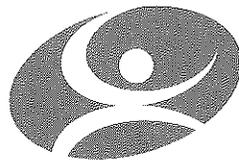


LINCOLN COUNTY, WISCONSIN
Merrill, Wisconsin

BASIC FINANCIAL STATEMENTS
December 31, 2014



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Independent Auditors' Report

Members of the Lincoln County
Board of Supervisors
Merrill, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Wisconsin ("the County") as of and for the year ended December 31, 2014, 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 27 percent, 32 percent, and 61 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, 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 6, the County recorded a prior period adjustment of \$1,855,087 in the government-wide statements to properly record infrastructure capital assets of the governmental activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedules on pages 3 through 13 and 49 through 54 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 are 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, 2015, on our consideration of the City'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, 2015

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, 2014.

Financial Highlights

- The assets of Lincoln County exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$73,517,807 (net position). Of this amount, \$21,265,771 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The governmental activities net position decreased by \$392,154 and the business-type activities decreased by \$64,891.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$14,181,950, a decrease of \$854,222 in comparison with the prior year. Seventy-eight percent of this total amount, \$11,151,468, is available for spending at the government's discretion (committed, assigned, or unassigned).
- At the end of the current fiscal year, revenues exceeded expenditures in the general fund by \$3,920.
- In 2014 Lincoln County's capital assets increased by \$1,929,627, with \$1,855,087 of that increase attributed to a restatement of the net book value of infrastructure as of January 1, 2014.

Overview of the Basic Financial Statements

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

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

The *statement of net position* reports what a government owns (assets) and 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, 2014. 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 PineCrest Nursing Home, Solid Waste Landfill, Lincoln Industries Workshop and Forestry Department. The County uses internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the County's other programs and activities. The County uses internal service funds to account for its Health Insurance Trust Fund and the Highway Department.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. The County's fiduciary funds include its employees' benefit cafeteria plan and clerk of courts collection fund. All of the County's fiduciary activities are reported in a separate *Statement of Fiduciary Net Position*. We exclude these 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 2014, the County's assets exceeded liabilities and deferred inflows of resources by \$73,517,807.

By far the largest portion of the County's net position, \$51,131,776 (69%) 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	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 34,643,938	\$ 35,001,477	\$ 14,625,989	\$ 13,010,360	\$ 49,269,927	\$ 48,011,837
Capital assets	<u>52,322,591</u>	<u>50,660,092</u>	<u>10,303,214</u>	<u>10,036,086</u>	<u>62,625,805</u>	<u>60,696,178</u>
Total assets	<u>86,966,529</u>	<u>85,661,569</u>	<u>24,929,203</u>	<u>23,046,446</u>	<u>111,895,732</u>	<u>108,708,015</u>
Long-term liabilities outstanding	11,420,111	11,762,358	6,447,224	7,250,775	17,867,335	17,076,235
Other liabilities	<u>4,294,538</u>	<u>4,104,086</u>	<u>2,593,199</u>	<u>1,936,898</u>	<u>6,887,737</u>	<u>6,040,984</u>
Total liabilities	<u>15,714,649</u>	<u>15,866,444</u>	<u>9,040,423</u>	<u>7,250,775</u>	<u>24,755,072</u>	<u>23,117,219</u>
Deferred inflows of Resources						
Net position:	<u>13,054,253</u>	<u>13,060,431</u>	<u>568,600</u>	<u>410,600</u>	<u>13,622,853</u>	<u>13,471,031</u>
Net investment in capital assets	41,274,255	39,221,591	9,857,521	9,129,175	51,131,776	48,350,766
Restricted	992,705	910,227	127,555	127,862	1,120,260	1,038,089
Unrestricted	<u>15,930,667</u>	<u>16,602,876</u>	<u>5,335,104</u>	<u>6,128,034</u>	<u>21,265,771</u>	<u>22,730,910</u>
Total net position	\$ 58,197,627	\$ 56,734,694	\$ 15,320,180	\$ 15,385,071	\$ 73,517,807	\$ 72,119,765

An additional portion of the County's net position, \$1,120,260 (1.5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$21,265,771) 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 position, both for the government as a whole, as well as for its separate governmental and business-type activities except for the Emergency Medical Fund.

Governmental Activities. Governmental activities increased the County's net position by \$1,462,933. Key elements of this increase are as follows:

Lincoln County's Change in Net Position						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 6,224,933	\$ 6,829,016	\$ 19,585,476	\$ 16,316,426	\$ 25,810,409	\$ 23,145,442
Operating grants and contributions	3,942,068	5,154,340	259,772	344,716	4,201,840	5,499,056
Capital grants and contributions	72,407	-	-	-	72,407	-
General revenues:						
Property taxes	12,972,031	13,005,561	499,000	459,050	13,471,031	13,464,611
Other taxes	2,319,893	2,311,363	-	-	2,319,893	2,311,363
Grants and contributions not restricted to specific programs	1,005,499	1,012,599	-	-	1,005,499	1,012,599
Other	60,283	986,707	58,188	372	118,471	987,079
Total revenues	26,597,114	29,299,586	20,402,436	17,120,564	46,999,550	46,420,150
Expenses:						
General government	5,757,380	5,652,178	-	-	5,757,380	5,652,178
Public safety	8,714,632	8,481,873	-	-	8,714,362	8,481,873
Public works	5,916,244	6,873,520	-	-	5,559,738	6,873,520
Health and human services	4,818,522	5,049,520	-	-	4,818,522	5,049,520
Culture and recreation	883,896	833,925	-	-	883,896	833,925
Conservation and development	776,946	890,003	-	-	776,946	890,003
Interest on long-term debt	455,614	512,259	-	-	455,614	512,259
Extraordinary loss on group home retirement	242,599	-	-	-	242,599	-
Special item-loss on early retirement of debt	-	102,329	-	-	-	102,329
Nursing home	-	-	12,497,121	12,107,801	12,497,121	12,107,801
Forestry	-	-	842,334	900,756	842,334	900,756
Lincoln Industries	-	-	1,853,647	1,575,638	1,853,647	1,575,638
Landfill	-	-	4,697,930	1,746,458	4,697,930	1,809,810
Total expenses	27,565,563	28,395,607	19,891,032	16,330,653	47,456,595	44,726,260
Increase (decrease) in net position before transfers	(968,449)	903,979	511,404	789,911	(457,045)	1,693,890
Transfers	576,295	666,932	(576,295)	(666,932)	-	-
Increase (decrease) in net position	(392,154)	1,570,911	(64,891)	(122,979)	(457,045)	1,693,890
Prior Period Adjustment	1,855,087	-	-	-	1,855,087	-
Net position - January 1	56,734,694	55,163,783	15,385,071	15,262,092	72,119,765	70,425,875
Net position - December 31	\$ 58,197,627	\$ 56,734,694	\$ 15,320,180	\$ 15,385,071	\$ 73,517,807	\$ 72,119,765

The County Roads and Bridges fund spent down fund balance in the amount of \$422,195 as part of a planned spend down of accumulated funds. The County's Highway fund showed a positive change in net position of \$691,589 due to an increase in highway related work. The County showed a loss of 521,574 in the Emergency Medical fund due to an increase in assignment write-offs. The County's Health Insurance fund showed an increase of \$175,976 due to plan design changes.

Business-type Activities Business-type activities decreased Lincoln County's net position by \$64,891. Solid Waste had a decrease of \$336,916 mostly due to an increased liability from opening a cell in the landfill expansion. Forestry showed a gain of \$333,854 despite a transfer out of \$202,682 mostly to the Capital Improvement Project (CIP) fund. Lincoln Industries posted a \$21,640 gain due to higher than anticipated revenues, and Pine Crest posted a loss of \$83,469.

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 \$14,181,950, a decrease of \$854,222 in comparison with the prior year. Approximately 78 percent of this total amount, \$11,151,468, constitutes the amount which is available for spending at the government's discretion. Of this amount, \$1,360,694 is committed by County Board action for CIP projects, \$1,235,722 is committed by County Board action for cash flow and \$1,220,687 is assigned for use on a fairground project yet to be identified. Additionally, \$872,042 is assigned by the Finance and Insurance Committee for specific programs. The remaining \$6,409,038 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 \$6,409,038, while the total fund balance was \$12,877,186. A total of \$10,262,523 or eighty percent of the general fund balance remains under the County's discretion.

The fund balance of Lincoln County's general fund increased by \$398,554 during the current fiscal year. Key factors in this increase are as follows:

- The County transferred an amount of \$910,579 into General Fund. \$542,291 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 \$185,725. Forest land revenue exceeding budget by \$53,361, County sales tax revenues came in \$131,543 higher than anticipated, and State aids exceeded budget by \$152,014.
- Expenditures came in under budget by \$1,892,505. An additional \$676,115 was carried over into 2015 than was originally budgeted, \$313,161 of contingency funds were not spent, and the public safety budget was underspent by \$178,460.
- The County transferred out \$515,945 from the General Fund. \$75,000 was transferred to the Highway fund for a salt shed roof and \$440,945 was transferred to the Roads Fund for road construction.

The County Roads and Bridges Fund has a fund balance of 493,871 at December 31, 2014 a decrease of \$422,195 when compared to the previous year. Road projects were planned with prior year excess funds.

The Social Services fund has a total fund balance of \$387,121. The fund balance of the Social Services fund decreased by \$281,973 during the current year. A transfer out per Ordinance 3.07 of \$275,199 reduced a deficiency of revenues over expenditures amount of \$6,774.

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 \$1,795,441, those of Solid Waste Landfill amounted to \$1,012,427, those of Lincoln Industries amounted to \$772,287 and those of Forestry amounted to \$1,754,949. 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 2013). 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 \$837,239. Those amendments are briefly summarized below:

- \$450,355 - The actual amount of grant and designated funds spent down in 2013 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 \$1,892,505 *less* than the amended budget. Explanations not already provided elsewhere in this report are summarized below:

- \$224,371 – Unused electronic access and retained fee revenue.
- \$313,164 – Unused contingency funds.
- \$286,987– Delayed outlay projects.
- \$271,883 – 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 \$221,630 with budget amendments largely due to increases of \$168,101 in grant revenue and \$43,925 in intergovernmental charges for service.

