

LINCOLN COUNTY, WISCONSIN
Merrill, Wisconsin

BASIC FINANCIAL STATEMENTS
December 31, 2013



Schenck
SC

CPAs AND SO MUCH MORE.

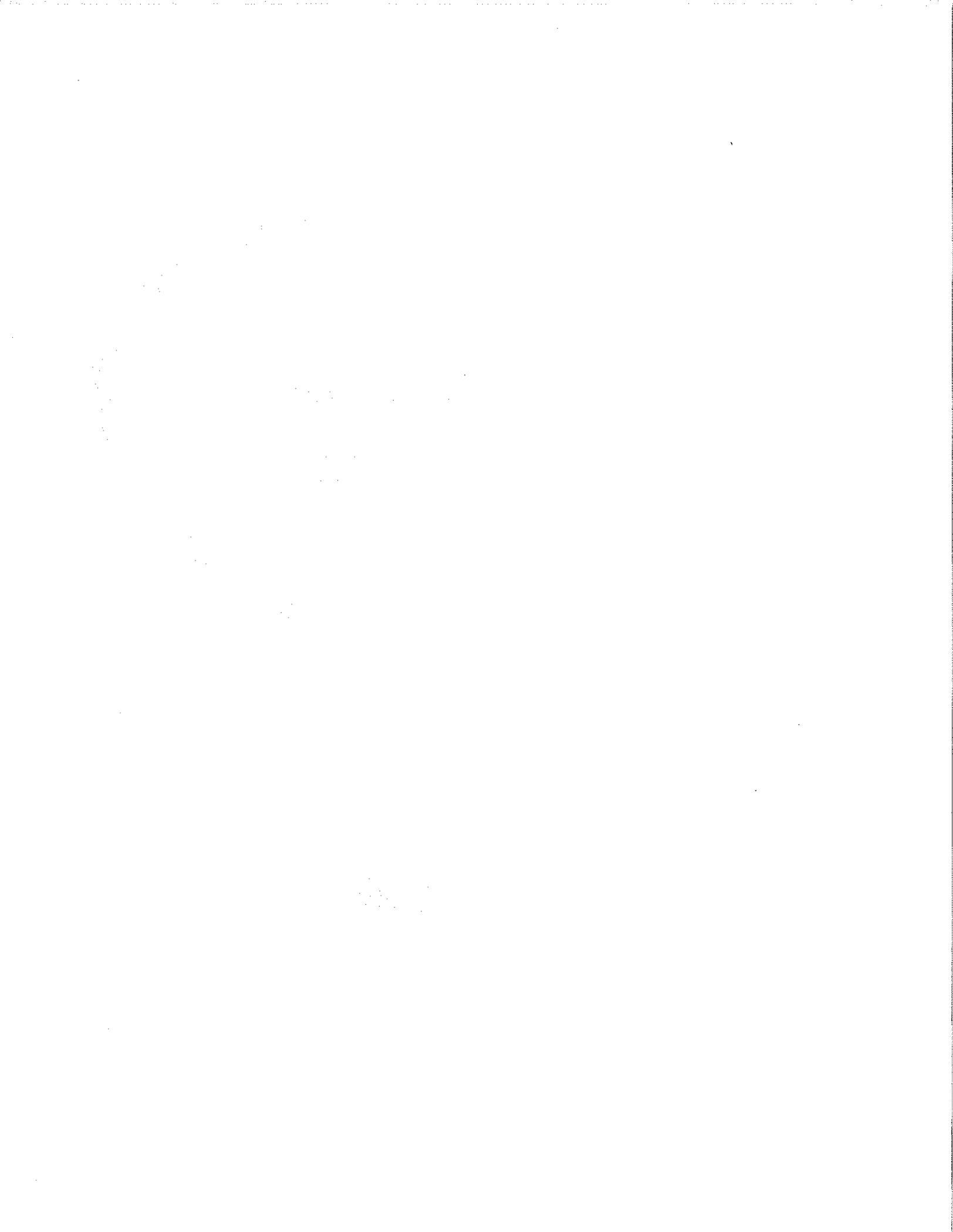


TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	14
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Net Position - Proprietary Funds	21
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds.....	23
Statement of Fiduciary Net Position - Fiduciary Funds.....	25
Notes to Basic Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION	53
Budgetary Comparison Schedule - General Fund.....	54
Budgetary Comparison Schedule - County Roads and Bridges	58
Budgetary Comparison Schedule - Social Services Fund.....	59
Note to Required Supplementary Information	60
COMBINING FUND STATEMENTS	61
Combining Balance Sheet - Nonmajor Governmental Funds	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	63
Combining Statement of Net Position - Internal Service Funds.....	64
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds	65
Combining Statement of Cash Flows - Internal Service Funds.....	66
Combining Statement of Fiduciary Net Position	67





Schenck
SC

CPAs AND SO MUCH MORE.

INDEPENDENT AUDITORS' REPORT

Members of the Lincoln County
Board of Supervisors
Merill, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County ("the County") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pine Crest Nursing Home, which represent 33 percent, 33 percent, and 73 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Pine Crest Nursing Home, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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



Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 4 through 13 and pages 54 through 60 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

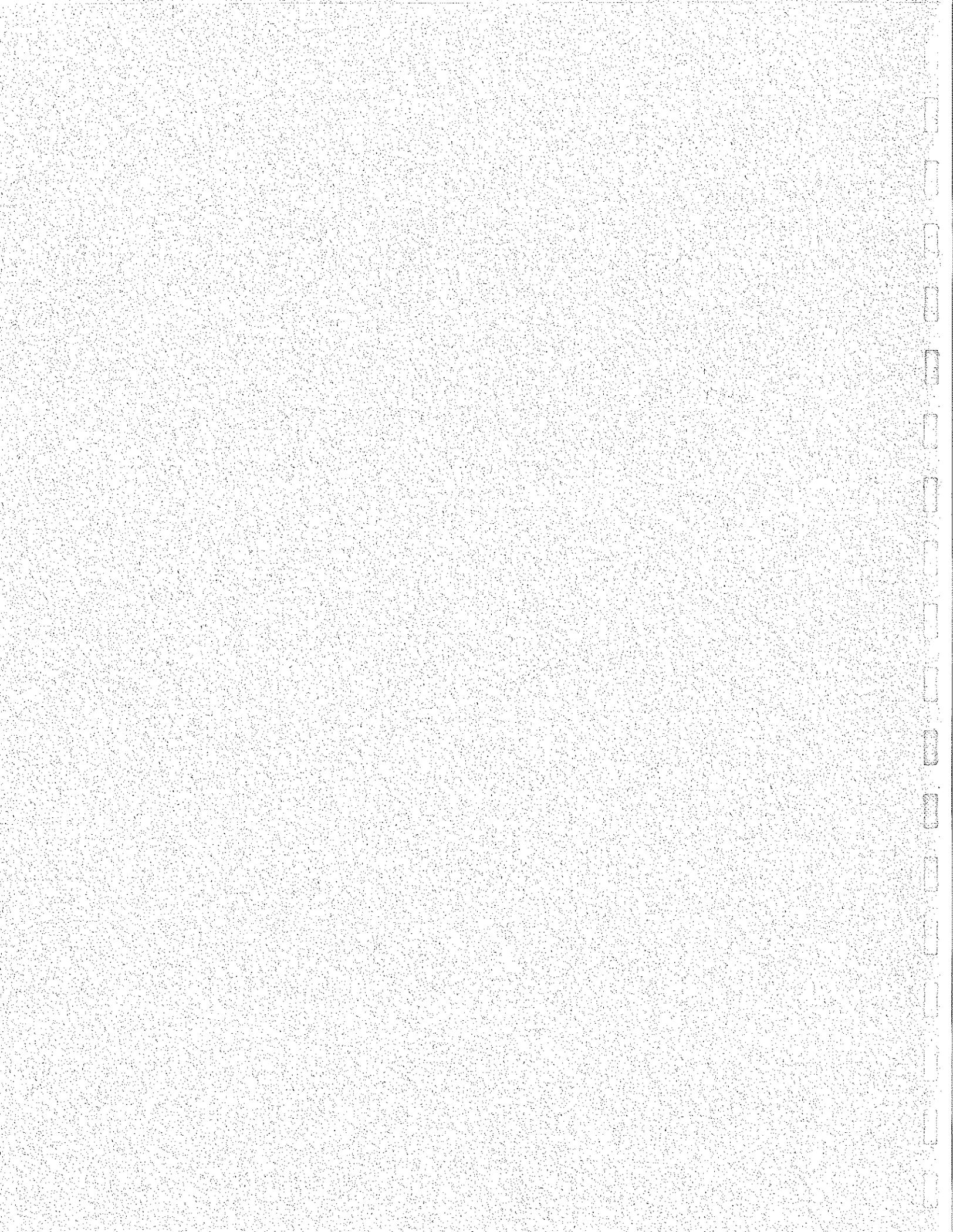
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
July 31, 2014

MANAGEMENTS DISCUSSION AND ANALYSIS



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, 2013.

Financial Highlights

- The assets of Lincoln County exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$72,119,765 (net position). Of this amount, \$22,723,215 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The governmental activities total net position increased by \$1,570,911 and the business-type activities increased by \$122,979.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$15,036,172, a decrease of \$173,207 in comparison with the prior year. Seventy-nine percent of this total amount, \$11,917,813, 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 \$59,316.
- In 2013 Lincoln County's capital assets increased by \$237,465.

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 required and 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 owes (liabilities), as well as the net difference between the two (net position). This statement reports the financial position of Lincoln County at December 31, 2013. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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

Infrastructure assets (which include roads, bridges, curbs and gutters, street and sidewalks, drainage systems, and lighting systems) are reported at historical cost, or estimated historical cost, in the governmental activities column in the government-wide financial statements. They are part of the County Roads and Bridges governmental fund and were not required to have been reported before the implementation of GASB Statement Number 34.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial statements provide detailed information about the County's major funds. The County's major governmental funds are the General Fund, County Roads and Bridges Fund, and Social Services Fund.

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

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

The County maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund,

the county roads and bridges special revenue fund, and social services special revenue fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these six nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The County's fiduciary funds include its employees' benefit cafeteria plan and clerk of courts collection fund. All of the County's fiduciary activities are reported in a separate *Statement of Fiduciary Net Position*. We exclude these assets and liabilities 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 2013, the County's assets exceeded liabilities and deferred inflows of resources by \$72,119,765.

By far the largest portion of the County's net position, \$48,350,766 (67%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Lincoln County's Net Position						
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 35,001,477	\$ 34,858,053	\$ 13,010,360	\$ 14,186,621	\$ 48,011,837	\$ 49,044,674
Capital assets	<u>50,660,092</u>	<u>51,634,683</u>	<u>10,036,086</u>	<u>8,824,030</u>	<u>60,696,178</u>	<u>60,458,713</u>
Total assets	<u>85,661,569</u>	<u>86,492,736</u>	<u>23,046,446</u>	<u>23,010,651</u>	<u>108,708,015</u>	<u>109,503,387</u>
Long-term liabilities outstanding	11,762,358	13,487,448	7,250,775	5,445,345	17,076,235	18,942,793
Other liabilities	<u>4,104,086</u>	<u>4,835,944</u>	<u>1,936,898</u>	<u>1,834,164</u>	<u>6,040,984</u>	<u>6,670,108</u>
Total liabilities	<u>15,866,444</u>	<u>18,323,392</u>	<u>7,250,775</u>	<u>7,289,509</u>	<u>23,117,219</u>	<u>25,612,901</u>
Deferred inflows of Resources						
Net position:	<u>13,060,431</u>	<u>13,005,561</u>	<u>410,600</u>	<u>459,050</u>	<u>13,471,031</u>	<u>13,464,611</u>
Net Investment in capital assets	39,221,591	39,691,147	9,129,175	7,483,235	48,350,766	47,174,382
Restricted	917,922	907,030	127,862	70,726	1,038,089	977,756
Unrestricted	<u>16,595,181</u>	<u>14,565,606</u>	<u>6,128,034</u>	<u>7,708,131</u>	<u>22,730,910</u>	<u>22,273,737</u>
Total net assets	\$ 56,734,694	\$ 55,163,783	\$ 15,385,071	\$ 15,262,092	\$ 72,119,765	\$ 70,425,875

An additional portion of the County's net position, \$1,038,089 (1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$22,730,910) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Lincoln County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities. Governmental activities increased the County's net position by \$1,570,911. Key elements of this increase are as follows:

Lincoln County's Change in Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 6,829,016	\$ 6,320,212	\$ 16,316,426	\$ 16,409,808	\$ 23,145,442	\$ 22,406,737
Operating grants and contributions	5,154,340	4,430,456	344,716	216,699	5,499,056	4,441,155
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	13,005,561	13,046,472	459,050	359,440	13,464,611	13,405,912
Other taxes	2,311,363	2,231,014	-	-	2,311,363	2,231,014
Grants and contributions not restricted to specific programs	1,012,599	998,041	-	-	1,012,599	998,041
Other	986,707	543,554	372	541	987,079	544,095
Total revenues	29,299,586	27,569,749	17,120,564	16,986,488	46,420,150	44,026,954
Expenses:						
General government	5,652,178	5,994,482	-	-	5,652,178	5,994,482
Public safety	8,481,873	8,468,426	-	-	8,481,873	8,468,426
Public works	6,873,520	8,531,285	-	-	6,873,520	8,531,285
Health and human services	5,049,520	4,274,464	-	-	5,049,520	4,274,464
Culture and recreation	833,925	835,108	-	-	833,925	835,108
Conservation and development	890,003	1,684,039	-	-	890,003	1,154,756
Interest on long-term debt	512,259	558,310	-	-	512,259	558,310
Special item – Loss on early retirement of debt	102,329	-	-	-	102,329	-
Nursing home	-	-	12,107,801	12,166,315	12,107,801	12,166,315
Forestry	-	-	900,756	813,213	900,756	813,213
Lincoln Industries	-	-	1,575,638	1,620,028	1,575,638	1,620,028
Landfill	-	-	1,746,458	1,742,652	1,809,810	1,853,652
Total expenses	28,395,607	30,346,114	16,330,653	16,342,208	44,726,260	44,650,011
Increase (decrease) in net position before transfers	903,979	(2,776,365)	789,911	644,280	1,693,890	(2,132,085)
Transfers	666,932	776,654	(666,932)	(776,654)	-	-
Increase (Decrease) in net position	1,570,911	(1,999,711)	122,979	(132,374)	1,693,890	(2,132,085)
Prior Period Adjustment	-	1,872,978	-	-	-	1,872,978
Cumulative Effect of Change In Accounting Principle	-	(207,750)	-	(17,815)	-	(225,565)
Net position - January 1	55,163,783	55,498,266	15,262,092	15,412,281	70,425,875	70,910,547
Net position - December 31	\$ 56,734,694	\$ 55,163,783	\$ 15,385,071	\$ 15,262,092	\$ 72,119,765	\$ 70,425,875

The County received an insurance recovery of \$924,000 for storm damage to the County grandstand. At this time, the County has not decided on a replacement structure, and the proceeds remain with the County. The County's self-funded health insurance program had a \$528,672 increase in net position largely due to a transfer of \$500,000 for cash flow purposes. The Highway fund showed an increase of \$597,648 in net position due to a large road project during 2013. The County defeased taxable general obligation bonds in the amount of \$1,300,000 in advance reducing a long-term liability.

Business-type Activities Business-type activities increased Lincoln County's net position by \$122,979. Solid Waste had a decrease of \$139,993 mostly due to a transfer out of \$200,000 to offset tax levy. Forestry showed a gain of \$143,401 despite a transfer of \$270,698 mostly to the Capital Improvement Project (CIP) fund. Lincoln Industries posted a \$73,700 gain due to higher than anticipated revenues, and Pine Crest also posted a gain of \$45,871.

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$15,036,172, a decrease of \$173,207 in comparison with the prior year. Approximately 79 percent of this total amount, \$11,917,813, constitutes the amount which is available for spending at the government's discretion. Of this amount, \$1,378,425 is committed by County Board action for CIP projects, \$3,902,262 is committed by County Board action for cash flow and \$1,270,467 is assigned for use on a fairground project yet to be identified. Additionally, \$1,811,712 is assigned by the Finance and Insurance Committee for specific programs and \$1,969,676 is assigned as amounts remaining in governmental funds that are not classified as nonspendable and are not restricted or committed. The remaining \$1,464,348 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 \$5,366,610, while the total fund balance was \$12,478,632. A total of \$9,827,214 or seventy-nine percent of the general fund fund balance remains under the County's discretion.

The fund balance of Lincoln County's general fund decreased by \$162,532 during the current fiscal year. Key factors in this increase are as follows:

- The County transferred an amount of \$1,280,565 into General Fund. \$923,689 was transferred per Ordinances 3.07 and 3.26 which limit fund balance and net position balances in other funds and an additional \$200,000 was transferred from the Solid Waste Fund and \$100,000 from Lincoln Industries to offset tax levy.
- Total revenues exceeded budget expectations by \$867,485. Sherriff Office outside housing revenues exceeding budget by \$565,708, County sales tax revenues coming in \$244,037 higher than anticipated, and State aids exceeded budget by \$251,766.
- The County transferred out \$2,751,653 from the General Fund. \$1,382,221 was transferred to Debt Service for bond defeasance, \$500,000 was transferred to Health Insurance for cash flow, and \$490,814 was transferred to the Roads Fund for road construction.

The County Roads and Bridges Fund has a fund balance of \$916,066 at December 31, 2013 an increase of \$16,951 when compared to the previous year. A transfer of \$740,814 from CIP and 2012 residual contingency funds offset road work expenditures.

The Social Services fund has a total fund balance of \$669,094. The fund balance of the Social Services fund increased by \$40,672 during the current year. A transfer out per Ordinance 3.07 of \$356,671 reduced an excess of revenues over expenditures amount of \$397,343. The key factor in this increase was higher than anticipated State aids by \$460,618.

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

Unrestricted net position of Pine Crest Nursing Home operations at the end of the year amounted to \$2,148,281, those of Solid Waste Landfill amounted to \$1,873,317, those of Lincoln Industries amounted to \$691,014 and those of Forestry amounted to \$1,415,422. 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 2012). 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 \$1,310,783. Those amendments are briefly summarized below:

- \$859,971 - The actual amount of grant and designated funds spent down in 2012 was less than the amount estimated as designated for non-lapsing appropriations when the budget was prepared.
- \$305,027 – Increase in expenditures due to increased grant revenues.

Actual expenditures were \$1,340,533 *less* than the amended budget. Explanations not already provided elsewhere in this report are summarized below:

- \$189,820 – Unused electronic access and retained fee revenue.
- \$407,051 – Unused contingency funds.
- \$47,932– Delayed outlay projects.
- \$43,700 – Unspent program revenues.
- \$292,716 – Due to decreased operational expenditures and unspent restricted and assigned funds in Sheriff's Office.

On the revenue side, the original budget was *increased* by \$379,867 with budget amendments largely due to an increase of \$305,027 in grant revenue in land conservation and zoning.

Actual revenues were \$867,485 *higher* than budgeted. Significant variances are as follows:

- Sales tax ended \$244,037 higher than budgeted.
- Outside housing recorded revenues of \$565,708 over the amount budgeted.
- Child support revenue was \$167,763 higher than budgeted.
- Interest revenue fell short of budget expectations by \$112,993.

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, 2013, amounted to \$60,696,178 (net of accumulated depreciation) compared to \$60,458,713 in 2012. 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 \$237,465 or less than one percent.

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

- \$ 1,811,155 was added to work in progress due to the landfill expansion project.
- Infrastructure increased a net of \$335,129 due to road construction.
- Depreciation expense totaled \$4,689,747 in 2013.

Lincoln County's Capital Assets (net of accumulated depreciation)						
	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
	Land	\$ 116,470	\$ 116,470	\$ 2,665,080	\$ 2,665,080	\$ 2,781,550
Land improvements	291,965	307,588	797,791	1,132,456	1,089,756	1,440,044
Infrastructure	29,213,114	28,877,985	-	-	29,213,114	28,877,985
Buildings and improvements	16,675,055	17,482,713	3,344,431	3,583,980	20,019,486	21,066,693
Equipment and vehicles	3,661,355	3,735,079	806,799	831,684	4,468,154	4,566,763
Work in progress	702,133	1,114,848	2,421,985	610,830	3,124,118	1,725,678
Total	\$ 50,660,092	\$ 51,634,683	\$ 10,036,086	\$ 8,824,030	\$ 60,696,178	\$ 60,458,713

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 \$12,220,000 which is a decrease of \$2,310,000. In 2012 the total general obligation debt outstanding was \$14,530,000. All Lincoln County general obligation debt is backed by the full faith and credit of the County. Lincoln County maintains a Standard and Poor's Rating of AA for general obligation debt.

Lincoln County's Outstanding Long-Term Obligations						
	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
	Bonds	\$ 11,315,000	\$ 13,190,000	\$ 905,000	\$ 1,340,000	\$ 12,220,000
Capital lease	123,501	203,536	-	-	123,501	203,536
Compensated absences	1,471,211	1,504,791	520,760	510,531	1,991,971	2,015,322
Total general long-term obligations	\$ 12,909,712	\$ 14,898,327	\$ 1,427,671	\$ 1,850,531	\$ 14,335,472	\$ 16,748,858

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 available debt capacity is \$99,797,844, 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.

Economic Factors and Next Year's Budget Rates

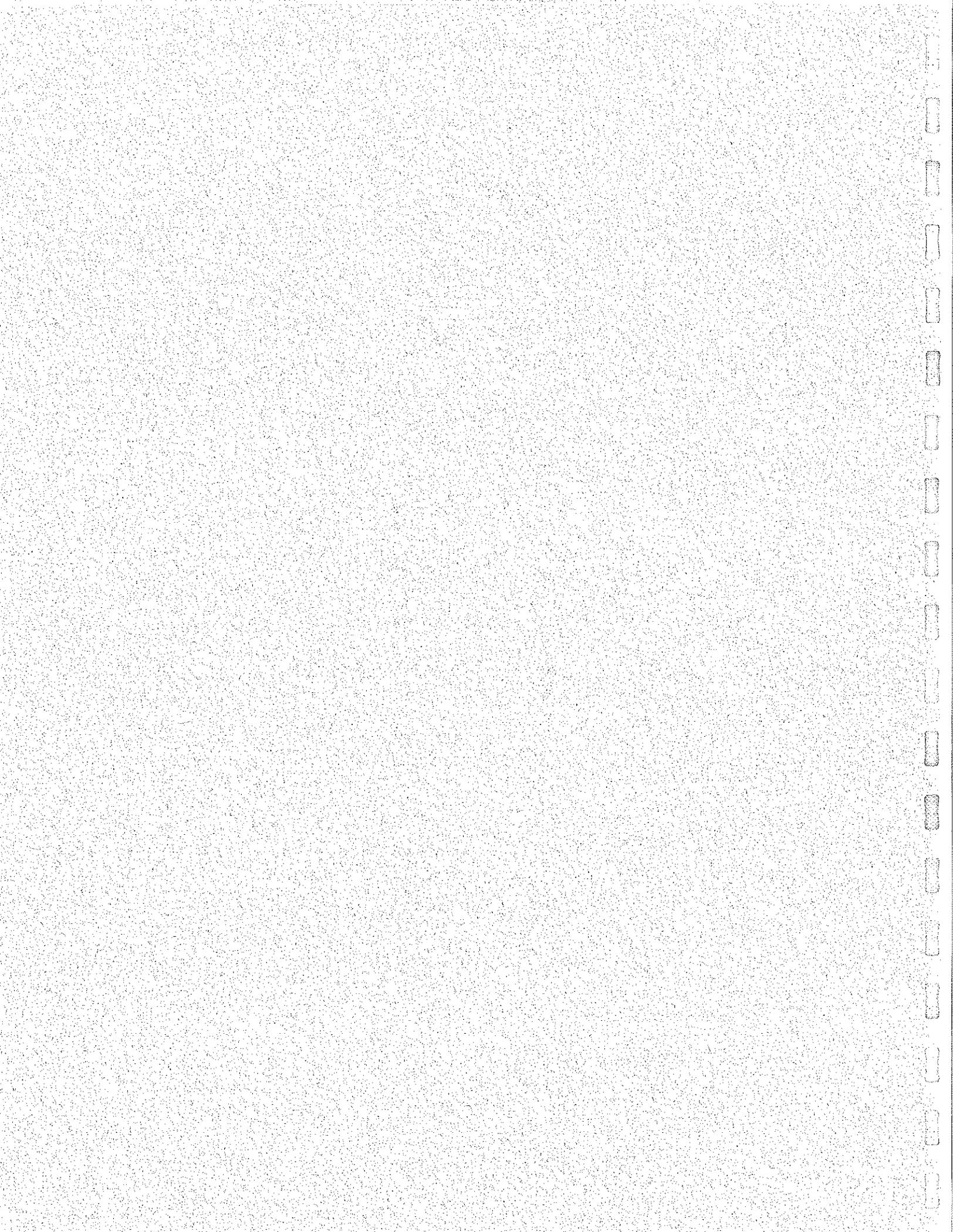
- The unemployment rate for Lincoln County in April 2014 was 7.7 percent as compared to 5.8 percent for the State of Wisconsin. The April 2014 rate for Lincoln County was 3.1 percent higher than the April 2013 rate (10.8%).
- The general economic condition and outlook for the County is for slow growth well behind the anticipated growth for the State and County. The economic condition in Lincoln County is expected to very slowly improve over the next several years.
- Inflationary trends in our region compare to national indices.

These factors were considered in preparing the County's budget for the 2014 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, Merrill, WI 54452.

