

LINCOLN COUNTY, WISCONSIN
Merrill, Wisconsin

BASIC FINANCIAL STATEMENTS
December 31, 2015

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	13
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Net Position - Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Fiduciary Net Position - Fiduciary Funds	24
Notes to Basic Financial Statements	25
REQUIRED SUPPLEMENTARY INFORMATION	51
Budgetary Comparison Schedule - General Fund	52
Budgetary Comparison Schedule - County Roads and Bridges	56
Budgetary Comparison Schedule - Social Services Fund	57
Schedule of Proportionate Share of Net Pension Asset - Wisconsin Retirement System	58
Schedule of Contributions - Wisconsin Retirement System	58
Note to Required Supplementary Information	59
COMBINING FUND STATEMENTS	60
Combining Balance Sheet - Nonmajor Governmental Funds	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	62
Combining Statement of Net Position - Internal Service Funds	63
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds	64
Combining Statement of Cash Flows - Internal Service Funds	65
Combining Statement of Fiduciary Net Position	66

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, 2015, 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 30 percent, 40 percent, and 69 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15, the County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the budgetary comparison schedules on pages 53 through 58 and the schedules relating to pensions on page 59 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, the schedules of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
July 30, 2016

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, 2015.

Financial Highlights

- The assets and deferred outflows of resources of Lincoln County exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$78,599,573 (net position). Of this amount, \$19,331,793 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The governmental activities total net position decreased by \$215,949 and the business-type activities decreased by \$547,844.
- The County adopted GASB statements 68 and 71, which resulted in an increase in beginning net position of \$3,523,373 for governmental activities and \$2,322,186 for business activities.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$13,531,987, a decrease of \$649,963 in comparison with the prior year. Eighty-one percent of this total amount, \$10,930,439, is available for spending at the government's discretion (committed, assigned, or unassigned).
- At the end of the current fiscal year, expenditures exceeded revenues in the general fund by \$539,495.
- In 2015 Lincoln County's capital assets increased by \$289,856.

Overview of the Basic Financial Statements

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

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

The *statement of net position* reports what a government owns (assets and deferred outflows of resources) and owes (liabilities and deferred inflows of resources), as well as the net difference between the two (net position). This statement reports the financial position of Lincoln County at December 31, 2015. 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 net positions 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 2015, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$78,599,573.

By far the largest portion of the County's net position, \$52,006,393 (66%) 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 Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 36,218,499	\$ 34,643,938	\$ 15,796,292	\$ 14,625,989	\$ 52,014,791	\$ 49,269,927
Capital assets	<u>52,352,398</u>	<u>52,322,591</u>	<u>10,563,263</u>	<u>10,303,214</u>	<u>62,915,661</u>	<u>62,625,805</u>
Total assets	<u>88,570,897</u>	<u>86,966,529</u>	<u>26,359,555</u>	<u>24,929,203</u>	<u>114,930,452</u>	<u>111,895,732</u>
Deferred outflows of Resources	<u>1,815,253</u>	<u>-</u>	<u>1,196,398</u>	<u>-</u>	<u>3,011,651</u>	<u>-</u>
Long-term liabilities outstanding	10,972,919	11,420,111	7,746,025	6,447,224	18,371,658	17,867,335
Other liabilities	<u>4,699,054</u>	<u>4,294,538</u>	<u>2,168,606</u>	<u>2,593,199</u>	<u>6,867,660</u>	<u>6,887,737</u>
Total liabilities	<u>15,671,973</u>	<u>15,714,649</u>	<u>9,914,631</u>	<u>9,040,423</u>	<u>25,586,604</u>	<u>24,755,072</u>
Deferred inflows of Resources						
Net position:	<u>13,209,126</u>	<u>13,054,253</u>	<u>546,800</u>	<u>568,600</u>	<u>13,755,926</u>	<u>13,622,853</u>
Net investment in capital assets	41,720,974	41,274,255	10,285,419	9,857,521	52,006,393	51,131,76
Restricted	4,355,129	992,705	2,628,414	127,555	6,983,543	1,120,260
Unrestricted	<u>15,428,948</u>	<u>15,930,667</u>	<u>4,180,689</u>	<u>5,335,104</u>	<u>19,609,637</u>	<u>21,265,771</u>
Total net position	\$ 61,505,051	\$ 58,197,627	\$ 17,094,522	\$ 15,320,180	\$ 78,599,573	\$ 73,517,807

An additional portion of the County's net position, \$6,983,543 (8.9%), represents resources that are subject to external restrictions on how they may be used. In 2015 the County implemented GASB statement numbers 68 and 71, which added \$5,919,981 to the County's net position but is restricted for pension benefits. The remaining balance of *unrestricted net position* (\$19,609,637) 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 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 decreased the County's net position by \$215,949. 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
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 6,841,902	\$ 6,224,933	\$ 17,390,858	\$ 19,643,353	\$ 24,232,760	\$ 25,868,286
Operating grants and contributions	4,479,671	4,014,475	449,825	259,772	4,929,496	4,274,247
Capital grants and contributions	-	-	111,552	-	111,552	-
General revenues:						
Property taxes	13,054,253	12,972,031	568,600	499,000	13,622,853	13,471,031
Other taxes	2,382,236	2,319,893	-	-	2,382,236	2,319,893
Grants and contributions not restricted to specific programs	989,734	1,005,499	-	-	989,734	1,005,499
Other	-	60,283	42,918	311	42,918	60,594
Total revenues	<u>27,747,796</u>	<u>26,597,114</u>	<u>18,563,753</u>	<u>20,402,436</u>	<u>46,311,549</u>	<u>46,999,550</u>
Expenses:						
General government	6,203,945	5,757,380	-	-	6,203,945	5,757,380
Public safety	8,729,964	8,714,632	-	-	8,729,964	8,714,632
Public works	7,360,668	5,916,244	-	-	7,360,668	5,916,244
Health and human services	4,648,331	4,818,522	-	-	4,648,331	4,818,522
Culture and recreation	865,597	883,896	-	-	865,597	883,893
Conservation and development	832,032	776,946	-	-	832,032	776,946
Interest on long-term debt	448,239	455,614	-	-	448,239	455,614
Extraordinary loss on group Home retirement	-	242,599	-	-	-	242,599
Nursing home	-	-	12,667,421	12,497,121	12,667,421	12,497,121
Forestry	-	-	1,011,355	842,334	1,011,355	842,334
Lincoln Industries	-	-	1,630,826	1,853,647	1,630,826	1,853,647
Landfill	-	-	2,676,964	4,697,930	2,676,964	4,697,930
Total expenses	<u>29,088,776</u>	<u>27,565,563</u>	<u>17,986,566</u>	<u>19,891,032</u>	<u>47,075,342</u>	<u>47,456,595</u>
Increase (decrease) in net position before transfers	(1,340,980)	(611,943)	577,187	511,404	(763,793)	(457,045)
Transfers	<u>1,125,031</u>	<u>576,295</u>	<u>(1,125,031)</u>	<u>(576,295)</u>	-	-
Increase (Decrease) in net position	(215,949)	(392,154)	(547,844)	(64,891)	(763,793)	(457,045)
Prior Period Adjustment	-	1,855,087	-	-	-	1,855,087
Cumulative effect of change in accounting principle	3,523,373	-	2,322,187	-	5,845,559	-
Net position - January 1	<u>58,197,627</u>	<u>56,734,694</u>	<u>15,320,180</u>	<u>15,385,071</u>	<u>73,517,807</u>	<u>72,119,765</u>
Net position - December 31	\$ 61,505,051	\$ 58,197,627	\$ 17,094,522	\$ 15,320,180	\$ 78,599,573	\$ 73,517,807

The County's General Fund decreased \$208,532 due to a spend down of committed fund balance. The County Roads and Bridges fund spent down fund balance in the amount of \$329,315 as part of a planned spend down of accumulated funds. The County's Highway fund showed a decrease in net position of \$289,429 due to increase expenses in buildings and grounds and shop cost pools. The County's Health Insurance fund showed an increase of \$606,788 due to lower than anticipated claims.

Business-type Activities Business-type activities decreased Lincoln County's net position by \$547,844. Solid Waste had a decrease of \$917,952 mostly due to an increased liability from opening a cell in the landfill expansion and reduced revenue from lower than expected waste. Forestry showed a gain of \$300,618 despite a transfer out of \$563,238 mostly to the Capital Improvement Project (CIP) fund. Lincoln Industries posted a \$127,299 gain due to higher than anticipated revenues, and Pine Crest posted a loss of \$57,809.

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 \$13,531,987, a decrease of \$649,963 in comparison with the prior year. Approximately 54 percent of this total amount, \$7,297,247, constitutes the amount which is available for spending at the government's discretion. Of the \$13,531,987, \$1,295,379 is committed by County Board action for CIP projects and \$868,712 is assigned for use on a fairground project yet to be identified. Additionally, \$911,098 is assigned by the Finance and Insurance Committee for specific programs and \$558,003 is assigned as amounts remaining in governmental funds that are not classified as nonspendable and are not restricted or committed. The remaining \$7,297,247 is unassigned.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,428,740, while the total fund balance was \$12,668,654. A total of \$10,503,929 or eighty-three percent of the general fund fund balance remains under the County's discretion.

The fund balance of Lincoln County's general fund decreased by \$208,532 during the current fiscal year. Key factors in this increase are as follows:

- The County transferred an amount of \$1,054,127 into General Fund. \$699,818 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. The County transferred \$723,164 out of the General Fund. \$563,164 was transferred to the Roads Fund for work on County roads. An additional \$160,000 was transferred to the Emergency Medical Fund for the purchase of a new ambulance.
- Total revenues exceeded budget expectations by \$77,637. Forest land revenue exceeding budget by \$116,740, Child support revenues came in \$157,425 higher than expected, County sales tax revenues came in \$30,499 higher than anticipated, and public charges for service fell short of budget by \$129,054.
- Expenditures came in under budget by \$1,933,334. An additional \$671,414 was carried over into 2016 than was originally budgeted, \$471,707 of contingency funds were not spent, and the public safety budget was underspent by \$523,087.

The County Roads and Bridges Fund has a fund balance of \$164,556 at December 31, 2015 a decrease of \$329,315 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 \$232,438. The fund balance of the Social Services fund decreased by \$154,683 during the current year. A transfer out per Ordinance 3.07 of \$127,642 increased a deficiency of revenues over expenditures amount of \$27,041.

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 \$1,461,021, those of Solid Waste Landfill amounted to a negative \$215,861, those of Lincoln Industries amounted to \$747,007 and those of Forestry amounted to \$1,946,678. 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 2014). The second category included several increases in appropriations to prevent budget overruns. The third included grants or purchases that were not anticipated and budgeted for originally. Other budget amendments were not made for variances in revenue lines unless it was for a grant.