Actual revenues were \$185,725 *higher* than budgeted. Significant variances are as follows:

- Sales tax ended \$131,543 higher than budgeted.
- Child support revenue was \$78,478 higher than budgeted.
- Interest revenue fell short of budget expectations by \$107,967.

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, 2014, amounted to \$62,625,805 (net of accumulated depreciation) compared to \$60,696,178 in 2013. This investment in capital assets includes land, land improvements, infrastructure, buildings and improvements, equipment and vehicles, intangible assets, and work in progress. The net increase in the County's investment in capital assets for the current fiscal year was \$1,929,627, primarily due to a restatement of infrastructure assets.

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

- \$ 498,904 was added to work in progress due to the landfill expansion project.
- Infrastructure increased a net of \$868,701 due to road construction.
- Depreciation expense totaled \$3,365,353 in 2014.

Lincoln County's Capital Assets (net of accumulated depreciation)						
	Governmental		Business-Type		Total	Total
	Activities	Activities	Activities	Activities		
	2014	2013	2014	2013	2014	2013
Land	\$ 90,806	\$ 116,470	\$ 2,625,080	\$ 2,665,080	\$ 2,715,886	\$ 2,781,550
Land improvements	288,298	291,965	3,656,195	797,791	3,944,493	1,089,756
Infrastructure	32,187,895	29,213,114	-	-	32,187,895	29,213,114
Buildings and improvements	15,517,193	16,675,055	3,098,189	3,344,431	18,615,382	20,019,486
Equipment and vehicles	4,238,399	3,661,355	923,750	806,799	5,162,149	4,468,154
Work in progress	-	702,133	-	2,421,985	-	3,124,118
Intangible assets	-	-	-	-	-	-
Total	\$52,322,591	\$50,660,092	\$10,303,214	\$10,036,086	\$62,625,805	\$60,696,178

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 \$11,405,000 which is a decrease of \$815,000. In 2013 the total general obligation debt outstanding was \$12,220,000. 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		Business-Type		Total	Total
	Activities	Activities	Activities	Activities		
	2014	2013	2014	2013	2014	2013
Bonds	\$ 10,960,000	\$ 11,315,000	\$ 445,000	\$ 905,000	\$ 11,405,000	\$ 12,220,000
Capital lease	88,336	123,501	-	-	88,336	123,501
Compensated absences	1,595,502	1,471,211	517,286	520,760	2,116,262	1,991,971
Total general long-term obligations	\$ 12,643,838	\$ 12,909,712	\$ 962,286	\$ 1,427,671	\$ 13,609,598	\$ 14,335,472

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 \$101,790,169, 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 2015 was 5.2 percent as compared to 5.4 percent for the State of Wisconsin. The April 2015 rate for Lincoln County was 2.5 percent lower than the April 2014 rate (7.7%).
- The general economic condition and outlook for the County is for slow growth well behind the anticipated growth for the State and Country. Equalized valuation in Lincoln County has fallen 7.7% since 2010.
- Inflationary trends in our region compare to national indices.

These factors were considered in preparing the County's budget for the 2015 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, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 15,190,653	\$ 7,218,260	\$ 22,408,913
Receivables, net:			
Property taxes	13,054,253	568,600	13,622,853
Tax certificates and deeds	2,145,871	-	2,145,871
Assessments	169,659	-	169,659
Accounts	1,365,460	1,771,673	3,137,133
Due from other governments	1,361,025	246,188	1,607,213
Inventories, at cost	1,072,718	405,192	1,477,910
Prepaid expenses	252,866	20,134	273,000
Total current assets	<u>34,612,505</u>	<u>10,230,047</u>	<u>44,842,552</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	31,433	4,395,942	4,427,375
Capital assets:			
Land and construction in progress	90,806	2,625,080	2,715,886
Other capital assets, net of depreciation	52,231,785	7,678,134	59,909,919
Total capital assets	<u>52,322,591</u>	<u>10,303,214</u>	<u>62,625,805</u>
Total noncurrent assets	<u>52,354,024</u>	<u>14,699,156</u>	<u>67,053,180</u>
Total assets	<u>86,966,529</u>	<u>24,929,203</u>	<u>111,895,732</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,441,678	546,315	1,987,993
Accrued expenses	696,651	286,570	983,221
Compensated absences payable	806,815	395,611	1,202,426
Accrued claims	404,120	-	404,120
Deposits and advances	217,288	519,323	736,611
Due to other governments	263,932	181,227	445,159
Current portion of long-term obligations	416,912	445,000	861,912
Unearned revenue	47,142	219,153	266,295
Total current liabilities	<u>4,294,538</u>	<u>2,593,199</u>	<u>6,887,737</u>
Noncurrent liabilities:			
Future closure payable	-	6,092,225	6,092,225
Compensated absences payable	788,687	121,675	910,362
Noncurrent portion of long-term obligations	10,631,424	233,324	10,864,748
Total noncurrent liabilities	<u>11,420,111</u>	<u>6,447,224</u>	<u>17,867,335</u>
Total liabilities	<u>15,714,649</u>	<u>9,040,423</u>	<u>24,755,072</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	13,054,253	568,600	13,622,853
NET POSITION			
Net investment in capital assets	41,274,255	9,857,521	51,131,776
Restricted	992,705	127,555	1,120,260
Unrestricted	15,930,667	5,335,104	21,265,771
TOTAL NET POSITION	<u>\$ 58,197,627</u>	<u>\$ 15,320,180</u>	<u>\$ 73,517,807</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, 2014

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating		Governmental Activities	Primary Government Business-Type Activities	
		Charges for Services	Grants and Contributions		Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES:						
General government	\$ 5,757,380	\$ 636,621	\$ 199,108	\$ -	\$ -	\$ (4,921,651)
Public safety	8,714,362	2,036,951	187,280	-	-	(6,490,131)
Public works	5,916,244	2,676,490	1,096,087	72,407	-	(2,071,260)
Health and human services	4,818,522	427,509	2,094,869	-	-	(2,296,144)
Culture, recreation, and education	883,896	29,054	3,500	-	-	(851,342)
Conservation and development	776,946	418,308	346,357	-	-	(12,281)
Interest on long-term debt	455,614	-	14,867	-	-	(440,747)
Total governmental activities	27,322,964	6,224,933	3,942,068	72,407	-	(17,083,556)
BUSINESS-TYPE ACTIVITIES:						
Nursing home	12,497,121	11,974,335	-	-	(522,786)	(522,786)
Forestry	842,334	1,122,717	259,772	-	540,155	540,155
Lincoln Industries	1,853,647	1,982,672	-	-	129,025	129,025
Solid waste landfill	4,697,930	4,505,752	-	-	(192,178)	(192,178)
Total business-type activities	19,891,032	19,585,476	259,772	-	(45,784)	(45,784)
TOTAL PRIMARY GOVERNMENT	\$ 47,213,996	\$ 25,810,409	\$ 4,201,840	\$ 72,407	(17,083,556)	(17,129,340)

GENERAL REVENUES:

Taxes:

Property taxes, levied for general purposes	12,972,031	499,000	13,471,031
Private forest cropland/managed forest land taxes	61,994	-	61,994
County sales tax	1,731,543	-	1,731,543
Real estate transfer taxes	44,304	-	44,304
Payment in lieu of taxes	93,361	-	93,361
Interest and penalties on taxes	388,691	-	388,691
Grants and contributions not restricted to specific programs	1,005,499	-	1,005,499
Unrestricted investment earnings	60,283	58,188	118,471
Transfers	576,295	(576,295)	-
Total general revenues and transfers	16,934,001	(19,107)	16,914,894

Extraordinary loss on group home impairment

CHANGE IN NET POSITION	(242,599)	-	(242,599)
PRIOR PERIOD ADJUSTMENT	(392,154)	(64,891)	(457,045)
NET POSITION - BEGINNING	1,855,087	-	1,855,087
NET POSITION - ENDING	56,734,694	15,385,071	72,119,765
	\$ 58,197,627	\$ 15,320,180	\$ 73,517,807

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, 2014**

	<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	\$ 10,740,067	\$ 493,871	\$ 152,632	\$ 580,353	\$ 11,966,923
Receivables, net:					
Property taxes	8,444,219	2,266,753	314,007	2,029,274	13,054,253
Tax certificates and deeds	2,145,871	-	-	-	2,145,871
Assessments	169,659	-	-	-	169,659
Accounts	804,083	-	508	260,791	1,065,382
Due from other governments	397,043	-	312,071	50,244	759,358
Due from other funds	261,561	-	-	-	261,561
Prepaid items	207,161	-	-	1,680	208,841
Inventory	19,616	-	-	-	19,616
Advances	64,458	-	-	-	64,458
Restricted assets:					
Cash and cash equivalents	24,144	-	7,289	-	31,433
TOTAL ASSETS	<u>\$ 23,277,882</u>	<u>\$ 2,760,624</u>	<u>\$ 786,507</u>	<u>\$ 2,922,342</u>	<u>\$ 29,747,355</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 256,303	\$ -	\$ 38,128	\$ 218,948	\$ 513,379
Accrued liabilities	460,036	-	27,071	20,951	508,058
Deposits and advances	212,999	-	4,289	-	217,288
Due to other funds	-	-	-	205,366	205,366
Due to other governments	247,310	-	15,891	731	263,932
Unearned revenue	23,842	-	-	23,300	47,142
Total liabilities	<u>1,200,490</u>	<u>-</u>	<u>85,379</u>	<u>469,296</u>	<u>1,755,165</u>
Deferred inflows of resources					
Property taxes	8,444,219	2,266,753	314,007	2,029,274	13,054,253
Interest on delinquent taxes	433,743	-	-	-	433,743
Citation receivables	322,244	-	-	-	322,244
Total deferred inflows of resources	<u>9,200,206</u>	<u>2,266,753</u>	<u>314,007</u>	<u>2,029,274</u>	<u>13,810,240</u>
Fund balances					
Reserved for:					
Nonspendable	2,098,351	-	-	1,680	2,100,031
Restricted	516,312	-	7,289	406,850	930,451
Committed	1,360,694	-	-	-	1,360,694
Assigned	2,492,791	493,871	379,832	154,850	3,521,344
Unassigned	6,409,038	-	-	(139,608)	6,269,430
Total fund balances	<u>12,877,186</u>	<u>493,871</u>	<u>387,121</u>	<u>423,772</u>	<u>14,181,950</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 23,277,882</u>	<u>\$ 2,760,624</u>	<u>\$ 786,507</u>	<u>\$ 2,922,342</u>	<u>\$ 29,747,355</u>