BASIC FINANCIAL STATEMENTS



LINCOLN COUNTY, WISCONSIN
STATEMENT OF NET POSITION
December 31, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 15,338,746	\$ 6,122,420	\$ 21,461,166
Receivables, net:			
Property taxes	13,060,431	410,600	13,471,031
Tax certificates and deeds	2,127,106	-	2,127,106
Assessments	130,875	-	130,875
Accounts	1,421,851	2,146,790	3,568,641
Due from other governments	1,391,528	27,458	1,418,986
Inventories, at cost	1,109,125	401,277	1,510,402
Prepaid expenses	365,959	76,902	442,861
Total current assets	<u>34,945,621</u>	<u>9,185,447</u>	<u>44,131,068</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	55,856	3,824,913	3,880,769
Capital assets:			
Land and construction in progress	818,603	5,087,065	5,905,668
Other capital assets, net of depreciation	49,841,489	4,949,021	54,790,510
Total capital assets	<u>50,660,092</u>	<u>10,036,086</u>	<u>60,696,178</u>
Total noncurrent assets	<u>50,715,948</u>	<u>13,860,999</u>	<u>64,576,947</u>
Total assets	<u>85,661,569</u>	<u>23,046,446</u>	<u>108,708,015</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,238,385	484,189	1,722,574
Accrued expenses	629,233	248,461	877,694
Compensated absences payable	757,189	394,194	1,151,383
Accrued claims	497,821	-	497,821
Deposits and advances	218,552	166,180	384,732
Due to other governments	262,696	128,750	391,446
Current portion of long-term obligations	390,165	460,000	850,165
Unearned revenue	110,045	55,124	165,169
Total current liabilities	<u>4,104,086</u>	<u>1,936,898</u>	<u>6,040,984</u>
Noncurrent liabilities:			
Future closure payable	-	4,740,400	4,740,400
Compensated absences payable	714,022	126,566	840,588
Noncurrent portion of long-term obligations	11,048,336	446,911	11,495,247
Total noncurrent liabilities	<u>11,762,358</u>	<u>5,313,877</u>	<u>17,076,235</u>
Total liabilities	<u>15,866,444</u>	<u>7,250,775</u>	<u>23,117,219</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	13,060,431	410,600	13,471,031
NET POSITION			
Net investment in capital assets	39,221,591	9,129,175	48,350,766
Restricted	917,922	127,862	1,045,784
Unrestricted	<u>16,595,181</u>	<u>6,128,034</u>	<u>22,723,215</u>
TOTAL NET POSITION	<u>\$ 56,734,694</u>	<u>\$ 15,385,071</u>	<u>\$ 72,119,765</u>

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, 2013

Functions / Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Sales and Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:						
General government	\$ 5,652,178	\$ 438,480	\$ 190,379	\$ (5,023,319)	\$ -	\$ (5,023,319)
Public safety	8,481,873	2,784,850	210,154	(5,486,869)	-	(5,486,869)
Public works	6,873,520	2,671,223	1,775,310	(2,426,987)	-	(2,426,987)
Health and human services	5,049,520	403,899	2,474,100	(2,171,521)	-	(2,171,521)
Culture, recreation, and education	833,925	26,559	8,529	(798,837)	-	(798,837)
Conservation and development	890,003	353,636	480,545	(55,822)	-	(55,822)
Interest on long-term debt	512,259	150,369	15,323	(346,567)	-	(346,567)
Total governmental activities	28,293,278	6,829,016	5,154,340	(16,309,922)	-	(16,309,922)
BUSINESS-TYPE ACTIVITIES:						
Nursing home	12,107,801	11,774,386	-	-	(333,415)	(333,415)
Forestry	900,756	975,479	344,716	-	419,439	419,439
Lincoln Industries	1,575,638	1,756,751	-	-	181,113	181,113
Solid waste landfill	1,746,458	1,809,810	-	-	63,352	63,352
Total business-type activities	16,330,653	16,316,426	344,716	-	330,489	330,489
TOTAL PRIMARY GOVERNMENT	\$ 44,623,931	\$ 23,145,442	\$ 5,499,056	(16,309,922)	330,489	(15,979,433)

GENERAL REVENUES, SPECIAL ITEMS AND TRANSFERS

Taxes:					
Property taxes, levied for general purposes	13,005,561		459,050		13,464,611
Private forest cropland/managed forest land taxes	54,839		-		54,839
County sales tax	1,739,037		-		1,739,037
Real estate transfer taxes	40,246		-		40,246
Payment in lieu of taxes	92,926		-		92,926
Interest and penalties on taxes	384,315		-		384,315
Grants and contributions not restricted to specific programs	1,012,599		-		1,012,599
Unrestricted investment earnings	62,707		372		63,079
Special item - Insurance recoveries - storm damage	924,000		-		924,000
Special item - Loss on early retirement of debt	(102,329)		-		(102,329)
Transfers	666,932		(666,932)		-
Total general revenues and transfers	17,880,833		(207,510)		17,673,323
CHANGE IN NET POSITION	1,570,911		122,979		1,693,890
NET POSITION - BEGINNING	55,163,783		15,262,092		70,425,875
NET POSITION - ENDING	\$ 56,734,694		\$ 15,385,071		\$ 72,119,765

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, 2013

	<u>General</u>	<u>County Roads and Bridges</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 10,195,107	\$ 916,066	\$ 495,458	\$ 674,062	\$ 12,280,693
Receivables, net:					
Property taxes	8,522,046	2,266,753	287,285	1,984,347	13,060,431
Tax certificates and deeds	2,127,106	-	-	-	2,127,106
Assessments	130,875	-	-	-	130,875
Accounts	781,300	-	-	517,234	1,298,534
Due from other governments	548,523	-	267,202	33,401	849,126
Due from other funds	56,195	-	-	-	56,195
Prepaid items	312,271	-	-	383	312,654
Inventory	4,017	-	-	-	4,017
Advances from other funds	120,652	-	-	-	120,652
Restricted assets:					
Cash and cash equivalents	48,161	-	7,695	-	55,856
TOTAL ASSETS	\$ 22,846,253	\$ 3,182,819	\$ 1,057,640	\$ 3,209,427	\$ 30,296,139
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 254,688	\$ -	\$ 29,718	\$ 218,030	\$ 502,436
Accrued liabilities	418,578	-	20,968	17,116	456,662
Deposits and advances	213,858	-	4,694	-	218,552
Due to other funds	1,593	-	-	-	1,593
Due to other governments	215,961	-	45,881	854	262,696
Unearned revenue	19,845	-	-	16,700	36,545
Total liabilities	1,124,523	-	101,261	252,700	1,478,484
Deferred inflows of resources					
Property taxes	8,522,046	2,266,753	287,285	1,984,347	13,060,431
Interest on delinquent taxes	396,131	-	-	-	396,131
Citation receivables	324,921	-	-	-	324,921
Total deferred inflows of resources	9,243,098	2,266,753	287,285	1,984,347	13,781,483
Fund balances					
Nonspendable	2,200,054	-	-	383	2,200,437
Restricted	451,364	-	7,695	458,863	917,922
Committed	1,378,425	-	-	128,618	1,507,043
Assigned	3,082,179	916,066	661,399	384,516	5,044,160
Unassigned	5,366,610	-	-	-	5,366,610
Total fund balances	12,478,632	916,066	669,094	972,380	15,036,172
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 22,846,253	\$ 3,182,819	\$ 1,057,640	\$ 3,209,427	\$ 30,296,139

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, 2013**

Total fund balances for governmental funds \$ 15,036,172

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	\$ 80,930	
Construction in progress	702,133	
Land improvements, net of \$55,179 accumulated depreciation	163,964	
Buildings, net of \$9,836,500 accumulated depreciation	16,160,136	
Machinery and equipment, net of \$2,163,762 accumulated depreciation	911,308	
Intangible assets, net of \$107,695 accumulated depreciation	-	
Infrastructure, net of \$25,478,998 accumulated depreciation	<u>29,213,114</u>	
Total capital assets		47,231,585

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	\$ 867,157	
Highway fund	<u>5,218,113</u>	
Total internal service funds		6,085,270

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 12/31/13 are:

Accrued interest on bonds	\$ (106,260)	
Bonds payable	(11,315,000)	
Vacation payable	(515,998)	
Vested sick leave	(210,298)	
Accrued sick	(303,452)	
Compensatory time	<u>(10,705)</u>	
Total long-term liabilities		(12,461,713)

Accounts receivable are recorded when they become measurable and available in governmental funds. On 12/31/13 receivables were not available and consequently not recorded.

Under full accrual accounting, revenues are recorded when earned. Consequently the accounts receivable is recorded and revenue recognized.

122,328

On 12/31/13 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	\$ 324,921	
Interest on delinquent taxes	<u>396,131</u>	
Total deferred revenue		<u>721,052</u>

Total net position of governmental activities \$ 56,734,694

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, 2013

	<u>General</u>	<u>County Roads and Bridges</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 10,594,931	\$ 2,266,753	\$ 314,007	\$ 2,079,325	\$ 15,255,016
Intergovernmental revenues	2,302,443	1,741,299	1,933,585	189,612	6,166,939
Licenses and permits	113,314	-	-	49,815	163,129
Fines, forfeits, and penalties	123,767	-	-	33,051	156,818
Public charges for service	1,977,318	-	1,943	1,221,171	3,200,432
Intergovernmental charges for service	77,262	-	4,739	331,959	413,960
Miscellaneous revenues	360,696	-	5,073	62,838	428,607
Total revenues	<u>15,549,731</u>	<u>4,008,052</u>	<u>2,259,347</u>	<u>3,967,771</u>	<u>25,784,901</u>
EXPENDITURES					
Current:					
General government	4,657,211	-	-	-	4,657,211
Public safety	6,380,738	-	-	1,782,720	8,163,458
Public works	34,011	4,731,915	-	-	4,765,926
Health and human services	2,228,443	-	1,859,869	982,497	5,070,809
Culture, recreation, and education	833,216	-	-	-	833,216
Conservation and development	887,858	-	-	-	887,858
Capital outlay	587,570	-	2,135	-	589,705
Debt service:					
Principal	-	-	-	425,000	425,000
Payment to refunded debt escrow agent	-	-	-	1,552,329	1,552,329
Interest and other charges	-	-	-	521,910	521,910
Total expenditures	<u>15,609,047</u>	<u>4,731,915</u>	<u>1,862,004</u>	<u>5,264,456</u>	<u>27,467,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(59,316)</u>	<u>(723,863)</u>	<u>397,343</u>	<u>(1,296,685)</u>	<u>(1,682,521)</u>
OTHER FINANCING SOURCES (USES)					
Insurance recoveries - storm damage	1,367,872	-	-	-	1,367,872
Transfers in	1,280,565	740,814	-	1,581,583	3,602,962
Transfers out	(2,751,653)	-	(356,671)	(353,196)	(3,461,520)
Total other financing sources and uses	<u>(103,216)</u>	<u>740,814</u>	<u>(356,671)</u>	<u>1,228,387</u>	<u>1,509,314</u>
Net change in fund balances	<u>(162,532)</u>	<u>16,951</u>	<u>40,672</u>	<u>(68,298)</u>	<u>(173,207)</u>
FUND BALANCES - BEGINNING	<u>12,641,164</u>	<u>899,115</u>	<u>628,422</u>	<u>1,040,678</u>	<u>15,209,379</u>
FUND BALANCES - ENDING	<u>\$ 12,478,632</u>	<u>\$ 916,066</u>	<u>\$ 669,094</u>	<u>\$ 972,380</u>	<u>\$ 15,036,172</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, 2013

Net change in fund balances - total governmental funds \$ (173,207)

The change in net position reported for governmental activities in the statement of activities is different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. Additionally, the sale of a capital asset is recorded as a revenue in the governmental funds. However on the accrual basis, a gain or loss must be recognized. The net changes are as follows:

Capital outlay	\$ 2,948,715	
Sale and disposal of capital assets	(572,606)	
Depreciation expense	<u>(3,324,968)</u>	
Excess of depreciation expense over capital outlay		(948,859)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, this amount consisted of:

1,875,000

Internal service funds are used by the County to charge the cost of health insurance and County road work to individual funds. The net revenue of the internal service funds is reported with governmental activities as follows:

Health insurance fund	\$ 528,672	
Highway fund	<u>597,648</u>	
Total internal service funds		1,126,320

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:

Accrued interest on notes	\$ 9,651	
Vacation	19,088	
Vested sick leave	(9,904)	
Accrued sick	46,724	
Comp time	<u>1,799</u>	
Combined adjustment		67,358

Revenue had accrued on 12/31/13 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:

Insurance reimbursement	\$ (443,872)	
Interest on delinquent taxes	61,908	
Corrections	(11,199)	
Citations	<u>17,462</u>	
Combined adjustment		<u>(375,701)</u>

