

LINCOLN COUNTY, WISCONSIN
Merrill, Wisconsin

BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

Members of the Lincoln County
Board of Supervisors
Merrill, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Wisconsin ("the County") as of and for the year ended December 31, 2016, 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 represents 43 percent, 38 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, 2016, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2016 the County adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*.

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 10, the budgetary comparison information on pages 47 through 52 and the schedules relating to pensions on page 53 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
July 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS



LINCOLN COUNTY FINANCE DEPARTMENT

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Management's Discussion and Analysis

As management of Lincoln County, we offer the readers of Lincoln County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2016.

Financial Highlights

- The assets and deferred outflows of resources of Lincoln County exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$75,238,415 (net position). Of this amount, \$22,168,281 (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 \$1,670,748 and the business-type activities decreased by \$1,690,410.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$12,445,477, a decrease of \$1,086,510 in comparison with the prior year. Eighty percent of this total amount, \$9,940,819, 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 \$867,347.
- In 2016 Lincoln County's capital assets increased by \$1,686,620.

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, 2016. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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

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

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

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

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

The County maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the county roads and bridges special revenue fund, and social services special revenue fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these six nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. At the close of 2016, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$75,238,415.

By far the largest portion of the County's net position, \$52,162,531 (69.33%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The County's net investment in capital assets, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Lincoln County's Net Position						
	Governmental Activities 2016	Governmental Activities 2015	Business- Type Activities 2016	Business-Type Activities 2015	Total 2016	Total 2015
Current and other assets	\$ 34,006,578	\$ 36,218,499	\$ 19,615,645	\$ 15,796,292	\$ 53,622,223	\$ 52,014,791
Capital assets	<u>51,964,260</u>	<u>52,352,398</u>	<u>12,360,177</u>	<u>10,285,419</u>	<u>64,324,437</u>	<u>62,637,817</u>
Total assets	<u>85,970,838</u>	<u>88,570,897</u>	<u>31,975,822</u>	<u>26,081,711</u>	<u>117,946,660</u>	<u>114,652,608</u>
Deferred outflows of resources	<u>7,285,962</u>	<u>1,815,253</u>	<u>4,184,637</u>	<u>1,196,398</u>	<u>11,470,599</u>	<u>3,011,651</u>
Long-term liabilities						
outstanding	12,445,475	10,972,919	15,519,415	7,468,181	27,964,890	18,441,100
Other liabilities	<u>5,117,954</u>	<u>4,699,054</u>	<u>3,020,593</u>	<u>2,168,606</u>	<u>8,138,547</u>	<u>6,867,660</u>
Total liabilities	<u>17,563,429</u>	<u>15,671,973</u>	<u>18,540,008</u>	<u>9,636,787</u>	<u>36,103,437</u>	<u>25,308,760</u>
Deferred inflows of resources	<u>15,859,068</u>	<u>13,209,126</u>	<u>2,216,339</u>	<u>546,800</u>	<u>18,075,407</u>	<u>13,755,926</u>
Net position:						
Net investment in capital assets	41,657,764	41,720,974	10,504,767	10,285,419	52,162,531	52,006,393
Restricted	762,815	4,355,129	144,944	2,628,414	907,759	6,983,543
Unrestricted	<u>17,413,724</u>	<u>15,428,948</u>	<u>4,754,401</u>	<u>4,180,689</u>	<u>22,168,125</u>	<u>19,609,637</u>
Total net position	<u>\$ 59,834,303</u>	<u>\$ 61,505,051</u>	<u>\$ 15,404,112</u>	<u>\$ 17,094,522</u>	<u>\$ 75,238,415</u>	<u>\$ 78,599,573</u>

An additional portion of the County's net position, \$907,759 (1.21%), represents resources that are subject to external restrictions on how they may be used.

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

Governmental Activities. Governmental activities decreased the County's net position by \$1,670,748. Key elements of this decrease are as follows:

Lincoln County's Change in Net Position						
	Governmental Activities 2016	Governmental Activities 2015	Business-Type Activities 2016	Business-Type Activities 2015	Total 2016	Total 2015
Revenues:						
Program revenues:						
Charges for services	\$ 7,299,806	\$ 6,841,902	\$ 16,972,300	\$ 17,447,310	\$24,272,106	\$ 24,289,212
Operating grants and contributions	4,260,692	4,479,671	249,162	449,825	4,509,854	4,929,496
Capital grants and contributions	-	-	-	111,552	-	111,552
General revenues:						
Property taxes	13,209,126	13,054,253	546,800	568,600	13,755,926	13,622,853
Other taxes	2,540,820	2,382,236	-	-	2,540,820	2,382,236
Grants and contributions not restricted to specific programs	1,050,085	989,734	-	-	1,050,085	989,734
Other	75,768	-	154	189	75,922	189
Total revenues	<u>28,436,297</u>	<u>27,747,796</u>	<u>17,768,416</u>	<u>18,577,476</u>	<u>46,204,713</u>	<u>46,325,272</u>
Expenses:						
General government	6,861,985	6,203,945	-	-	6,861,985	6,203,945
Public safety	10,194,261	8,729,964	-	-	10,194,261	8,729,964
Public works	6,944,711	7,360,668	-	-	6,944,711	7,360,668
Health and human services	4,997,550	4,648,331	-	-	4,997,550	4,648,331
Culture and recreation	885,094	865,597	-	-	885,094	865,597
Conservation and development	849,909	832,032	-	-	849,909	832,032
Interest on long-term debt	536,002	448,239	-	-	536,002	448,239
Nursing home	-	-	13,234,253	12,667,421	13,234,253	12,667,421
Forestry	-	-	904,119	1,011,355	904,119	1,011,355
Lincoln Industries	-	-	1,885,499	1,630,826	1,885,499	1,630,826
Landfill	-	-	2,272,488	2,690,687	2,272,488	2,690,687
Total expenses	<u>31,269,512</u>	<u>29,088,776</u>	<u>18,296,359</u>	<u>18,000,289</u>	<u>49,565,871</u>	<u>47,089,065</u>
Increase (decrease) in net position before transfers	(2,833,215)	(1,340,980)	(527,943)	577,187	(3,361,158)	(763,793)
Transfers	<u>1,162,467</u>	<u>1,125,031</u>	<u>(1,162,467)</u>	<u>(1,125,031)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in net position	(1,670,748)	(215,949)	(1,690,410)	(547,844)	(3,361,158)	(763,793)
Cumulative effect of change in accounting principle	-	3,523,373	-	2,322,187	-	5,845,559
Net position - January 1	<u>61,505,051</u>	<u>58,197,627</u>	<u>17,094,522</u>	<u>15,320,180</u>	<u>78,599,573</u>	<u>73,517,807</u>
Net position - December 31	<u>\$ 59,834,303</u>	<u>\$ 61,505,051</u>	<u>\$ 15,404,112</u>	<u>\$ 17,094,522</u>	<u>\$ 75,238,415</u>	<u>\$ 78,599,573</u>

The County's General Fund decreased \$867,347 due to a spend down of Capital Improvement Project (CIP) fund. The County Roads and Bridges fund spent down fund balance in the amount of \$164,547 due to a harsh winter. The County's Social Service fund decreased \$116,364 due to unanticipated out of housing costs. The County's Health Insurance fund showed an increase of \$101,273 higher than anticipated premiums collected. An additional pension expense of \$512,680 absorbed by the governmental activities due to requirements of GASB 68.

Business-type Activities Business-type activities decreased Lincoln County's net position by \$1,690,410. Solid Waste had a decrease of \$781,108 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 \$7,818 despite a transfer out of \$816,342 mostly to the Capital Improvement Project (CIP) fund. Lincoln Industries posted a \$86,440 gain due to higher than anticipated revenues, and Pine Crest posted a loss of \$1,003,560 due to GABS 68 expenses of \$426,831 and lower than anticipated census.

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$12,445,477, a decrease of \$1,086,510 in comparison with the prior year. Approximately 80 percent of this total amount, \$9,982,240, constitutes the amount which is available for spending at the government's discretion. Of the \$12,445,477, \$2,645,550 is committed by County Board action for CIP projects, another \$1,164,561 is assigned for CIP projects in future years, and \$4,191,555 is recognized by County Board action for cash flow. Additionally, \$349,320 is assigned by the Finance and Insurance Committee for specific programs. The remaining \$2,117,414 in the General Fund is unassigned.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,308,969, while the total fund balance was \$12,261,649. A total of \$10,154,012 or eighty-three percent of the general fund balance remains under the County's discretion.

The fund balance of Lincoln County's general fund decreased by \$407,005 during the current fiscal year. Key factors in this increase are as follows:

- The County transferred an amount of \$1,182,049 into General Fund. \$815,031 was transferred per Ordinances 3.07 and 3.26 which limit fund balance and net asset 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 \$721,707 out of the General Fund to the Roads Fund for work on County roads.
- Total revenues exceeded budget expectations by \$261,603. Forest land revenue exceeding budget by \$121,724, Child support revenues came in \$111,574 higher than expected, tax deed profit revenues came in \$76,716 higher than anticipated, but public charges for service fell short of budget by \$5,803.
- Expenditures came in under budget by \$2,194,739. An additional \$1,271,580 was carried over into 2017 than was originally budgeted, \$366,149 of contingency funds were not spent, and the general government budget was underspent by \$720,581.