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

**LINCOLN COUNTY WISCONSIN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2014**

Total fund balances for governmental funds	\$	14,181,950
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	\$	52,931
Land improvements, net of \$64,416 accumulated depreciation		154,727
Buildings, net of \$10,333,366 accumulated depreciation		15,044,136
Machinery and equipment, net of \$2,270,942 accumulated depreciation		995,249
Infrastructure, net of \$23,900,631 accumulated depreciation		<u>32,187,895</u>
Total capital assets		48,434,938
Internal service funds are used by the County to charge the cost of health insurance and County road work to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. Internal service fund's net position are:		
Health insurance fund	\$	1,043,133
Highway fund		<u>5,909,702</u>
Total internal service funds		6,952,835
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 12/31/14 are:		
Accrued interest on notes	\$	(104,585)
Bonds payable		(10,960,000)
Vacation payable		(567,188)
Vested sick leave		(294,296)
Accrued sick		(302,452)
Comp time		<u>(13,557)</u>
Total long-term liabilities		(12,242,078)
Accounts receivable are recorded when they become measurable and available in governmental funds. On 12/31/14 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.		
		113,995
On 12/31/14 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	\$	322,244
Interest on delinquent taxes		<u>433,743</u>
Total deferred revenue		<u>755,987</u>
Total net position of governmental activities	\$	<u>58,197,627</u>

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

LINCOLN COUNTY, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2014

	<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	\$ 10,715,927	\$ 2,266,753	\$ 287,285	\$ 1,984,347	\$ 15,254,312
Intergovernmental	2,032,054	1,139,426	1,666,896	181,597	5,019,973
Licenses and permits	106,670	-	-	44,849	151,519
Fines, forfeits, and penalties	108,427	-	-	28,856	137,283
Public charges for service	1,618,626	-	-	1,012,897	2,631,523
Intergovernmental charges for service	122,744	-	4,661	196,051	323,456
Miscellaneous revenues	373,895	-	6,631	14,250	394,776
	<u>15,078,343</u>	<u>3,406,179</u>	<u>1,965,473</u>	<u>3,462,847</u>	<u>23,912,842</u>
EXPENDITURES					
Current:					
General government	4,673,381	-	-	-	4,673,381
Public safety	6,540,223	-	-	1,840,146	8,380,369
Public works	29,068	4,269,319	-	-	4,298,387
Health and human services	1,819,560	-	1,972,247	1,014,104	4,805,911
Culture, recreation, and education	863,214	-	-	-	863,214
Conservation and development	769,679	-	-	-	769,679
Capital outlay	379,298	-	-	212,218	591,516
Debt service:					
Principal	-	-	-	355,000	355,000
Interest and other charges	-	-	-	457,289	457,289
	<u>15,074,423</u>	<u>4,269,319</u>	<u>1,972,247</u>	<u>3,878,757</u>	<u>25,194,746</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,920</u>	<u>(863,140)</u>	<u>(6,774)</u>	<u>(415,910)</u>	<u>(1,281,904)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	910,579	440,945	-	-	1,351,524
Transfers out	(515,945)	-	(275,199)	(132,698)	(923,842)
	<u>394,634</u>	<u>440,945</u>	<u>(275,199)</u>	<u>(132,698)</u>	<u>427,682</u>
Net change in fund balances	398,554	(422,195)	(281,973)	(548,608)	(854,222)
FUND BALANCES - BEGINNING	<u>12,478,632</u>	<u>916,066</u>	<u>669,094</u>	<u>972,380</u>	<u>15,036,172</u>
FUND BALANCES - ENDING	<u>\$ 12,877,186</u>	<u>\$ 493,871</u>	<u>\$ 387,121</u>	<u>\$ 423,772</u>	<u>\$ 14,181,950</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, 2014

Net change in fund balances - total governmental funds \$ (854,222)

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	\$ 2,129,794	
Sale and disposal of capital assets	(281,884)	
Depreciation expense	<u>(2,499,644)</u>	
Excess of capital outlay over depreciation expense		(651,734)

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:

355,000

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	\$ 175,976	
Highway fund	<u>691,589</u>	
Total internal service funds		867,565

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	\$ 1,675	
Vacation	(51,190)	
Vested sick leave	(83,998)	
Accrued sick	1,000	
Comp time	<u>(2,852)</u>	
Combined adjustment		(135,365)

Revenue had accrued on 12/31/14 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	\$ 280	
Interest on delinquent taxes	37,612	
Corrections	(8,613)	
Citations	<u>(2,677)</u>	
Combined adjustment		<u>26,602</u>

Change in net position of governmental activities \$ (392,154)

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, 2014

	Enterprise Funds					Governmental Activities - Internal Service Funds
	PineCrest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 898,931	\$ 2,678,363	\$ 2,785,447	\$ 855,519	\$ 7,218,260	\$ 3,223,730
Receivables, net:						
Property taxes	568,600	-	-	-	568,600	-
Accounts	1,654,919	109,814	6,940	-	1,771,673	186,083
Due from other governments	-	-	33,643	212,545	246,188	601,667
Inventories, at cost	42,192	363,000	-	-	405,192	1,053,102
Prepaid items	19,011	1,123	-	-	20,134	44,025
Total current assets	<u>3,183,653</u>	<u>3,152,300</u>	<u>2,826,030</u>	<u>1,068,064</u>	<u>10,230,047</u>	<u>5,108,607</u>
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	14,312	4,381,630	-	-	4,395,942	-
Capital assets:						
Land	13,833	84,605	2,502,037	24,605	2,625,080	37,875
Improvements other than buildings	423,565	9,671,912	9,603	10,752	10,115,832	256,826
Buildings	8,257,231	300,049	302,677	1,219,463	10,079,420	1,864,539
Machinery and equipment	1,708,798	979,821	570,106	94,040	3,352,765	9,833,503
Less accumulated depreciation and depletion	(6,816,471)	(7,142,590)	(654,295)	(1,256,527)	(15,869,883)	(8,105,090)
Total capital assets	<u>3,586,956</u>	<u>3,893,797</u>	<u>2,730,128</u>	<u>92,333</u>	<u>10,303,214</u>	<u>3,887,653</u>
Total noncurrent assets	<u>3,601,268</u>	<u>8,275,427</u>	<u>2,730,128</u>	<u>92,333</u>	<u>14,699,156</u>	<u>3,887,653</u>
Total assets	<u>6,784,921</u>	<u>11,427,727</u>	<u>5,556,158</u>	<u>1,160,397</u>	<u>24,929,203</u>	<u>8,996,260</u>
LIABILITIES						
Current liabilities:						
Accounts payable	241,235	125,026	2,819	177,235	546,315	928,299
Accrued expenses	245,228	7,131	13,656	20,555	286,570	84,008
Compensated absences payable	293,464	18,764	38,711	44,672	395,611	226,070
Accrued claims	-	-	-	-	-	404,120
Due to other funds	-	-	-	-	-	56,195
Due to other governments	-	16,666	164,181	380	181,227	-
Unearned revenue	-	-	219,153	-	219,153	-
Current maturities of long-term debt	445,000	-	-	-	445,000	36,912
Deposits and advances	40,377	-	478,946	-	519,323	-
Total current liabilities	<u>1,265,304</u>	<u>167,587</u>	<u>917,466</u>	<u>242,842</u>	<u>2,593,199</u>	<u>1,735,604</u>
Noncurrent liabilities:						
Noncurrent due to other governments	-	233,324	-	-	233,324	51,424
Advance due other funds	-	-	-	-	-	64,458
Compensated absences payable	-	28,367	40,373	52,935	121,675	191,939
Future closure payable	-	6,092,225	-	-	6,092,225	-
Total noncurrent liabilities	<u>-</u>	<u>6,353,916</u>	<u>40,373</u>	<u>52,935</u>	<u>6,447,224</u>	<u>307,821</u>
Total liabilities	<u>1,265,304</u>	<u>6,521,503</u>	<u>957,839</u>	<u>295,777</u>	<u>9,040,423</u>	<u>2,043,425</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes	568,600	-	-	-	568,600	-
NET POSITION						
Net investment in capital assets	3,141,263	3,893,797	2,730,128	92,333	9,857,521	3,799,317
Restricted	14,313	-	113,242	-	127,555	-
Unrestricted	1,795,441	1,012,427	1,754,949	772,287	5,335,104	3,153,518
TOTAL NET POSITION	<u>\$ 4,951,017</u>	<u>\$ 4,906,224</u>	<u>\$ 4,598,319</u>	<u>\$ 864,620</u>	<u>\$ 15,320,180</u>	<u>\$ 6,952,835</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, 2014

