	30,467	47,786	162,311
Property taxes levied for subsequent year	-	-	-	-
	<u>264,962</u>	<u>464,514</u>	<u>729,476</u>	<u>2,477,317</u>
Total deferred inflows of resources	<u>264,962</u>	<u>464,514</u>	<u>729,476</u>	<u>2,477,317</u>
NET POSITION				
Net investment in capital assets	4,077,567	2,746,512	6,824,079	4,778,941
Restricted				
Pension	132,753	232,677	365,430	1,240,991
Other	-	6,785	6,785	-
Unrestricted	(2,725,855)	2,016,435	(709,420)	2,071,483
TOTAL NET POSITION	<u>\$ 1,484,465</u>	<u>\$ 5,002,409</u>	<u>\$ 6,486,874</u>	<u>\$ 8,091,415</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, 2021

	<u>Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Solid Waste Landfill</u>	<u>Forestry</u>	<u>Total</u>	
OPERATING REVENUES				
Public charges for service	\$ 1,586,190	\$ 1,489,845	\$ 3,076,035	\$ -
Interdepartmental charges for service	-	-	-	9,227,330
Intergovernmental charges for service	127,604	-	127,604	3,030,252
Other	14,948	-	14,948	10,743
	<u>1,728,742</u>	<u>1,489,845</u>	<u>3,218,587</u>	<u>12,268,325</u>
Total operating revenues				
OPERATING EXPENSES				
Claims paid	-	-	-	2,820,787
General services	1,172,703	815,442	1,988,145	7,248,447
Administrative and fiscal services	-	-	-	962,852
Future closing costs	188,007	-	188,007	-
Depreciation and amortization	663,507	49,142	712,649	603,884
	<u>2,024,217</u>	<u>864,584</u>	<u>2,888,801</u>	<u>11,635,970</u>
Total operating expenses				
Operating income (loss)	<u>(295,475)</u>	<u>625,261</u>	<u>329,786</u>	<u>632,355</u>
NONOPERATING REVENUES (EXPENSES)				
Insurance recoveries	-	-	-	80,068
Interest income	111,502	-	111,502	15,029
Rental income	-	-	-	50
Grant revenue	-	308,494	308,494	-
Salvage revenue	-	-	-	7,351
Donations	-	30	30	-
Gain on sale of supplies	-	6,950	6,950	1,526
Loss on investments	(94,854)	-	(94,854)	(18,432)
Gain (loss) on disposal of capital assets	-	16,750	16,750	-
	<u>16,648</u>	<u>332,224</u>	<u>348,872</u>	<u>85,592</u>
Total nonoperating revenues (expenses)				
Income before transfers	(278,827)	957,485	678,658	717,947
Transfer out	<u>(200,000)</u>	<u>(657,625)</u>	<u>(857,625)</u>	<u>-</u>
Change in net position	(478,827)	299,860	(178,967)	717,947
TOTAL NET POSITION - BEGINNING	<u>1,963,292</u>	<u>4,702,549</u>	<u>6,665,841</u>	<u>7,373,468</u>
TOTAL NET POSITION - ENDING	<u>\$ 1,484,465</u>	<u>\$ 5,002,409</u>	<u>\$ 6,486,874</u>	<u>\$ 8,091,415</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, 2021**

	<u>Enterprise Funds</u>			<u>Governmental</u>
	<u>Solid Waste Landfill</u>	<u>Forestry</u>	<u>Total</u>	<u>Activities - Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
From patients and third party payers	\$ 1,591,719	\$ 1,533,750	\$ 3,125,469	\$ -
From other County departments	-	-	-	9,227,330
From government and other parties for sales	127,604	-	127,604	2,717,725
To employees for compensation and fringe benefits	(422,686)	(579,369)	(1,002,055)	(3,403,926)
To vendors for goods and services	(822,188)	(360,741)	(1,182,929)	(7,843,485)
Other cash received	<u>14,948</u>	<u>-</u>	<u>14,948</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>489,397</u>	<u>593,640</u>	<u>1,083,037</u>	<u>697,644</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grant revenue	-	330,015	330,015	-
Rent	-	-	-	50
Donations	-	30	30	-
Due to other funds	173,853	-	173,853	-
Transfer out	<u>(200,000)</u>	<u>(657,625)</u>	<u>(857,625)</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(26,147)</u>	<u>(327,580)</u>	<u>(353,727)</u>	<u>50</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(934,313)	(112,680)	(1,046,993)	(686,401)
Insurance recovery	-	-	-	80,068
Proceeds from sale of assets	-	23,700	23,700	94,000
Proceeds from sale of supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,877</u>
Net cash provided by (used in) capital and related financing activities	<u>(934,313)</u>	<u>(88,980)</u>	<u>(1,023,293)</u>	<u>(503,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Loss on Investments	(94,854)	-	(94,854)	(18,432)
Interest received	<u>110,784</u>	<u>-</u>	<u>110,784</u>	<u>15,500</u>
	<u>15,930</u>	<u>-</u>	<u>15,930</u>	<u>(2,932)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(455,133)	177,080	(278,053)	191,306
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,919,314</u>	<u>2,612,622</u>	<u>8,531,936</u>	<u>2,206,822</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,464,181</u>	<u>\$ 2,789,702</u>	<u>\$ 8,253,883</u>	<u>\$ 2,398,128</u>
CASH AND CASH EQUIVALENTS CONSIST OF:				
Unrestricted	\$ 300	\$ 2,789,702	\$ 2,790,002	\$ 2,398,128
Restricted	<u>5,463,881</u>	<u>-</u>	<u>5,463,881</u>	<u>-</u>
	<u>\$ 5,464,181</u>	<u>\$ 2,789,702</u>	<u>\$ 8,253,883</u>	<u>\$ 2,398,128</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (295,475)	\$ 625,261	\$ 329,786	\$ 632,355
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	663,507	49,142	712,649	603,884
Future closing costs	188,007	-	188,007	-
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:				
Change in WRS Asset (Liability)	(86,977)	(143,922)	(230,899)	(790,993)
Change in WRS Deferred Outflow of Resources	8,197	46,099	54,296	162,764
Change in WRS Deferred Inflow of Resources	12,947	(21,002)	(8,055)	7,868
Change in OPEB Liability	8,970	11,041	20,011	66,561
Change in OPEB Deferred Outflow of Resources	(766)	1,117	351	(890)
Change in OPEB Deferred Inflow of Resources	12,389	20,907	33,296	113,843
Change in assets and liabilities:				
Accounts receivable	5,529	43,905	49,434	6,655
Due from other governments	-	-	-	(230,003)
Inventories	-	-	-	89,961
Prepaid items	(978)	189	(789)	1,915
Accounts payable	13,697	(808)	12,889	382,051
Due to other governments	(21,729)	51,117	29,388	-
Accrued expenses	1,329	3,781	5,110	8,486
Compensated absences payable	(19,250)	7,677	(11,573)	(1,008)
Deposits and advances	-	(100,864)	(100,864)	-
Claims paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(355,805)</u>
Total adjustments	<u>784,872</u>	<u>(31,621)</u>	<u>753,251</u>	<u>65,289</u>
NET CASH PROVIDED BY (USED IN) ACTIVITIES	<u>\$ 489,397</u>	<u>\$ 593,640</u>	<u>\$ 1,083,037</u>	<u>\$ 697,644</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, 2021**

		<u>Total</u>
ASSETS		
Cash and cash equivalents	\$	19,630
Accounts receivable		<u>99,445</u>
Total assets		<u>119,075</u>
 LIABILITIES		
Accounts payable	\$	7
Deposits and advances		1,290
Due other governments		<u>4,045</u>
Total liabilities		<u>5,342</u>
 Net Position		
Restricted	\$	<u>113,733</u>

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

LINCOLN COUNTY, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2021

	Total
Additions	
Court fines collected	\$ 613,829
Tax certificates collected	89,954
Employee withholdings	35,703
Interest earnings	7
Employee forfeitures	-
Total additions	739,493
 Deductions	
Court fines paid to State	613,829
Payments to municipalities	102,988
Tax deeds taken	19,663
Employee payments	36,663
Total deductions	773,143
Net increase (decrease) in fiduciary net position	(33,650)
Total net position - beginning	147,383
Total net position - ending	\$ 113,733

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, 2021

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 in separate statements. 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, 2021

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.