During the year, the budget for expenditures was *increased* by \$1,245,193. Those amendments are briefly summarized below:

- \$568,547 - The actual amount of grant and designated funds spent down in 2014 was less than the amount estimated as designated for non-lapsing appropriations when the budget was prepared.
- \$284,778 – Increase in expenditures due to increased grant revenues.
- \$318,523 – Increase in Capital Improvement Projects (CIP) during the year.

Actual expenditures were \$1,933,334 *less* than the amended budget. Explanations not already provided elsewhere in this report are summarized below:

- \$176,707 – Unused electronic access and retained fee revenue.
- \$99,115 – Lower than expected Guardian Ad Litem costs in the Clerk of Courts Office.
- \$179,646– Delayed outlay projects.
- \$516,063 – 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 \$404,476 with budget amendments largely due to increases of \$284,778 in grant revenue and \$91,577 in sales tax revenue.

Actual revenues were \$77,637 *higher* than budgeted. Significant variances not already provided elsewhere are as follows:

- Sale of county property ended \$29,215 higher than budgeted.
- Zoning fees were \$13,440 higher than anticipated.
- Child support revenue was \$157,425 higher than budgeted.
- Interest revenue fell short of budget expectations by \$26,232.

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, 2015, amounted to \$62,915,661 (net of accumulated depreciation) compared to \$62,625,805 in 2014. 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 \$289,856 or less than one percent.

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

- \$ 242,223 was added to the landfill expansion project.
- Infrastructure increased a net of \$329,916 due to road construction.
- Depreciation expense totaled \$4,373,588 in 2015.

Lincoln County's Capital Assets (net of accumulated depreciation)						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2015	2014	2015	2014	2015	2014
Land	\$ 69,795	\$ 90,806	\$ 2,641,180	\$ 2,625,080	\$ 2,710,975	\$ 2,715,886
Land improvements	289,492	288,298	3,266,385	3,656,195	3,555,877	3,944,493
Infrastructure	32,517,811	32,187,895	-	-	32,517,811	32,187,895
Buildings and improvements	15,090,888	15,517,193	2,850,332	3,098,189	17,941,220	18,615,382
Equipment and vehicles	4,359,612	4,238,399	1,285,299	923,750	5,644,911	5,162,149
Work in progress	24,800	-	242,223	-	267,023	-
Intangible assets	-	-	-	-	-	-
Total	\$ 52,352,398	\$ 52,322,591	\$ 10,563,263	\$ 10,285,419	\$ 62,637,817	\$ 62,625,805

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 \$10,580,000 which is a decrease of \$825,000. In 2014 the total general obligation debt outstanding was \$11,405,000. All Lincoln County general obligation debt is backed by the full faith and credit of the County. Lincoln County maintains a Standard and Poor's Rating of AA for general obligation debt.

Lincoln County's Outstanding Long-Term Obligations						
	Governmental Activities	Governmental Activities	Business- Type Activities	Business-Type Activities	Total	Total
	2015	2014	2015	2014	2015	2014
Bonds	\$ 10,580,000	\$ 10,960,000	\$ -	\$ 445,000	\$ 10,580,000	\$ 11,405,000
Capital lease	51,424	88,336	-	-	51,424	88,336
Compensated absences	1,641,789	1,595,502	529,264	517,286	2,171,053	2,116,262
Total general long-term obligations	\$ 12,273,213	\$ 12,643,838	\$ 529,264	\$ 962,286	\$ 12,802,477	\$ 13,609,598

Wisconsin statutes limit the amount of general obligation debt a government entity may issue to 5 percent of its total equalized valuation. Lincoln County's debt capacity is \$115,719,820, 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 2016 was 5.2 percent as compared to 4.4 percent for the State of Wisconsin. The April 2015 rate for Lincoln County was .1 percent lower than the April 2015 rate (5.3%).
- The general economic condition and outlook for the County is for growth creating increased employment opportunities. This is anticipated to create a "skills gap" with employers lacking skilled employees. Equalized valuation in Lincoln County increased 2.1 percent in 2015 but still remains below the 2010 valuation by 5.7 percent.
- 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, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,804,757	\$ 6,759,439	\$ 21,564,196
Receivables, net:			
Property taxes	13,209,126	546,800	13,755,926
Tax certificates and deeds	1,883,121	-	1,883,121
Assessments	178,273	-	178,273
Accounts	1,426,981	1,526,277	2,953,258
Due from other governments	1,448,915	789,629	2,238,544
Inventories, at cost	1,252,032	400,176	1,652,208
Prepaid expenses	209,785	89,432	299,217
Total current assets	<u>34,412,990</u>	<u>10,111,753</u>	<u>44,524,743</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	52,532	4,529,186	4,581,718
Net pension asset	1,752,977	1,155,353	2,908,330
Capital assets:			
Land and construction in progress	94,595	2,883,403	2,977,998
Other capital assets, net of depreciation	52,257,803	7,402,016	59,659,819
Total capital assets	<u>52,352,398</u>	<u>10,285,419</u>	<u>62,637,817</u>
Total noncurrent assets	<u>54,157,907</u>	<u>15,969,958</u>	<u>70,127,865</u>
Total assets	<u>88,570,897</u>	<u>26,081,711</u>	<u>114,652,608</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	1,815,253	1,196,398	3,011,651
LIABILITIES			
Current liabilities:			
Accounts payable	1,843,579	563,199	2,406,778
Accrued expenses	770,172	304,060	1,074,232
Compensated absences payable	823,870	387,083	1,210,953
Accrued claims	86,281	-	86,281
Deposits and advances	298,250	635,925	934,175
Due to other governments	285,517	213,017	498,534
Current portion of long-term obligations	476,424	-	476,424
Unearned revenue	114,961	65,322	180,283
Total current liabilities	<u>4,699,054</u>	<u>2,168,606</u>	<u>6,867,660</u>
Noncurrent liabilities:			
Future closure payable	-	7,109,342	7,109,342
Compensated absences payable	817,919	142,181	960,100
Noncurrent portion of long-term obligations	10,155,000	216,658	10,371,658
Total noncurrent liabilities	<u>10,972,919</u>	<u>7,468,181</u>	<u>18,441,100</u>
Total liabilities	<u>15,671,973</u>	<u>9,636,787</u>	<u>25,308,760</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	13,209,126	546,800	13,755,926
NET POSITION			
Net investment in capital assets	41,720,974	10,285,419	52,006,393
Restricted	786,899	276,663	1,063,562
Restricted for pension benefits	3,568,230	2,351,751	5,919,981
Unrestricted	15,428,948	4,180,689	19,609,637
TOTAL NET POSITION	<u>\$ 61,505,051</u>	<u>\$ 17,094,522</u>	<u>\$ 78,599,573</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, 2015

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Sales and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General government	\$ 6,203,945	\$ 646,780	\$ 194,213	\$ -	\$ (5,362,952)	\$ -	\$ (5,362,952)
Public safety	8,729,964	2,236,423	208,193	-	(6,285,348)	-	(6,285,348)
Public works	7,360,668	2,993,083	1,362,308	-	(3,005,277)	-	(3,005,277)
Health and human services	4,648,331	431,856	2,272,380	-	(1,944,095)	-	(1,944,095)
Culture, recreation, and education	865,597	32,234	17,006	-	(816,357)	-	(816,357)
Conservation and development	832,032	501,526	410,720	-	80,214	-	80,214
Interest on long-term debt	448,239	-	14,851	-	(433,388)	-	(433,388)
Total governmental activities	29,088,776	6,841,902	4,479,671	-	(17,767,203)	-	(17,767,203)
BUSINESS-TYPE ACTIVITIES:							
Nursing home	12,667,421	12,253,114	-	-	-	(414,307)	(414,307)
Forestry	1,011,355	1,452,047	437,605	-	-	878,297	878,297
Lincoln Industries	1,630,826	1,772,084	-	111,552	-	252,810	252,810
Solid waste landfill	2,676,964	1,913,613	12,220	-	-	(751,131)	(751,131)
Total business-type activities	17,986,566	17,390,858	449,825	111,552	-	(34,331)	(34,331)
TOTAL PRIMARY GOVERNMENT	\$ 47,075,342	\$ 24,232,760	\$ 4,929,496	\$ 111,552	(17,767,203)	(34,331)	(17,801,534)
GENERAL REVENUES:							
Taxes:							
Property taxes, levied for general purposes					13,054,253	568,600	13,622,853
Private forest cropland/managed forest land taxes					59,554	-	59,554
County sales tax					1,842,076	-	1,842,076
Real estate transfer taxes					47,397	-	47,397
Payment in lieu of taxes					94,550	-	94,550
Interest and penalties on taxes					338,659	-	338,659
Grants and contributions not restricted to specific programs					989,734	-	989,734
Unrestricted investment earnings					-	42,918	42,918
Transfers					1,125,031	(1,125,031)	-
Total general revenues and transfers					17,551,254	(513,513)	17,037,741
CHANGE IN NET POSITION					(215,949)	(547,844)	(763,793)
NET POSITION - BEGINNING					58,197,627	15,320,180	73,517,807
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE					3,523,373	2,322,186	5,845,559
NET POSITION - BEGINNING, RESTATED					61,721,000	17,642,366	79,363,366
NET POSITION - ENDING					\$ 61,505,051	\$ 17,094,522	\$ 78,599,573

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, 2015

	<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	\$ 10,930,161	\$ 164,556	\$ 10,559	\$ 636,649	\$ 11,741,925
Receivables, net:					
Property taxes	8,344,500	2,266,753	506,531	2,091,342	13,209,126
Tax certificates and deeds	1,883,121	-	-	-	1,883,121
Assessments	178,273	-	-	-	178,273
Accounts	832,476	-	-	295,944	1,128,420
Due from other governments	653,052	-	378,504	32,805	1,064,361
Due from other funds	245,883	-	-	-	245,883
Prepaid items	200,564	-	5,300	1,760	207,624
Inventory	10,340	-	-	-	10,340
Advances	8,263	-	-	-	8,263
Restricted assets:					
Cash and cash equivalents	52,532	-	-	-	52,532
TOTAL ASSETS	\$ 23,339,165	\$ 2,431,309	\$ 900,894	\$ 3,058,500	\$ 29,729,868
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 395,972	\$ -	\$ 69,248	\$ 293,915	\$ 759,135
Accrued liabilities	508,380	-	32,490	24,409	565,279
Deposits and advances	287,766	-	10,484	-	298,250
Due to other funds	-	-	38,561	151,127	189,688
Due to other governments	273,667	-	11,142	708	285,517
Unearned revenue	84,301	-	-	30,660	114,961
Total liabilities	1,550,086	-	161,925	500,819	2,212,830
Deferred inflows of resources					
Property taxes	8,344,500	2,266,753	506,531	2,091,342	13,209,126
Interest on delinquent taxes	437,134	-	-	-	437,134
Citation receivables	338,791	-	-	-	338,791
Total deferred inflows of resources	9,120,425	2,266,753	506,531	2,091,342	13,985,051
Fund balances					
Reserved for:					
Nonspendable	1,807,589	-	5,300	1,760	1,814,649
Restricted	357,136	-	-	429,763	786,899
Committed	1,295,379	-	-	-	1,295,379
Assigned	1,779,810	164,556	227,138	166,309	2,337,813
Unassigned	7,428,740	-	-	(131,493)	7,297,247
Total fund balances	12,668,654	164,556	232,438	466,339	13,531,987
TOTAL LIABILITIES, DEFERRED RESOURCES, AND FUND BALANCES	\$ 23,339,165	\$ 2,431,309	\$ 900,894	\$ 3,058,500	\$ 29,729,868

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, 2015

Total fund balances for governmental funds	\$	13,531,987
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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	\$	31,920	
Construction in progress		24,800	
Land improvements, net of \$73,654 accumulated depreciation		145,489	
Buildings, net of \$10,680,687 accumulated depreciation		14,557,485	
Machinery and equipment, net of \$2,392,939 accumulated depreciation		836,315	
Infrastructure, net of \$24,108,047 accumulated depreciation		<u>32,517,811</u>	
Total capital assets			48,113,820

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 assets. Internal service fund's net position are:

Health insurance fund	\$	1,649,921	
Highway fund		<u>6,317,440</u>	
Total internal service funds			7,967,361

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 12/31/15 are:

Accrued interest on notes	\$	(102,684)	
Bonds payable		(10,580,000)	
Vacation payable		(574,528)	
Vested sick leave		(333,514)	
Accrued sick		(273,627)	
Comp time		<u>(11,289)</u>	
Total long-term liabilities			(11,875,642)

Accounts receivable are recorded when they become measurable and available in governmental funds. On 12/31/15 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.