	<u>Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>PineCrest Nursing Home</u>	<u>Solid Waste Landfill</u>	<u>Forestry</u>	<u>Lincoln Industries</u>	<u>Total</u>	
OPERATING REVENUES						
Public charges for service	\$ 11,926,757	\$ 4,287,575	\$ 1,096,516	\$ 1,967,672	\$ 19,278,520	\$ -
Interdepartmental charges for service	-	-	2,065	15,000	17,065	9,832,920
Intergovernmental charges for service	-	166,094	-	-	166,094	2,520,214
Other	40,892	19,070	-	-	59,962	30,575
Total operating revenues	<u>11,967,649</u>	<u>4,472,739</u>	<u>1,098,581</u>	<u>1,982,672</u>	<u>19,521,641</u>	<u>12,383,709</u>
OPERATING EXPENSES						
Claims paid	-	-	-	-	-	4,488,841
Nursing services	5,717,428	-	-	-	5,717,428	-
Other professional services	590,079	-	-	-	590,079	-
General services	2,269,668	3,340,530	785,799	1,808,320	8,204,317	5,545,559
Administrative and fiscal services	3,261,744	-	-	-	3,261,744	1,191,673
Provider assessment tax	367,200	-	-	-	367,200	-
Future closing costs	-	1,351,825	-	-	1,351,825	-
Depreciation and amortization	308,043	8,190	60,154	24,772	401,159	423,728
Total operating expenses	<u>12,514,162</u>	<u>4,700,545</u>	<u>845,953</u>	<u>1,833,092</u>	<u>19,893,752</u>	<u>11,649,801</u>
Operating income (loss)	<u>(546,513)</u>	<u>(227,806)</u>	<u>252,628</u>	<u>149,580</u>	<u>(372,111)</u>	<u>733,908</u>
NONOPERATING REVENUES (EXPENSES)						
Property taxes	499,000	-	-	-	499,000	-
Insurance recoveries	-	-	158	-	158	14,461
Interest income	311	57,877	-	-	58,188	10,229
Rental income	-	-	-	-	-	50
Grant revenue	-	-	259,772	-	259,772	-
Salvage revenue	-	-	-	-	-	12,548
Donations	6,653	-	8,278	-	14,931	-
Interest expense	(34,737)	-	-	-	(34,737)	-
Gain on sale of supplies	-	-	-	-	-	3,265
Donation Expense	(8,216)	-	-	-	(8,216)	-
Gain (loss) on disposal of capital assets	33	33,013	15,700	(27,940)	20,806	18,104
Total nonoperating revenues (expenses)	<u>463,044</u>	<u>90,890</u>	<u>283,908</u>	<u>(27,940)</u>	<u>809,902</u>	<u>58,657</u>
Income before transfers	<u>(83,469)</u>	<u>(136,916)</u>	<u>536,536</u>	<u>121,640</u>	<u>437,791</u>	<u>792,565</u>
Transfer in	-	-	-	-	-	75,000
Transfer out	-	(200,000)	(202,682)	(100,000)	(502,682)	-
Change in net position	<u>(83,469)</u>	<u>(336,916)</u>	<u>333,854</u>	<u>21,640</u>	<u>(64,891)</u>	<u>867,565</u>
TOTAL NET POSITION - BEGINNING	<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>
TOTAL NET POSITION - ENDING	<u>\$ 4,951,017</u>	<u>\$ 4,906,224</u>	<u>\$ 4,598,319</u>	<u>\$ 864,620</u>	<u>\$ 15,320,180</u>	<u>\$ 6,952,835</u>

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

**LINCOLN COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2014**

	<u>Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>PineCrest Nursing Home</u>	<u>Solid Waste Landfill</u>	<u>Forestry</u>	<u>Lincoln Industries</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES						
From patients and third party payers	\$ 12,061,293	\$ 4,329,629	\$ 1,564,002	\$ 1,875,098	\$ 19,830,022	\$ -
From other County departments	-	-	2,065	15,000	17,065	9,821,007
From government and other parties for sales	-	166,094	-	-	166,094	2,246,458
To employees for compensation and fringe benefits	(8,479,855)	(322,754)	(518,121)	(904,687)	(10,225,417)	(3,408,998)
To vendors for goods and services	(3,667,451)	(2,808,770)	(274,000)	(765,998)	(7,516,219)	(7,652,192)
Other cash received	40,892	19,070	-	-	59,962	-
Net cash provided by (used in) operating activities	<u>(45,121)</u>	<u>1,383,269</u>	<u>773,946</u>	<u>219,413</u>	<u>2,331,507</u>	<u>1,006,275</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grant revenue	-	-	417,616	-	417,616	-
Donations	6,653	-	8,278	-	14,931	-
Rent	-	-	-	-	-	50
Deposits	2,918	-	-	-	2,918	-
Donation Expense	(8,216)	-	-	-	(8,216)	-
Transfer out	-	(200,000)	(202,682)	(100,000)	(502,682)	-
Transfer in	-	-	-	-	-	75,000
Tax levy appropriations	499,000	-	-	-	499,000	-
Net cash provided by (used in) noncapital financing activities	<u>500,355</u>	<u>(200,000)</u>	<u>223,212</u>	<u>(100,000)</u>	<u>423,567</u>	<u>75,050</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(117,759)	(499,151)	(53,225)	(5,139)	(675,274)	(942,480)
Proceeds from sale of assets	33	-	15,700	12,060	27,793	90,258
Proceeds from sales of supplies	-	-	-	-	-	3,265
Insurance recovery for damaged equipment	-	-	158	-	158	14,461
Capital lease payment	-	-	-	-	-	(35,165)
Advance from General Fund	-	-	-	-	-	(56,194)
Principal payments on long-term debt	(460,000)	-	-	-	(460,000)	-
Interest paid on long-term debt	(35,971)	-	-	-	(35,971)	-
Net cash provided by (used in) capital and related financing activities	<u>(613,697)</u>	<u>(499,151)</u>	<u>(37,367)</u>	<u>6,921</u>	<u>(1,143,294)</u>	<u>(925,855)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	311	54,678	-	-	54,989	10,207
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(158,152)</u>	<u>738,796</u>	<u>959,791</u>	<u>126,334</u>	<u>1,666,769</u>	<u>165,677</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,071,395</u>	<u>6,321,197</u>	<u>1,825,656</u>	<u>729,185</u>	<u>9,947,433</u>	<u>3,058,053</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 913,243</u>	<u>\$ 7,059,993</u>	<u>\$ 2,785,447</u>	<u>\$ 855,519</u>	<u>\$ 11,614,202</u>	<u>\$ 3,223,730</u>
CASH AND CASH EQUIVALENTS CONSIST OF:						
Unrestricted	\$ 898,931	\$ 2,678,363	\$ 2,785,447	\$ 855,519	\$ 7,218,260	\$ 3,223,730
Restricted	14,312	4,381,630	-	-	4,395,942	-
	<u>\$ 913,243</u>	<u>\$ 7,059,993</u>	<u>\$ 2,785,447</u>	<u>\$ 855,519</u>	<u>\$ 11,614,202</u>	<u>\$ 3,223,730</u>

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

LINCOLN COUNTY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2014

	Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	PineCrest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ (546,513)	\$ (227,806)	\$ 252,628	149,580	\$ (372,111)	\$ 733,908
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	308,043	8,190	60,154	24,772	401,159	423,728
Future closing costs	-	1,351,825	-	-	1,351,825	-
Change in assets and liabilities:						
Accounts receivable	134,536	42,054	81,755	-	258,345	(185,072)
Due from other governments	-	-	-	(92,574)	(92,574)	(59,265)
Due from other funds	-	-	-	-	-	1,593
Inventories	(3,915)	-	-	-	(3,915)	52,006
Prepaid items	22,848	33,920	-	-	56,768	9,280
Accounts payable	4,952	(68,486)	(349)	126,009	62,126	192,350
Due to other governments	-	249,990	35,506	305	285,801	-
Accrued expenses	34,094	28	1,388	1,822	37,332	17,697
Deferred revenue	-	-	-	-	-	(73,500)
Compensated absences payable	834	(6,446)	(7,361)	9,499	(3,474)	(12,749)
Deposits and advances	-	-	350,225	-	350,225	-
Accrued claims	-	-	-	-	-	(93,701)
Total adjustments	501,392	1,611,075	521,318	69,833	2,703,618	272,367
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (45,121)	\$ 1,383,269	\$ 773,946	\$ 219,413	\$ 2,331,507	\$ 1,006,275

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, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 24,513
Accounts receivable	<u>654,252</u>
Total assets	<u>\$ 678,765</u>
LIABILITIES	
Deposits and advances	17,499
Due to other governments	<u>661,266</u>
Total liabilities	<u>\$ 678,765</u>

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

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

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, 2014

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

The County reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those 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. The fund's significant revenues are taxes and intergovernmental revenues.

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

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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are presented using the flow of current financial resources measurement focus and the modified accrual basis of accounting. 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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

PROPERTY TAXES

Property taxes are levied prior to December 31 and are due and collectible in the following year. The 2014 tax levy is recorded as receivable with offsetting deferred inflows of resources at December 31, 2014; it will be recognized as revenue in 2015 when used to finance the County's services.

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

The property tax calendar for the 2014 tax roll follows:

Lien date and date levy	December 2014
Tax bills mailed	December 2014
Real estate taxes first installment due	January 31, 2015
Personal property taxes due in full	January 31, 2015
Real estate taxes second installment due	July 31, 2015
Tax sale - 2014 delinquent real estate taxes	October 2018

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 accounts 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. Inventories of governmental fund types are offset by nonspendable fund balance accounts to indicate that they do not represent available spendable financial resources.

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 accounts to indicate that they do not represent available spendable financial resources.

CAPITAL ASSETS

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

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Capital assets used in the governmental funds type operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

COMPENSATED ABSENCES

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

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

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

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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Accounting gains or losses on refundings are amortized over the remaining life of the debt or the life of the new debt, whichever is shorter. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the period in which they are incurred.

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

INTERFUND TRANSACTIONS

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

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.

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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that 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.
- 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.

DEFICIT FUND BALANCE

The Emergency Medical fund had a deficit fund balance of \$137,928 as of December 31, 2014. The deficit will be financed with future revenues of the fund.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

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.

The carrying amount of the County's cash and cash equivalents totaled \$26,860,801 on December 31, 2014, as summarized below:

Petty cash fund	\$ 2,240
Deposits with financial institutions	15,081,253
Investments	
Wisconsin local government investment pool	6,127,558
Landfill long-term care trust	4,381,630
Health insurance trust fund	1,243,976
Insurance deposits	24,144
	<u>\$ 26,860,801</u>

Presented in the Statement of Net Position as follows:

Unrestricted cash and cash equivalents	\$ 22,408,913
Restricted cash and investments	4,427,375
Fiduciary fund cash and cash equivalents	24,513
	<u>\$ 26,860,801</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

Deposits

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The County has 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. 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, 2014, \$1,896,070 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).