American Rescue Plan Act – Accounts for the revenues and expenditures associated with the Coronavirus State and Local Fiscal Recovery Funds Grant.

Debt Service Fund – Accounts for taxes levied and the expenditures related to principal and interest on long term debt.

The County reports the following major enterprise funds:

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.

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, 2021

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 inflows of resources. 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 and delinquent tax collections received during the first sixty days after year-end;
- Social Services grants, cost reimbursement grants, and EMS charges for services if collected during the first 180 days after year-end;
- 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 unearned 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 and fiduciary 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, 2021

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 2021 tax levy is recorded as receivable with offsetting deferred inflows of resources at December 31, 2021; it will be recognized as revenue in 2022 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 reserved fund balance of the County's general fund.

The property tax calendar for the 2021 tax roll follows:

Lien date and date levy	December 2021
Tax bills mailed	December 2021
Real estate taxes first installment due	January 31, 2022
Personal property taxes due in full	January 31, 2022
Real estate taxes second installment due	July 31, 2022
Tax sale - 2021 delinquent real estate taxes	October 2025

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 a fund balance reserve account 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, 2021

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 fund balance reserve accounts 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 position. 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, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category in the government-wide statement of net position. The first item is related to the County's proportionate share of the Wisconsin Retirement System pension and OPEB plans and is deferred and amortized over the expected remaining service lives of the pension plan participants. The second item is related to a deferred loss of early retirement of debt. This will be amortized over the remaining life of the refunding issue.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in the government wide statement of net position. The first is property taxes, which will be recognized as an inflow of resources in the subsequent year for which it was levied. The second item is related to the County's proportionate share of the Wisconsin Retirement System pension and OPEB plans and is deferred and amortized over the expected remaining service lives of the pension plan participants. The County has an additional type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from two sources, interest on delinquent taxes and citation receivables. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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 (revenue), 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.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.
- 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.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFICIT FUND BALANCE

As of December 31, 2021, the Emergency Medical fund had a deficit of \$4,986. The deficit is anticipated to be funded with future revenues of the fund.

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, 2021

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

The carrying amount of the County's cash and cash equivalents totaled \$24,864,507 on December 31, 2021, as summarized below:

Petty cash fund	\$ 2,125
Deposits with financial institutions	15,010,182
Investments	
Wisconsin local government investment pool	3,009,724
Landfill long-term care trust	5,463,881
Health insurance trust fund	1,319,173
Insurance deposits	59,422
	\$ 24,864,507

Presented in the basic financial statements as follows:

Government-wide Statement of Net Position	
Unrestricted cash and cash equivalents	\$ 19,316,147
Restricted cash and investments	5,528,730
Fiduciary Fund Statement of Net Position	
Cash and cash equivalents	19,630
	\$ 24,864,507

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, 2021:

<u>Type of Investment</u>	<u>12/31/2021</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	\$ 1,423,744	\$ -	\$ 1,423,744
U.S. Treasury Notes	2,246,352	-	2,246,352
U.S. Government securities	2,593,614	-	2,593,614
Money market mutual funds	145,521	145,521	-
Fixed income mutual funds	373,823	373,823	-
Total	\$ 6,783,054	\$ 519,344	\$ 6,263,710

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.

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

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

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, 2021, \$347,970 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits. Of this amount, \$221,610 was covered by a collateral agreement.

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's 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	\$ 3,009,724	Not Rated
U.S. Treasury Notes	2,246,352	Exempt
U.S. Government securities	2,593,614	AAA
Negotiable certificates of deposit	1,423,744	Not Rated
Money market mutual funds	145,521	AAA
Fixed income mutual funds	372,823	Not Rated
Insurance deposits	59,422	Not Rated

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

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, 2021 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	\$ 3,009,724	Less than 1 year
U.S. Treasury Notes	2,246,352	1 to 5 years
U.S. Government securities	2,593,614	1 to 5 years
Negotiable certificates of deposit	1,423,744	1 to 5 years
Fixed income mutual funds	372,823	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, 2021, the factor was 100%. As of December 31, 2021 the carrying amount of these investments was \$3,009,724. The annualized interest rate on the LGIP was 0.06% for the month of December 2021.

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, 2021, totaled \$5,528,730 consisting of cash and investments as follows:

General fund	
Insurance deposits	\$ 59,422
Social Services fund	
Protective payee deposits held	5,427
Enterprise Fund	
Solid waste landfill	
Long-term care and closure deposits	5,463,881
Total Restricted Assets	<u>\$ 5,528,730</u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

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	Debt Service	Solid Waste Landfill	Forestry	Nonmajor and Internal Service Funds	Total
Receivables								
Property taxes	\$ 9,323,250	\$ 2,180,427	\$ 687,685	\$ 988,400	\$ -	\$ -	\$ 1,870,172	\$ 15,049,934
Tax certificates and deeds	1,057,281	-	-	-	-	-	-	1,057,281
Accounts	1,084,764	-	-	-	138,293	20,589	454,551	1,698,197
Due from other governments	386,586	126,686	355,432	-	-	59,232	752,675	1,680,611
Gross receivables	11,851,881	2,307,113	1,043,117	988,400	138,293	79,821	3,077,398	19,486,023
Less allowance for for uncollectibles	-	-	-	-	-	-	(29,433)	(29,433)
Net total fund receivables	<u>\$ 11,851,881</u>	<u>\$ 2,307,113</u>	<u>\$ 1,043,117</u>	<u>\$ 988,400</u>	<u>\$ 138,293</u>	<u>\$ 79,821</u>	<u>\$ 3,047,965</u>	<u>\$ 19,456,590</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, 2021, the County's general fund showed an investment of \$1,057,281 in delinquent taxes as follows:

Tax certificates	\$ 957,682
Tax deeds	<u>99,599</u>
Total	<u>\$ 1,057,281</u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE (Continued)

An aging of the delinquent tax certificate taxes of \$957,682 on December 31, 2021, follows:

<u>Year Acquired</u>	
Prior to 2016	\$ 50,121
2017	18,594
2018	33,235
2019	94,236
2020	257,306
2021	<u>504,190</u>
	<u>\$ 957,682</u>

Of the total of \$957,682 for delinquent tax certificate taxes, \$263,677 was collected by the County within 90 days after December 31, 2021. The remaining unpaid balance of \$694,005 and tax deeds of \$99,599 are recorded as nonspendable fund balance of \$793,604 for the general fund.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At December 31, 2021, interfund receivables and payables were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 468,075	\$ -
Solid Waste Landfill	-	173,853
Emergency Medical Fund	-	294,222
Totals	<u>\$ 468,075</u>	<u>\$ 468,075</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>Transfer to: County Roads and Bridges Fund</u>	<u>Totals</u>
Transfers from:			
General fund	\$ -	\$ 697,702	\$ 697,702
Solid Waste Landfill	200,000	-	200,000
County Health	303,322	-	303,322
Forestry	<u>657,625</u>	<u>-</u>	<u>657,625</u>
Totals	<u>\$ 1,160,947</u>	<u>\$ 697,702</u>	\$ 1,858,649
Less: Elimination of fund transfers			(1,001,024)
Less: Health insurance transfer			24,063
Total transfers - Statement of Activities			<u>\$ 881,688</u>