Change in net position of governmental activities \$ 1,570,911

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, 2013

	Enterprise Funds					Governmental Activities - Internal Service Funds
	Pine Crest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,055,419	\$ 2,512,160	\$ 1,825,656	\$ 729,185	\$ 6,122,420	\$ 3,058,053
Receivables, net:						
Property taxes	410,600	-	-	-	410,600	-
Accounts	1,789,455	148,669	88,695	119,971	2,146,790	989
Due from other governments	-	-	27,458	-	27,458	542,402
Due from other funds	-	-	-	-	-	1,593
Inventories, at cost	38,277	363,000	-	-	401,277	1,105,108
Prepaid items	41,859	35,043	-	-	76,902	53,305
Total current assets	<u>3,335,610</u>	<u>3,058,872</u>	<u>1,941,809</u>	<u>849,156</u>	<u>9,185,447</u>	<u>4,761,450</u>
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	15,876	3,809,037	-	-	3,824,913	-
Capital assets:						
Land	13,833	84,605	2,502,037	64,605	2,665,080	35,540
Construction work in progress	-	2,421,985	-	-	2,421,985	-
Improvements other than buildings	416,415	6,853,541	9,603	10,752	7,290,311	244,869
Buildings	8,253,805	300,049	295,367	1,219,463	10,068,684	1,853,669
Machinery and equipment	1,612,510	955,956	577,347	107,112	3,252,925	9,543,225
Less accumulated depreciation and depletion	(6,519,323)	(7,246,313)	(647,297)	(1,249,966)	(15,662,899)	(8,248,796)
Total capital assets	<u>3,777,240</u>	<u>3,369,823</u>	<u>2,737,057</u>	<u>151,966</u>	<u>10,036,086</u>	<u>3,428,507</u>
Total noncurrent assets	<u>3,793,116</u>	<u>7,178,860</u>	<u>2,737,057</u>	<u>151,966</u>	<u>13,860,999</u>	<u>3,428,507</u>
Total assets	<u>7,128,726</u>	<u>10,237,732</u>	<u>4,678,866</u>	<u>1,001,122</u>	<u>23,046,446</u>	<u>8,189,957</u>
LIABILITIES						
Current liabilities:						
Accounts payable	236,283	193,512	3,168	51,226	484,189	735,949
Accrued expenses	210,357	7,103	12,268	18,733	248,461	66,311
Compensated absences payable	292,630	23,582	40,763	37,219	394,194	230,486
Accrued claims	-	-	-	-	-	497,821
Due to other funds	-	-	-	-	-	56,195
Due to other governments	-	-	128,675	75	128,750	-
Unearned revenue	-	-	55,124	-	55,124	73,500
Current maturities of long-term debt	460,000	-	-	-	460,000	35,165
Deposits and advances	37,459	-	128,721	-	166,180	-
Total current liabilities	<u>1,236,729</u>	<u>224,197</u>	<u>368,719</u>	<u>107,253</u>	<u>1,936,898</u>	<u>1,695,427</u>
Noncurrent liabilities:						
Noncurrent maturities of long-term debt	446,911	-	-	-	446,911	88,336
Advance due to other funds	-	-	-	-	-	120,652
Compensated absences payable	-	29,995	45,682	50,889	126,566	200,272
Future closure payable	-	4,740,400	-	-	4,740,400	-
Total noncurrent liabilities	<u>446,911</u>	<u>4,770,395</u>	<u>45,682</u>	<u>50,889</u>	<u>5,313,877</u>	<u>409,260</u>
Total liabilities	<u>1,683,640</u>	<u>4,994,592</u>	<u>414,401</u>	<u>158,142</u>	<u>7,250,775</u>	<u>2,104,687</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes	410,600	-	-	-	410,600	-
NET POSITION						
Net investment in capital assets	2,870,329	3,369,823	2,737,057	151,966	9,129,175	3,305,006
Restricted	15,876	-	111,986	-	127,862	-
Unrestricted	2,148,281	1,873,317	1,415,422	691,014	6,128,034	2,780,264
TOTAL NET POSITION	<u>\$ 5,034,486</u>	<u>\$ 5,243,140</u>	<u>\$ 4,264,465</u>	<u>\$ 842,980</u>	<u>\$ 15,385,071</u>	<u>\$ 6,085,270</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, 2013

	Enterprise Funds					Governmental Activities - Internal Service Funds
	Pine Crest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Total	
OPERATING REVENUES						
Public charges for service	\$ 11,737,488	\$ 1,594,644	\$ 946,155	\$ 1,739,016	\$ 16,017,303	\$ -
Interdepartmental charges for service	-	-	2,065	17,135	19,200	10,080,748
Intergovernmental charges for service	-	179,267	-	-	179,267	2,616,480
Other	30,219	13,480	-	-	43,699	27,736
Total operating revenues	11,767,707	1,787,391	948,220	1,756,151	16,259,469	12,724,964
OPERATING EXPENSES						
Claims paid	-	-	-	-	-	4,473,088
Nursing services	5,541,051	-	-	-	5,541,051	-
Other professional services	513,624	-	-	-	513,624	-
General services	2,116,613	1,065,470	849,405	1,560,694	5,592,182	6,066,200
Administrative and fiscal services	3,200,743	-	-	-	3,200,743	1,125,574
Provider assessment tax	367,200	-	-	-	367,200	-
Future closing costs	-	164,278	-	-	164,278	-
Depreciation and amortization	322,020	520,055	56,691	22,357	921,123	457,017
Total operating expenses	12,061,251	1,749,803	906,096	1,583,051	16,300,201	12,121,879
Operating income (loss)	(293,544)	37,588	42,124	173,100	(40,732)	603,085
NONOPERATING REVENUES (EXPENSES)						
Property taxes	459,050	-	-	-	459,050	-
Insurance recoveries	-	-	-	-	-	17,537
Interest income	372	22,419	-	-	22,791	3,310
Rental income	-	-	-	-	-	50
Grant revenue	-	-	344,716	-	344,716	-
Salvage revenue	-	-	-	-	-	6,943
Donations	6,679	-	288	-	6,967	-
Interest expense	(47,647)	-	-	-	(47,647)	-
Gain on sale of supplies	-	-	-	600	600	827
Donation expense	(8,295)	-	-	-	(8,295)	-
Gain on disposal of capital assets	-	-	26,971	-	26,971	(5,432)
Total nonoperating revenues (expenses)	410,159	22,419	371,975	600	805,153	23,235
Income before transfers	116,615	60,007	414,099	173,700	764,421	626,320
Transfer in	-	-	-	-	-	500,000
Transfer out	(70,744)	(200,000)	(270,698)	(100,000)	(641,442)	-
Total transfers	(70,744)	(200,000)	(270,698)	(100,000)	(641,442)	500,000
Change in net position	45,871	(139,993)	143,401	73,700	122,979	1,126,320
TOTAL NET POSITION - BEGINNING	4,988,615	5,383,133	4,121,064	769,280	15,262,092	4,958,950
TOTAL NET POSITION - ENDING	\$ 5,034,486	\$ 5,243,140	\$ 4,264,465	\$ 842,980	\$ 15,385,071	\$ 6,085,270

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, 2013**

	Enterprise Funds					Governmental Activities - Internal Service Funds
	Pine Crest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
From patients and third party payers	\$ 11,818,819	\$ 1,602,331	\$ 956,645	\$ 1,864,236	\$ 16,242,031	\$ -
From other County departments	-	-	2,065	17,135	19,200	10,152,655
From government and other parties for sales	-	179,267	-	-	179,267	2,643,801
To employees for compensation and fringe benefits	(8,463,190)	(297,985)	(511,337)	(895,224)	(10,167,736)	(2,039,431)
To vendors for goods and services	(3,246,714)	(787,665)	(334,979)	(675,639)	(5,044,997)	(9,698,775)
Other cash received	30,219	13,480	-	-	43,699	-
Net cash provided by operating activities	<u>139,134</u>	<u>709,428</u>	<u>112,394</u>	<u>310,508</u>	<u>1,271,464</u>	<u>1,058,230</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grant revenue	-	-	344,716	-	344,716	-
Donations	6,679	-	288	-	6,967	-
Donation expense	(8,295)	-	-	-	(8,295)	-
Transfer out	(70,774)	(200,000)	(270,698)	(100,000)	(641,472)	-
Transfer in	-	-	-	-	-	500,000
Tax levy appropriations	459,050	-	-	-	459,050	-
Net cash provided by (used in) noncapital financing activities	<u>386,660</u>	<u>(200,000)</u>	<u>74,306</u>	<u>(100,000)</u>	<u>160,966</u>	<u>500,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(51,441)	(1,811,154)	(95,618)	(12,500)	(1,970,713)	(466,056)
Proceeds from sale of assets	-	-	27,750	600	28,350	37,159
Insurance recovery for damaged equipment	-	-	-	-	-	17,537
Capital lease payment	-	-	-	-	-	(80,035)
Advance from General Fund	-	-	-	-	-	(56,195)
Principal payments on long-term debt	(435,000)	-	-	-	(435,000)	-
Interest paid on long-term debt	(63,701)	-	-	-	(63,701)	-
Net cash used in capital and related financing activities	<u>(550,142)</u>	<u>(1,811,154)</u>	<u>(67,868)</u>	<u>(11,900)</u>	<u>(2,441,064)</u>	<u>(547,590)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	372	22,419	-	-	22,791	3,529
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(23,976)</u>	<u>(1,279,307)</u>	<u>118,832</u>	<u>198,608</u>	<u>(985,843)</u>	<u>1,014,189</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,095,271</u>	<u>7,600,504</u>	<u>1,706,824</u>	<u>530,577</u>	<u>10,933,176</u>	<u>2,043,864</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,071,295</u>	<u>\$ 6,321,197</u>	<u>\$ 1,825,656</u>	<u>\$ 729,185</u>	<u>\$ 9,947,333</u>	<u>\$ 3,058,053</u>
CASH AND CASH EQUIVALENTS CONSIST OF:						
Unrestricted	\$ 1,055,419	\$ 2,512,160	\$ 1,825,656	\$ 729,185	\$ 6,122,420	\$ 3,058,053
Restricted	15,876	3,809,037	-	-	3,824,913	-
	<u>\$ 1,071,295</u>	<u>\$ 6,321,197</u>	<u>\$ 1,825,656</u>	<u>\$ 729,185</u>	<u>\$ 9,947,333</u>	<u>\$ 3,058,053</u>

LINCOLN COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2013

	<u>Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>	
	<u>Pine Crest Nursing Home</u>	<u>Solid Waste Landfill</u>	<u>Forestry</u>	<u>Lincoln Industries</u>		<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (293,544)	\$ 37,588	\$ 42,124	173,100	\$ (40,732)	\$ 603,085
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Provision for bad debts	(1,768)	-	-	-	(1,768)	-
Depreciation and amortization	322,020	520,055	56,691	22,357	921,123	457,017
Future closing costs	-	164,278	-	-	164,278	-
Change in assets and liabilities:						
Accounts receivable	108,099	7,687	(6,401)	125,220	234,605	118,742
Due from other governments	-	-	6,774	-	6,774	(119,157)
Due from other funds	-	-	-	-	-	(1,593)
Inventories	(2,561)	(126,888)	-	-	(129,449)	130,621
Prepaid items	30,928	(1,122)	2,000	-	31,806	332
Accounts payable	(26,116)	102,714	1,954	(31,709)	46,843	212,797
Due to other governments	-	-	(12,280)	(11)	(12,291)	-
Accrued expenses	18,425	1,426	1,866	2,717	24,434	(12,037)
Unearned revenue	-	-	(23,922)	-	(23,922)	73,500
Compensated absences payable	(9,564)	3,690	(2,731)	18,834	10,229	24,127
Deposits and advances	(6,785)	-	46,319	-	39,534	-
Claims paid	-	-	-	-	-	(429,184)
Total adjustments	<u>432,678</u>	<u>671,840</u>	<u>70,270</u>	<u>137,408</u>	<u>1,312,196</u>	<u>455,165</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 139,134</u>	<u>\$ 709,428</u>	<u>\$ 112,394</u>	<u>\$ 310,508</u>	<u>\$ 1,271,464</u>	<u>\$ 1,058,250</u>

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

LINCOLN COUNTY, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 31,602
Accounts receivable	<u>659,687</u>
Total assets	<u>\$ 691,289</u>
LIABILITIES	
Deposits and advances	21,553
Due to other governments	<u>669,736</u>
Total liabilities	<u>\$ 691,289</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the reporting government as a whole except for fiduciary funds. Fiduciary funds are reported only in the statement of fiduciary net position. The statements of net position and activities distinguish between governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are primarily financed by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods or services provided by a specific function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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/deferred outflows, liabilities/deferred inflows, 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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major enterprise funds:

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

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

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

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

In addition, the County reports the following fund types:

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

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

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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

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

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

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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY TAXES

Property taxes are levied prior to December 31 and are due and collectible in the following year. The 2013 tax levy is recorded as receivable with offsetting deferred inflows of resources at December 31, 2013; it will be recognized as revenue in 2014 when used to finance the County's services.

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

The property tax calendar for the 2013 tax roll follows:

Lien date and date levy	December 2013
Tax bills mailed	December 2013
Real estate taxes first installment due	January 31, 2014
Personal property taxes due in full	January 31, 2014
Real estate taxes second installment due	July 31, 2014
Tax sale - 2013 delinquent real estate taxes	October 2017

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 amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments with a maturity of three months or less (including restricted assets) are considered to be cash equivalents.

INTERFUND RECEIVABLES AND PAYABLES

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

INVENTORIES

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

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PREPAID ITEMS

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

CAPITAL ASSETS

Capital assets are recorded at cost, when available, or estimated historical cost, when historical records could not be obtained. Donated capital assets are valued at their estimated fair 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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 currently does not have any items that qualify for reporting in this category.

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 several items that qualify for reporting in this category; property taxes, interest on delinquent taxes, and citation receivables. These amounts will be recognized as inflows of resources in subsequent periods.