The County Roads and Bridges Fund has a fund balance of \$9 at December 31, 2016 a decrease of \$164,547 when compared to the previous year. A harsher winter depleted reserves.

The Social Services fund has a total fund balance of \$116,074. The fund balance of the Social Services fund decreased by \$116,364 during the current year. An unanticipated increase in out of home placements caused the decrease.

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

Unrestricted net position of Pine Crest Nursing Home operations at the end of the year amounted to \$2,726,905, those of Solid Waste Landfill amounted to a negative \$1,287,210, those of Lincoln Industries amounted to \$1,064,677 and those of Forestry amounted to \$2,250,049. 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 \$2,569,600. Those amendments are briefly summarized below:

- \$671,414 - The actual amount of grant and designated funds spent down in 2015 was less than the amount estimated as designated for non-lapsing appropriations when the budget was prepared.
- \$255,952 - Increase in expenditures due to increased grant revenues.
- \$507,000 - Increase in Capital Improvement Projects (CIP) during the year.
- \$811,211 - Increase for fairground payment to the City of Merrill

Actual expenditures were \$2,194,739 *less* than the amended budget. Explanations not already provided elsewhere in this report are summarized below:

- \$151,951 - Unused electronic access and retained fee revenue.
- \$44,037 - Lower than expected Guardian Ad Litem costs in the Clerk of Courts Office.
- \$187,535 - 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 \$640,633 with budget amendments largely due to increases of \$255,952 in grant revenue and \$198,042 in public charges for service revenue for increases in outside housing revenue in the Sheriff's Office.

Actual revenues were \$261,603 *higher* than budgeted. Significant variances not already provided elsewhere are as follows:

- Donations ended \$74,911 higher than budgeted.
- Zoning fees were \$19,758 higher than anticipated.
- Child support revenue was \$111,574 higher than budgeted.
- Interest revenue fell short of budget expectations by \$14,614.

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, 2016, amounted to \$64,324,437 (net of accumulated depreciation) compared to \$62,637,817 in 2015. This investment in capital assets includes land, land improvements, infrastructure, buildings and improvements, equipment and vehicles, intangible assets, and work in progress. The net increase in the County's investment in capital assets for the current fiscal year was \$1,686,620 or 2.7 percent.

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

- \$ 2,069,928 was added to the landfill expansion project.
- Construction in progress increased \$1,847,897 due to the Pine Crest building project.
- Depreciation expense totaled \$4,935,080 in 2016.

Lincoln County's Capital Assets (net of accumulated depreciation)						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2016	2015	2016	2015	2016	2015
Land	\$ 41,395	\$ 69,795	\$ 2,641,462	\$ 2,641,180	\$ 2,682,857	\$ 2,710,975
Land improvements	273,915	289,492	3,055,435	3,266,385	3,329,350	3,555,877
Infrastructure	32,509,000	32,517,811	-	-	32,509,000	32,517,811
Buildings and improvements	14,293,138	15,090,888	2,616,930	2,850,332	16,910,068	17,941,220
Equipment and vehicles	4,768,220	4,359,612	1,081,538	1,285,299	5,849,758	5,644,911
Work in progress	78,592	24,800	2,964,812	242,223	3,043,404	267,023
Total	<u>\$ 51,964,260</u>	<u>\$ 52,352,398</u>	<u>\$ 12,360,177</u>	<u>\$ 10,285,419</u>	<u>\$ 64,324,437</u>	<u>\$62,637,817</u>

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

Long-term debt. At the end of the current fiscal year, Lincoln County had a total general obligation debt outstanding of \$17,810,000 which is a decrease of \$7,230,000. In 2015 the total general obligation debt outstanding was \$10,580,000. In 2016, Lincoln issued a note anticipation note for \$7,000,000 for the Pine Crest nursing home expansion. Additionally, the County issued advance refunding bonds in the amount of \$8,820,000 to defease the 2008 refunding bonds of \$9,965,000 beginning with maturities in the year 2020. The County recorded a deferred outflow of resources for early retirement of debt in the amount of \$711,930 to be amortized over the life of the advance refunding issue, but will reduce the debt payments over the next twelve years by \$980,996 and obtain an economic gain of \$875,779. 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
	2016	2015	2016	2015	2016	2015
Bonds	\$ 10,810,000	\$ 10,580,000	\$ -	\$ -	\$ 10,810,000	\$ 10,580,000
Notes	-	-	7,000,000	-	7,000,000	-
Capital lease	73,390	51,424	-	-	73,390	51,424
Compensated absences	1,661,300	1,641,789	550,365	529,264	2,211,665	2,171,053
Total general long-term obligations	<u>\$ 12,544,690</u>	<u>\$ 12,273,213</u>	<u>\$ 7,550,365</u>	<u>\$ 529,264</u>	<u>\$ 20,095,055</u>	<u>\$ 12,802,477</u>