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. The transfer to the Roads and Bridges Fund was a CIP and Contingency fund transfer for road work.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

NOTE 6 - CAPITAL ASSETS

Changes in capital assets were as follows:

	Balance 1/1/2021	Increases	Decreases	Balance 12/31/2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 43,896	\$ -	\$ -	\$ 43,896
Construction in progress	600,542	503,420	940	1,103,022
Total capital assets not depreciated	644,438	503,420	940	1,146,918
Capital assets, being depreciated:				
Land improvements	824,173	22,431	-	846,604
Infrastructure	61,587,746	2,692,477	1,211,821	63,068,402
Buildings and improvements	45,955,144	47,200	64,450	45,937,894
Equipment and vehicles	17,076,444	1,656,690	760,750	17,972,384
Intangible assets	679,981	-	10,420	669,561
Subtotals	126,123,488	4,418,798	2,047,441	128,494,845
Less accumulated depreciation for:				
Land improvements	336,184	35,688	-	371,872
Infrastructure	26,885,720	1,508,734	1,211,821	27,182,633
Buildings and improvements	25,021,158	1,491,343	64,450	26,448,051
Equipment and vehicles	11,656,658	1,026,823	655,497	12,027,984
Intangible assets	330,128	193,743	-	523,871
Subtotals	64,229,848	4,256,331	1,931,768	66,554,411
Total capital assets, being depreciated, net	61,893,640	162,467	115,673	61,940,434
Governmental activities capital assets, net	62,538,078	665,887	116,613	63,087,352
Less: Capital related debt				(15,305,000)
Less: Debt Premium				(421,767)
Add: Deferred charge on refunding				297,147
Net investment in capital assets				\$ 47,657,732

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

NOTE 6 - CAPITAL ASSETS (Continued)

Changes in capital assets were as follows:

	Balance 1/1/2021	Increases	Decreases	Balance 12/31/2021
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,603,024	\$ -	\$ -	\$ 2,603,024
Construction in progress	442,573	-	442,573	-
Total capital projects not depreciated	<u>3,045,597</u>	-	<u>442,573</u>	<u>2,603,024</u>
Capital assets, being depreciated:				
Land improvements	13,212,574	2,040,481	-	15,253,055
Buildings	612,726	-	-	612,726
Machinery and equipment	1,783,318	151,863	36,000	1,899,181
Subtotals	<u>15,608,618</u>	<u>2,192,344</u>	<u>36,000</u>	<u>17,764,962</u>
Less accumulated depreciation for:				
Land improvements	10,767,828	633,811	-	11,401,639
Buildings	539,760	9,067	-	548,827
Machinery and equipment	1,559,670	69,771	36,000	1,593,441
Subtotals	<u>12,867,258</u>	<u>712,649</u>	<u>36,000</u>	<u>13,543,907</u>
Total capital assets, being depreciated, net	<u>2,741,360</u>	<u>1,479,695</u>	<u>-</u>	<u>4,221,055</u>
Business-type activities capital assets, net	<u>\$ 5,786,957</u>	<u>\$ 1,479,695</u>	<u>\$ 442,573</u>	<u>\$ 6,824,079</u>

Depreciation expense was charged to the functions as follows:

Governmental activities		
General government		\$ 1,154,329
Public safety		486,344
Public works		2,112,618
Health and Human Services		503,040
Total depreciation expense - governmental activities		<u>\$ 4,256,331</u>
Business-type activities		
Forestry		\$ 49,142
Solid waste landfill		663,507
Total depreciation expense - business-type activities		<u>\$ 712,649</u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

NOTE 6 - CAPITAL ASSETS (Continued)

The County has active highway and maintenance and construction projects as of December 31, 2021 as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Maintenance Projects	\$ 587,957	\$ 48,966
Bridge Projects	\$ 889,917	\$ 896,439
Road Projects	\$ 940	\$ 815,450

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 1/1/21</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding 12/31/21</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Debt					
Bonds	\$ 13,900,000	\$ 2,595,000	\$ 1,190,000	\$ 15,305,000	\$ 1,255,000
Taxable Note Anticipation Note	2,600,000	-	2,600,000	-	-
Debt premium	412,483	65,188	55,904	421,767	-
Compensated absences	<u>1,991,177</u>	<u>1,056,125</u>	<u>1,171,581</u>	<u>1,875,721</u>	<u>967,695</u>
Governmental activities Long-term obligations	<u>\$ 18,903,660</u>	<u>\$ 3,716,313</u>	<u>\$ 5,017,485</u>	<u>\$ 17,602,488</u>	<u>\$ 2,222,695</u>
Business-type activities:					
Compensated absences	<u>\$ 154,501</u>	<u>\$ 66,723</u>	<u>\$ 78,296</u>	<u>\$ 142,928</u>	<u>\$ 67,731</u>

Interest paid for the year ended December 31, 2021 totaled \$407,250.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

Detail of the above outstanding general obligations debt follows:

Bonds:

8,820,000	issued December 1, 2016; \$110,000 to \$1,110,000 due annually from 2017 through 2028; interest 2%	\$ 6,850,000
6,950,000	issued February 14, 2017; \$10,000 to \$480,000 due annually, from 2018 through 2036; interest 2% to 3.5%	5,860,000
2,595,000	issued December 1, 2021; \$80,000 to \$620,000 due annually, from 2022 to 2038; interest 0.65% to 2%	<u>2,595,000</u>
 Total Bonds		 <u>\$ 15,305,000</u>

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2021, are allocated to governmental activities as detailed below:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2022	\$ 1,255,000	\$ 365,380
2023	1,300,000	337,860
2024	1,350,000	309,290
2025	1,400,000	279,620
2026	1,450,000	248,850
2027-2031	4,555,000	817,050
2032-2036	2,765,000	392,737
2037-2038	1,230,000	37,000
	<u>\$15,305,000</u>	<u>\$ 2,787,787</u>

Equalized valuation of the County	\$ 2,834,274,100
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>141,713,705</u>
Total outstanding general obligation debt applicable to debt limitation	15,305,000
Legal Margin for New Debt	<u>\$ 126,408,705</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.

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

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

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 Annual Comprehensive Financial Report (ACFR), 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 executive service retirement participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

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

Post-Retirement Adjustments - The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2011	-1.2%	11%
2012	-7.0%	-7%
2013	-9.6%	9%
2014	4.7%	25%
2015	2.9%	2%
2016	0.5%	-5%
2017	2.0%	4%
2018	2.4%	17%
2019	0.0%	-10%
2020	1.7%	21%

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, executives, and elected officials. Starting on January 1, 2016, the executives and elected officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$941,650 in contributions from the employer.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

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

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2021 Lincoln County reported an asset of \$6,933,409 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by and actuarial valuation as of December 30, 2019, rolled forward to December 31, 2020. 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 asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, Lincoln County's proportion was 0.07270549%, which is a decrease of .00879365% from its proportion measured as of December 31, 2019. For the year ended December 31, 2021, Lincoln County recognized pension revenue of \$827,166.