129,413

On 12/31/15 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	\$	338,791	
Interest on delinquent taxes		<u>437,134</u>	
Total deferred revenue			<u>775,925</u>

In 2015 Lincoln County reported its cost-sharing employer proportionate share of the collective balance of the pension plan's fiduciary net position as well as a deferred outflow of resources related to pensions per GASB statements 68 and 71. Balance on 12/31/15 are:

Net pension asset	\$	1,406,117	
Deferred outflow of resources-related to pensions		<u>1,456,070</u>	
			<u>2,862,187</u>

Total net position of governmental activities	\$	<u>61,505,051</u>
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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, 2015

	<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	\$ 10,823,064	\$ 2,266,753	\$ 314,007	\$ 2,029,274	\$ 15,433,098
Intergovernmental revenues	2,176,530	1,330,588	1,763,439	198,848	5,469,405
Licenses and permits	125,938	-	-	43,075	169,013
Fines, forfeits, and penalties	102,537	-	-	25,667	128,204
Public charges for service	1,675,245	-	-	1,204,515	2,879,760
Intergovernmental charges for service	97,915	-	3,656	199,333	300,904
Miscellaneous revenues	350,016	-	-	5,859	355,875
Total revenues	<u>15,351,245</u>	<u>3,597,341</u>	<u>2,081,102</u>	<u>3,706,571</u>	<u>24,736,259</u>
EXPENDITURES					
Current:					
General government	5,290,531	-	-	-	5,290,531
Public safety	6,629,460	-	-	1,916,527	8,545,987
Public works	31,721	4,489,820	-	-	4,521,541
Health and human services	1,625,126	-	2,080,255	1,014,091	4,719,472
Culture, recreation, and education	865,954	-	-	-	865,954
Conservation and development	817,771	-	-	-	817,771
Capital outlay	630,177	-	27,888	-	658,065
Debt service:					
Principal	-	-	-	380,000	380,000
Interest and other charges	-	-	-	450,139	450,139
Total expenditures	<u>15,890,740</u>	<u>4,489,820</u>	<u>2,108,143</u>	<u>3,760,757</u>	<u>26,249,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(539,495)</u>	<u>(892,479)</u>	<u>(27,041)</u>	<u>(54,186)</u>	<u>(1,513,201)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,054,127	563,164	-	160,000	1,777,291
Transfers out	<u>(723,164)</u>	<u>-</u>	<u>(127,642)</u>	<u>(63,247)</u>	<u>(914,053)</u>
Total other financing sources and uses	<u>330,963</u>	<u>563,164</u>	<u>(127,642)</u>	<u>96,753</u>	<u>863,238</u>
Net change in fund balances	(208,532)	(329,315)	(154,683)	42,567	(649,963)
FUND BALANCES - BEGINNING	<u>12,877,186</u>	<u>493,871</u>	<u>387,121</u>	<u>423,772</u>	<u>14,181,950</u>
FUND BALANCES - ENDING	<u>\$ 12,668,654</u>	<u>\$ 164,556</u>	<u>\$ 232,438</u>	<u>\$ 466,339</u>	<u>\$ 13,531,987</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, 2015

Net change in fund balances - total governmental funds \$ (649,963)

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	\$ 2,562,386	
Sale and disposal of capital assets	40,665	
Depreciation expense	<u>(2,924,169)</u>	
Excess of capital outlay over depreciation expense		(321,118)

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: 380,000

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	\$ 606,788	
Highway fund	<u>(289,429)</u>	
Total internal service funds		317,359

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when the financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following balances:

Pension Expense	\$ 35,981	
Accrued interest on notes	1,900	
Vacation	(7,340)	
Vested sick leave	(39,217)	
Accrued sick	28,825	
Comp time	<u>2,268</u>	
Combined adjustment		22,417

Revenue had accrued on 12/31/15 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	3,391	
Corrections	15,698	
Citations	<u>16,547</u>	
Combined adjustment		<u>35,356</u>

Change in net position of governmental activities \$ (215,949)

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, 2015

	Enterprise Funds					Governmental Activities - Internal Service Funds
	Pine Crest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 459,503	\$ 2,483,182	\$ 3,064,087	\$ 752,667	\$ 6,759,439	\$ 3,062,832
Receivables, net:						
Property taxes	546,800	-	-	-	546,800	-
Accounts	1,104,742	123,622	20,877	277,036	1,526,277	169,148
Due from other governments	750,000	-	39,629	-	789,629	384,554
Inventories, at cost	37,176	363,000	-	-	400,176	1,241,692
Prepaid items	58,035	31,397	-	-	89,432	2,161
Total current assets	2,956,256	3,001,201	3,124,593	1,029,703	10,111,753	4,860,387
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	18,614	4,510,572	-	-	4,529,186	-
Net pension asset	977,327	34,840	65,300	77,886	1,155,353	346,860
Capital assets:						
Land	13,833	84,605	2,518,137	24,605	2,641,180	37,875
Construction work in progress	-	242,223	-	-	242,223	-
Improvements other than buildings	429,531	9,729,276	9,603	10,752	10,179,162	289,793
Buildings	8,249,610	300,049	302,677	1,219,463	10,071,799	1,996,019
Machinery and equipment	1,796,846	1,070,274	564,569	283,790	3,715,479	10,322,664
Less accumulated depreciation and depletion	(7,101,255)	(7,465,030)	(702,448)	(1,295,691)	(16,564,424)	(8,407,773)
Total capital assets	3,388,565	3,961,397	2,692,538	242,919	10,285,419	4,238,578
Total noncurrent assets	4,384,506	8,506,809	2,757,838	320,805	15,969,958	4,585,438
Total assets	7,340,762	11,508,010	5,882,431	1,350,508	26,081,711	9,445,825
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	1,012,047	36,078	67,621	80,652	1,196,398	359,183
LIABILITIES						
Current liabilities:						
Accounts payable	323,839	64,494	2,369	172,497	563,199	1,084,444
Accrued expenses	258,372	8,073	15,892	21,723	304,060	102,208
Compensated absences payable	284,974	20,393	42,481	39,235	387,083	238,053
Accrued claims	-	-	-	-	-	86,281
Due to other funds	-	-	-	-	-	56,195
Due to other governments	-	16,666	195,863	488	213,017	-
Unearned revenue	-	-	65,322	-	65,322	-
Current maturities of long-term debt	-	-	-	-	-	51,424
Deposits and advances	81,251	-	554,674	-	635,925	-
Total current liabilities	948,436	109,626	876,601	233,943	2,168,606	1,618,605
Noncurrent liabilities:						
Noncurrent due to other governments	-	216,658	-	-	216,658	-
Advance due other funds	-	-	-	-	-	8,263
Compensated absences payable	-	50,164	43,264	48,753	142,181	210,779
Future closure payable	-	7,109,342	-	-	7,109,342	-
Total noncurrent liabilities	-	7,376,164	43,264	48,753	7,468,181	219,042
Total liabilities	948,436	7,485,790	919,865	282,696	9,636,787	1,837,647
DEFERRED INFLOWS OF RESOURCES						
Property taxes	546,800	-	-	-	546,800	-
NET POSITION						
Net investment in capital assets	3,388,565	3,961,397	2,692,538	242,919	10,285,419	4,187,154
Restricted	18,613	-	258,050	-	276,663	-
Restricted for pension benefits	1,989,374	70,918	132,921	158,538	2,351,751	706,043
Unrestricted	1,461,021	25,983	1,946,678	747,007	4,180,689	3,074,164
TOTAL NET POSITION	\$ 6,857,573	\$ 4,058,298	\$ 5,030,187	\$ 1,148,464	\$ 17,094,522	\$ 7,967,361

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, 2015

	Enterprise Funds					Governmental Activities - Internal Service Funds
	Pine Crest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Total	
OPERATING REVENUES						
Public charges for service	\$ 12,195,672	\$ 1,718,793	\$ 1,431,732	\$ 1,734,196	\$ 17,080,393	\$ -
Interdepartmental charges for service	-	-	2,065	37,888	39,953	10,157,145
Intergovernmental charges for service	-	158,081	-	-	158,081	2,594,020
Other	41,761	4,239	-	-	46,000	30,793
Total operating revenues	12,237,433	1,881,113	1,433,797	1,772,084	17,324,427	12,781,958
OPERATING EXPENSES						
Claims paid	-	-	-	-	-	4,203,248
Nursing services	6,070,399	-	-	-	6,070,399	-
Other professional services	587,740	-	-	-	587,740	-
General services	2,163,662	1,101,425	972,106	1,617,173	5,854,366	6,944,051
Administrative and fiscal services	3,347,676	-	-	-	3,347,676	1,184,264
Provider assessment tax	367,200	-	-	-	367,200	-
Future closing costs	-	1,043,422	-	-	1,043,422	-
Depreciation and amortization	309,484	541,667	53,690	39,164	944,005	505,415
Total operating expenses	12,846,161	2,686,514	1,025,796	1,656,337	18,214,808	12,836,978
Operating income (loss)	(608,728)	(805,401)	408,001	115,747	(890,381)	(55,020)
NONOPERATING REVENUES (EXPENSES)						
Property taxes	568,600	-	-	-	568,600	-
Insurance recoveries	-	-	-	-	-	121,704
Interest income	189	42,729	-	-	42,918	5,609
Rental income	-	-	-	-	-	50
Grant revenue	-	12,220	437,605	111,552	561,377	-
Salvage revenue	-	-	-	-	-	115,209
Donations	15,681	-	16,350	-	32,031	-
Interest expense	(15,624)	-	-	-	(15,624)	-
Gain on sale of supplies	-	-	-	-	-	5,807
Donation expense	(11,381)	-	-	-	(11,381)	-
Gain (loss) on disposal of capital assets	(6,546)	32,500	1,900	-	27,854	124,000
Total nonoperating revenues (expenses)	550,919	87,449	455,855	111,552	1,205,775	372,379
Income before transfers	(57,809)	(717,952)	863,856	227,299	315,394	317,359
Transfer out	-	(200,000)	(563,238)	(100,000)	(863,238)	-
Change in net position	(57,809)	(917,952)	300,618	127,299	(547,844)	317,359
TOTAL NET POSITION - BEGINNING	4,951,017	4,906,224	4,598,319	864,620	15,320,180	6,952,835
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	1,964,365	70,026	131,250	156,545	2,322,186	697,167
TOTAL NET POSITION - BEGINNING, RESTATED	6,915,382	4,976,250	4,729,569	1,021,165	17,642,366	7,650,002
TOTAL NET POSITION - ENDING	\$ 6,857,573	\$ 4,058,298	\$ 5,030,187	\$ 1,148,464	\$ 17,094,522	\$ 7,967,361