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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

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	\$ 6,127,558	Not Rated
U.S. Treasury Notes	2,246,673	Exempt
U.S. Government securities	2,839,812	AAA
Negotiated Certificates of Deposit	11,883,017	Not Rated
Money Market Mutual Funds	163,062	AAA
Fixed Income Mutual Funds	376,059	Not Rated
Insurance Deposits	24,144	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, 2014 the County had the following investments and maturities:

Type of Investment	Fair Value at Year End	Average Maturities
Local Government Investment Pool	\$ 6,127,558	Less than 1 year
U.S. Treasury Notes	2,246,673	1 to 3 years
U.S. Government securities	2,839,812	1 to 3 years
Negotiated Certificates of Deposit	11,883,017	1 to 3 years
Money Market Mutual Funds	163,062	Less than 1 year
Fixed Income Mutual Funds	376,059	Less than 1 year
Insurance Deposits	24,144	Less than 1 year

Governmental entities including counties, municipalities and school districts may deposit money in the Local Government Investment Pool (LGIP), which holds investments in U.S. Government securities, certificates of deposit, commercial papers, and repurchase agreements. Participants in the fund may withdraw or add to their account balances at part at any time. The fair value of this fund may be different from the accounting basis that is reflected in the monthly statements sent to participants. To translate participant's holdings to a fair value amount, a conversion factor must be applied to the County's account balance. The State Investment Fund publishes this conversion factor monthly and as of December 31, 2014, the factor was 100%. As of December 31, 2014 the carrying amount of these investments was \$6,127,558. The annualized interest rate on the LGIP was .09% for the month of December 2014.

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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 3 - RESTRICTED ASSETS

Restricted assets on December 31, 2014, totaled \$4,427,375 consisting of cash and investments as follows:

General fund		
Insurance deposits	\$	24,144
Social Services		
COP risk reserve		7,289
Enterprise Fund		
Solid waste landfill		
Long-term care and closure deposits		4,381,630
Pine Crest Nursing Home		
Donation and special fund		<u>14,312</u>
Total Restricted Assets	<u>\$</u>	<u>4,427,375</u>

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE

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

	County General	County Roads and Bridges	Social Services	PineCrest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	nonmajor and Internal Service Funds	Total
Receivables									
Property taxes	\$ 8,444,219	\$ 2,266,753	\$ 314,007	\$ 568,600	\$ -	\$ -	\$ -	\$ 2,029,274	\$ 13,622,853
Tax certificates and deeds	2,145,871	-	-	-	-	-	-	-	2,145,871
Assessments	169,659	-	-	-	-	-	-	-	169,659
Accounts	804,083	-	508	1,729,919	109,814	6,940	-	477,652	3,128,916
Due from other governments	<u>397,043</u>	<u>-</u>	<u>312,071</u>	<u>-</u>	<u>-</u>	<u>33,643</u>	<u>212,545</u>	<u>651,911</u>	<u>1,607,213</u>
Gross receivables	11,960,875	2,266,753	626,586	2,298,519	109,814	40,583	212,545	3,158,837	20,674,512
Less allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,778)</u>	<u>(105,778)</u>
Net total fund receivables	<u>\$ 11,960,875</u>	<u>\$ 2,266,753</u>	<u>\$ 626,586</u>	<u>\$ 2,223,519</u>	<u>\$ 109,814</u>	<u>\$ 40,583</u>	<u>\$ 212,545</u>	<u>\$ 3,128,059</u>	20,568,734
Correction									<u>113,995</u>
Net statement of net position receivables									<u>\$ 20,682,729</u>

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

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE (Continued)

On December 31, 2014, the County's general fund showed an investment of \$2,145,871 in delinquent taxes as follows:

Tax certificates	\$ 2,110,409
Tax deeds	<u>35,462</u>
Total	<u>\$ 2,145,871</u>

An aging of the delinquent tax certificate taxes of \$2,110,409 on December 31, 2014, follows:

Year Acquired

Prior to 2010	\$ 75,142
2010	57,179
2011	106,002
2012	163,311
2013	566,200
2014	<u>1,142,575</u>
	<u>\$ 2,110,409</u>

Of the total of \$2,110,409 for delinquent tax certificate taxes, \$338,755 was collected by the County within 90 days after December 31, 2014. The remaining unpaid balance of \$1,771,654 and tax deeds of \$35,462 are recorded as nonspendable fund balance of \$1,807,116 for the general fund.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At December 31, 2014, interfund receivables and payables were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 261,561	\$ -
Highway Fund	-	56,195
Emergency Medical Fund	-	205,366
Totals	<u>\$ 261,561</u>	<u>\$ 261,561</u>

The General Fund's receivable of \$56,195 from the Highway Fund is for past building upgrades. The Emergency Medical Fund's \$205,366 due to the General Fund is for cash flow purposes. Additional advances between the General Fund and Highway Fund are as follows:

	Advance Receivables	Advance Payables
General Fund	\$ 64,458	\$ -
Highway Fund	-	64,458
	<u>\$ 64,458</u>	<u>\$ 64,458</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

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

Transfers were made in the primary government as follows:

	Transfer to:			Totals
	General Fund	Roads Fund	Highway Fund	
Transfers from:				
General fund	\$ -	\$ 440,945	\$ 75,000	\$ 515,945
Social services	275,199	-	-	275,199
Other Governmental Funds				
Jail assessment	21,609	-	-	21,609
County health	93,919	-	-	93,919
Emergency medical	17,170	-	-	17,170
Enterprise funds				
Solid Waste Landfill	200,000	-	-	200,000
Forestry	202,682	-	-	202,682
Lincoln Industries	100,000	-	-	100,000
Totals	\$ 910,579	\$ 440,945	\$ 75,000	\$ 1,426,524

Interfund transfers from various funds to the General Fund are primarily performed to comply with Chapter 3.07 Lincoln County Code limiting fund balances and to apply designated capital improvement funds from the General Fund to the County Roads Fund and Highway Fund.

NOTE 6 - CAPITAL ASSETS

Changes in capital assets were as follows:

	Balance 1/1/14	Adjustment	Increases	Decreases	Balance 12/31/14
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 116,470	\$ -	\$ 2,335	\$ 27,999	\$ 90,806
Construction in progress	702,133	-	82,474	784,607	-
Total capital assets not depreciated	818,603	-	84,809	812,606	90,806
Capital assets, being depreciated:					
Land improvements	464,012	-	11,957	-	475,969
Infrastructure	54,692,112	247,981	2,326,192	1,177,759	56,088,526
Buildings and improvements	27,850,305	-	54,384	662,648	27,242,041
Equipment and vehicles	12,618,295	-	1,543,369	1,061,970	13,099,694
Intangible assets	107,695	-	-	-	107,695
Subtotals	95,732,419	247,981	3,935,902	2,902,377	97,013,925
Less accumulated depreciation for:					
Land improvements	172,047	-	15,624	-	187,671
Infrastructure	25,478,998	(1,607,106)	1,206,498	1,177,759	23,900,631
Buildings and improvements	11,175,250	-	975,089	425,491	11,724,848
Equipment and vehicles	8,956,940	-	726,161	821,806	8,861,295
Intangible assets	107,695	-	-	-	107,695
Subtotals	45,890,930	(1,607,106)	2,923,372	2,425,056	44,782,140
Total capital assets, being depreciated, net	49,841,489	1,855,087	1,012,530	477,321	52,231,785
Governmental activities capital assets, net	\$ 50,660,092	\$ 1,855,087	\$ 1,097,339	\$ 1,289,927	52,322,591
Less related long-term debt outstanding					11,048,336
Net investment in capital assets					\$ 41,274,255

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 6 - CAPITAL ASSETS (Continued)

	Balance 1/1/14	Increases	Decreases	Balance 12/31/14
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,665,080	\$ -	\$ 40,000	\$ 2,625,080
Construction in progress	<u>2,421,985</u>	<u>498,904</u>	<u>2,920,889</u>	<u>-</u>
Total capital projects not depreciated	5,087,065	498,904	2,960,889	2,625,080
Capital assets, being depreciated:				
Land improvements	7,290,311	2,928,039	102,518	10,115,832
Buildings	10,068,684	10,736	-	10,079,420
Machinery and equipment	<u>3,252,925</u>	<u>310,002</u>	<u>210,162</u>	<u>3,352,765</u>
Subtotals	20,611,920	3,248,777	312,680	23,548,017
Less accumulated depreciation for:				
Land improvements	6,492,520	(32,883)	-	6,459,637
Buildings	6,724,253	256,978	-	6,981,231
Machinery and equipment	<u>2,446,126</u>	<u>177,064</u>	<u>194,175</u>	<u>2,429,015</u>
Subtotals	15,662,899	401,159	194,175	15,869,883
Total capital assets, being depreciated, net	<u>4,949,021</u>	<u>2,847,618</u>	<u>118,505</u>	<u>7,678,134</u>
Business-type activities capital assets, net	<u>\$ 10,036,086</u>	<u>\$ 3,346,522</u>	<u>\$ 3,079,394</u>	10,303,214
Less related long-term debt outstanding				<u>445,693</u>
Net investment in capital assets				<u>\$ 9,857,521</u>

Depreciation expense was charged to the functions as follows:

Governmental activities

General government	\$ 978,091
Public safety	294,089
Public works	1,630,226
Conservation and development	<u>20,966</u>
Total depreciation expense - governmental activities	<u>\$ 2,923,372</u>

Business-type activities

Nursing home	\$ 308,043
Forestry	60,154
Solid waste landfill	8,190
Lincoln Industries	<u>24,772</u>
Total depreciation expense - business-type activities	<u>\$ 401,159</u>

Prior Period Adjustment

A prior period adjustment was made to adjust the County's beginning capital asset balances to correct prior year errors in the determination of historical cost and accumulated depreciation related to infrastructure assets. The net effect of this adjustment is to increase net position of the governmental activities by \$1,855,087.

Extraordinary Loss on Property Retirement

The County has no active construction projects as of December 31, 2014. The County recorded an extraordinary loss of \$242,599 due to physical damage in two group homes which rendered both group homes unusable. The carrying value of each group home is zero.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

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 1/1/14	Issued	Retired	Outstanding 12/31/14	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 11,315,000	\$ -	\$ 355,000	\$ 10,960,000	\$ 380,000
Capital lease	123,501	-	35,165	88,336	36,912
Compensated absences	<u>1,471,211</u>	<u>947,062</u>	<u>822,771</u>	<u>1,595,502</u>	<u>806,815</u>
Governmental activities					
Long-term obligations	<u>\$ 12,909,712</u>	<u>\$ 947,062</u>	<u>\$ 1,212,936</u>	<u>\$ 12,643,838</u>	<u>\$ 1,223,727</u>
Business-type activities:					
General Obligation Debt					
Bonds	\$ 905,000	\$ -	\$ 460,000	\$ 445,000	\$ 445,000
Unamortized refunding loss/interest premium	1,911	-	1,218	693	693
Compensated absences	<u>520,760</u>	<u>392,032</u>	<u>395,506</u>	<u>517,286</u>	<u>395,611</u>
Business-type activities					
Long-term obligations	<u>\$ 1,427,671</u>	<u>\$ 392,032</u>	<u>\$ 856,724</u>	<u>\$ 962,979</u>	<u>\$ 841,304</u>

Interest paid for the year ended December 31, 2014 totaled \$493,258.