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, 2013

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 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. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance: Amounts that are available for any purpose. Unassigned amounts are only reported in the General Fund.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. When a policy does not specify spend-down order, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

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

- Net investment in capital assets – Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvement of those assets.
- 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.

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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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, 2013

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

The carrying amount of the County's cash and cash equivalents totaled \$25,373,537 on December 31, 2013, as summarized below:

Petty cash fund	\$ 2,140
Deposits with financial institutions	14,153,108
Investments	
Wisconsin local government investment pool	6,122,310
Landfill long-term care trust	3,809,037
Health insurance trust fund	1,238,781
Insurance deposits	48,161
	<u>\$ 25,373,537</u>

Presented in the Statement of Net Position as follows:

Unrestricted cash and cash equivalents	\$ 21,461,166
Restricted cash and investments	3,880,769
Fiduciary fund cash and cash equivalents	31,602
	<u>\$ 25,373,537</u>

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.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

On December 31, 2013, \$1,083,768 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name).

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

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.

Type of Investment	Fair Value at Year End	Investment Rating
Local Government Investment Pool	\$ 6,122,310	Not Rated
U.S. Treasury Notes	1,596,804	Exempt
U.S. Government Agency Securities	1,092,477	AAA
Negotiated Certificates of Deposit	2,161,308	Not Rated
Money Market Mutual Funds	74,666	AAA
Fixed Income Mutual Funds	122,563	Not Rated
Insurance Deposits	48,161	Not Rated

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, 2013 the County had the following investments and maturities:

Type of Investment	Fair Value at Year End	Average Maturities
Local Government Investment Pool	\$ 6,122,310	Less than 1 year
U.S. Treasury Notes	1,596,804	1 to 3 years
U.S. Government Agency Securities	1,092,477	1 to 3 years
Negotiated Certificates of Deposit	2,161,308	1 to 3 years
Money Market Mutual Funds	74,666	Less than 1 year
Fixed Income Mutual Funds	122,563	Less than 1 year
Insurance Deposits	48,161	Less than 1 year

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

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, 2013, the factor was 100%. As of December 31, 2013 the carrying amount of these investments was \$6,122,310. The annualized interest rate on the LGIP was .09% for the month of December 2013.

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, 2013, totaled \$3,880,769 consisting of cash and investments as follows:

General fund	
Insurance deposits	\$ 48,161
Social Service Fund	
COP Risk Reserve	7,695
Enterprise Fund	
Solid waste landfill	
Long-term care and closure deposits	3,809,037
Pine Crest Nursing Home	
Donation and special fund	15,876
Total Restricted Assets	<u>\$ 3,880,769</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 4 – RECEIVABLES

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:

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.

	General	County Roads and Bridges	Social Services	Pine Crest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Nonmajor and Internal Service Funds	Total
Receivables									
Property taxes	\$ 8,522,046	\$2,266,753	\$ 287,285	\$ 410,600	\$ -	\$ -	\$ -	\$1,984,347	\$13,471,031
Tax certificates and deeds	2,127,106	-	-	-	-	-	-	-	2,127,106
Assessments	130,875	-	-	-	-	-	-	-	130,875
Accounts	771,251	-	-	1,864,455	148,669	88,695	119,971	580,186	3,573,227
Due from other governments	548,523	-	267,202	-	-	27,458	-	575,803	1,418,986
Gross receivables	12,099,801	2,266,753	554,487	2,275,055	148,669	116,153	119,971	3,140,336	20,721,225
Less allowance for uncollectibles	-	-	-	(75,000)	-	-	-	(61,963)	(136,963)
Net total fund receivables	<u>\$12,099,801</u>	<u>\$2,266,753</u>	<u>\$ 554,487</u>	<u>\$2,200,055</u>	<u>\$148,669</u>	<u>\$ 116,153</u>	<u>\$119,971</u>	<u>\$3,078,373</u>	20,584,262
Correction									122,328
Fiduciary fund									<u>10,049</u>
Net statement of net position receivables									<u>\$20,716,639</u>

On December 31, 2013, the County’s general fund showed an investment of \$2,127,106 in delinquent taxes as follows:

Tax certificates	\$ 2,082,018
Tax deeds	<u>45,088</u>
Total	<u>\$ 2,127,106</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 4 - RECEIVABLES (Continued)

An aging of the delinquent tax certificate taxes of \$2,082,018 on December 31, 2013, follows:

Year Acquired

Prior to 2009	\$ 44,274
2009	32,815
2010	80,665
2011	173,542
2012	606,326
2013	<u>1,144,396</u>
	<u><u>\$ 2,082,018</u></u>

Of the total of \$2,082,018 for delinquent tax certificate taxes, \$363,992 was collected by the County within 90 days after December 31, 2013. The remaining unpaid balance of \$1,718,026 and tax deeds of \$45,088 are recorded as nonspendable fund balance of \$1,763,114 for the general fund.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At December 31, 2013, interfund receivables and payables were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 56,195	\$ 1,593
Internal Service Fund		
Highway Fund	-	56,195
Health Insurance Fund	1,593	-
Totals	<u>\$ 57,788</u>	<u>\$ 57,788</u>

The General Fund's receivable of \$56,195 from the Highway Fund is for past building upgrades. Additional advances between the General Fund and Highway Fund are as follows:

	Advance Receivables	Advance Payables
General Fund	\$ 120,652	\$ -
Internal Service Fund		
Highway Fund	-	120,652
Totals	<u>\$ 120,652</u>	<u>\$ 120,652</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

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

Transfers were made in the primary government as follows:

	General	Debt	County	Emergency	Health	
	Fund	Service	Roads and Bridges	Medical	Insurance	Totals
Transfers from:						
General fund	\$ -	\$ 1,382,221	\$ 740,814	\$ 128,618	\$ 500,000	\$ 2,751,653
Social Services	356,671	-	-	-	-	356,671
Nonmajor Governmental Funds						
County Health	90,702	-	-	-	-	90,702
Emergency Medical	240,885	-	-	-	-	240,885
Jail Assessment	21,609	-	-	-	-	21,609
Enterprise funds						
Pine Crest Nursing Home	-	70,744	-	-	-	70,744
Solid Waste Landfill	200,000	-	-	-	-	200,000
Forestry	270,698	-	-	-	-	270,698
Lincoln Industries	100,000	-	-	-	-	100,000
Totals	<u>\$ 1,280,565</u>	<u>\$ 1,452,965</u>	<u>\$ 740,814</u>	<u>\$ 128,618</u>	<u>\$ 500,000</u>	4,102,962
Elimination of transfers between governmental funds						(3,461,520)
Lookback adjustment to business-type activities for health insurance fund						14,191
Retirement charge to business-type activities						<u>11,299</u>
Transfers per Statement of Activities						<u>\$ 666,932</u>

Interfund transfers from various funds to the General Fund are primarily performed to comply with Chapter 3.07 Lincoln County Code limiting fund balances. Transfers in to other funds were performed to pay debt out of the Debt Service Fund from Pine Crest Nursing Home and for bond defeasance, to apply designated capital improvement funds from the General Fund to the County Roads and Bridges Fund, and for cash flow in the Health Insurance fund.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 6 - CAPITAL ASSETS

Changes in capital assets were as follows:

	Balance 1-1-13	Increases	Decreases	Balance 12-31-13
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 116,470	\$ -	\$ -	\$ 116,470
Construction in progress	1,114,848	-	412,715	702,133
Total capital assets not depreciated	1,231,318	-	412,715	818,603
Capital assets, being depreciated:				
Land improvements	464,012	-	-	464,012
Infrastructure	52,460,255	2,379,746	147,889	54,692,112
Buildings and improvements	27,645,049	205,256	-	27,850,305
Equipment and vehicles	12,499,095	829,768	710,568	12,618,295
Intangible assets	107,695	-	-	107,695
Subtotals	93,176,106	3,414,770	858,457	95,732,419
Less accumulated depreciation for:				
Land improvements	156,424	15,623	-	172,047
Infrastructure	23,582,270	1,896,728	-	25,478,998
Buildings and improvements	10,162,336	1,012,914	-	11,175,250
Equipment and vehicles	8,764,016	856,720	663,796	8,956,940
Intangible assets	107,695	-	-	107,695
Subtotals	42,772,741	3,781,985	663,796	45,890,930
Total capital assets, being depreciated, net	50,403,365	(367,215)	194,661	49,841,489
Governmental activities capital assets, net	\$ 51,634,683	\$ (367,215)	\$ 607,376	50,660,092
Less related long-term debt outstanding				11,438,501
Net investment in capital assets				<u>\$ 39,221,591</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 6 - CAPITAL ASSETS (Continued)

Changes in capital assets were as follows:

	Balance 1-1-13	Increases	Decreases	Balance 12-31-13
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,665,080	\$ -	\$ -	\$ 2,665,080
Construction in progress	610,830	1,811,155	-	2,421,985
Total capital projects not depreciated	<u>3,275,910</u>	<u>1,811,155</u>	<u>-</u>	<u>5,087,065</u>
Capital assets, being depreciated:				
Land improvements	7,143,718	146,593	-	7,290,311
Buildings	10,048,237	20,447	-	10,068,684
Machinery and equipment	3,252,344	142,402	141,821	3,252,925
Subtotals	<u>20,444,299</u>	<u>309,442</u>	<u>141,821</u>	<u>20,611,920</u>
Less accumulated depreciation for:				
Land improvements	6,011,262	481,258	-	6,492,520
Buildings	6,464,257	259,996	-	6,724,253
Machinery and equipment	2,420,660	166,508	141,042	2,446,126
Subtotals	<u>14,896,179</u>	<u>907,762</u>	<u>141,042</u>	<u>15,662,899</u>
Total capital assets, being depreciated, net	<u>5,548,120</u>	<u>(598,320)</u>	<u>779</u>	<u>4,949,021</u>
Business-type activities capital assets, net	<u>\$ 8,824,030</u>	<u>\$ 1,212,835</u>	<u>\$ 779</u>	<u>10,036,086</u>
Less related long-term debt outstanding				<u>906,911</u>
Net investment in capital assets				<u>\$ 9,129,175</u>

Depreciation expense was charged to the functions as follows:

Governmental activities

General government	\$ 1,024,620
Public safety	383,036
Public works	2,353,745
Conservation and development	20,584
Total depreciation expense - governmental activities	<u>\$ 3,781,985</u>

Business-type activities

Nursing home	\$ 308,659
Forestry	56,691
Solid waste landfill	520,055
Lincoln Industries	22,357
Total depreciation expense - business-type activities	<u>\$ 907,762</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 6 - CAPITAL ASSETS (Continued)

The County has active construction projects as of December 31, 2013. The projects include street construction and the widening and construction of existing streets and bridges. At year-end, the government's commitments with contractors are as follows:

	Spent-to-Date	Remaining Commitment
Street construction	\$ 444,008	\$ 189,125

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:

	Outstanding 1/1/13	Issued	Retired	Outstanding 12/31/13	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 13,190,000	\$ -	\$ 1,875,000	\$ 11,315,000	\$ 355,000
Capital lease	203,536	-	80,035	123,501	35,165
Compensated absences	1,504,791	764,065	797,645	1,471,211	757,189
Governmental activities Long-term obligations	\$ 14,898,327	\$ 764,065	\$ 2,752,680	\$ 12,909,712	\$ 1,147,354
Business-type activities:					
General Obligation Debt					
Bonds	\$ 1,340,000	\$ -	\$ 435,000	\$ 905,000	\$ 460,000
Bond premium	14,156	-	12,245	1,911	-
Compensated absences	510,531	400,807	390,578	520,760	394,194
Business-type activities Long-term obligations	\$ 1,864,687	\$ 400,807	\$ 837,823	\$ 1,427,671	\$ 854,194

Interest paid for the year ended December 31, 2013 totaled \$559,906.

During the year, the County used available financial resources of \$1,569,129 to create an escrow for the purposes of paying the remaining debt service of the 2004 general obligation bonds. The escrow used \$16,800 of resources to pay for issuance costs with the remaining \$1,552,329 to be used for future debt service payments until called. The refunding was undertaken to reduce future debt service payments. At December 31, 2014, \$1,450,000 of general obligation bonds are considered defeased.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

Detail of the above outstanding general obligations debt follows:

Bonds:

\$2,145,000	issued July 15, 2005; \$385,000 to \$445,000 due annually from 2011 through 2015; interest 3.45% to 3.7%	\$ 905,000
\$9,965,000	issued November 15, 2008; \$384,950 to \$1,202,172 due annually from 2009 through 2028; interest 4% to 4.65%	8,845,000
\$1,810,000	issued August 27, 2010; \$75,000 to \$475,000 due annually from 2011 through 2017; interest 1.5% to 2.25%	1,580,000
\$890,000	issued August 27, 2010; \$170,000 to \$520,000 due 2018 through 2020, interest 4%	<u>890,000</u>
Total Bonds		<u><u>\$ 12,220,000</u></u>

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2013, are allocated to activities as detailed below:

Year Ended December 31	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 355,000	\$ 457,288	\$ 460,000	\$ 35,970	\$ 815,000	\$ 493,258
2015	380,000	450,139	445,000	17,800	825,000	467,939
2016	425,000	442,089	-	-	425,000	442,089
2017	475,000	432,495	-	-	475,000	432,495
2018	520,000	416,751	-	-	520,000	416,751
2019-2023	4,010,000	1,606,838	-	-	4,010,000	1,606,838
2024-2028	5,150,000	622,151	-	-	5,150,000	622,151
	<u>\$ 11,315,000</u>	<u>\$ 4,427,751</u>	<u>\$ 905,000</u>	<u>\$ 53,770</u>	<u>\$ 12,220,000</u>	<u>\$ 4,481,521</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.