At December 31, 2021, 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	\$ 8,489,752	\$ 1,415,053
Net differences between projected and actual earnings on pension plan investments	-	11,278,751
Changes in assumptions	102,955	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	240,123
Employer contributions subsequent to the measurement date	941,650	-
Total	\$ 9,534,357	\$ 12,933,927

\$941,650 reported as deferred outflows related to pension resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021.

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

Year Ended December 31	Expense (Revenue)
2022	\$ (1,155,066)
2023	(396,940)
2024	(1,951,556)
2025	(837,658)
	\$ (4,341,220)

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

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

Actuarial Assumptions - The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the investment:

Actuarial Valuation Date	December 31, 2019
Measurement Date of Net Pension Liability	December 31, 2020
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	.01%-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. The total pension liability for December 31, 2020, is based upon a roll-forward of the liability calculated from the December 31, 2019, 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	51.0%	7.2%	4.7%
Fixed Income	25.0%	3.2%	0.8%
Inflation Sensitive Assets	16.0%	2.0%	-0.4%
Real Estate	8.0%	5.6%	3.1%
Private Equity/Debt	11.0%	10.2%	7.6%
Multi-Asset	4.0%	5.8%	3.3%
Cash	-15.0%	0.9%	N/A
Total Core Fund	100.0%	6.6%	4.1%
<u>Variable fund asset class</u>			
U.S. Equities	70.0%	6.6%	4.1%
International Equities	30.0%	7.4%	4.9%
Total Variable Fund	100.0%	7.1%	4.6%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

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, 2021

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 for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected 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)	\$ 6,599,644	\$ (6,933,409)	\$ (16,873,335)

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/about-etf/reports-and-studies/financial-reports-and-statements>.

Payables to the Pension Plan - At December 31, 2021 Lincoln County reported a payable of \$220,453 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

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 Annual Comprehensive Financial Report (ACFR), which can be found online at <http://etf.wi.gov/publications/cafr.htm>

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

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

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

Benefits Provided

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

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of 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, 2021 are as follows:

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

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2020, are as listed below:

Life Insurance Member Contribution Rates
For the Year Ended December 31, 2020

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	0.05	0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

Disabled members under age 70 receive a waiver-of-premium benefit

During the reporting period, the LRLIF recognized \$7,916 in contributions from the employer.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

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

At December 31, 2021 Lincoln County reported a liability of \$2,183,749 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020, rolled forward to December 31, 2020. 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, 2020, Lincoln County's proportion was .39699300%, which was a decrease of .03242809% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, Lincoln County recognized OPEB expense of \$171,658.

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

At December 31, 2021, 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	\$ -	\$ 82,898
Net differences between projected and actual earnings on OPEB plan investments	24,433	-
Changes in assumptions	671,079	98,093
Changes in proportion and differences between employer contributions and proportionate share of contributions	62,562	725,773
Total	\$ 758,074	\$ 906,764

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	Expense
December 31	(Revenue)
2022	-9,502
2023	-12,176
2024	-14,923
2025	-27,704
2026	-11,931
Thereafter	-72,447
Total	-148,683

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

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

Actuarial Assumptions

The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2020
Measurement date of net OPEB liability (asset)	December 31, 2020
Actuarial cost method	Entry age normal
20 year tax-exempt municipal bond yield	2.12%
Long-term expected rate of return	4.25%
Discount rate	2.25%
Salary increases	
Inflation	3.00%
Seniority/merit	0.1%-5.6%
Mortality	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015, to December 31, 2017. The total OPEB liability for December 31, 2020, is based upon a roll-forward of the liability calculated from the January 1, 2020 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. credit bonds	Barclays Credit	50%	1.47%
U.S. mortgages	Barclays MBS	50%	0.82%
Inflation			2.20%
Long-term expected rate of return			4.25%

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20% respectively. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single Discount Rate: A single discount rate of 2.25% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036. The projection of cash flows used to determine the single discount rate assumed that employer contributions

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

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

will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of 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 2.25% 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 (1.25%) or 1 percentage point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Lincoln County’s proportionate share of the net OPEB liability	\$ 2,970,522	\$ 2,183,749	\$ 1,588,734

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 \$3,819,300 during the period of January 1, 2021 to December 31, 2021.

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
2021	\$ 751,624	\$ 2,819,656	\$ 2,820,787	\$ 750,493
2020	1,318,558	1,760,550	2,327,484	751,624

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 \$59,422. 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, 2021, is not available for presentation.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

NOTE 11 - TRI-COUNTY HUMAN SERVICES BOARD JOINT VENTURE

Lincoln County is a participating member of a Tri-County Human Services Board along with Marathon and Langulade Counties. The Board is funded through State grant-in-aid, federal grants, fees for services rendered, and County appropriations. The net County appropriation for 2021 was \$5,493,062 with Lincoln County's share totaling \$1,040,853 (18.95%).

The following audited summary financial information for North Central Health Care Tri-County facilities is as of December 31, 2021, and for the year then ended.

Assets and Deferred Outflows	\$ 133,843,088
Liabilities and Deferred Inflows	98,832,974
Net Position	35,010,114
Revenues	82,540,826
Expenses	85,971,993
Non-operating gain (loss)	(753,225)
Change in net position	(4,184,392)

Lincoln County's share of net position for the year ended December, 31 2021 is \$4,373,146 and is included in Lincoln County's Statement of Net Position as an investment in a joint venture.

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, 2021, the County has utilized approximately 100% of its original landfill's capacity and 22.5% of the expansion landfill capacity. The entire landfill is estimated to be fully utilized in 2036.

The estimated liability for landfill closure and postclosure care costs and total future estimated costs as of December 31, 2021, is as follows:

Total estimated costs	\$ 9,345,756
Less closure costs accrued	<u>8,590,954</u>
Estimated costs of construction, closure, and postclosure care to be recognized in future years	<u>\$ 754,802</u>

The estimated total current cost of the landfill construction, closure, and postclosure care of \$9,345,756 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, 2021. 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, 2021, investments of \$5,463,881 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.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

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.

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	Debt Service	American Rescue Plan	Other Funds	Total
Nonspendable:							
Property Taxes	\$ 793,604	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 793,604
Prepaid	352,803	-	6,999	-	-	240,434	600,236
Inventory	15,483	-	-	-	-	-	15,483
Subtotal	<u>1,161,890</u>	<u>-</u>	<u>6,999</u>	<u>-</u>	<u>-</u>	<u>240,434</u>	<u>1,409,323</u>
Restricted:							
Insurance Deposits	59,422	-	-	-	-	-	59,422
Veterans	13,244	-	-	-	-	-	13,244
Elderly transportation	-	-	101,088	-	-	-	101,088
Land Services	438,225	-	-	-	-	-	438,225
Clerk of Court	11,910	-	-	-	-	-	11,910
UW Extension	2,230	-	-	-	-	-	2,230
Sheriff	113,151	-	-	-	-	-	113,151
County Health	-	-	-	-	-	381,009	381,009
ARPA	-	-	-	-	670	-	670
Subtotal	<u>638,182</u>	<u>-</u>	<u>101,088</u>	<u>-</u>	<u>670</u>	<u>381,009</u>	<u>1,120,949</u>
Committed:							
Roads Fund	250,000	-	-	-	-	-	250,000
Family Care	289,849	-	-	-	-	-	289,849
Sheriff's Office	449,750	-	-	-	-	-	449,750
IT CIP	5,000	-	-	-	-	-	5,000
Maintenance	356,159	-	-	-	-	-	356,159
Land services	-	-	-	-	-	-	-
Social Services - placements	-	-	438,000	-	-	-	438,000
Roads Fund	-	131,765	-	-	-	-	131,765
Social Services - other	-	-	196,984	-	-	-	196,984
Other Funds	-	-	-	-	-	454,472	454,472
Subtotal	<u>1,350,758</u>	<u>131,765</u>	<u>634,984</u>	<u>-</u>	<u>-</u>	<u>454,472</u>	<u>2,571,979</u>
Assigned:							
Veterans	1,678	-	-	-	-	-	1,678
Information technology	10,379	-	-	-	-	-	10,379
UW Extension	53,539	-	-	-	-	-	53,539
Sheriff	9,531	-	-	-	-	-	9,531
Maintenance	10,669	-	-	-	-	-	10,669
Land Services	1,180	-	-	-	-	-	1,180
Family Court Commissioner	10,211	-	-	-	-	-	10,211
CIP not Committed	379,574	-	-	-	-	-	379,574
Debt Service	-	-	-	75,663	-	-	75,663
Other Funds	-	-	-	-	-	-	-
Subtotal	<u>476,761</u>	<u>-</u>	<u>-</u>	<u>75,663</u>	<u>-</u>	<u>-</u>	<u>552,424</u>
Unassigned							
General fund	7,872,002	-	-	-	-	-	7,872,002
Deficit	-	-	-	-	-	(245,283)	(245,283)
Subtotal	<u>7,872,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(245,283)</u>	<u>7,626,719</u>
Total Fund Balances	<u>\$ 11,499,593</u>	<u>\$ 131,765</u>	<u>\$ 743,071</u>	<u>\$ 75,663</u>	<u>\$ 670</u>	<u>\$ 830,632</u>	<u>\$ 13,281,394</u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2021