Wisconsin statutes limit the amount of general obligation debt a government entity may issue to 5 percent of its total equalized valuation. Lincoln County's debt capacity is \$116,128,455, which is significantly in excess of Lincoln County's outstanding general obligation debt.

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

Factors and Next Year's Budget Rates

- The unemployment rate for Lincoln County in April 2017 was 3.6 percent as compared to 3 percent for the State of Wisconsin. The April 2017 rate for Lincoln County was 1.6 percent lower than the April 2016 rate (5.2%).
- The general economic condition and outlook for the County is for growth creating increased employment opportunities. Equalized valuation in Lincoln County decreased .14 percent in 2016 and still remains below the 2010 valuation by 5.9 percent.
- Inflationary trends in our region compare to national indices.

These factors were considered in preparing the County's budget for the 2017 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, 2016

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,975,939	\$ 11,604,410	\$ 25,580,349
Receivables, net:			
Property taxes	13,376,133	632,756	14,008,889
Tax certificates and deeds	1,927,543	-	1,927,543
Assessments	238,342	-	238,342
Accounts	1,437,090	2,219,368	3,656,458
Due from other governments	1,713,398	46,594	1,759,992
Inventories, at cost	1,082,178	392,357	1,474,535
Prepaid items	171,344	38,243	209,587
Total current assets	33,921,967	14,933,728	48,855,695
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	84,611	4,681,917	4,766,528
Capital assets:			
Land and construction in progress	119,987	5,606,274	5,726,261
Other capital assets, net of depreciation	51,844,273	6,753,903	58,598,176
Total capital assets	51,964,260	12,360,177	64,324,437
Total noncurrent assets	52,048,871	17,042,094	69,090,965
Total assets	85,970,838	31,975,822	117,946,660
DEFERRED OUTFLOWS OF RESOURCES			
Early retirement of debt	711,930	-	711,930
Related to pensions	6,574,032	4,184,637	10,758,669
Total deferred outflow of resources	7,285,962	4,184,637	11,470,599
LIABILITIES			
Current liabilities:			
Accounts payable	1,260,649	1,375,152	2,635,801
Accrued expenses	728,958	359,536	1,088,494
Compensated absences payable	839,553	398,519	1,238,072
Accrued claims	754,817	-	754,817
Deposits and advances	402,627	607,916	1,010,543
Due to other governments	313,739	222,878	536,617
Current portion of long-term obligations	647,439	-	647,439
Unearned revenue	170,172	56,592	226,764
Total current liabilities	5,117,954	3,020,593	8,138,547
Noncurrent liabilities:			
Future closure payable	-	7,407,889	7,407,889
Net pension liability	1,179,351	752,175	1,931,526
Compensated absences payable	821,747	151,846	973,593
Noncurrent portion of long-term obligations	10,444,377	7,207,505	17,651,882
Total noncurrent liabilities	12,445,475	15,519,415	27,964,890
Total liabilities	17,563,429	18,540,008	36,103,437
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	2,482,935	1,583,583	4,066,518
Property taxes levied for subsequent year	13,376,133	632,756	14,008,889
Total deferred inflows of resources	15,859,068	2,216,339	18,075,407
NET POSITION			
Net investment in capital assets	41,657,764	10,504,767	52,162,531
Restricted	762,815	144,944	907,759
Unrestricted	17,413,724	4,754,401	22,168,125
TOTAL NET POSITION	\$ 59,834,303	\$ 15,404,112	\$ 75,238,415