Equalized valuation of the County		\$ 2,240,194,500
Statutory limitation percentage		<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		112,009,725
Total outstanding general obligation debt applicable to debt limitation	\$ 12,220,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>8,119</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>12,211,881</u>
Legal Margin for New Debt		<u><u>\$ 99,797,844</u></u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

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

The assets acquired through the capital lease are recorded in the governmental activities accounts with an original cost of \$288,640.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013, were as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Governmental</u> <u>Activities</u>
2014	\$ 41,302
2015	41,302
2016	<u>53,980</u>
Total minimum lease payments	\$ 136,584
Less: Amount representing interest	<u>(13,083)</u>
Present value of minimum lease payments	<u>\$ 123,501</u>

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, 2013

NOTE 8 - EMPLOYEE RETIREMENT PLAN

All eligible Lincoln County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General category, and Executive and Elected Officials. Required contributions for protective contributions 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. Contribution rates for 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for Lincoln County employees covered by the WRS for the year ended December 31, 2013, was \$15,292,985; the employer's total payroll was \$15,338,846. The total required contribution for the year ended December 31, 2013, was \$2,134,236, which consisted of \$1,116,483 of payroll from the employer and \$1,017,753, of payroll from employees. Total contributions for years ended December 31, 2012 and 2011, were \$1,878,099 and \$1,862,349, respectively, equal to the required contributions for each year.

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

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 8 – EMPLOYEE RETIREMENT PLAN (Continued)

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, 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.

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

NOTE 9 - 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 \$100,000 per individual claim or an aggregate limit of \$7,344,227 during the period of January 1, 2013 to December 31, 2013.

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
2013	\$ 1,288,562	\$ 4,473,088	\$ 4,607,263	\$ 1,154,387
2012	\$ 1,461,348	\$ 4,954,697	\$ 5,127,483	\$ 1,288,562

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 9 - RISK MANAGEMENT (Continued)

Liability Insurance

Lincoln County participates with other counties in the Wisconsin County Mutual Insurance Corporation. This joint venture began operation January 1, 1988, and provides liability insurance coverage to the counties. The creation of the mutual insurance corporation required the establishment of capital reserves. Each participating county deposited a portion of the required reserves. Lincoln County's share of the capital reserves is \$48,161. 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, 2013, is not available for presentation.

NOTE 10 - TRI-COUNTY HUMAN SERVICES BOARD

Lincoln County is a participating member of a Tri-County Human Services Board along with Marathon and Langlade Counties. The Board is funded through State grant-in-aid, federal grants, fees for services rendered, and County appropriations. The net appropriation for 2013 was \$9,154,517 with Lincoln County's share totaling \$721,682 (7.8%). Operations of the Tri-County Human Services Board are not reflected in the financial statements of Lincoln County.

The following audited summary financial information for North Central Health Care Tri-County facilities is as of December 31, 2013, and for the year then ended.

Assets	\$ 36,662,385
Liabilities	8,162,968
Equity	28,499,417
Revenues	57,506,833
Expenses	55,637,350
Non-operating gain	97,697
Change in net position	1,967,180

Lincoln County's share of net position for the year ended December, 31 2013 is \$1,625,670.

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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 11 - 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. At December 31, 2013, the County has utilized approximately 91.8% of its landfill's capacity, a net increase of 5.2% compared to December 31, 2012. The landfill is estimated to be fully utilized in 2014.

The estimated liability for landfill closure and postclosure care costs and total future estimated costs as of December 31, 2013, is as follows:

Total estimated costs	\$ 5,165,505
Less closure costs accrued	<u>4,740,400</u>
Estimated costs of construction, closure, and postclosure care to be recognized in future years	<u><u>\$ 425,105</u></u>

The estimated total current cost of the landfill construction, closure, and postclosure care of \$5,165,505 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, 2013. 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, 2013, investments of \$3,809,037 are held for these purposes. These investments are held and managed by the County and are presented on the County's statement of net position as "Restricted Assets". It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

NOTE 12 - 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 affect on the financial condition of the County.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 13 - FUND EQUITY

Fund Balances

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

	General	County Roads and Bridges	Social Services	Other Funds	Total
Nonspendable:					
Property taxes	\$ 1,763,114	\$ -	\$ -	\$ -	\$ 1,763,114
Prepaid	312,271	-	-	383	312,654
Advances	120,652	-	-	-	120,652
Inventory	4,017	-	-	-	4,017
Subtotal	<u>2,200,054</u>	<u>-</u>	<u>-</u>	<u>383</u>	<u>2,200,437</u>
Restricted:					
Insurance deposits	48,161	-	-	-	48,161
COP Reserve	-	-	7,695	-	7,695
Veterans	9,619	-	-	-	9,619
Land records	243,646	-	-	-	243,646
Land Cons	-	-	-	-	-
Zoning	2,417	-	-	-	2,417
Register of deeds	49,822	-	-	-	49,822
UW extension	3,144	-	-	-	3,144
Sheriff	94,555	-	-	-	94,555
Social Services	-	-	-	-	-
Other funds	-	-	-	458,863	458,863
Subtotal	<u>451,364</u>	<u>-</u>	<u>7,695</u>	<u>458,863</u>	<u>917,922</u>
Committed:					
Roads	250,000	-	-	-	250,000
Family Care	707,810	-	-	-	707,810
Sheriff's Office CIP	198,000	-	-	-	198,000
IT CIP	88,615	-	-	-	88,615
Maintenance	134,000	-	-	-	134,000
EMS	-	-	-	128,618	128,618
Subtotal	<u>1,378,425</u>	<u>-</u>	<u>-</u>	<u>128,618</u>	<u>1,507,043</u>
Assigned:					
Veterans	2,000	-	-	-	2,000
Fairgrounds	1,270,467	-	-	-	1,270,467
Land Records	-	-	-	-	-
Zoning	25,856	-	-	-	25,856
UW extension	19,086	-	-	-	19,086
Sheriff	210	-	-	-	210
CIP not committed	1,764,560	-	-	-	1,764,560
Roads	-	916,066	-	-	916,066
Social Services	-	-	661,399	-	661,399
Other funds	-	-	-	384,516	384,516
Subtotal	<u>3,082,179</u>	<u>916,066</u>	<u>661,399</u>	<u>384,516</u>	<u>5,044,160</u>
Unassigned:					
General fund	5,366,610	-	-	-	5,366,610
Total Fund Balances	<u>\$ 12,478,632</u>	<u>\$ 916,066</u>	<u>\$ 669,094</u>	<u>\$ 972,380</u>	<u>\$ 15,036,172</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 13 - FUND EQUITY (Continued)

The County's general fund unassigned balance is \$5,366,610. Included in this unassigned balance is \$3,902,262 for the County's cash flow needs.

Restricted net position

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

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Insurance deposits	\$ 48,161	\$ -
Grant and program fees	829,658	-
Jail assessments	32,408	-
COP Risk Reserve	7,695	-
Nursing home funds	-	15,876
Forestry grants	-	111,986
	<u>\$ 917,922</u>	<u>\$ 127,862</u>

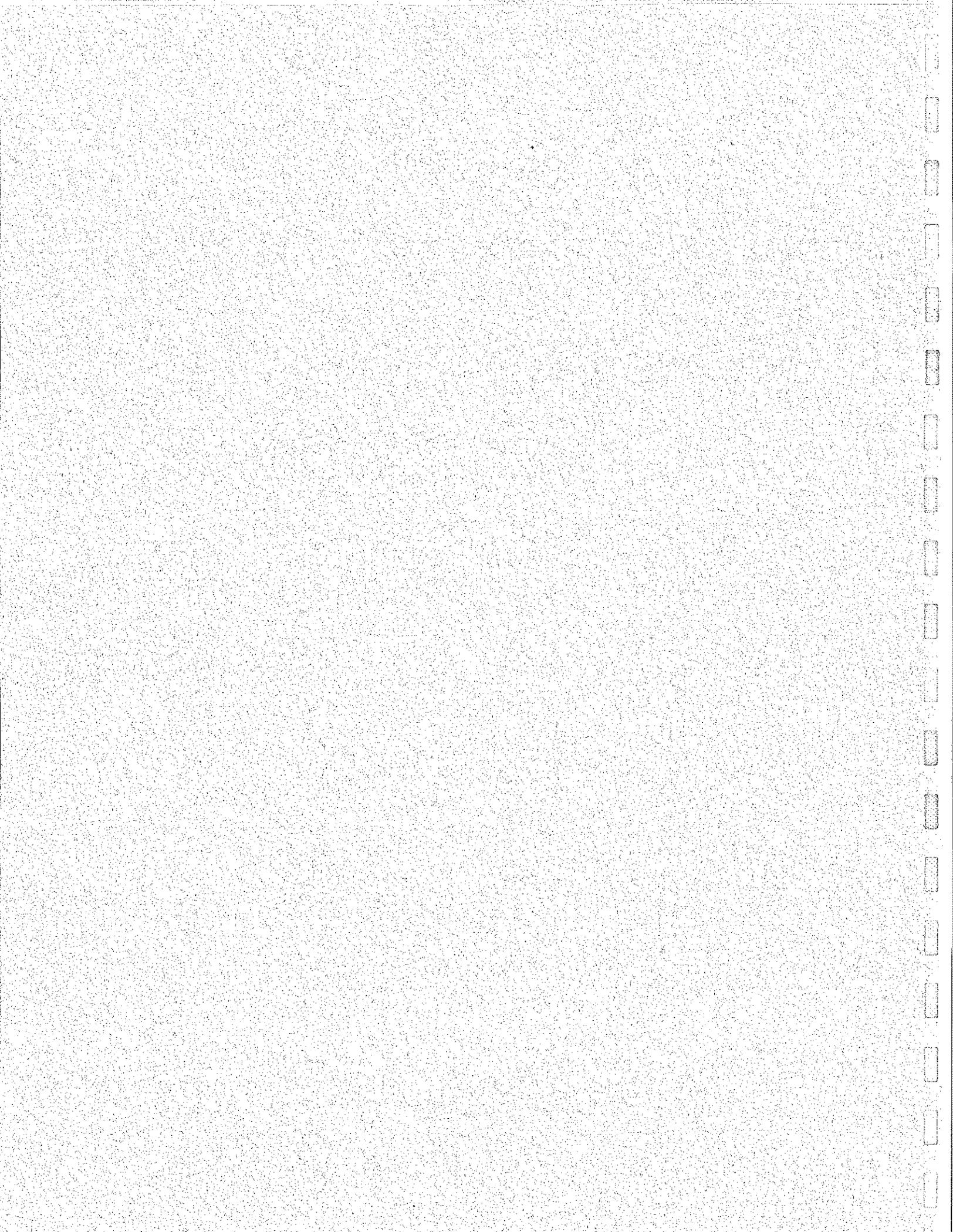
NOTE 14 – PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2013 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 2013 budget was .16%. The limit for the County's 2014 budget was .69%. 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.