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, 2015

	Enterprise Funds					Governmental Activities - Internal Service Funds
	Pine Crest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
From patients and third party payers	\$ 11,994,939	\$ 1,704,985	\$ 1,525,205	\$ 1,669,705	\$ 16,894,834	\$ -
From other County departments	-	-	2,065	37,888	39,953	10,200,876
From government and other parties for sales	-	158,081	-	-	158,081	2,815,130
To employees for compensation and fringe benefits	(8,899,178)	(321,982)	(574,299)	(899,800)	(10,695,259)	(4,129,381)
To vendors for goods and services	(3,565,298)	(863,439)	(391,031)	(732,447)	(5,552,215)	(8,470,455)
Other cash received	41,761	4,239	-	-	46,000	-
Net cash provided by (used in) operating activities	(427,776)	681,884	561,940	75,346	891,394	416,170
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grant revenue	-	12,220	277,788	111,552	401,560	-
Rent	-	-	-	-	-	50
Donations	15,681	-	16,350	-	32,031	-
Donation expense	(11,381)	-	-	-	(11,381)	-
Transfer out	-	(200,000)	(563,238)	(100,000)	(863,238)	-
Tax levy appropriations	568,600	-	-	-	568,600	-
Net cash provided by (used in) noncapital financing activities	572,900	(187,780)	(269,100)	11,552	127,572	50
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(117,639)	(635,572)	(16,100)	(189,750)	(959,061)	(979,398)
Proceeds from sale of assets	-	32,500	1,900	-	34,400	362,267
Proceeds from sale of supplies	-	-	-	-	-	5,807
Insurance recovery for damaged equipment	-	-	-	-	-	121,704
Capital lease payment	-	-	-	-	-	(36,912)
Advance from General Fund	-	-	-	-	-	(56,195)
Principal payments on long-term debt	(445,000)	-	-	-	(445,000)	-
Interest paid on long-term debt	(17,800)	-	-	-	(17,800)	-
Net cash used in capital and related financing activities	(580,439)	(603,072)	(14,200)	(189,750)	(1,387,461)	(582,727)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	189	42,729	-	-	42,918	5,609
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(435,126)	(66,239)	278,640	(102,852)	(325,577)	(160,898)
CASH AND CASH EQUIVALENTS, BEGINNING 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, END OF YEAR	<u>\$ 478,117</u>	<u>\$ 6,993,754</u>	<u>\$ 3,064,087</u>	<u>\$ 752,667</u>	<u>\$ 11,288,625</u>	<u>\$ 3,062,832</u>
CASH AND CASH EQUIVALENTS CONSIST OF:						
Unrestricted	\$ 459,503	\$ 2,483,182	\$ 3,064,087	\$ 752,667	\$ 6,759,439	\$ 3,062,832
Restricted	18,614	4,510,572	-	-	4,529,186	-
	<u>\$ 478,117</u>	<u>\$ 6,993,754</u>	<u>\$ 3,064,087</u>	<u>\$ 752,667</u>	<u>\$ 11,288,625</u>	<u>\$ 3,062,832</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, 2015

	Enterprise Funds					Governmental Activities - Internal Service Funds
	<u>Pine Crest Nursing Home</u>	<u>Solid Waste Landfill</u>	<u>Forestry</u>	<u>Lincoln Industries</u>	<u>Total</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ (608,728)	\$ (805,401)	\$ 408,001	115,747	\$ (890,381)	\$ (55,020)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	309,484	541,667	53,690	39,164	944,005	505,415
Future closing costs	-	1,043,422	-	-	1,043,422	-
Net pension asset and related deferred outflows	(25,009)	(892)	(1,671)	(1,993)	(29,565)	(8,876)
Change in assets and liabilities:						
Accounts receivable	549,267	(13,808)	(13,937)	(64,491)	457,031	16,935
Due from other governments	(750,000)	-	-	-	(750,000)	217,113
Inventories	5,016	-	-	-	5,016	(188,590)
Prepaid items	(39,024)	(30,274)	-	-	(69,298)	41,864
Accounts payable	82,604	(60,532)	(450)	(4,738)	16,884	156,145
Due to other governments	-	(16,666)	31,682	108	15,124	-
Accrued expenses	13,144	942	2,236	1,168	17,490	18,200
Compensated absences payable	(8,490)	23,426	6,661	(9,619)	11,978	30,823
Deposits and advances	43,960	-	75,728	-	119,688	-
Claims paid	-	-	-	-	-	(317,839)
Total adjustments	180,952	1,487,285	153,939	(40,401)	1,781,775	471,190
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (427,776)</u>	<u>\$ 681,884</u>	<u>\$ 561,940</u>	<u>\$ 75,346</u>	<u>\$ 891,394</u>	<u>\$ 416,170</u>

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

LINCOLN COUNTY, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 24,155
Accounts receivable	<u>687,848</u>
 Total assets	 <u><u>\$ 712,003</u></u>
 LIABILITIES	
Deposits and advances	\$ 24,155
Due other governments	<u>687,848</u>
 Total liabilities	 <u><u>\$ 712,003</u></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, 2015

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, 2015

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 required to be accounted for in another fund.

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

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

The County reports the following major enterprise funds:

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

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

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

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

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

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. This means that only current assets and current liabilities are generally included on their balance sheets. With this measurement focus, revenues are recognized when they become susceptible to accrual or when measurable and available. Those revenues susceptible to modified accrual are as follows:

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

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

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

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

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2015 tax levy is recorded as receivable with offsetting deferred inflows of resources at December 31, 2015; it will be recognized as revenue in 2016 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 2015 tax roll follows:

Lien date and date levy	December 2015
Tax bills mailed	December 2015
Real estate taxes first installment due	January 31, 2016
Personal property taxes due in full	January 31, 2016
Real estate taxes second installment due	July 31, 2016
Tax sale - 2015 delinquent real estate taxes	October 2019

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.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERFUND RECEIVABLES AND PAYABLES

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

INVENTORIES

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

PREPAID ITEMS

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

CAPITAL ASSETS

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

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

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

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

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

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

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

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

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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 one type of item that qualifies for reporting in this category, property taxes. The amounts will be recognized as an inflow of resources in the subsequent year for which they were levied. The County also has an additional type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, citation revenue and interest on delinquent taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

LONG-TERM OBLIGATIONS

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

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

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- **Nonspendable fund balance:** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted fund balance:** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed fund balance:** Amounts that are constrained for specific purposes by action of the Lincoln County Board of Supervisors. These constraints can only be removed or changed by the Lincoln County Board of Supervisors using the same action that was used to create them.
- **Assigned fund balance:** Amounts that are constrained for specific purposes by the action of the Lincoln County Finance and Insurance Committee. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned fund balance:** Amounts that are available for any purpose. Unassigned amounts are only reported in the General Fund.

The County has adopted a fund balance spend down policy in Lincoln County Ordinance 3.29 stating that restricted funds will be spent prior to fund balance that is not restricted. When a policy does not specify spend-down order, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

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

- **Net investment in capital assets -** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted net position -** Amount of net position that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position -** Net position that is neither classified as restricted nor net investment in capital assets.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETARY ACCOUNTING

The County follows these procedures in establishing the annual budget:

- County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by the County Board action.
- Budgets are adopted on a basis consistent with generally accepted accounting principles for the governmental funds, except for the application of the prior year fund balance. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- During the year, formal budgetary integration is employed as a management control device for the governmental funds. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each functional area of the County. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the County Board.
- Encumbrance accounting is not used to record commitments related to unperformed contracts for goods or services.

NOTE 2 - CASH AND CASH EQUIVALENTS

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

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

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association.
- Bonds or securities of any county, city, drainage district, VTAE district, village, town, or school district of the state.
- Bonds or securities issued or guaranteed by the Federal government.
- The Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

- 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 \$26,170,069 on December 31, 2015, as summarized below:

Petty cash fund	\$ 2,240
Deposits with financial institutions	17,527,540
Investments	
Wisconsin local government investment pool	2,834,518
Landfill long-term care trust	4,510,572
Health insurance trust fund	1,242,666
Insurance deposits	52,533
	<u>\$ 26,170,069</u>

Presented in the Statement of Net Position as follows:

Unrestricted cash and cash equivalents	\$ 21,564,196
Restricted cash and investments	4,581,718
Fiduciary fund cash and cash equivalents	24,155
	<u>\$ 26,170,069</u>

Deposits

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County has a formal policy addressing this type of deposit risk.

Deposits with financial institutions are insured by the Federal Depositary Insurance (FDIC) and National Credit Union Association (NCUA) in the amount of \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

On December 31, 2015, \$2,203,337 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name).

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

Investments

Custodial Credit Risk for Investments

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

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

Credit Risk

Credit risk is the risk that, an issuer of other counterparty to an investment will not fulfill its obligations to the County. The County has a formal policy addressing this type of investment risk.

Type of Investment	Fair Value at Year End	Investment Rating
Local Government Investment Pool	\$ 2,834,518	Not Rated
U.S. Treasury Notes	2,960,569	Exempt
U.S. Government securities	2,207,882	AAA
Negotiated Certificates of Deposit	13,929,993	Not Rated
Money Market Mutual Funds	205,295	AAA
Fixed Income Mutual Funds	379,492	Not Rated
Insurance Deposits	52,533	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, 2015 the County had the following investments and maturities:

Type of Investment	Fair Value at Year End	Average Maturities
Local Government Investment Pool	\$ 2,834,518	Less than 1 year
U.S. Treasury Notes	2,960,569	1 to 3 years
U.S. Government securities	2,207,882	1 to 3 years
Negotiated Certificates of Deposit	13,929,993	1 to 3 years
Money Market Mutual Funds	205,295	Less than 1 year
Fixed Income Mutual Funds	379,492	Less than 1 year
Insurance Deposits	52,533	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, 2015, the factor was 100%. As of December 31, 2015 the carrying amount of these investments was \$2,834,518. The annualized interest rate on the LGIP was .19% for the month of December 2015.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) did not represent 5% or more of total County investments.