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%	\$ 445,000
9,965,000	issued November 15, 2008; \$384,950 to \$1,202,172 due annually from 2009 through 2028; interest 4% to 4.65%	8,790,000
1,810,000	issued August 27, 2010; \$75,000 to \$475,000 due annually from 2011 through 2017; interest 1.5% to 2.25%	1,280,000
890,000	issued August 27, 2010; \$170,000 to \$520,000 due 2018 through 2020, interest 4%	890,000
Total Bonds		<u>\$ 11,405,000</u>

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2014, are allocated to activities as detailed below:

Year Ended December 31	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	795,000	389,826	-	-	795,000	389,826
2020-2024	4,110,000	1,431,477	-	-	4,110,000	1,431,477
2025-2028	4,255,000	407,686	-	-	4,255,000	407,686
	<u>\$ 10,960,000</u>	<u>\$ 3,970,463</u>	<u>\$ 445,000</u>	<u>\$ 17,800</u>	<u>\$ 11,405,000</u>	<u>\$ 3,988,263</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

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		\$ 2,263,763,700
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		113,188,185
Total outstanding general obligation debt applicable to debt limitation	\$ 11,405,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	6,984	
Net outstanding general obligation debt applicable to debt limitation		11,398,016
Legal Margin for New Debt		\$ 101,790,169

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, 2014, were as follows:

<u>Year Ended</u> <u>December 31</u>		<u>Governmental</u> <u>Activities</u>
2015	\$	41,302
2016		53,980
Total minimum lease payments		95,282
Less: Amount representing interest		6,946
Present value of minimum lease payments	\$	88,336

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

NOTE 8 - EMPLOYEE RETIREMENT PLAN

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 General category employees, 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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 8 - EMPLOYEE RETIREMENT PLAN (Continued)

Contribution rates for 2014 are:

	Employee	Employer
General	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for Lincoln County employees covered by the WRS for the year ended December 31, 2014, was \$15,567,327; the employer's total payroll was \$16,375,587. The total required contribution for the year ended December 31, 2014, was \$2,239,192, which consisted of \$1,147,803 of payroll from the employer and \$1,091,389, of payroll from employees. Total contributions for years ended December 31, 2013 and 2012, were \$2,134,236 and \$1,836,709, 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.

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 \$7,052,442 during the period of January 1, 2014 to December 31, 2014.

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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 9 - RISK MANAGEMENT (Continued)

An analysis of claim activities is presented below:

	<u>Liability</u> <u>January 1</u>	<u>Current Year</u> <u>Claims and</u> <u>Changes in</u> <u>Estimates</u>	<u>Claims</u> <u>Paid</u>	<u>Liability</u> <u>December 31</u>
2014	\$ 1,154,387	\$ 4,488,531	\$ 4,432,258	\$ 1,210,660
2013	1,288,562	4,473,088	4,607,263	1,154,387

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 \$24,144. 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, 2014, 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 2014 was \$9,246,925 with Lincoln County's share totaling \$672,463 (7.3%). 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, 2014, and for the year then ended.

Assets	\$ 36,795,897
Liabilities	7,113,632
Equity	29,682,265
Revenues	57,074,146
Expenses	56,520,849
Non-operating gain	85,171
Change in net assets	638,468

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, 2014

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. In 2014 the County opened the north expansion of the landfill. At December 31, 2014, the County has utilized approximately 88.2% of its original landfill's capacity and 37.4% of the expansion landfill capacity. The entire landfill is estimated to be fully utilized in 2036.

The estimated liability for landfill closure and postclosure care costs and total future estimated costs as of December 31, 2014, is as follows:

Total estimated costs	\$ 7,841,482
Less closure costs accrued	<u>6,092,225</u>
Estimated costs of construction, closure, and postclosure care to be recognized in future years	<u>\$ 1,749,257</u>

The estimated total current cost of the landfill construction, closure, and postclosure care of \$7,841,482 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, 2014. 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, 2014, investments of \$4,381,630 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, 2014

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	\$ 1,807,116	\$ -	\$ -	\$ -	\$ 1,807,116
Prepaid	207,161	-	-	1,680	208,841
Advances	64,458	-	-	-	64,458
Inventory	19,616	-	-	-	19,616
Subtotal	<u>2,098,351</u>	<u>-</u>	<u>-</u>	<u>1,680</u>	<u>2,100,031</u>
Restricted:					
Insurance Deposits	24,144	-	-	-	24,144
Veterans	8,648	-	-	-	8,648
Land Records	296,240	-	-	-	296,240
Emergency Management	9,727	-	-	-	9,727
Register of Deeds	69,616	-	-	-	69,616
UW Extension	2,250	-	-	-	2,250
Sheriff	105,687	-	-	-	105,687
Social Services	-	-	7,289	-	7,289
Other Funds	-	-	-	406,850	406,850
Subtotal	<u>516,312</u>	<u>-</u>	<u>7,289</u>	<u>406,850</u>	<u>930,451</u>
Committed:					
Roads Fund	250,000	-	-	-	250,000
Family Care	498,829	-	-	-	498,829
Sheriff's Office CIP	141,530	-	-	-	141,530
IT CIP	6,035	-	-	-	6,035
Maintenance	304,300	-	-	-	304,300
EMS	160,000	-	-	-	160,000
Subtotal	<u>1,360,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,360,694</u>
Assigned:					
Veterans	2,000	-	-	-	2,000
Family Court Comm	1,614	-	-	-	1,614
Fairgrounds	1,220,687	-	-	-	1,220,687
Zoning	18,356	-	-	-	18,356
UW Extension	14,202	-	-	-	14,202
Sheriff	210	-	-	-	210
CIP not committed	1,235,722	-	-	-	1,235,722
Roads Fund	-	493,871	-	-	493,871
Social Services	-	-	379,832	-	379,832
Other Funds	-	-	-	154,850	154,850
Subtotal	<u>2,492,791</u>	<u>493,871</u>	<u>379,832</u>	<u>154,850</u>	<u>3,521,344</u>
Unassigned:					
General fund	6,409,038	-	-	-	6,409,038
Other Funds	-	-	-	(139,608)	(139,608)
Subtotal	<u>6,409,038</u>	<u>-</u>	<u>-</u>	<u>(139,608)</u>	<u>6,269,430</u>
Total Fund Balances	<u>\$ 12,877,186</u>	<u>\$ 493,871</u>	<u>\$ 387,121</u>	<u>\$ 423,772</u>	<u>\$ 14,181,950</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2014

NOTE 13 - FUND EQUITY (Continued)

Included in the unassigned balance is \$3,902,262 for the County's cash flow needs.

Restricted net position

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Insurance deposits	\$ 24,144	\$ -
Grant and program fees	928,906	-
Jail assessments	39,655	-
Nursing home funds	-	14,313
Forestry grants	-	113,242
	<u>\$ 992,705</u>	<u>\$ 127,555</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 2014 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 2014 budget was .69%. The limit for the County's 2015 budget was .98%. Debt service for debt authorized after July 2005 is exempt for the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide and proprietary statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ending December 31, 2015.