NOTE 14 - FUND EQUITY (Continued)

The County's general fund unassigned balance is \$7,872,002. Included in this unassigned balance is \$4,634,043 for the County's cash flow needs.

Restricted net position

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

	Governmental Activities	Business-type Activities
Insurance deposit	\$ 59,422	\$ -
Grant and program fees	960,439	-
Elderly transportation	101,088	-
Pension	6,567,979	365,430
Forestry grants	-	6,785
	\$ 7,688,928	\$ 372,215

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 2021 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 2021 budget was .75%. The limit for the County's 2022 budget was .95%. 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 – PRIOR PERIOD ADJUSTMENT

The County recorded a prior period adjustment of \$401,661. This adjustment increases the net position and fund balance and reflects sales tax revenue earned in 2020 that was received and recorded in 2021.

NOTE 17 – SUBSEQUENT EVENT

The County Board passed a resolution on July 19, 2022, which sunsets the County's Vehicle Registration fee effective 12/31/2022. Revenue collected through this fee for the year ended December 31, 2021, was \$544,590.

REQUIRED SUPPLEMENTARY INFORMATION

**LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes				
General property	\$ 9,182,225	\$ 9,182,225	\$ 9,182,225	\$ -
Personal property	48,883	48,883	28,474	(20,409)
Forest crop	3,500	3,500	3,046	(454)
Managed forest land	121,000	121,000	139,730	18,730
County sales tax	2,314,000	2,387,348	2,704,701	317,353
Real estate transfer fees	75,000	75,000	105,673	30,673
Interest on taxes	400,000	400,000	374,467	(25,533)
Payment in lieu of taxes	87,000	87,000	85,803	(1,197)
	<u>12,231,608</u>	<u>12,304,956</u>	<u>12,624,119</u>	<u>319,163</u>
Intergovernmental				
State shared revenues	1,054,986	1,054,986	1,053,739	(1,247)
Exempt computer aid	26,000	26,000	26,216	216
Corporation counsel	-	-	4,887	4,887
Clerk of courts	87,987	88,884	96,054	7,170
Circuit court	73,132	73,132	78,298	5,166
Land services	326,000	331,806	217,937	(113,869)
Sheriff Office	58,280	132,011	166,920	34,909
Emergency management	51,400	51,400	39,367	(12,033)
Victim witness	40,244	40,244	38,217	(2,027)
Veterans service	10,000	10,000	10,000	-
Family court commissioner	900	900	638	(262)
Child support	338,792	338,792	399,590	60,798
UW extension	3,085	3,085	2,073	(1,012)
State acreage payment	67,000	67,000	67,133	133
	<u>2,137,806</u>	<u>2,218,240</u>	<u>2,201,069</u>	<u>(17,171)</u>
Licenses and permits				
County clerk	7,700	7,700	7,223	(477)
Family court commissioner	3,250	3,250	2,820	(430)
Land Services	123,000	123,000	182,142	59,142
	<u>133,950</u>	<u>133,950</u>	<u>192,185</u>	<u>58,235</u>
Fines, forfeits, and penalties				
Clerk of courts	131,900	131,900	150,138	18,238
Circuit court	200	200	1,377	1,177
	<u>132,100</u>	<u>132,100</u>	<u>151,515</u>	<u>19,415</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2021

	<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	\$ 44,453	\$ (10,547)
Circuit court	10,278	13,874	14,901	1,027
Family court commissioner	2,800	2,800	2,640	(160)
Register of deeds	168,010	168,010	209,536	41,526
Land services	46,700	46,700	82,196	35,496
County clerk	-	-	2,706	2,706
Treasurer	30	61	51	(10)
District attorney	5,000	5,000	3,684	(1,316)
Sheriff office	985,757	989,580	513,091	(476,489)
Information Technology	66,225	66,225	67,991	1,766
Coroner	17,000	17,000	23,640	6,640
Maintenance	231,000	231,000	73,435	(157,565)
Administration/personnel	-	-	14	14
Finance	250	250	15	(235)
Child support	5,400	5,400	6,127	727
UW extension	14,400	14,400	9,561	(4,839)
Forest land revenue	475,000	475,000	427,655	(47,345)
Other charges for service	50,000	50,000	21,618	(28,382)
Total public charges for services	<u>2,132,850</u>	<u>2,140,300</u>	<u>1,503,314</u>	<u>(636,986)</u>
Intergovernmental charges for service				
Sheriff department	162,119	162,119	103,701	(58,418)
Information technology	-	-	16,657	16,657
Maintenance	-	-	377	377
Land services	1,200	1,523	23,543	22,020
Clerk of courts	2,200	2,200	8,573	6,373
County clerk	20,000	20,000	23,512	3,512
UW extension	2,200	2,200	5,000	2,800
Total intergovernmental charges for services	<u>187,719</u>	<u>188,042</u>	<u>181,363</u>	<u>(6,679)</u>
Miscellaneous				
Interest	231,900	231,900	10,444	(221,456)
Rent	169,800	169,800	160,182	(9,618)
Tax Deed Profit	45,000	45,000	5,400	(39,600)
Sale of county property	18,000	18,000	29,462	11,462
Insurance recovery	45,000	45,000	41,136	(3,864)
Private organization donations	10,500	634,641	672,210	37,569
Total miscellaneous	<u>520,200</u>	<u>1,144,341</u>	<u>918,834</u>	<u>(225,507)</u>
Total revenues	<u>17,476,233</u>	<u>18,261,929</u>	<u>17,772,399</u>	<u>(489,530)</u>

**LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2021**

	<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	\$ 30,500	\$ 30,500	\$ 29,529	\$ 971
County board committees	82,901	82,901	58,586	24,315
Clerk of courts	523,882	532,257	479,076	53,181
Circuit court	358,595	362,191	354,668	7,523
Family court commissioner	46,510	46,721	29,366	17,355
Coroner	71,392	71,392	60,690	10,702
District attorney	213,936	213,936	185,576	28,360
Corporation counsel	206,459	236,759	229,820	6,939
Victim witness	80,488	80,488	78,928	1,560
County clerk	165,089	165,089	161,089	4,000
Administration/personnel	222,045	222,045	212,571	9,474
Information technology	849,147	849,147	726,812	122,335
General administration	17,400	56,833	56,815	18
Treasurer	179,747	192,115	192,116	(1)
Finance department	496,911	496,911	489,136	7,775
Maintenance	1,637,950	1,627,190	1,386,867	240,323
Land services	834,345	892,853	384,525	508,328
Register of deeds	255,390	255,390	252,013	3,377
Insurance	122,000	155,915	145,489	10,426
Elections	37,688	37,688	35,567	2,121
Contingency fund	400,000	357,363	-	357,363
Total general government	<u>6,832,375</u>	<u>6,965,684</u>	<u>5,549,239</u>	<u>1,416,445</u>
Public safety				
Sheriff department:				
Law enforcement	3,995,730	4,143,674	4,047,342	96,332
Emergency communication (911)	1,035,172	1,079,248	1,079,245	3
Correction and detention	2,893,017	2,942,344	2,788,172	154,172
Emergency management	70,065	70,065	57,315	12,750
Civil service commission	1,000	1,000	930	70
Total public safety	<u>7,994,984</u>	<u>8,236,331</u>	<u>7,973,004</u>	<u>263,327</u>
Public works				
Land services-sanitation	15,000	15,000	-	15,000
Health and human services				
Community organizations	190,466	302,844	302,844	-
Family care	289,849	289,849	289,849	-
Health care center	1,153,231	1,040,853	1,040,853	-
Child support agency	303,710	303,710	280,104	23,606
Veterans services	187,925	199,227	170,682	28,545
Cemetery	1,314	1,314	1,313	1
Total health and human services	<u>2,126,495</u>	<u>2,137,797</u>	<u>2,085,645</u>	<u>52,152</u>

**LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2021**

	<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	\$ 662,912	\$ 662,912	\$ 662,912	\$ -
UW extension	224,133	248,382	204,740	43,642
Total culture, recreation, and education	<u>887,045</u>	<u>911,294</u>	<u>867,652</u>	<u>43,642</u>
Conservation and development				
Economic development	53,000	53,000	53,000	-
Land services	694,802	675,602	518,545	157,057
Total conservation and development	<u>747,802</u>	<u>728,602</u>	<u>571,545</u>	<u>157,057</u>
Capital outlay				
Maintenance	50,000	636,924	587,958	48,966
Coroner	-	35,000	32,330	2,670
Information Technology	65,000	65,000	57,404	7,596
Sheriff	156,000	1,071,143	811,393	259,750
Total capital outlay	<u>271,000</u>	<u>1,808,067</u>	<u>1,489,085</u>	<u>318,982</u>
Total expenditures	<u>18,874,701</u>	<u>20,802,775</u>	<u>18,536,170</u>	<u>2,266,605</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,398,468)</u>	<u>(2,540,846)</u>	<u>(763,771)</u>	<u>1,777,075</u>
Other financing sources (uses)				
Funds applied	1,259,758	2,849,838	2,849,838	-
Transfer in	388,710	388,710	1,160,947	772,237
Transfer out	(250,000)	(697,702)	(697,702)	-
Total other financing sources (uses)	<u>1,398,468</u>	<u>2,540,846</u>	<u>3,313,083</u>	<u>772,237</u>
Net change in fund balance	-	-	2,549,312	2,549,312
FUND BALANCE - BEGINNING	<u>11,398,458</u>	<u>11,398,458</u>	<u>11,398,458</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 11,398,458</u>	<u>\$ 11,398,458</u>	<u>\$ 13,947,770</u>	<u>\$ 2,549,312</u>

RECONCILIATION FROM BUDGET TO GAAP:

Net change in fund balance - budget	\$ 2,549,312
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>(2,849,838)</u>
Net change in fund balance - GAAP	<u>\$ (300,526)</u>

See notes to required supplementary information.

**LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - COUNTY ROADS AND BRIDGES
Year Ended December 31, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
General property	\$ 2,186,753	\$ 2,186,753	\$ 2,186,753	\$ -
Vehicle Registration Fee	560,000	560,000	544,590	(15,410)
Intergovernmental	1,410,578	1,389,278	1,345,468	(43,810)
Total revenues	4,157,331	4,136,031	4,076,811	(59,220)
 EXPENDITURES				
Public works	5,536,582	5,354,648	5,084,172	270,476
Deficiency of revenues over (under) expenditures	(1,379,251)	(1,218,617)	(1,007,361)	211,256
 OTHER FINANCING SOURCES				
Transfers in	250,000	250,000	697,702	447,702
Fund balance applied	1,129,251	968,617	968,617	-
Total other financing sources	1,379,251	1,218,617	1,666,319	447,702
Net change in fund balance	-	-	658,958	658,958
FUND BALANCES - BEGINNING	441,424	441,242	441,424	182
FUND BALANCES - ENDING	\$ 441,424	\$ 441,242	\$ 1,100,382	\$ 659,140
 RECONCILIATION FROM BUDGET TO GAAP:				
Net change in fund balance - budget	\$ 658,958			
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.	(968,617)			
Net change in fund balance - GAAP	\$ (309,659)			

See notes to required supplementary information.

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SOCIAL SERVICES FUND
Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
General property	\$ 698,102	\$ 698,102	\$ 698,102	\$ -
Intergovernmental	1,998,129	2,344,234	2,290,963	(53,271)
Public charges for service	-	2,125	2,125	-
Intergovernmental charges for service	3,500	3,500	346	(3,154)
Miscellaneous revenues	-	-	60	60
Total revenues	<u>2,699,731</u>	<u>3,047,961</u>	<u>2,991,596</u>	<u>(56,365)</u>
EXPENDITURES				
Health and human services	<u>2,699,731</u>	<u>3,047,961</u>	<u>2,992,987</u>	<u>54,974</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1,391)</u>	<u>(1,391)</u>
Net change in fund balance	-	-	(1,391)	(1,391)
FUND BALANCE - JANUARY 1	<u>744,462</u>	<u>744,462</u>	<u>744,462</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$ 744,462</u>	<u>\$ 744,462</u>	<u>\$ 743,071</u>	<u>\$ (1,391)</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, 2021

Fiscal 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%
12/31/19	0.08149911%	(2,627,902)	12,105,733	-21.71%	102.96%
12/31/20	0.07270547%	(6,933,409)	12,616,585	-54.95%	105.26%

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	\$ 1,147,803	\$ 1,147,803	\$ -	\$ 15,567,327	7.37%
12/31/16	1,166,661	1,166,661	-	16,340,961	7.14%
12/31/17	1,159,525	1,159,525	-	16,734,793	6.93%
12/31/18	1,251,041	1,251,041	-	17,269,087	7.24%
12/31/19	1,295,606	1,295,606	-	18,071,877	7.17%
12/31/20	759,770	759,770	-	12,616,586	6.02%
12/31/21	941,649	941,649	-	12,226,534	7.70%

See notes to required supplementary information.

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

December 31, 2021

Measurement Period 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)
12/31/17	0.62798100%	\$ 1,889,331	\$ 26,408,397	10.94%	44.81%
12/31/18	0.64451800%	1,663,074	14,025,000	11.86%	48.69%
12/31/19	0.42942109%	1,828,559	18,071,877	20.29%	37.58%
12/31/20	0.39699300%	2,183,749	13,769,000	24.38%	31.36%

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 Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 12,297	\$ 12,297	\$ -	\$ 18,071,877	0.07%
12/31/19	12,417	12,417	-	18,071,877	0.07%
12/31/20	11,857	11,857	-	13,769,000	0.08%
12/31/21	7,916	7,916	-	8,956,000	0.09%

See notes to required supplementary information.