This information is an integral part of the accompanying basic financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION



LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes				
General property	\$ 8,345,476	\$ 8,345,476	\$ 8,345,476	\$ -
Forest crop	40,000	40,000	9,750	(30,250)
Managed forest land	55,000	55,000	45,089	(9,911)
County sales tax	1,495,000	1,495,000	1,739,037	244,037
Real estate transfer fees	40,000	40,000	40,246	246
Interest on taxes	240,000	295,621	322,407	26,786
Payment in lieu of taxes	90,000	90,000	92,926	2,926
Total taxes	<u>10,305,476</u>	<u>10,361,097</u>	<u>10,594,931</u>	<u>233,834</u>
Intergovernmental				
State shared revenues	967,017	967,017	982,512	15,495
Exempt computer aid	33,000	33,000	30,087	(2,913)
Clerk of courts	81,135	81,135	78,359	(2,776)
Circuit court	69,474	69,474	67,382	(2,092)
Land information	-	11,204	11,204	-
Sheriff department	40,372	46,516	102,224	55,708
Emergency management	37,602	54,203	54,203	-
Victim witness	28,876	28,876	32,945	4,069
Zoning grants	-	34,011	34,011	-
Veterans service	10,000	10,000	10,000	-
Family court commissioner	1,040	1,040	489	(551)
Child support	242,189	242,189	409,952	167,763
UW extension	8,945	8,945	8,529	(416)
State acreage payment	68,000	68,000	66,797	(1,203)
Land conservation	158,000	395,067	413,749	18,682
Total intergovernmental	<u>1,745,650</u>	<u>2,050,677</u>	<u>2,302,443</u>	<u>251,766</u>
Licenses and permits				
County clerk	6,850	6,850	10,743	3,893
Family court commissioner	2,903	2,903	3,435	532
Land Information	2,500	2,500	4,836	2,336
Zoning fees	97,500	97,500	94,300	(3,200)
Total licenses and permits	<u>109,753</u>	<u>109,753</u>	<u>113,314</u>	<u>3,561</u>
Fines, forfeits, and penalties				
Clerk of courts	137,000	137,000	122,728	(14,272)
Circuit court	1,487	1,487	1,025	(462)
Sheriff department	55	55	14	(41)
Total fines, forfeits, and penalties	<u>138,542</u>	<u>138,542</u>	<u>123,767</u>	<u>(14,775)</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2013

	<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	\$ 70,000	\$ 70,000	\$ 60,511	\$ (9,489)
Circuit court	11,824	11,824	12,160	336
Family court commissioner	3,200	3,200	2,700	(500)
Register of deeds	165,279	165,279	177,017	11,738
Land information	33,250	33,250	52,092	18,842
County clerk	1,000	1,000	1,033	33
Treasurer	30	58	59	1
District attorney	2,500	3,403	3,403	-
Sheriff department	837,838	837,838	1,300,737	462,899
Information technology	58,385	58,385	58,515	130
Coroner	8,177	11,800	11,800	-
Maintenance	2,000	2,000	68	(1,932)
Zoning	-	-	1,663	1,663
Land conservation	-	-	24	24
Administration/personnel	-	-	89	89
Corporation counsel	1,000	1,000	3,699	2,699
Finance	150	150	332	182
Child support	6,500	6,500	4,453	(2,047)
UW extension	10,988	33,548	24,034	(9,514)
Forest land revenue	275,000	275,000	257,351	(17,649)
Other charges for service	2,200	2,200	5,578	3,378
Total public charges for services	<u>1,489,321</u>	<u>1,516,435</u>	<u>1,977,318</u>	<u>460,883</u>
Intergovernmental charges for service				
Sheriff department	58,660	58,660	49,842	(8,818)
Information technology	-	-	1,021	1,021
Land information	400	400	350	(50)
Zoning	17,902	17,902	1,949	(15,953)
Clerk of courts	3,500	3,500	3,662	162
County clerk	21,000	21,000	18,038	(2,962)
UW extension	3,900	3,900	2,400	(1,500)
Total intergovernmental charges for services	<u>105,362</u>	<u>105,362</u>	<u>77,262</u>	<u>(28,100)</u>
Miscellaneous				
Interest	175,700	175,700	62,707	(112,993)
Rent	178,000	170,105	200,616	30,511
Tax deed profit	5,000	5,000	17,932	12,932
Sale of county property	31,450	31,450	34,232	2,782
Insurance recovery	15,000	15,000	45,034	30,034
Private organization donations	3,125	3,125	175	(2,950)
Total miscellaneous	<u>408,275</u>	<u>400,380</u>	<u>360,696</u>	<u>(39,684)</u>
Total revenues	<u>14,302,379</u>	<u>14,682,246</u>	<u>15,549,731</u>	<u>867,485</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2013

	<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	\$ 47,588	\$ 47,588	\$ 42,750	\$ 4,838
County board committees	88,669	88,669	79,162	9,507
Clerk of courts	575,764	575,764	531,923	43,841
Circuit court	252,710	268,154	250,435	17,719
Family court commissioner	26,429	26,429	23,772	2,657
Coroner	49,224	52,847	53,019	(172)
Law library	1,200	-	-	-
District attorney	148,196	169,544	169,544	-
Corporation counsel	175,712	175,712	145,745	29,967
Victim witness	62,773	62,773	62,769	4
County clerk	143,019	143,019	140,732	2,287
Administration/personnel	208,209	208,209	190,576	17,633
Information technology	763,715	763,715	733,509	30,206
General administration	8,693	53,246	52,648	598
Treasurer	129,622	149,952	149,952	-
Finance department	402,428	402,428	399,978	2,450
Maintenance	803,943	763,637	751,548	12,089
Surveyor	145,852	136,740	116,802	19,938
Tax description	85,111	79,177	62,230	16,947
Register of deeds	219,972	293,233	263,319	29,914
Land records	214,961	417,659	227,839	189,820
Tax assessment	74,610	74,610	70,989	3,621
Insurance	82,751	93,819	93,164	655
Elections	50,464	50,464	44,806	5,658
Contingency fund	483,226	407,051	-	407,051
Total general government	<u>5,244,841</u>	<u>5,504,439</u>	<u>4,657,211</u>	<u>847,228</u>
Public safety				
Sheriff department:				
Law enforcement	3,283,093	3,390,229	3,261,226	129,003
Emergency communication (911)	816,739	853,351	853,315	36
Correction and detention	2,347,167	2,324,464	2,160,787	163,677
Emergency management	82,796	105,483	105,410	73
Total public safety	<u>6,529,795</u>	<u>6,673,527</u>	<u>6,380,738</u>	<u>292,789</u>
Public works				
Zoning-sanitation	-	34,011	34,011	-
Health and human services				
Community organizations	190,000	190,000	189,344	656
Family care	707,810	916,790	916,790	-
Health care center	556,340	721,682	721,682	-
Child support agency	299,390	299,390	263,996	35,394
Veterans services	142,051	148,739	135,317	13,422
Cemetery	1,314	1,314	1,314	-
Total health and human services	<u>1,896,905</u>	<u>2,277,915</u>	<u>2,228,443</u>	<u>49,472</u>

**LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2013**

	<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	\$ 604,004	\$ 604,004	\$ 604,004	\$ -
UW extension	238,895	272,912	229,212	43,700
Total culture, recreation, and education	<u>842,899</u>	<u>876,916</u>	<u>833,216</u>	<u>43,700</u>
Conservation and development				
Economic development	45,995	45,995	45,995	-
Zoning	297,120	308,202	294,133	14,069
Land conservation	332,316	593,073	547,730	45,343
Total conservation and development	<u>675,431</u>	<u>947,270</u>	<u>887,858</u>	<u>59,412</u>
Capital outlay				
Maintenance	33,571	213,608	204,617	8,991
Information Technology	209,155	238,110	211,344	26,766
Land Information	-	8,636	8,636	-
Sheriff	206,200	175,148	162,973	12,175
Total capital outlay	<u>448,926</u>	<u>635,502</u>	<u>587,570</u>	<u>47,932</u>
Total expenditures	<u>15,638,797</u>	<u>16,949,580</u>	<u>15,609,047</u>	<u>1,340,533</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,336,418)</u>	<u>(2,267,334)</u>	<u>(59,316)</u>	<u>2,208,018</u>
Other financing sources (uses)				
Funds applied	1,820,460	4,624,411	4,624,411	-
Insurance recoveries - storm damage	-	-	1,367,872	1,367,872
Transfer in	394,576	394,576	1,280,565	885,989
Transfer out	(878,618)	(2,751,653)	(2,751,653)	-
Total other financing sources (uses)	<u>1,336,418</u>	<u>2,267,334</u>	<u>4,521,195</u>	<u>2,253,861</u>
Net change in fund balance	-	-	4,461,879	4,461,879
FUND BALANCE - BEGINNING	<u>12,641,164</u>	<u>12,641,164</u>	<u>12,641,164</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 12,641,164</u>	<u>\$ 12,641,164</u>	<u>\$ 17,103,043</u>	<u>\$ 4,461,879</u>

RECONCILIATION FROM BUDGET TO GAAP:

Net change in fund balance - budget	\$ 4,461,879
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>(4,624,411)</u>
Net change in fund balance - GAAP	<u>\$ (162,532)</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - COUNTY ROADS AND BRIDGES
Year Ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
General property	\$ 2,266,753	\$ 2,266,753	\$ 2,266,753	\$ -
Intergovernmental	1,137,661	1,741,300	1,741,299	(1)
Total revenues	<u>3,404,414</u>	<u>4,008,053</u>	<u>4,008,052</u>	<u>(1)</u>
EXPENDITURES				
Public works	<u>3,654,414</u>	<u>5,647,968</u>	<u>4,731,915</u>	<u>916,053</u>
Deficiency of revenues over (under) expenditures	(250,000)	(1,639,915)	(723,863)	916,052
OTHER FINANCING SOURCES				
Transfers in	250,000	740,800	740,814	14
Fund balance applied	<u>-</u>	<u>899,115</u>	<u>899,115</u>	<u>-</u>
Total other financing sources	<u>250,000</u>	<u>1,639,915</u>	<u>1,639,929</u>	<u>14</u>
Net change in fund balance	-	-	916,066	916,066
FUND BALANCES - BEGINNING	<u>899,115</u>	<u>899,115</u>	<u>899,115</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 899,115</u>	<u>\$ 899,115</u>	<u>\$ 1,815,181</u>	<u>\$ 916,066</u>

RECONCILIATION FROM BUDGET TO GAAP:

Net change in fund balance - budget	\$ 916,066
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>(899,115)</u>
Net change in fund balance - GAAP	<u>\$ 16,951</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SOCIAL SERVICES FUND
Year Ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
General property	\$ 314,007	\$ 314,007	\$ 314,007	\$ -
Intergovernmental	1,474,745	1,472,967	1,933,585	460,618
Public charges for service	-	1,778	1,943	165
Intergovernmental charges for service	4,000	4,000	4,739	739
Miscellaneous revenues	-	-	5,073	5,073
Total revenues	<u>1,792,752</u>	<u>1,792,752</u>	<u>2,259,347</u>	<u>466,595</u>
EXPENDITURES				
Health and human services	1,785,752	1,790,617	1,859,869	(69,252)
Outlay	<u>7,000</u>	<u>2,135</u>	<u>2,135</u>	<u>-</u>
Total expenditures	<u>1,792,752</u>	<u>1,792,752</u>	<u>1,862,004</u>	<u>(69,252)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	397,343	397,343
OTHER FINANCING USES				
Transfer out	-	-	(356,671)	(356,671)
Net change in fund balance	-	-	40,672	40,672
FUND BALANCE - JANUARY 1	<u>628,422</u>	<u>628,422</u>	<u>628,422</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$ 628,422</u>	<u>\$ 628,422</u>	<u>\$ 669,094</u>	<u>\$ 40,672</u>

LINCOLN COUNTY, WISCONSIN
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2013

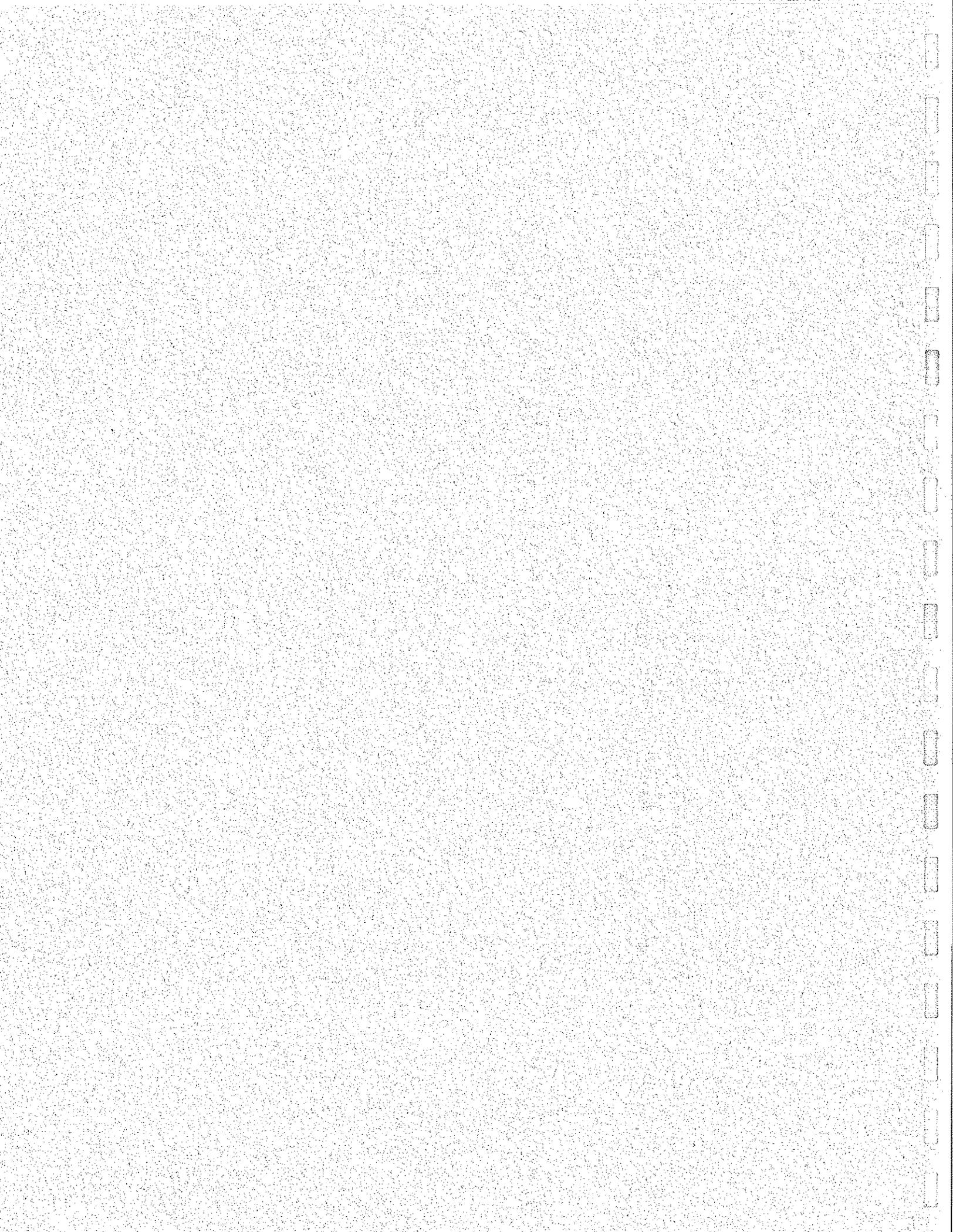
NOTE 1 - EXCESS OF ACTUAL EXPENDITURES OVER FINAL BUDGET

For the year ending December 31, 2013, the legally adopted budget line items with actual expenditures over the final budget were as follows:

	<u>Final Budget</u>	<u>Actual</u>
General Fund		
General government		
Coroner	\$ 52,847	\$ 53,019
Social Services Fund		
Health and human services	1,790,617	1,859,869

THIS PAGE LEFT BLANK INTENTIONALLY

COMBINING FUND STATEMENTS



LINCOLN COUNTY, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2013

	Special Revenue						Total	Debt Service	Total Nonmajor Governmental Funds
	County Health	Dog License	Community Development	Emergency Medical	Jail Assessment	Total			
ASSETS									
Cash and cash equivalents	\$ 538,232	\$ 48,757	\$ 2	\$ 47,403	\$ 31,549	\$ 665,943	\$ 8,119	\$ 674,062	
Receivables (net of allowances):									
Property taxes	551,973	-	-	636,086	-	1,188,059	796,288	1,984,347	
Accounts	1,235	-	-	515,999	-	517,234	-	517,234	
Due from other governments	32,542	-	-	-	859	33,401	-	33,401	
Prepaid items	-	-	-	383	-	383	-	383	
TOTAL ASSETS	<u>\$ 1,123,982</u>	<u>\$ 48,757</u>	<u>\$ 2</u>	<u>\$ 1,199,871</u>	<u>\$ 32,408</u>	<u>\$ 2,405,020</u>	<u>\$ 804,407</u>	<u>\$ 3,209,427</u>	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES									
Liabilities									
Accounts payable	\$ 7,605	\$ 46,986	-	\$ 163,439	-	\$ 218,030	\$ -	\$ 218,030	
Accrued liabilities	17,116	-	-	-	-	17,116	-	17,116	
Due to other governments	83	771	-	-	-	854	-	854	
Unearned revenue	-	-	-	16,700	-	16,700	-	16,700	
Total liabilities	<u>24,804</u>	<u>47,757</u>	<u>-</u>	<u>180,139</u>	<u>-</u>	<u>252,700</u>	<u>-</u>	<u>252,700</u>	
Deferred inflows of resources									
Property taxes	551,973	-	-	636,086	-	1,188,059	796,288	1,984,347	
Fund balances									
Nonspendable	-	-	-	383	-	383	-	383	
Restricted	366,455	-	-	60,000	32,408	458,863	-	458,863	
Committed	-	-	-	128,618	-	128,618	-	128,618	
Assigned	180,750	1,000	2	194,645	-	376,397	8,119	384,516	
Total fund balances	<u>547,205</u>	<u>1,000</u>	<u>2</u>	<u>383,646</u>	<u>32,408</u>	<u>964,261</u>	<u>8,119</u>	<u>972,380</u>	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,123,982</u>	<u>\$ 48,757</u>	<u>\$ 2</u>	<u>\$ 1,199,871</u>	<u>\$ 32,408</u>	<u>\$ 2,405,020</u>	<u>\$ 804,407</u>	<u>\$ 3,209,427</u>	

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2013

	Special Revenue						Total	Debt Service	Total Nonmajor Governmental Funds
	County Health	Dog License	Community Development	Emergency Medical	Jail Assessment	Total			
REVENUES									
Taxes	\$ 551,973	\$ -	\$ -	\$ 651,151	\$ -	\$ 1,203,124	\$ 876,201	\$ 2,079,325	
Intergovernmental revenues	120,563	-	-	53,726	-	174,289	15,323	189,612	
Licenses and permits	2,570	47,245	-	-	-	49,815	-	49,815	
Fines, forfeits, and penalties	-	-	-	-	33,051	33,051	-	33,051	
Public charges for service	153,449	-	-	1,067,722	-	1,221,171	-	1,221,171	
Intergovernmental charges for service	181,590	-	-	-	-	181,590	150,369	331,959	
Miscellaneous revenues	2,838	-	-	60,000	-	62,838	-	62,838	
Total revenues	<u>1,012,983</u>	<u>47,245</u>	<u>-</u>	<u>1,832,599</u>	<u>33,051</u>	<u>2,925,878</u>	<u>1,041,893</u>	<u>3,967,771</u>	
EXPENDITURES									
Current:									
Public safety	-	-	-	1,774,754	7,966	1,782,720	-	1,782,720	
Health and human services	935,252	47,245	-	-	-	982,497	-	982,497	
Debt service:									
Principal	-	-	-	-	-	-	425,000	425,000	
Payment to refunded debt escrow agent	-	-	-	-	-	-	1,552,329	1,552,329	
Interest	-	-	-	-	-	-	521,910	521,910	
Total expenditures	<u>935,252</u>	<u>47,245</u>	<u>-</u>	<u>1,774,754</u>	<u>7,966</u>	<u>2,765,217</u>	<u>2,499,239</u>	<u>5,264,456</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>77,731</u>	<u>-</u>	<u>-</u>	<u>57,845</u>	<u>25,085</u>	<u>160,661</u>	<u>(1,457,346)</u>	<u>(1,296,685)</u>	
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	128,618	-	128,618	1,452,965	1,581,583	
Transfers out	(90,702)	-	-	(240,885)	(21,609)	(353,196)	-	(353,196)	
Total other financing sources and uses	<u>(90,702)</u>	<u>-</u>	<u>-</u>	<u>(112,267)</u>	<u>(21,609)</u>	<u>(224,578)</u>	<u>1,452,965</u>	<u>1,228,387</u>	
Net change in fund balances	(12,971)	-	-	(54,422)	3,476	(63,917)	(4,381)	(68,298)	
FUND BALANCES - BEGINNING	<u>560,176</u>	<u>1,000</u>	<u>2</u>	<u>438,068</u>	<u>28,932</u>	<u>1,028,178</u>	<u>12,500</u>	<u>1,040,678</u>	
FUND BALANCES - ENDING	<u>\$ 547,205</u>	<u>\$ 1,000</u>	<u>\$ 2</u>	<u>\$ 383,646</u>	<u>\$ 32,408</u>	<u>\$ 964,261</u>	<u>\$ 8,119</u>	<u>\$ 972,380</u>	

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2013

	Internal Service Funds		
	Highway	Health Insurance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,090,025	\$ 1,968,028	\$ 3,058,053
Accounts receivable	-	989	989
Due from other governments	542,402	-	542,402
Due from other funds	-	1,593	1,593
Inventories, at cost	1,105,108	-	1,105,108
Prepaid expenses	2,310	50,995	53,305
Total current assets	<u>2,739,845</u>	<u>2,021,605</u>	<u>4,761,450</u>
Noncurrent assets:			
Capital assets:			
Land	35,540	-	35,540
Improvements other than buildings	244,869	-	244,869
Buildings	1,853,669	-	1,853,669
Machinery and equipment	9,543,225	-	9,543,225
Less accumulated depreciation	<u>(8,248,796)</u>	<u>-</u>	<u>(8,248,796)</u>
Total capital assets	<u>3,428,507</u>	<u>-</u>	<u>3,428,507</u>
Total assets	<u>6,168,352</u>	<u>2,021,605</u>	<u>8,189,957</u>
LIABILITIES			
Current liabilities:			
Accounts payable	79,383	656,566	735,949
Accrued expenses	66,250	61	66,311
Compensated absences payable	230,486	-	230,486
Due other funds	56,195	-	56,195
Accrued claims	-	497,821	497,821
Unearned Revenue	73,500	-	73,500
Current maturities of long-term debt	<u>35,165</u>	<u>-</u>	<u>35,165</u>
Total current liabilities	<u>540,979</u>	<u>1,154,448</u>	<u>1,695,427</u>
Noncurrent liabilities:			
Noncurrent maturities of long-term debt	88,336	-	88,336
Advance due other funds	120,652	-	120,652
Compensated absences payable	<u>200,272</u>	<u>-</u>	<u>200,272</u>
Total noncurrent liabilities	<u>409,260</u>	<u>-</u>	<u>409,260</u>
Total liabilities	<u>950,239</u>	<u>1,154,448</u>	<u>2,104,687</u>
NET POSITION			
Net investment in capital assets	3,305,006	-	3,305,006
Unrestricted	<u>1,913,107</u>	<u>867,157</u>	<u>2,780,264</u>
TOTAL NET POSITION	<u>\$ 5,218,113</u>	<u>\$ 867,157</u>	<u>\$ 6,085,270</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended December 31, 2013

	Internal Service Funds		
	<u>Highway</u>	<u>Health Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Interdepartmental charges for service	\$ 4,830,809	\$ 5,249,939	\$ 10,080,748
Intergovernmental charges for service	2,616,480	-	2,616,480
Other operating revenue	27,736	-	27,736
Total operating revenues	<u>7,475,025</u>	<u>5,249,939</u>	<u>12,724,964</u>
OPERATING EXPENSES			
Claims paid	-	4,473,088	4,473,088
General services	6,066,200	-	6,066,200
Administrative and fiscal services	374,085	751,489	1,125,574
Depreciation and amortization	457,017	-	457,017
Total operating expenses	<u>6,897,302</u>	<u>5,224,577</u>	<u>12,121,879</u>
Operating income	<u>577,723</u>	<u>25,362</u>	<u>603,085</u>
NONOPERATING REVENUES			
Rent revenue	50	-	50
Gain (loss) on disposal of assets	(5,432)	-	(5,432)
Salvage revenue	6,943	-	6,943
Gain on sale of supplies	827	-	827
Insurance recoveries	17,537	-	17,537
Interest income	-	3,310	3,310
Total nonoperating revenues	<u>19,925</u>	<u>3,310</u>	<u>23,235</u>
Income before transfers	597,648	28,672	626,320
Transfer in	-	500,000	500,000
Change in net position	597,648	528,672	1,126,320
TOTAL NET POSITION - BEGINNING	<u>4,620,465</u>	<u>338,485</u>	<u>4,958,950</u>
TOTAL NET POSITION - ENDING	<u>\$ 5,218,113</u>	<u>\$ 867,157</u>	<u>\$ 6,085,270</u>

**LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2013**

	Internal Service Funds		
	Highway	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
From other County departments	\$ 4,904,309	\$ 5,248,346	\$ 10,152,655
From government and other parties for sales	2,643,801	-	2,643,801
To employees for compensation and fringe benefits	(2,014,753)	(24,678)	(2,039,431)
To vendors for goods and services	(4,364,059)	(5,334,716)	(9,698,775)
Net cash provided by (used for) operating activities	<u>1,169,298</u>	<u>(111,048)</u>	<u>1,058,250</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer in	-	500,000	500,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(466,056)	-	(466,056)
Lease payment	(80,035)	-	(80,035)
Insurance recovery for damaged equipment	17,537	-	17,537
Advance from general fund	(56,195)	-	(56,195)
Proceeds from sale of capital assets	37,159	-	37,159
Net cash used for capital and related financing activities	<u>(547,590)</u>	<u>-</u>	<u>(547,590)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	3,529	3,529
NET INCREASE IN CASH AND CASH EQUIVALENTS	621,708	392,481	1,014,189
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>468,317</u>	<u>1,575,547</u>	<u>2,043,864</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,090,025</u>	<u>\$ 1,968,028</u>	<u>\$ 3,058,053</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 577,723	\$ 25,362	\$ 603,085
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	457,017	-	457,017
Changes in operating assets and liabilities:			
Accounts receivable	118,742	-	118,742
Due from other governments	(119,157)	-	(119,157)
Due from other funds	-	(1,593)	(1,593)
Prepaid expenses	332	-	332
Inventories	130,621	-	130,621
Accounts payable	(81,830)	294,627	212,797
Accrued expenses	(11,777)	(260)	(12,037)
Compensated absences	24,127	-	24,127
Unearned revenue	73,500	-	73,500
Accrued claims	-	(429,184)	(429,184)
Total adjustments	<u>591,575</u>	<u>(136,410)</u>	<u>455,165</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,169,298</u>	<u>\$ (111,048)</u>	<u>\$ 1,058,250</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2013

	<u>Agency Funds</u>		<u>Total</u>
	<u>Employee Benefit Cafeteria Plan</u>	<u>Clerk of Court Collection Fund</u>	
ASSETS			
Cash and cash equivalents	\$ 31,602	\$ -	\$ 31,602
Accounts receivable	-	659,687	659,687
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 31,602</u>	<u>\$ 659,687</u>	<u>\$ 691,289</u>
LIABILITIES			
Deposits and advances	21,553	-	21,553
Due to other governments	10,049	659,687	669,736
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 31,602</u>	<u>\$ 659,687</u>	<u>\$ 691,289</u>