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

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
General property	\$ 8,522,046	\$ 8,433,646	\$ 8,433,646	\$ -
Forest crop	15,000	15,000	11,196	(3,804)
Managed forest land	80,000	80,000	50,798	(29,202)
County sales tax	1,600,000	1,600,000	1,731,543	131,543
Real estate transfer fees	40,000	40,000	44,304	4,304
Interest on taxes	280,000	372,757	351,079	(21,678)
Payment in lieu of taxes	90,000	90,000	93,361	3,361
Total taxes	<u>10,627,046</u>	<u>10,631,403</u>	<u>10,715,927</u>	<u>84,524</u>
Intergovernmental				
State shared revenues	967,000	967,000	969,087	2,087
Exempt computer aid	36,399	36,399	36,412	13
Clerk of courts	70,100	70,100	78,494	8,394
Circuit court	67,500	67,500	67,541	41
Land information	-	26,180	17,817	(8,363)
Sheriff department	39,352	44,371	70,966	26,595
Emergency management	32,450	56,221	64,835	8,614
Victim witness	30,675	30,675	34,154	3,479
Zoning grants	-	29,068	32,818	3,750
Veterans service	10,000	10,000	10,000	-
Family court commissioner	275	275	1,102	827
Child support	224,243	224,243	302,721	78,478
UW extension	8,945	8,945	3,500	(5,445)
State acreage payment	67,000	67,000	67,140	140
Land conservation	158,000	242,063	275,467	33,404
Total intergovernmental	<u>1,711,939</u>	<u>1,880,040</u>	<u>2,032,054</u>	<u>152,014</u>
Licenses and permits				
County clerk	5,958	5,958	12,142	6,184
Family court commissioner	4,500	4,500	3,660	(840)
Land information	2,500	2,500	2,164	(336)
Zoning fees	97,500	97,500	88,704	(8,796)
Total licenses and permits	<u>110,458</u>	<u>110,458</u>	<u>106,670</u>	<u>(3,788)</u>
Fines, forfeits, and penalties				
Clerk of courts	131,500	131,500	107,853	(23,647)
Circuit court	800	800	574	(226)
Sheriff department	55	55	-	(55)
Total fines, forfeits, and penalties	<u>132,355</u>	<u>132,355</u>	<u>108,427</u>	<u>(23,928)</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public charges for service				
Clerk of courts	\$ 65,000	\$ 65,000	\$ 56,596	\$ (8,404)
Circuit court	10,200	11,234	11,778	544
Family court commissioner	3,102	3,102	2,623	(479)
Register of deeds	183,070	183,070	157,383	(25,687)
Land information	33,750	33,750	44,635	10,885
County clerk	2,500	2,500	29	(2,471)
Treasurer	30	30	11	(19)
District attorney	2,700	2,700	1,639	(1,061)
Sheriff department	941,100	941,369	892,021	(49,348)
Information technology	-	-	59,100	59,100
Coroner	16,000	16,000	17,625	1,625
Maintenance	500	500	5,606	5,106
Veterans	-	700	700	-
Zoning	-	-	1,093	1,093
Administration/personnel	-	-	15	15
Corporation counsel	1,000	1,000	1,941	941
Finance	150	150	105	(45)
Child support	5,500	5,500	4,061	(1,439)
UW extension	19,063	19,063	22,435	3,372
Forest land revenue	275,000	275,000	328,361	53,361
Other charges for service	4,200	4,200	10,869	6,669
Total public charges for services	<u>1,562,865</u>	<u>1,564,868</u>	<u>1,618,626</u>	<u>53,758</u>
Intergovernmental charges for service				
Sheriff department	45,050	45,050	42,961	(2,089)
County Board	-	3,561	3,803	242
Information technology	-	40,364	41,161	797
Maintenance	-	-	155	155
Land information	400	400	200	(200)
Clerk of courts	2,300	2,300	3,390	1,090
County clerk	21,000	21,000	29,269	8,269
UW extension	2,450	2,450	1,805	(645)
Total intergovernmental charges for services	<u>71,200</u>	<u>115,125</u>	<u>122,744</u>	<u>7,619</u>
Miscellaneous				
Interest	168,250	168,250	60,283	(107,967)
Rent	193,000	193,000	192,616	(384)
Tax Deed Profit	5,000	5,000	2,091	(2,909)
Sale of county property	71,400	71,400	88,226	16,826
Insurance recovery	15,000	15,000	7,685	(7,315)
Private organization donations	2,475	5,719	22,994	17,275
Total miscellaneous	<u>455,125</u>	<u>458,369</u>	<u>373,895</u>	<u>(84,474)</u>
Total revenues	<u>14,670,988</u>	<u>14,892,618</u>	<u>15,078,343</u>	<u>185,725</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General government				
County board chairman	\$ 47,588	\$ 47,588	\$ 42,112	\$ 5,476
County board committees	88,669	88,669	84,198	4,471
Clerk of courts	583,950	583,950	566,938	17,012
Circuit court	254,574	255,608	255,540	68
Family court commissioner	28,199	28,199	26,565	1,634
Coroner	57,047	57,047	49,373	7,674
District attorney	178,857	178,857	146,228	32,629
Corporation counsel	170,888	170,888	146,756	24,132
Victim witness	65,714	65,714	63,129	2,585
County clerk	150,066	150,066	146,810	3,256
Administration/personnel	191,498	194,742	194,848	(106)
Information technology	720,284	760,648	720,278	40,370
General administration	23,500	95,893	84,714	11,179
Treasurer	146,848	146,848	142,821	4,027
Finance department	423,313	423,313	397,362	25,951
Maintenance	835,970	914,970	824,047	90,923
Surveyor	145,852	132,101	116,357	15,744
Tax description	86,974	87,433	63,329	24,104
Register of deeds	237,754	287,576	237,342	50,234
Land records	215,307	467,550	133,073	334,477
Tax assessment	75,562	75,249	75,162	87
Insurance	88,500	108,864	108,392	472
Elections	63,840	63,840	48,007	15,833
Contingency fund	490,583	313,164	-	313,164
Total general government	<u>5,371,337</u>	<u>5,698,777</u>	<u>4,673,381</u>	<u>1,025,396</u>
Public safety				
Sheriff department:				
Law enforcement	3,391,389	3,431,091	3,249,955	181,136
Emergency communication (911)	885,482	885,751	848,912	36,839
Correction and detention	2,495,351	2,578,780	2,361,850	216,930
Emergency management	56,444	80,215	79,103	1,112
Civil service commission	-	-	403	(403)
Total public safety	<u>6,828,666</u>	<u>6,975,837</u>	<u>6,540,223</u>	<u>435,614</u>
Public works				
Zoning-sanitation	-	29,068	29,068	-
Health and human services				
Community organizations	190,000	193,561	193,279	282
Family care	707,810	707,810	707,810	-
Health care center	528,140	541,682	541,682	-
Child support agency	281,473	281,473	231,111	50,362
Veterans services	147,251	157,570	144,365	13,205
Cemetery	1,314	1,314	1,313	1
Total health and human services	<u>1,855,988</u>	<u>1,883,410</u>	<u>1,819,560</u>	<u>63,850</u>

**LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2014**

	<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	\$ 627,174	\$ 627,174	\$ 627,174	\$ -
UW extension	239,746	253,276	236,040	17,236
Total culture, recreation, and education	<u>866,920</u>	<u>880,450</u>	<u>863,214</u>	<u>17,236</u>
Conservation and development				
Economic development	53,000	53,000	53,000	-
Zoning	305,392	338,187	301,247	36,940
Land conservation	316,931	441,914	415,432	26,482
Total conservation and development	<u>675,323</u>	<u>833,101</u>	<u>769,679</u>	<u>63,422</u>
Capital outlay				
Maintenance	64,840	186,317	63,077	123,240
Information technology	88,615	88,615	82,580	6,035
Zoning	-	36,700	36,700	-
Sheriff department	378,000	354,653	196,941	157,712
Total capital outlay	<u>531,455</u>	<u>666,285</u>	<u>379,298</u>	<u>286,987</u>
Total expenditures	<u>16,129,689</u>	<u>16,966,928</u>	<u>15,074,423</u>	<u>1,892,505</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,458,701)</u>	<u>(2,074,310)</u>	<u>3,920</u>	<u>2,078,230</u>
Other financing sources (uses)				
Funds applied	1,389,125	2,195,679	2,195,679	-
Transfer in	394,576	394,576	910,579	516,003
Transfer out	(325,000)	(515,945)	(515,945)	-
Total other financing sources (uses)	<u>1,458,701</u>	<u>2,074,310</u>	<u>2,590,313</u>	<u>516,003</u>
Net change in fund balance	-	-	2,594,233	2,594,233
FUND BALANCE - BEGINNING	<u>12,478,632</u>	<u>12,478,632</u>	<u>12,478,632</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 12,478,632</u>	<u>\$ 12,478,632</u>	<u>\$ 15,072,865</u>	<u>\$ 2,594,233</u>

RECONCILIATION FROM BUDGET TO GAAP:

Net change in fund balance - budget	\$ 2,594,233
Fund balance applied is reported as an other financing source for budget purposes, but fund balance applied is not reported as an other financing source for GAAP purposes.	<u>(2,195,679)</u>
Net change in fund balance - GAAP	<u>\$ 398,554</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - COUNTY ROADS AND BRIDGES
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
General property	\$ 2,266,753	\$ 2,266,753	\$ 2,266,753	\$ -
Intergovernmental	1,142,985	1,139,426	1,139,426	-
Total revenues	<u>3,409,738</u>	<u>3,406,179</u>	<u>3,406,179</u>	<u>-</u>
EXPENDITURES				
Public works	<u>3,659,738</u>	<u>4,763,181</u>	<u>4,269,319</u>	<u>493,862</u>
Deficiency of revenues over (under) expenditures	(250,000)	(1,357,002)	(863,140)	493,862
OTHER FINANCING SOURCES				
Transfers in	250,000	440,945	440,945	-
Fund balance applied	<u>-</u>	<u>916,057</u>	<u>916,057</u>	<u>-</u>
Total other financing sources	<u>250,000</u>	<u>1,357,002</u>	<u>1,357,002</u>	<u>-</u>
Net change in fund balance	-	-	493,862	493,862
FUND BALANCE - BEGINNING	<u>916,066</u>	<u>916,066</u>	<u>916,066</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 916,066</u>	<u>\$ 9</u>	<u>\$ 1,409,928</u>	<u>\$ 1,409,919</u>

RECONCILIATION FROM BUDGET TO GAAP:

Net change in fund balance - budget	\$ 493,862
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>(916,057)</u>
Net change in fund balance - GAAP	<u>\$ (422,195)</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SOCIAL SERVICES FUND
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
General property	\$ 287,285	\$ 287,285	\$ 287,285	\$ -
Intergovernmental	1,919,388	1,919,388	1,666,896	(252,492)
Intergovernmental charges for service	4,000	4,000	4,661	661
Miscellaneous revenues	-	-	6,631	6,631
Total revenues	<u>2,210,673</u>	<u>2,210,673</u>	<u>1,965,473</u>	<u>(245,200)</u>
EXPENDITURES				
Health and human services	2,203,673	1,935,474	1,972,247	(36,773)
Outlay	7,000	-	-	-
Total expenditures	<u>2,210,673</u>	<u>1,935,474</u>	<u>1,972,247</u>	<u>(36,773)</u>
Excess (deficiency) of revenues over (under) expenditures	-	275,199	(6,774)	(281,973)
OTHER FINANCING USES				
Transfer out	-	(275,199)	(275,199)	-
Net change in fund balance	-	-	(281,973)	(281,973)
FUND BALANCE - JANUARY 1	<u>669,094</u>	<u>669,094</u>	<u>669,094</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$ 669,094</u>	<u>\$ 669,094</u>	<u>\$ 387,121</u>	<u>\$ (281,973)</u>

LINCOLN COUNTY, WISCONSIN
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2014

NOTE 1 - EXCESS OF ACTUAL EXPENDITURES OVER FINAL BUDGET

For the year ending December 31, 2014, 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		
Administrative/personnel	\$ 194,742	\$ 194,848
Public Safety		
Civil service commission	-	403
Social Services Fund		
Health and human services	1,935,474	1,972,247

COMBINING FUND STATEMENTS

LINCOLN COUNTY, WISCONSIN'
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014