LINCOLN COUNTY, WISCONSIN
Notes to Required Supplementary Information
December 31, 2021

NOTE 1 - EXCESS OF ACTUAL EXPENDITURES OVER FINAL BUDGET

For the year ending December 31, 2021, the legally adopted budget line items with actual expenditures over the final budget were as follows:

General Fund	<u>Final Budget</u>	<u>Actual</u>
General Government		
Treasurer	\$ 192,115	\$ 192,116

NOTE 2 - WISCONSIN RETIREMENT SYSTEM

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

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 3 – OTHER POSTEMPLOYMENT BENEFITS

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

Actuarial assumptions were based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015 – 2017 and the discount rate was updated to reflect the municipal bond rate at the completion of the actuarial valuation.

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, 2021**

	<u>Special Revenue</u>					Total Nonmajor Governmental Funds
	County Health	Dog License	Community Development	Emergency Medical Services	Jail Assessment	
ASSETS						
Cash and cash equivalents	\$ 526,322	\$ 34,162	\$ 2	\$ 30	\$ 111,119	\$ 671,635
Receivables (net of allowances):						
Property taxes	570,866	-	-	1,299,306	-	1,870,172
Accounts	340	-	-	250,320	-	250,660
Due from other governments	216,419	-	-	-	667	217,086
Prepaid items	<u>137</u>	<u>-</u>	<u>-</u>	<u>240,297</u>	<u>-</u>	<u>240,434</u>
TOTAL ASSETS	<u>\$ 1,314,084</u>	<u>\$ 34,162</u>	<u>\$ 2</u>	<u>\$ 1,789,953</u>	<u>\$ 111,786</u>	<u>\$ 3,249,987</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 1,760	\$ 32,607	\$ -	\$ 169,086	\$ -	\$ 203,453
Accrued liabilities	18,628	-	-	797	-	19,425
Due to other funds	-	-	-	294,222	-	294,222
Due to other governments	-	555	-	-	-	555
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,528</u>	<u>-</u>	<u>31,528</u>
Total liabilities	<u>20,388</u>	<u>33,162</u>	<u>-</u>	<u>495,633</u>	<u>-</u>	<u>549,183</u>
Deferred inflows of resources						
Property taxes levied for subsequent year	<u>570,866</u>	<u>-</u>	<u>-</u>	<u>1,299,306</u>	<u>-</u>	<u>1,870,172</u>
Fund balance						
Fund balances:						
Nonspendable	137	-	-	240,297	-	240,434
Restricted	381,009	-	-	-	-	381,009
Committed	341,684	1,000	2	-	111,786	454,472
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(245,283)</u>	<u>-</u>	<u>(245,283)</u>
Total fund balance	<u>722,830</u>	<u>1,000</u>	<u>2</u>	<u>(4,986)</u>	<u>111,786</u>	<u>830,632</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,314,084</u>	<u>\$ 34,162</u>	<u>\$ 2</u>	<u>\$ 1,789,953</u>	<u>\$ 111,786</u>	<u>\$ 3,249,987</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2021

	<u>Special Revenue</u>					<u>Total Nonmajor Governmental Funds</u>
	<u>County Health</u>	<u>Dog License</u>	<u>Community Development</u>	<u>Emergency Medical Services</u>	<u>Jail Assessment</u>	
REVENUES						
Taxes	\$ 580,524	\$ -	\$ -	\$ 1,317,477	\$ -	\$ 1,898,001
Intergovernmental revenues	450,758	-	-	65,172	-	515,930
Licenses and permits	-	33,433	-	-	-	33,433
Fines, forfeits, and penalties	-	-	-	-	27,461	27,461
Public charges for service	204,171	-	-	996,502	-	1,200,673
Intergovernmental charges for service	197,969	-	-	-	-	197,969
Miscellaneous revenues	3,910	-	-	-	-	3,910
	<u>1,437,332</u>	<u>33,433</u>	<u>-</u>	<u>2,379,151</u>	<u>27,461</u>	<u>3,877,377</u>
Total revenues						
EXPENDITURES						
Current:						
Public safety	-	-	-	2,093,631	21,954	2,115,585
Health and human services	1,205,027	33,433	-	-	-	1,238,460
	<u>1,205,027</u>	<u>33,433</u>	<u>-</u>	<u>2,093,631</u>	<u>21,954</u>	<u>3,354,045</u>
Total expenditures						
Excess (deficiency) of revenues over (under) expenditures	<u>232,305</u>	<u>-</u>	<u>-</u>	<u>285,520</u>	<u>5,507</u>	<u>523,332</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	<u>(303,322)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(303,322)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(71,017)</u>	<u>-</u>	<u>-</u>	<u>285,520</u>	<u>5,507</u>	<u>220,010</u>
FUND BALANCES - BEGINNING	<u>793,847</u>	<u>1,000</u>	<u>2</u>	<u>(290,506)</u>	<u>106,279</u>	<u>610,622</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 722,830</u>	<u>\$ 1,000</u>	<u>\$ 2</u>	<u>\$ (4,986)</u>	<u>\$ 111,786</u>	<u>\$ 830,632</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2021

	Internal Service Funds		
	Highway	Health Insurance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 344,431	\$ 2,053,697	\$ 2,398,128
Accounts receivable	172,243	2,215	174,458
Due from other governments	535,589	-	535,589
Inventories, at cost	1,423,798	-	1,423,798
Prepaid expenses	2,190	-	2,190
Total current assets	<u>2,478,251</u>	<u>2,055,912</u>	<u>4,534,163</u>
Noncurrent assets:			
Net Pension Asset	1,240,991	-	1,240,991
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	11,729,862	-	11,729,862
Work in progress	5,336	-	5,336
Less accumulated depreciation	<u>(9,568,689)</u>	<u>-</u>	<u>(9,568,689)</u>
Total capital assets	<u>4,778,941</u>	<u>-</u>	<u>4,778,941</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to other post employment benefits	135,695	-	135,695
Related to pensions	<u>1,693,090</u>	<u>-</u>	<u>1,693,090</u>
Total deferred outflows of resources	<u>1,828,785</u>	<u>-</u>	<u>1,828,785</u>
LIABILITIES			
Current liabilities:			
Accounts payable	101,714	354,674	456,388
Accrued expenses	59,516	-	59,516
Compensated absences payable	253,753	-	253,753
Accrued claims	<u>-</u>	<u>395,819</u>	<u>395,819</u>
Total current liabilities	<u>414,983</u>	<u>750,493</u>	<u>1,165,476</u>
Noncurrent liabilities:			
Compensated absences payable	257,781	-	257,781
Net other post employment benefit liabilities	<u>390,891</u>	<u>-</u>	<u>390,891</u>
Total noncurrent liabilities	<u>648,672</u>	<u>-</u>	<u>648,672</u>
Total liabilities	<u>1,063,655</u>	<u>750,493</u>	<u>1,814,148</u>
DEFERRED INFLOWS OF RESOURCES			
Related to other post employment benefits	162,311	-	162,311
Related to pensions	<u>2,315,006</u>	<u>-</u>	<u>2,315,006</u>
Total deferred inflows of resources	<u>2,477,317</u>	<u>-</u>	<u>2,477,317</u>
NET POSITION			
Net investment in capital assets	4,778,941	-	4,778,941
Restricted for pension	1,240,991	-	1,240,991
Unrestricted	<u>766,064</u>	<u>1,305,419</u>	<u>2,071,483</u>
TOTAL NET POSITION	<u>\$ 6,785,996</u>	<u>\$ 1,305,419</u>	<u>\$ 8,091,415</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended December 31, 2021