NOTE 3 - RESTRICTED ASSETS

Restricted assets on December 31, 2015, totaled \$4,581,718 consisting of cash and investments as follows:

General fund	
Insurance deposits	\$ 52,532
Enterprise Fund	
Solid waste landfill	
Long-term care and closure deposits	4,510,572
Pine Crest Nursing Home	
Donation and special fund	18,614
Total Restricted Assets	<u>\$ 4,581,718</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:

	General	County Roads and Bridges	Social Services	Pine Crest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Nonmajor and Internal Service Funds	Total
Receivables									
Property taxes	\$ 8,344,500	\$ 2,266,753	\$ 506,531	\$ 546,800	\$ -	\$ -	\$ -	\$ 2,091,342	\$13,755,926
Tax certificates and deeds	1,883,121	-	-	-	-	-	-	-	1,883,121
Assessments	178,273	-	-	-	-	-	-	-	178,273
Accounts Due from other governments	832,476	-	-	1,179,742	123,622	20,877	277,036	499,839	2,933,592
	<u>653,052</u>	<u>-</u>	<u>378,504</u>	<u>750,000</u>	<u>-</u>	<u>39,629</u>	<u>-</u>	<u>417,359</u>	<u>2,238,544</u>
Gross receivables	11,891,422	2,266,753	885,035	2,476,542	123,622	60,506	277,036	3,008,540	20,989,456
Less allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,747)</u>	<u>(109,747)</u>
Net total fund receivables	<u>\$11,891,422</u>	<u>\$ 2,266,753</u>	<u>\$ 885,035</u>	<u>\$ 2,401,542</u>	<u>\$123,622</u>	<u>\$ 60,506</u>	<u>\$ 277,036</u>	<u>\$ 2,973,793</u>	<u>20,879,709</u>
Correction									129,413
Fiduciary fund									<u>687,848</u>
Net statement of net position receivables									<u>\$21,696,970</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE (CONTINUED)

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

On December 31, 2015, the County's general fund showed an investment of \$1,883,121 in delinquent taxes as follows:

Tax certificates	\$ 1,845,335
Tax deeds	<u>37,786</u>
Total	<u>\$ 1,883,121</u>

An aging of the delinquent tax certificate taxes of \$1,845,335 on December 31, 2015, follows:

Year Acquired

Prior to 2011	\$ 109,058
2011	64,054
2012	82,736
2013	181,324
2014	510,323
2015	<u>897,840</u>
	<u>\$ 1,845,335</u>

Of the total of \$1,845,335 for delinquent tax certificate taxes, \$294,699 was collected by the County within 90 days after December 31, 2015. The remaining unpaid balance of \$1,550,636 and tax deeds of \$37,786 are recorded as nonspendable fund balance of \$1,588,422 for the general fund.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At December 31, 2015, interfund receivables and payables were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 245,883	\$ -
Highway Fund	-	56,195
Social Services Fund	-	38,561
Emergency Medical Fund	-	151,127
Totals	<u>\$ 245,883</u>	<u>\$ 245,883</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

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

The General Fund's receivable of \$56,195 from the Highway Fund is for past building upgrades. The Emergency Medical Fund's \$151,127 and Social Service's \$38,561 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	\$ 8,263	\$ -
Highway Fund	-	8,263
	<u>\$ 8,263</u>	<u>\$ 8,263</u>

Transfers were made in the primary government as follows:

	General Fund	Transfer to: Roads Fund	Emergency Medical Fund	Totals
Transfers from:				
General fund	\$ -	\$ 563,164	\$ 160,000	\$ 723,164
Social Services	127,642	-	-	127,642
Solid Waste Landfill	200,000	-	-	200,000
Lincoln Industries	100,000	-	-	100,000
Jail Assessment	21,609	-	-	21,609
County Health	41,638	-	-	41,638
Forestry	563,238	-	-	563,238
	<u>\$ 1,054,127</u>	<u>\$ 563,164</u>	<u>\$ 160,000</u>	<u>\$ 1,777,291</u>
Totals				

Interfund transfers from various funds to the General Fund are primarily performed to comply with Chapters 3.07 and 3.26 Lincoln County Code limiting fund balances and to apply designated capital improvement funds from the General Fund to the County Roads Fund and Emergency Medical Fund.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 6 - CAPITAL ASSETS

Changes in capital assets were as follows:

	Balance 1/1/15	Increases	Decreases	Balance 12/31/15
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 90,806	\$ -	\$ 21,011	\$ 69,795
Construction in progress	-	24,800	-	24,800
Total capital assets not depreciated	90,806	24,800	21,011	94,595
Capital assets, being depreciated:				
Land improvements	475,969	32,967	-	508,936
Infrastructure	56,088,526	1,946,709	1,409,377	56,625,858
Buildings and improvements	27,242,041	503,698	511,548	27,234,191
Equipment and vehicles	13,099,694	1,033,610	581,386	13,551,918
Intangible assets	107,695	-	-	107,695
Subtotals	97,013,925	3,516,984	2,502,311	98,028,598
Less accumulated depreciation for:				
Land improvements	187,671	31,773	-	219,444
Infrastructure	23,900,631	1,704,691	1,497,275	24,108,047
Buildings and improvements	11,724,848	911,329	492,874	12,143,303
Equipment and vehicles	8,861,295	781,790	450,779	9,192,306
Intangible assets	107,695	-	-	107,695
Subtotals	44,782,140	3,429,583	2,440,928	45,770,795
Total capital assets, being depreciated, net	52,231,785	87,401	61,383	52,257,803
Governmental activities capital assets, net	<u>\$ 52,322,591</u>	<u>\$ 112,201</u>	<u>\$ 82,394</u>	52,352,398
Less related long-term debt outstanding				<u>10,631,424</u>
Net investment in capital assets				<u>\$ 41,720,974</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Changes in capital assets were as follows:

Depreciation expense was charged to the functions as follows:

	Balance 1/1/15	Increases	Decreases	Balance 12/31/15
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,625,080	\$ 16,100	\$ -	\$ 2,641,180
Construction in progress	-	242,223	-	242,223
Total capital projects not depreciated	2,625,080	258,323	-	2,883,403
Capital assets, being depreciated:				
Land improvements	10,115,832	63,330	-	10,179,162
Buildings	10,079,420	-	7,621	10,071,799
Machinery and equipment	3,352,765	611,103	248,419	3,715,449
Subtotals	23,548,017	674,433	256,040	23,966,410
Less accumulated depreciation for:				
Land improvements	6,459,637	453,140	-	6,912,777
Buildings	6,981,231	244,095	3,859	7,221,467
Machinery and equipment	2,429,015	246,770	245,635	2,430,150
Subtotals	15,869,883	944,005	249,494	16,564,394
Total capital assets, being depreciated, net	7,678,134	(269,572)	6,546	7,402,016
Business-type activities capital assets, net	<u>\$ 10,303,214</u>	<u>\$ (11,249)</u>	<u>\$ 6,546</u>	<u>\$ 10,285,419</u>

Depreciation expense was charged to the functions as follows:

Governmental activities	
General government	\$ 897,989
Public safety	306,377
Public works	2,210,105
Conservation and development	15,112
Total depreciation expense - governmental activities	<u>\$ 3,429,583</u>
Business-type activities	
Nursing home	\$ 309,484
Forestry	53,690
Solid waste landfill	541,667
Lincoln Industries	39,164
Total depreciation expense - business-type activities	<u>\$ 944,005</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

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 1/1/15	Issued	Retired	Outstanding 12/31/15	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 10,960,000	\$ -	\$ 380,000	\$ 10,580,000	\$ 425,000
Capital lease	88,337	-	36,913	51,424	51,424
Compensated absences	<u>1,595,502</u>	<u>891,817</u>	<u>845,530</u>	<u>1,641,789</u>	<u>823,870</u>
Governmental activities					
Long-term obligations	<u>\$ 12,643,839</u>	<u>\$ 891,817</u>	<u>\$ 1,262,443</u>	<u>\$ 12,273,213</u>	<u>\$ 1,300,294</u>
Business-type activities:					
General Obligation Debt					
Bonds	\$ 445,000	\$ -	\$ 445,000	\$ -	\$ -
Unamortized refunding loss/interest premium	693	-	693	-	-
Compensated absences	<u>517,286</u>	<u>581,431</u>	<u>569,453</u>	<u>529,264</u>	<u>387,083</u>
Business-type activities					
Long-term obligations	<u>\$ 962,979</u>	<u>\$ 581,431</u>	<u>\$ 1,015,146</u>	<u>\$ 529,264</u>	<u>\$ 387,083</u>

Interest paid for the year ended December 31, 2015 totaled \$467,939.

Detail of the above outstanding general obligations debt follows:

Bonds:

\$ 9,965,000	issued November 15, 2008; \$625,000 to \$1,175,000 due annually from 2019 through 2028; interest 4% to 4.65%	\$ 8,790,000
1,810,000	issued August 27, 2010; \$425,000 to \$475,000 due annually from in 2016 and 2017, respectively; interest 1.5% to 2.25%	900,000
890,000	issued August 27, 2010; \$170,000 to \$520,000 due annually from 2018 through 2020, interest 4%	<u>890,000</u>
Total Bonds		<u>\$ 10,580,000</u>

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2015, are allocated to activities as detailed below:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2016	\$ 425,000	\$ 442,089
2017	475,000	432,495
2018	520,000	416,751
2019	795,000	389,826
2020	875,000	354,958
2021-2025	4,195,000	1,249,470
2026-2028	<u>3,295,000</u>	<u>234,735</u>
	<u>\$ 10,580,000</u>	<u>\$ 3,520,324</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

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		\$2,314,396,400
Statutory limitation percentage		<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		115,719,820
Total outstanding general obligation debt applicable to debt limitation	\$ 10,580,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>6,335</u>	
Net outstanding general obligation debt applicable to debt limitation		10,573,665
Legal Margin for New Debt		<u>\$ 105,146,155</u>

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, 2015, were as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Governmental</u> <u>Activities</u>
2016	\$ 53,980
Less: Amount representing interest	<u>2,556</u>
Present value of minimum lease payments	<u>\$ 51,424</u>

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 - WISCONSIN RETIREMENT SYSTEM (WRS)

Plan Description - The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

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

Benefits Provided - Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits. The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8%	3%
2007	3.0%	10%
2008	6.6%	0%
2009	-2.1%	-42%
2010	-1.3%	22%
2011	-1.2%	11%
2012	-7.0%	-7%
2013	-9.6%	9%
2014	4.7%	25%

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

During the reporting period, the WRS recognized \$1,147,803 in contributions from the County.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

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

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executives and Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions - At December 31, 2015 Lincoln County reported an asset of \$2,908,330. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 30, 2013, rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. Lincoln County's proportion of the net pension asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, Lincoln County's proportion was .11840415%, which is a decrease of .00075268% from its proportion measured as of December 31, 2013. For the year ended December 31, 2015, Lincoln County recognized a pension expense of \$1,145,109.