	Special Revenue						Total Nonmajor Governmental Funds
	County Health	Dog License	Community Development	Emergency Medical	Jail Assessment	Total	
ASSETS							
Cash and cash equivalents	\$ 488,477	\$ 46,006	\$ 2	\$ -	\$ 38,884	\$ 573,369	\$ 6,984
Receivables (net of allowances):							
Property taxes	551,973	-	-	662,662	-	1,214,635	814,639
Accounts	270	-	-	260,521	-	260,791	-
Due from other governments	49,473	-	-	-	771	50,244	-
Prepaid items	-	-	-	1,680	-	1,680	-
TOTAL ASSETS	<u>\$ 1,090,193</u>	<u>\$ 46,006</u>	<u>\$ 2</u>	<u>\$ 924,863</u>	<u>\$ 39,655</u>	<u>\$ 2,100,719</u>	<u>\$ 821,623</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 3,210	\$ 44,275	\$ -	\$ 171,463	\$ -	\$ 218,948	\$ -
Accrued liabilities	20,951	-	-	-	-	20,951	-
Due to other funds	-	-	-	205,366	-	205,366	-
Due to other governments	-	731	-	-	-	731	-
Unearned revenue	-	-	-	23,300	-	23,300	-
Total liabilities	<u>24,161</u>	<u>45,006</u>	<u>-</u>	<u>400,129</u>	<u>-</u>	<u>469,296</u>	<u>-</u>
Deferred inflows of resources							
Property taxes	<u>551,973</u>	<u>-</u>	<u>-</u>	<u>662,662</u>	<u>-</u>	<u>1,214,635</u>	<u>814,639</u>
Fund balances							
Nonspendable	-	-	-	1,680	-	1,680	-
Restricted	366,195	1,000	-	-	39,655	406,850	-
Assigned	147,864	-	2	-	-	147,866	6,984
Unassigned	-	-	-	(139,608)	-	(139,608)	-
Total fund balance	<u>514,059</u>	<u>1,000</u>	<u>2</u>	<u>(137,928)</u>	<u>39,655</u>	<u>416,788</u>	<u>6,984</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,090,193</u>	<u>\$ 46,006</u>	<u>\$ 2</u>	<u>\$ 924,863</u>	<u>\$ 39,655</u>	<u>\$ 2,100,719</u>	<u>\$ 821,623</u>

LINCOLN COUNTY, WISCONSIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2014

	Special Revenue						Total
	County Health	Dog License	Community Development	Emergency Medical	Jail Assessment	Total	
REVENUES							
Taxes	\$ 551,973	\$ -	\$ -	\$ 636,086	\$ -	\$ 1,188,059	\$ 1,984,347
Intergovernmental revenues	115,252	-	-	51,479	-	166,731	181,597
Licenses and permits	83	44,766	-	-	-	44,849	44,849
Fines, forfeits, and penalties	-	-	-	-	28,856	28,856	28,856
Public charges for service	163,002	-	-	849,895	-	1,012,897	1,012,897
Intergovernmental charges for service	196,051	-	-	-	-	196,051	196,051
Miscellaneous revenues	3,750	-	-	10,500	-	14,250	14,250
Total revenues	1,030,111	44,766	-	1,547,960	28,856	2,651,693	3,462,847
EXPENDITURES							
Current:							
Public safety	-	-	-	1,840,146	-	1,840,146	1,840,146
Health and human services	969,338	44,766	-	-	-	1,014,104	1,014,104
Capital outlay	-	-	-	212,218	-	212,218	212,218
Debt service:							
Principal	-	-	-	-	-	-	355,000
Interest	-	-	-	-	-	-	457,289
Total expenditures	969,338	44,766	-	2,052,364	-	3,066,468	3,878,757
Excess (deficiency) of revenues over (under) expenditures	60,773	-	-	(504,404)	28,856	(414,775)	(415,910)
OTHER FINANCING USES							
Transfers out	(93,919)	-	-	(17,170)	(21,609)	(132,698)	(132,698)
Net change in fund balances	(33,146)	-	-	(521,574)	7,247	(547,473)	(548,608)
FUND BALANCES - BEGINNING	547,205	1,000	2	383,646	32,408	964,261	972,380
FUND BALANCES (DEFICIT) - ENDING	\$ 514,059	\$ 1,000	\$ 2	\$ (137,928)	\$ 39,655	\$ 416,788	\$ 423,772

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2014

	Internal Service Funds		
	<u>Highway</u>	<u>Health Insurance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,027,538	\$ 2,196,192	\$ 3,223,730
Accounts receivable	171,566	14,517	186,083
Due from other governments	601,667	-	601,667
Inventories, at cost	1,053,102	-	1,053,102
Prepaid expenses	660	43,365	44,025
Total current assets	<u>2,854,533</u>	<u>2,254,074</u>	<u>5,108,607</u>
Noncurrent assets:			
Capital assets:			
Land	37,875	-	37,875
Improvements other than buildings	256,826	-	256,826
Buildings	1,864,539	-	1,864,539
Machinery and equipment	9,833,503	-	9,833,503
Less accumulated depreciation	<u>(8,105,090)</u>	<u>-</u>	<u>(8,105,090)</u>
Total capital assets	<u>3,887,653</u>	<u>-</u>	<u>3,887,653</u>
Total assets	<u>6,742,186</u>	<u>2,254,074</u>	<u>8,996,260</u>
LIABILITIES			
Current liabilities:			
Accounts payable	121,759	806,540	928,299
Accrued expenses	83,727	281	84,008
Compensated absences payable	226,070	-	226,070
Due other funds	56,195	-	56,195
Accrued claims	-	404,120	404,120
Current maturities of long-term debt	<u>36,912</u>	<u>-</u>	<u>36,912</u>
Total current liabilities	<u>524,663</u>	<u>1,210,941</u>	<u>1,735,604</u>
Noncurrent liabilities:			
Noncurrent maturities of long-term debt	51,424	-	51,424
Advance due other funds	64,458	-	64,458
Compensated absences payable	<u>191,939</u>	<u>-</u>	<u>191,939</u>
Total noncurrent liabilities	<u>307,821</u>	<u>-</u>	<u>307,821</u>
Total liabilities	<u>832,484</u>	<u>1,210,941</u>	<u>2,043,425</u>
NET POSITION			
Net investment in capital assets	3,799,317	-	3,799,317
Unrestricted	<u>2,110,385</u>	<u>1,043,133</u>	<u>3,153,518</u>
TOTAL NET POSITION	<u>\$ 5,909,702</u>	<u>\$ 1,043,133</u>	<u>\$ 6,952,835</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended December 31, 2014

	Internal Service Funds		
	<u>Highway</u>	<u>Health Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Interdepartmental charges for service	\$ 4,317,788	\$ 5,515,132	\$ 9,832,920
Intergovernmental charges for service	2,520,214	-	2,520,214
Other operating revenue	30,575	-	30,575
Total operating revenues	<u>6,868,577</u>	<u>5,515,132</u>	<u>12,383,709</u>
OPERATING EXPENSES			
Claims paid	-	4,488,841	4,488,841
General services	5,545,559	-	5,545,559
Administrative and fiscal services	331,129	860,544	1,191,673
Depreciation and amortization	423,728	-	423,728
Total operating expenses	<u>6,300,416</u>	<u>5,349,385</u>	<u>11,649,801</u>
Operating income	<u>568,161</u>	<u>165,747</u>	<u>733,908</u>
NONOPERATING REVENUES			
Rent revenue	50	-	50
Gain (loss) on disposal of assets	18,104	-	18,104
Salvage revenue	12,548	-	12,548
Gain on sale of supplies	3,265	-	3,265
Insurance recoveries	14,461	-	14,461
Interest income	-	10,229	10,229
Total nonoperating revenues	<u>48,428</u>	<u>10,229</u>	<u>58,657</u>
Income before transfers	616,589	175,976	792,565
Transfer in	75,000	-	75,000
Change in net position	691,589	175,976	867,565
TOTAL NET POSITION - BEGINNING	<u>5,218,113</u>	<u>867,157</u>	<u>6,085,270</u>
TOTAL NET POSITION - ENDING	<u>\$ 5,909,702</u>	<u>\$ 1,043,133</u>	<u>\$ 6,952,835</u>

**LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2014**

	Internal Service Funds		
	<u>Highway</u>	<u>Health Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
From other County departments	\$ 4,317,788	\$ 5,503,219	\$ 9,821,007
From government and other parties for sales	2,246,458	-	2,246,458
To employees for compensation and fringe benefits	(3,384,625)	(24,373)	(3,408,998)
To vendors for goods and services	(2,391,303)	(5,260,889)	(7,652,192)
Net cash provided by operating activities	<u>788,318</u>	<u>217,957</u>	<u>1,006,275</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Rent	50	-	50
Transfer in	75,000	-	75,000
Net cash provided by noncapital financing activities	<u>75,050</u>	<u>-</u>	<u>75,050</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(942,480)	-	(942,480)
Proceeds from sales of supplies	3,265	-	3,265
Lease payment	(35,165)	-	(35,165)
Insurance recovery for damaged equipment	14,461	-	14,461
Advance from general fund	(56,194)	-	(56,194)
Proceeds from sale of capital assets	90,258	-	90,258
Net cash used for capital and related financing activities	<u>(925,855)</u>	<u>-</u>	<u>(925,855)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	10,207	10,207
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(62,487)	228,164	165,677
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,090,025</u>	<u>1,968,028</u>	<u>3,058,053</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,027,538</u>	<u>\$ 2,196,192</u>	<u>\$ 3,223,730</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 568,161	\$ 165,747	\$ 733,908
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	423,728	-	423,728
Changes in operating assets and liabilities:			
Accounts receivable	(171,566)	(13,506)	(185,072)
Due from other governments	(59,265)	-	(59,265)
Due from other funds	-	1,593	1,593
Prepaid expenses	1,650	7,630	9,280
Inventories	52,006	-	52,006
Accounts payable	42,376	149,974	192,350
Accrued expenses	17,477	220	17,697
Compensated absences	(12,749)	-	(12,749)
Unearned revenue	(73,500)	-	(73,500)
Accrued claims	-	(93,701)	(93,701)
Total adjustments	<u>220,157</u>	<u>52,210</u>	<u>272,367</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 788,318</u>	<u>\$ 217,957</u>	<u>\$ 1,006,275</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2014

	Agency Funds		Total
	Employee Benefit Cafeteria Plan	Clerk of Court Collection Fund	
ASSETS			
Cash and cash equivalents	\$ 24,513	\$ -	\$ 24,513
Accounts receivable	-	654,252	654,252
Total assets	\$ 24,513	\$ 654,252	\$ 678,765
LIABILITIES			
Deposits and advances	17,499	-	17,499
Due other governments	7,014	654,252	661,266
Total liabilities	\$ 24,513	\$ 654,252	\$ 678,765