	<u>Internal Service Funds</u>		
	<u>Highway</u>	<u>Health Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Interdepartmental charges for service	\$ 5,319,315	\$ 3,908,015	\$ 9,227,330
Intergovernmental charges for service	3,030,252	-	3,030,252
Other operating revenue	<u>10,743</u>	<u>-</u>	<u>10,743</u>
Total operating revenues	<u>8,360,310</u>	<u>3,908,015</u>	<u>12,268,325</u>
OPERATING EXPENSES			
Claims paid	-	2,820,787	2,820,787
General services	7,248,447	-	7,248,447
Administrative and fiscal services	256,168	706,684	962,852
Depreciation and amortization	<u>603,884</u>	<u>-</u>	<u>603,884</u>
Total operating expenses	<u>8,108,499</u>	<u>3,527,471</u>	<u>11,635,970</u>
Operating income (loss)	<u>251,811</u>	<u>380,544</u>	<u>632,355</u>
NONOPERATING REVENUES			
Rent revenue	50	-	50
Salvage revenue	7,351	-	7,351
Gain on sale of supplies	1,526	-	1,526
Insurance recoveries	80,068	-	80,068
Loss on Investments	-	(18,432)	(18,432)
Interest income	<u>-</u>	<u>15,029</u>	<u>15,029</u>
Total nonoperating revenues	<u>88,995</u>	<u>(3,403)</u>	<u>85,592</u>
Change in net position	340,806	377,141	717,947
TOTAL NET POSITION - BEGINNING	<u>6,445,190</u>	<u>928,278</u>	<u>7,373,468</u>
TOTAL NET POSITION - ENDING	<u>\$ 6,785,996</u>	<u>\$ 1,305,419</u>	<u>\$ 8,091,415</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2021

	Internal Service Funds		
	Highway	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
From other County departments	\$ 5,319,315	\$ 3,908,015	\$ 9,227,330
From government and other parties for sales	2,717,725	-	2,717,725
To employees for compensation and fringe benefits	(3,366,572)	(37,354)	(3,403,926)
To vendors for goods and services	(4,452,159)	(3,391,326)	(7,843,485)
Net cash provided by operating activities	<u>218,309</u>	<u>479,335</u>	<u>697,644</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	(686,401)	-	(686,401)
Proceeds from sales of supplies	8,877	-	8,877
Insurance Recoveries	80,068	-	80,068
Sale of Capital Assets	<u>94,000</u>	<u>-</u>	<u>94,000</u>
Net cash used for capital and related financing activities	<u>(503,456)</u>	<u>-</u>	<u>(503,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Loss on investments	-	(18,432)	(18,432)
Interest received	<u>-</u>	<u>15,500</u>	<u>15,500</u>
	<u>-</u>	<u>(2,932)</u>	<u>(2,932)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(285,097)	476,403	191,306
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>629,528</u>	<u>1,577,294</u>	<u>2,206,822</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 344,431</u>	<u>\$ 2,053,697</u>	<u>\$ 2,398,128</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 251,811	\$ 380,544	\$ 632,355
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	603,884	-	603,884
Change in Liability (Asset) and Deferred Outflows and Inflows of Resources:			
Change in WRS Asset (Liability)	(790,993)	-	(790,993)
Change in WRS Deferred Outflow of Resources	162,764	-	162,764
Change in WRS Deferred Inflow of Resources	7,868	-	7,868
Change in OPEB Liability	66,561	-	66,561
Change in OPEB Deferred Outflow of Resources	(890)	-	(890)
Change in OPEB Deferred Inflow of Resources	113,843	-	113,843
Changes in operating assets and liabilities:			
Accounts receivable	(93,267)	99,922	6,655
Due from other governments	(230,003)	-	(230,003)
Prepaid expenses	1,915	-	1,915
Inventories	89,961	-	89,961
Accounts payable	27,377	354,674	382,051
Accrued expenses	8,486	-	8,486
Compensated absences	(1,008)	-	(1,008)
Accrued claims	<u>-</u>	<u>(355,805)</u>	<u>(355,805)</u>
Total adjustments	<u>(33,502)</u>	<u>98,791</u>	<u>65,289</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 218,309</u>	<u>\$ 479,335</u>	<u>\$ 697,644</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2021

	Employee Benefit Cafeteria Plan	Clerk of Court Collection Fund	Delinquent Special Assessment	Total
ASSETS				
Cash and cash equivalents	\$ 16,364	\$ -	\$ 3,266	\$ 19,630
Accounts receivable	<u>-</u>	<u>-</u>	<u>99,445</u>	<u>99,445</u>
Total assets	<u>16,364</u>	<u>-</u>	<u>102,711</u>	<u>119,075</u>
LIABILITIES				
Deposits and advances	1,290	-	-	1,290
Due other governments	-	-	4,045	4,045
Due to other funds	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
Total liabilities	<u>1,297</u>	<u>-</u>	<u>4,045</u>	<u>5,342</u>
Net Position				
Restricted	<u>\$ 15,067</u>	<u>\$ -</u>	<u>\$ 98,666</u>	<u>\$ 113,733</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2021

	Employee Benefit Cafeteria Plan	Clerk of Court Collection Fund	Delinquent Special Assessment	Total
Additions				
Court fines collected	\$ -	\$ 613,829	\$ -	\$ 613,829
Tax certificated collected	-	-	89,954	89,954
Employee withholdings	35,703	-	-	35,703
Interest earnings	7	-	-	7
Employee forfeitures	-	-	-	-
Total additions	35,710	613,829	89,954	739,493
Deductions				
Court fines paid to State	-	613,829	-	613,829
Payments to municipalities	-	-	102,988	102,988
Tax deeds taken	-	-	19,663	19,663
Employee payments	36,663	-	-	36,663
Total deductions	36,663	613,829	122,651	773,143
Net increase (decrease) in fiduciary net position	(953)	-	(32,697)	(33,650)
Total net position - beginning	16,020	-	131,363	147,383
Total net position - ending	\$ 15,067	\$ -	\$ 98,666	\$ 113,733



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

County Board
Lincoln County, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Wisconsin, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Lincoln County, Wisconsin's basic financial statements, and have issued our report thereon dated July 25, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln County, Wisconsin's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln County, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln County, Wisconsin's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

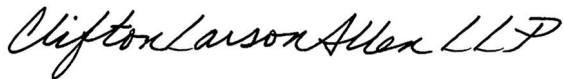
As part of obtaining reasonable assurance about whether Lincoln County, Wisconsin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Lincoln County, Wisconsin's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Lincoln County, Wisconsin's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Lincoln County, Wisconsin's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Wausau, Wisconsin
July 25, 2022

LINCOLN COUNTY, WISCONSIN
Schedule of Findings and Responses
December 31, 2021

Internal Control Over Financial Reporting

2021 – 001

Material Adjustments

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The County recorded a prior period adjustment associated with the timing of sales tax receipts and revenue.

Criteria or specific requirement: Material adjustments associated with prior year activity are considered an internal control deficiency.

Effect: Year-end financial records prepared by the County may contain material misstatements

Cause: The County followed historical practice to ensure twelve months of revenue were reported in each fiscal year.

Repeat Finding: No

Recommendation: We recommend the County review all its year end accruals for revenue and expenditures to ensure they meet the criteria for recognition including earned and available.

Management Response: There is no disagreement with the audit finding.



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