At December 31, 2015, Lincoln County reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 421,617
Net differences between projected and actual earnings on pension plan investments	1,408,355
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,762
Employer contributions subsequent to the measurement date	<u>1,164,917</u>
Total	<u>\$ 3,011,651</u>

\$1,164,917 reported as deferred outflows related to pension resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Deferred Outflows of Resources</u>
2015	\$ 421,033
2016	421,033
2017	421,033
2018	421,033
2019	162,602

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

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

Actuarial Assumptions – The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the investment:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Market Value
Long-Term Expected Rate of Return	7.20%
Discount Rate	7.20%
Salary Increases:	
Inflation	3.20%
Seniority/Merit	.02%-5.8%
Mortality	Wisconsin 2012 Mortality Table
Postretirement Adjustments*	2.10%

*No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. The assumed annual adjustment is 2.1% based on the investment return assumption and the postretirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 through 2011. The total pension liability for December 31, 2014, is based upon a roll-forward of the liability calculated from the December 31, 2013, actuarial valuation.

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

Asset Class	Long-Term Real Rate of Return	Target Allocation
U.S. Equities	5.3%	21%
International Equities	5.7%	23%
Fixed Income	1.7%	36%
Inflation Sensitive Assets	2.3%	20%
Real Estate	4.2%	7%
Private Equity/Bebt	6.9%	7%
Multi-Asset	3.9%	6%
Cash	0.9%	-20%

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

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

Single Discount Rate: A single discount rate of 7.0% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. The Projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends of current plan members). Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.-

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate: The following presents Lincoln County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20% as well as what Lincoln County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.20%) or one percentage point higher (8.20%) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Lincoln County's proportionate share of the net pension asset (liability)	\$ (8,204,899)	\$ 2,908,330	\$ 11,685,109

Pension Plan Fiduciary Position – Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

Payables to the Pension Plan – At December 31, 2015 Lincoln County reported a payable of \$183,412 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

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 \$5,989,752 during the period of January 1, 2015 to December 31, 2015.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 9 - RISK MANAGEMENT (CONTINUED)

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

An analysis of claim activities is presented below:

	Liability January 1	Current Year Claims and Changes in Estimates	Claims Paid	Liability December 31
2015	\$ 1,210,660	\$ 4,188,411	\$ 4,319,257	\$ 1,079,814
2014	\$ 1,154,387	\$ 4,488,531	\$ 4,432,258	\$ 1,210,660

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 \$52,532. 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, 2015, 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 2015 was \$9,264,962 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, 2015, and for the year then ended.

Assets	\$ 49,606,828
Liabilities	7,722,005
Equity	41,799,950
Revenues	60,134,411
Expenses	59,566,104
Non-operating gain	93,472
Change in net assets	661,779

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 10 - TRI-COUNTY HUMAN SERVICES BOARD (CONTINUED)

Lincoln County's share of net assets for the year ended December, 31 2015 is \$2,429,901.

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

NOTE 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, 2015, the County has utilized approximately 89.7% of its original landfill's capacity and 19.5% of the expansion landfill capacity. The entire landfill is estimated to be fully utilized in 2036.

The estimated liability for landfill closure and postclosure care costs and total future estimated costs as of December 31, 2015, is as follows:

Total estimated costs	\$ 8,682,123
Less closure costs accrued	<u>7,109,342</u>
Estimated costs of construction, closure, and postclosure care to be recognized in future years	<u><u>\$ 1,572,781</u></u>

The estimated total current cost of the landfill construction, closure, and postclosure care of \$8,682,123 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, 2015. 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, 2015, investments of \$4,510,572 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 effect on the financial condition of the County.

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

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	\$ 1,588,422	\$ -	\$ -	\$ -	\$ 1,588,422
Prepaid	200,564	-	5,300	1,760	207,624
Advances	8,263	-	-	-	8,263
Inventory	10,340	-	-	-	10,340
Subtotal	1,807,589	-	5,300	1,760	1,814,649
Restricted:					
Insurance Deposits	52,532	-	-	-	52,532
Veterans	9,816	-	-	-	9,816
Land Services	195,885	-	-	-	195,885
UW Extension	1,281	-	-	-	1,281
Sheriff	97,622	-	-	-	97,622
County Health	-	-	-	429,763	429,763
Subtotal	357,136	-	-	429,763	786,899
Committed:					
Roads Fund	250,000	-	-	-	250,000
Family Care	289,849	-	-	-	289,849
Sheriff's Office CIP	141,530	-	-	-	141,530
IT CIP	50,000	-	-	-	50,000
Maintenance	404,000	-	-	-	404,000
EMS	160,000	-	-	-	160,000
Subtotal	1,295,379	-	-	-	1,295,379
Assigned:					
Veterans	2,500	-	-	-	2,500
Fairgrounds	868,712	-	-	-	868,712
UW Extension	15,513	-	-	-	15,513
Sheriff	210	-	-	-	210
Maintenance	11,357	-	-	-	11,357
Land Services	44,756	-	-	-	44,756
Emergency Management	8,404	-	-	-	8,404
CIP not committed	828,358	-	-	-	828,358
Roads Fund	-	164,556	-	-	164,556
Social Services	-	-	227,138	-	227,138
Other Funds	-	-	-	166,309	166,309
Subtotal	1,779,810	164,556	227,138	166,309	2,337,813
Unassigned					
General fund	7,428,740	-	-	-	7,428,740
Other Funds	-	-	-	(131,493)	(131,493)
Subtotal	7,428,740	-	-	(131,493)	7,297,247
Total Fund Balances	\$ 12,668,654	\$ 164,556	\$ 232,438	\$ 466,339	\$ 13,531,987

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 13 - FUND EQUITY (CONTINUED)

The County's general fund unassigned balance is \$7,428,740. Included in this unassigned balance is \$3,972,685 for the County's cash flow needs.

Restricted net position

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

	Governmental Activities	Business-type Activities
Insurance deposit	\$ 52,532	\$ -
Grant and program fees	692,949	-
Jail assessments	41,418	-
Nursing home funds	-	18,613
Forestry grants	-	258,050
	<u>\$ 786,899</u>	<u>\$ 276,663</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 2015 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 2015 budget was .98%. The limit for the County's 2016 budget was .5%. 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 - CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES

The County has adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68, which revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. The cumulative effect of this change is summarized below:

	Governmental Activities			Business-type Activities					
	Governmental Funds	Internal Service Funds	Total	Lincoln Industries	Forestry	Solid Waste	Pine Crest	Total	Total
Net Pension Asset	\$ 2,271,267	\$ 560,275	\$ 2,831,542	\$ 125,807	\$ 105,478	\$ 56,276	\$ 1,578,653	\$ 1,866,214	\$ 4,697,756
Deferred Outflows of Resources	554,939	136,892	691,831	30,738	25,772	13,750	385,712	455,972	1,147,803
Total Cumulative Effect of Change in Accounting Principle	<u>\$ 2,826,206</u>	<u>\$ 697,167</u>	<u>\$ 3,523,373</u>	<u>\$ 156,545</u>	<u>\$ 131,250</u>	<u>\$ 70,026</u>	<u>\$ 1,964,365</u>	<u>\$ 2,322,186</u>	<u>\$ 5,845,559</u>

LINCOLN COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2015

NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*. Statement No. 72 requires measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also requires disclosures about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
General property	\$ 8,444,219	\$ 8,444,219	\$ 8,444,219	\$ -
Forest crop	9,500	9,500	6,004	(3,496)
Managed forest land	80,000	80,000	53,550	(26,450)
County sales tax	1,720,000	1,811,577	1,842,076	30,499
Real estate transfer fees	42,000	47,397	47,397	-
Interest on taxes	310,000	310,000	335,268	25,268
Payment in lieu of taxes	92,000	92,000	94,550	2,550
Total taxes	10,697,719	10,794,693	10,823,064	28,371
Intergovernmental				
State shared revenues	980,000	980,000	958,158	(21,842)
Exempt computer aid	30,000	30,000	31,576	1,576
Clerk of courts	67,800	67,800	84,570	16,770
Circuit court	61,400	61,400	73,111	11,711
Land services	167,000	416,952	373,596	(43,356)
Sheriff department	31,192	38,246	84,291	46,045
Emergency management	42,650	58,413	57,577	(836)
Victim witness	31,000	31,000	36,859	5,859
Veterans service	10,000	10,000	15,000	5,000
Family court commissioner	477	477	1,153	676
Child support	217,912	218,843	376,268	157,425
UW extension	7,145	18,223	17,006	(1,217)
State acreage payment	67,000	67,000	67,365	365
Total intergovernmental	1,713,576	1,998,354	2,176,530	178,176
Licenses and permits				
County clerk	9,050	9,050	9,778	728
Family court commissioner	3,588	3,588	2,720	(868)
Land Services	100,000	100,000	113,440	13,440
Total licenses and permits	112,638	112,638	125,938	13,300
Fines, forfeits, and penalties				
Clerk of courts	124,500	124,500	100,943	(23,557)
Circuit court	500	500	1,594	1,094
Sheriff department	55	-	-	-
Total fines, forfeits, and penalties	125,055	125,000	102,537	(22,463)

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public charges for service				
Clerk of courts	\$ 60,000	\$ 60,000	\$ 54,506	\$ (5,494)
Circuit court	9,500	9,500	11,254	1,754
Family court commissioner	2,970	2,970	3,225	255
Register of deeds	154,040	154,040	142,126	(11,914)
Land services	42,450	42,450	46,411	3,961
County clerk	1,000	1,000	1,009	9
Treasurer	35	35	42	7
District attorney	2,500	2,500	2,116	(384)
Sheriff department	1,150,308	1,150,363	896,112	(254,251)
Information Technology	59,691	59,691	64,868	5,177
Coroner	16,000	16,000	16,160	160
Maintenance	-	-	4,894	4,894
Administration/personnel	-	-	80	80
Corporation counsel	2,000	2,000	2,216	216
Finance	200	200	105	(95)
Child support	5,500	4,569	4,569	-
UW extension	24,809	18,781	17,502	(1,279)
Forest land revenue	275,000	275,000	391,740	116,740
Other charges for service	5,200	5,200	16,310	11,110
Total public charges for services	1,811,203	1,804,299	1,675,245	(129,054)
Intergovernmental charges for service				
Sheriff department	50,100	50,100	40,650	(9,450)
County Board	-	4,010	4,290	280
Information technology	-	25,084	25,084	-
Maintenance				
Land services	400	400	-	(400)
Clerk of courts	3,700	3,700	1,762	(1,938)
County clerk	20,000	20,000	24,324	4,324
UW extension	2,016	2,016	1,805	(211)
Total intergovernmental charges for services	76,216	105,310	97,915	(7,395)
Miscellaneous				
Interest	90,450	90,450	64,218	(26,232)
Rent	177,800	177,800	169,464	(8,336)
Tax Deed Profit	5,000	5,000	16,599	11,599
Sale of county property	43,000	43,000	72,215	29,215
Insurance recovery	15,000	15,000	14,592	(408)
Private organization donations	1,475	2,064	12,928	10,864
Total miscellaneous	332,725	333,314	350,016	16,702
Total revenues	14,869,132	15,273,608	15,351,245	77,637

**LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General government				
County board chairman	\$ 47,588	\$ 42,074	\$ 32,250	\$ 9,824
County board committees	88,551	444,381	433,605	10,776
Clerk of courts	594,330	594,330	495,215	99,115
Circuit court	280,415	284,445	277,547	6,898
Family court commissioner	25,348	26,962	26,215	747
Coroner	57,818	59,142	59,195	(53)
District attorney	169,418	169,418	168,244	1,174
Corporation counsel	173,616	173,616	156,370	17,246
Victim witness	67,593	67,593	65,871	1,722
County clerk	151,391	157,821	156,184	1,637
Administration/personnel	194,769	203,708	203,719	(11)
Information technology	723,214	747,468	722,072	25,396
General administration	55,967	129,523	87,816	41,707
Treasurer	147,884	147,884	147,768	116
Finance department	426,852	426,852	383,391	43,461
Maintenance	872,201	943,966	866,081	77,885
Land services	582,638	811,861	591,610	220,251
Register of deeds	233,908	308,921	296,078	12,843
Insurance	81,500	102,573	91,137	11,436
Elections	48,305	41,875	30,163	11,712
Contingency fund	500,000	471,707	-	471,707
Total general government	5,523,306	6,356,120	5,290,531	1,065,589
Public safety				
Sheriff department:				
Law enforcement	3,446,197	3,483,496	3,284,933	198,563
Emergency communication (911)	913,660	913,855	881,910	31,945
Correction and detention	2,579,302	2,665,606	2,380,384	285,222
Emergency management	66,527	88,642	81,285	7,357
Civil service commission	-	948	948	-
Total public safety	7,005,686	7,152,547	6,629,460	523,087
Public works				
Zoning-sanitation	33,000	31,721	31,721	-
Health and human services				
Community organizations	35,000	35,000	35,000	-
Family care	648,829	652,839	652,305	534
Health care center	541,682	541,682	541,682	-
Child support agency	267,335	267,335	248,458	18,877
Veterans services	150,388	159,036	146,368	12,668
Cemetery	1,314	1,314	1,313	1
Total health and human services	1,644,548	1,657,206	1,625,126	32,080

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Culture, recreation, and education				
Public libraries	\$ 622,962	\$ 624,621	\$ 624,621	\$ -
UW extension	246,398	253,688	241,333	12,355
Total culture, recreation, and education	869,360	878,309	865,954	12,355
Conservation and development				
Economic development	53,000	53,000	53,000	-
Land services	554,205	885,348	764,771	120,577
Total conservation and development	607,205	938,348	817,771	120,577
Capital outlay				
Maintenance	304,300	475,548	439,660	35,888
Information Technology	-	6,865	6,865	-
Emergency management	-	9,727	7,843	1,884
Sheriff	187,000	317,683	175,809	141,874
Total capital outlay	491,300	809,823	630,177	179,646
Total expenditures	16,174,405	17,824,074	15,890,740	1,933,334
Excess (deficiency) of revenues over (under) expenditures	(1,305,273)	(2,550,466)	(539,495)	2,010,971
Other financing sources (uses)				
Funds applied	1,320,697	2,879,054	2,879,054	-
Transfer in	394,576	394,576	1,054,127	659,551
Transfer out	(410,000)	(723,164)	(723,164)	-
Total other financing sources (uses)	1,305,273	2,550,466	3,210,017	659,551
Net change in fund balance	-	-	2,670,522	2,670,522
FUND BALANCE - BEGINNING	12,877,186	12,877,186	12,877,186	-
FUND BALANCE - ENDING	\$ 12,877,186	\$ 12,877,186	\$ 15,547,708	\$ 2,670,522

RECONCILIATION FROM BUDGET TO GAAP:

Net change in fund balance - budget	\$ 2,670,522
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.	(2,879,054)
Net change in fund balance - GAAP	\$ (208,532)

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - COUNTY ROADS AND BRIDGES
Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
General property	\$ 2,266,753	\$ 2,266,753	\$ 2,266,753	\$ -
Intergovernmental	<u>1,278,914</u>	<u>1,329,772</u>	<u>1,330,588</u>	<u>816</u>
Total revenues	3,545,667	3,596,525	3,597,341	816
 EXPENDITURES				
Public works	<u>3,795,667</u>	<u>4,653,552</u>	<u>4,489,820</u>	<u>163,732</u>
Deficiency of revenues over (under) expenditures	<u>(250,000)</u>	<u>(1,057,027)</u>	<u>(892,479)</u>	<u>164,548</u>
 OTHER FINANCING SOURCES				
Transfers in	250,000	563,164	563,164	-
Fund balance applied	<u>-</u>	<u>493,863</u>	<u>493,863</u>	<u>-</u>
Total other financing sources	<u>250,000</u>	<u>1,057,027</u>	<u>1,057,027</u>	<u>-</u>
 Net change in fund balance	-	-	164,548	164,548
 FUND BALANCES - BEGINNING	<u>493,871</u>	<u>493,871</u>	<u>493,871</u>	<u>-</u>
 FUND BALANCES - ENDING	<u>\$ 493,871</u>	<u>\$ 493,871</u>	<u>\$ 658,419</u>	<u>\$ 164,548</u>

RECONCILIATION FROM BUDGET TO GAAP:

Net change in fund balance - budget	\$ 164,548
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>(493,863)</u>
Net change in fund balance - GAAP	<u>\$ (329,315)</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SOCIAL SERVICES FUND
Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
General property	\$ 314,007	\$ 314,007	\$ 314,007	\$ -
Intergovernmental	1,744,904	1,752,144	1,763,439	11,295
Public charges for service	1,542	300	-	(300)
Intergovernmental charges for service	4,740	3,740	3,656	(84)
Miscellaneous revenues	5,073	75	-	(75)
Total revenues	<u>2,070,266</u>	<u>2,070,266</u>	<u>2,081,102</u>	<u>10,836</u>
EXPENDITURES				
Health and human services	2,066,766	2,082,622	2,080,255	2,367
Outlay	<u>3,500</u>	<u>27,888</u>	<u>27,888</u>	<u>-</u>
Total expenditures	<u>2,070,266</u>	<u>2,110,510</u>	<u>2,108,143</u>	<u>2,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(40,244)</u>	<u>(27,041)</u>	<u>13,203</u>
OTHER FINANCING SOURCES (USES)				
Fund balance applied	-	167,886	167,886	-
Transfer out	<u>-</u>	<u>(127,642)</u>	<u>(127,642)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>40,244</u>	<u>40,244</u>	<u>-</u>
Net change in fund balance	-	-	13,203	13,203
FUND BALANCE - JANUARY 1	<u>387,121</u>	<u>387,121</u>	<u>387,121</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$ 387,121</u>	<u>\$ 387,121</u>	<u>\$ 400,324</u>	<u>\$ 13,203</u>

RECONCILIATION FROM BUDGET TO GAAP:

Net change in fund balance - budget	\$ 13,203
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>(167,886)</u>
Net change in fund balance - GAAP	<u>\$ (154,683)</u>

LINCOLN COUNTY, WISCONSIN
SCHEDULES OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION ASSET
AND EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
December 31, 2015

Schedule of the Employer's Share of the Net Pension Asset

Lincoln County's proportion of the net pension asset	0.11840415%
Lincoln County's proportionate share of the net pension asset	\$ 2,908,330
Lincoln County's covered-employee payroll during the measurement period	\$ 15,567,327
Lincoln County's proportionate share of the net pension asset as a percentage of its covered-employee payroll	18.68%
Plan fiduciary net position as a percentage of the total pension asset	102.74%

Schedule of Employer Contributions

Contractually required contributions	\$ 1,147,803
Contributions made	<u>1,147,803</u>
Contribution deficiency (excess)	<u>\$ -</u>
Lincoln County's covered employee payroll	\$ 15,567,327
Contributions as a percentage of covered-employee payroll	7.37%

LINCOLN COUNTY, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015

NOTE 1 - EXCESS OF ACTUAL EXPENDITURES OVER FINAL BUDGET

For the year ending December 31, 2015, the legally adopted budget line items with actual expenditures over the final budget were as follows:

General Fund	<u>Final Budget</u>	<u>Actual</u>
General government		
Coroner	\$ 59,142	\$ 59,195
Administrative/personnel	\$ 203,708	\$ 203,719

NOTE 2 - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 68 AND 71

The County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* for the fiscal year ended December 31, 2015. Information for prior years is not available.

NOTE 3 - WISCONSIN RETIREMENT SYSTEM

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

COMBINING FUND STATEMENTS

LINCOLN COUNTY, WISCONSIN'
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2015

	<u>Special Revenue</u>							<u>Total Nonmajor Governmental Funds</u>
	<u>County Health</u>	<u>Dog License</u>	<u>Community Development</u>	<u>Emergency Medical</u>	<u>Jail Assessment</u>	<u>Total</u>	<u>Debt Service</u>	
ASSETS								
Cash and cash equivalents	\$ 545,199	\$ 44,457	\$ 2	\$ -	\$ 40,656	\$ 630,314	\$ 6,335	\$ 636,649
Receivables (net of allowances):								
Property taxes	505,067	-	-	734,037	-	1,239,104	852,238	2,091,342
Accounts	189	-	-	295,755	-	295,944	-	295,944
Due from other governments	32,043	-	-	-	762	32,805	-	32,805
Prepaid items	-	-	-	1,760	-	1,760	-	1,760
TOTAL ASSETS	<u>\$ 1,082,498</u>	<u>\$ 44,457</u>	<u>\$ 2</u>	<u>\$ 1,031,552</u>	<u>\$ 41,418</u>	<u>\$ 2,199,927</u>	<u>\$ 858,573</u>	<u>\$ 3,058,500</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 5,705	\$ 42,749	\$ -	\$ 245,461	\$ -	\$ 293,915	\$ -	\$ 293,915
Accrued liabilities	24,409	-	-	-	-	24,409	-	24,409
Due to other funds	-	-	-	151,127	-	151,127	-	151,127
Due to other governments	-	708	-	-	-	708	-	708
Deferred revenue	-	-	-	30,660	-	30,660	-	30,660
Total liabilities	<u>30,114</u>	<u>43,457</u>	<u>-</u>	<u>427,248</u>	<u>-</u>	<u>500,819</u>	<u>-</u>	<u>500,819</u>
Deferred inflows of resources								
Property taxes	<u>505,067</u>	<u>-</u>	<u>-</u>	<u>734,037</u>	<u>-</u>	<u>1,239,104</u>	<u>852,238</u>	<u>2,091,342</u>
Fund balance								
Fund balances:								
Nonspendable	-	-	-	1,760	-	1,760	-	1,760
Restricted	388,345	-	-	-	41,418	429,763	-	429,763
Assigned	158,972	1,000	2	-	-	159,974	6,335	166,309
Unassigned	-	-	-	(131,493)	-	(131,493)	-	(131,493)
Total fund balance	<u>547,317</u>	<u>1,000</u>	<u>2</u>	<u>(129,733)</u>	<u>41,418</u>	<u>460,004</u>	<u>6,335</u>	<u>466,339</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,082,498</u>	<u>\$ 44,457</u>	<u>\$ 2</u>	<u>\$ 1,031,552</u>	<u>\$ 41,418</u>	<u>\$ 2,199,927</u>	<u>\$ 858,573</u>	<u>\$ 3,058,500</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2015

	<u>Special Revenue</u>						<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>County Health</u>	<u>Dog License</u>	<u>Community Development</u>	<u>Emergency Medical</u>	<u>Jail Assessment</u>	<u>Total</u>		
REVENUES								
Taxes	\$ 551,973	\$ -	\$ -	\$ 662,662	\$ -	\$ 1,214,635	\$ 814,639	\$ 2,029,274
Intergovernmental revenues	117,673	-	-	66,324	-	183,997	14,851	198,848
Licenses and permits	-	43,075	-	-	-	43,075	-	43,075
Fines, forfeits, and penalties	-	-	-	-	25,667	25,667	-	25,667
Public charges for service	171,074	-	-	1,033,441	-	1,204,515	-	1,204,515
Intergovernmental charges for service	199,333	-	-	-	-	199,333	-	199,333
Miscellaneous revenues	5,859	-	-	-	-	5,859	-	5,859
Total revenues	<u>1,045,912</u>	<u>43,075</u>	<u>-</u>	<u>1,762,427</u>	<u>25,667</u>	<u>2,877,081</u>	<u>829,490</u>	<u>3,706,571</u>
EXPENDITURES								
Current:								
Public safety	-	-	-	1,914,232	2,295	1,916,527	-	1,916,527
Health and human services	971,016	43,075	-	-	-	1,014,091	-	1,014,091
Debt service:								
Principal	-	-	-	-	-	-	380,000	380,000
Interest	-	-	-	-	-	-	450,139	450,139
Total expenditures	<u>971,016</u>	<u>43,075</u>	<u>-</u>	<u>1,914,232</u>	<u>2,295</u>	<u>2,930,618</u>	<u>830,139</u>	<u>3,760,757</u>
Excess (deficiency) of revenues over (under) expenditures	<u>74,896</u>	<u>-</u>	<u>-</u>	<u>(151,805)</u>	<u>23,372</u>	<u>(53,537)</u>	<u>(649)</u>	<u>(54,186)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	160,000	-	160,000	-	160,000
Transfers out	(41,638)	-	-	-	(21,609)	(63,247)	-	(63,247)
Total other financing sources and uses	<u>(41,638)</u>	<u>-</u>	<u>-</u>	<u>160,000</u>	<u>(21,609)</u>	<u>96,753</u>	<u>-</u>	<u>96,753</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>33,258</u>	<u>-</u>	<u>-</u>	<u>8,195</u>	<u>1,763</u>	<u>43,216</u>	<u>(649)</u>	<u>42,567</u>
FUND BALANCES - BEGINNING	<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>	<u>423,772</u>
FUND BALANCES - ENDING	<u>\$ 547,317</u>	<u>\$ 1,000</u>	<u>\$ 2</u>	<u>\$ (129,733)</u>	<u>\$ 41,418</u>	<u>\$ 460,004</u>	<u>\$ 6,335</u>	<u>\$ 466,339</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2015

	Internal Service Funds		
	<u>Highway</u>	<u>Health Insurance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 334,676	\$ 2,728,156	\$ 3,062,832
Accounts receivable	167,569	1,579	169,148
Due from other governments	384,554	-	384,554
Inventories, at cost	1,241,692	-	1,241,692
Prepaid expenses	2,161	-	2,161
Total current assets	<u>2,130,652</u>	<u>2,729,735</u>	<u>4,860,387</u>
Noncurrent assets:			
Net Pension Asset	346,860	-	346,860
Capital assets:			
Land	37,875	-	37,875
Improvements other than buildings	289,793	-	289,793
Buildings	1,996,019	-	1,996,019
Machinery and equipment	10,322,664	-	10,322,664
Less accumulated depreciation	<u>(8,407,773)</u>	<u>-</u>	<u>(8,407,773)</u>
Total capital assets	<u>4,238,578</u>	<u>-</u>	<u>4,238,578</u>
Total noncurrent assets	<u>4,585,438</u>	<u>-</u>	<u>4,585,438</u>
Total assets	<u>6,716,090</u>	<u>2,729,735</u>	<u>9,445,825</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>359,183</u>	<u>-</u>	<u>359,183</u>
LIABILITIES			
Current liabilities:			
Accounts payable	90,911	993,533	1,084,444
Accrued expenses	102,208	-	102,208
Compensated absences payable	238,053	-	238,053
Due other funds	56,195	-	56,195
Accrued claims	-	86,281	86,281
Current maturities of long-term debt	<u>51,424</u>	<u>-</u>	<u>51,424</u>
Total current liabilities	<u>538,791</u>	<u>1,079,814</u>	<u>1,618,605</u>
Noncurrent liabilities:			
Advance due other funds	8,263	-	8,263
Compensated absences payable	<u>210,779</u>	<u>-</u>	<u>210,779</u>
Total noncurrent liabilities	<u>219,042</u>	<u>-</u>	<u>219,042</u>
Total liabilities	<u>757,833</u>	<u>1,079,814</u>	<u>1,837,647</u>
NET POSITION			
Net investment in capital assets	4,187,154	-	4,187,154
Restricted for pension benefits	346,860	-	346,860
Unrestricted	<u>1,783,426</u>	<u>1,649,921</u>	<u>3,433,347</u>
TOTAL NET POSITION	<u>\$ 6,317,440</u>	<u>\$ 1,649,921</u>	<u>\$ 7,967,361</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended December 31, 2015

	Internal Service Funds		
	<u>Highway</u>	<u>Health Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Interdepartmental charges for service	\$ 4,583,188	\$ 5,573,957	\$ 10,157,145
Intergovernmental charges for service	2,594,020	-	2,594,020
Other operating revenue	30,793	-	30,793
 Total operating revenues	 <u>7,208,001</u>	 <u>5,573,957</u>	 <u>12,781,958</u>
 OPERATING EXPENSES			
Claims paid	-	4,203,248	4,203,248
General services	6,944,051	-	6,944,051
Administrative and fiscal services	414,734	769,530	1,184,264
Depreciation and amortization	505,415	-	505,415
 Total operating expenses	 <u>7,864,200</u>	 <u>4,972,778</u>	 <u>12,836,978</u>
 Operating income	 <u>(656,199)</u>	 <u>601,179</u>	 <u>(55,020)</u>
 NONOPERATING REVENUES			
Rent revenue	50	-	50
Gain on disposal of assets	124,000	-	124,000
Salvage revenue	115,209	-	115,209
Gain on sale of supplies	5,807	-	5,807
Insurance recoveries	121,704	-	121,704
Interest income	-	5,609	5,609
 Total nonoperating revenues	 <u>366,770</u>	 <u>5,609</u>	 <u>372,379</u>
 Change in net position	 <u>(289,429)</u>	 <u>606,788</u>	 <u>317,359</u>
 TOTAL NET POSITION - BEGINNING	 5,909,702	 1,043,133	 6,952,835
 CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	 <u>697,167</u>	 <u>-</u>	 <u>697,167</u>
 TOTAL NET POSITION - BEGINNING, RESTATED	 <u>6,606,869</u>	 <u>1,043,133</u>	 <u>7,650,002</u>
 TOTAL NET POSITION - ENDING	 <u>\$ 6,317,440</u>	 <u>\$ 1,649,921</u>	 <u>\$ 7,967,361</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2015

	Internal Service Funds		
	Highway	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
From other County departments	\$4,613,981	\$5,586,895	\$10,200,876
From government and other parties for sales	2,815,130	-	2,815,130
To employees for compensation and fringe benefits	(4,103,154)	(26,227)	(4,129,381)
To vendors for goods and services	<u>(3,436,142)</u>	<u>(5,034,313)</u>	<u>(8,470,455)</u>
Net cash provided by (used in) operating activities	<u>(110,185)</u>	<u>526,355</u>	<u>416,170</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Rent	<u>50</u>	<u>-</u>	<u>50</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(979,398)	-	(979,398)
Proceeds from sales of supplies	5,807	-	5,807
Lease payment	(36,912)	-	(36,912)
Insurance recovery for damaged equipment	121,704	-	121,704
Advance from general fund	(56,195)	-	(56,195)
Proceeds from sale of capital assets	<u>362,267</u>	<u>-</u>	<u>362,267</u>
Net cash used in capital and related financing activities	<u>(582,727)</u>	<u>-</u>	<u>(582,727)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>-</u>	<u>5,609</u>	<u>5,609</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(692,862)</u>	<u>531,964</u>	<u>(160,898)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,027,538</u>	<u>2,196,192</u>	<u>3,223,730</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 334,676</u>	<u>\$ 2,728,156</u>	<u>\$ 3,062,832</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income	<u>\$ (656,199)</u>	<u>\$ 601,179</u>	<u>\$ (55,020)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	505,415	-	505,415
Net pension asset and related deferred outflows	(8,876)	-	(8,876)
Changes in operating assets and liabilities:			
Accounts receivable	3,997	12,938	16,935
Due from other governments	217,113	-	217,113
Prepaid expenses	(1,501)	43,365	41,864
Inventories	(188,590)	-	(188,590)
Accounts payable	(30,848)	186,993	156,145
Accrued expenses	18,481	(281)	18,200
Compensated absences	30,823	-	30,823
Accrued claims	<u>-</u>	<u>(317,839)</u>	<u>(317,839)</u>
Total adjustments	<u>546,014</u>	<u>(74,824)</u>	<u>471,190</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (110,185)</u>	<u>\$ 526,355</u>	<u>\$ 416,170</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2015

	Agency Funds		
	Employee Benefit Cafeteria Plan	Clerk of Court Collection Fund	Total
ASSETS			
Cash and cash equivalents	\$ 24,155	\$ -	\$ 24,155
Accounts receivable	-	687,848	687,848
Total assets	\$ 24,155	\$ 687,848	\$ 712,003
LIABILITIES			
Deposits and advances	\$ 24,155	\$ -	\$ 24,155
Due other governments	-	687,848	687,848
Total liabilities	\$ 24,155	\$ 687,848	\$ 712,003