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, 2016**

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	\$ 6,861,985	\$ 675,150	\$ 242,083	\$ -	\$ (5,944,752)	\$ -	\$ (5,944,752)
Public safety	10,194,261	2,553,571	193,020	-	(7,447,670)	-	(7,447,670)
Public works	6,944,711	3,029,108	1,161,733	-	(2,753,870)	-	(2,753,870)
Health and human services	4,997,550	477,876	2,178,957	-	(2,340,717)	-	(2,340,717)
Culture, recreation, and education	885,094	36,639	2,503	-	(845,952)	-	(845,952)
Conservation and development	849,909	527,462	467,465	-	145,018	-	145,018
Interest on long-term debt	536,002	-	14,931	-	(521,071)	-	(521,071)
Total governmental activities	31,269,512	7,299,806	4,260,692	-	(19,709,014)	-	(19,709,014)
BUSINESS-TYPE ACTIVITIES:							
Nursing home	13,234,253	11,714,331	-	-	-	(1,519,922)	(1,519,922)
Forestry	904,119	1,481,346	249,162	-	-	826,389	826,389
Lincoln Industries	1,885,499	2,075,849	-	-	-	190,350	190,350
Solid waste landfill	2,272,488	1,700,774	-	-	-	(571,714)	(571,714)
Total business-type activities	18,296,359	16,972,300	249,162	-	-	(1,074,897)	(1,074,897)
TOTAL PRIMARY GOVERNMENT	\$ 49,565,871	\$ 24,272,106	\$ 4,509,854	\$ -	(19,709,014)	(1,074,897)	(20,783,911)
GENERAL REVENUES:							
Taxes:							
Property taxes, levied for general purposes					13,209,126	546,800	13,755,926
Private forest cropland/managed forest land taxes					82,103	-	82,103
County sales tax					1,930,909	-	1,930,909
Real estate transfer taxes					59,488	-	59,488
Payment in lieu of taxes					90,892	-	90,892
Interest and penalties on taxes					377,428	-	377,428
Grants and contributions not restricted to specific programs					1,050,085	-	1,050,085
Unrestricted investment earnings					75,768	154	75,922
Transfers					1,162,467	(1,162,467)	-
Total general revenues and transfers					18,038,266	(615,513)	17,422,753
CHANGE IN NET POSITION					(1,670,748)	(1,690,410)	(3,361,158)
NET POSITION - BEGINNING					61,505,051	17,094,522	78,599,573
NET POSITION - ENDING					\$ 59,834,303	\$ 15,404,112	\$ 75,238,415

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, 2016**

	<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	\$ 10,040,074	\$ 9	\$ 8,388	\$ 509,777	\$ 10,558,248
Receivables, net:					
Property taxes	8,275,925	2,266,753	522,885	2,310,570	13,376,133
Tax certificates and deeds	1,927,543	-	-	-	1,927,543
Assessments	238,342	-	-	-	238,342
Accounts	995,121	-	-	346,518	1,341,639
Due from other governments	686,946	-	362,713	76,017	1,125,676
Due from other funds	775,683	-	-	-	775,683
Prepaid items	170,085	-	200	260	170,545
Inventory	12,281	-	-	-	12,281
Restricted assets:					
Cash and cash equivalents	43,190	-	41,421	-	84,611
TOTAL ASSETS	\$ 23,165,190	\$ 2,266,762	\$ 935,607	\$ 3,243,142	\$ 29,610,701
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 372,119	\$ -	\$ 64,260	\$ 219,932	\$ 656,311
Accrued liabilities	498,060	-	43,362	26,640	568,062
Deposits and advances	394,316	-	8,311	-	402,627
Due to other funds	-	-	180,715	586,705	767,420
Due to other governments	312,280	-	-	1,459	313,739
Unearned revenue	140,081	-	-	30,091	170,172
Total liabilities	1,716,856	-	296,648	864,827	2,878,331
Deferred inflows of resources					
Property taxes levied for subsequent year	8,275,925	2,266,753	522,885	2,310,570	13,376,133
Interest on delinquent taxes	537,157	-	-	-	537,157
Citation receivables	373,603	-	-	-	373,603
Total deferred inflows of resources	9,186,685	2,266,753	522,885	2,310,570	14,286,893
Fund balances					
Reserved for:					
Nonspendable	1,740,778	-	200	260	1,741,238
Restricted	366,859	-	41,421	355,140	763,420
Committed	2,645,550	-	-	-	2,645,550
Assigned	1,199,493	9	74,453	154,082	1,428,037
Unassigned	6,308,969	-	-	(441,737)	5,867,232
Total fund balances	12,261,649	9	116,074	67,745	12,445,477
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 23,165,190	\$ 2,266,762	\$ 935,607	\$ 3,243,142	\$ 29,610,701

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, 2016

Total fund balances for governmental funds \$ 12,445,477

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	\$	3,520	
Construction in progress		78,592	
Land improvements, net of \$235,020 accumulated depreciation		136,299	
Buildings, net of \$13,064,078 accumulated depreciation		13,810,752	
Machinery and equipment, net of \$9,061,021 accumulated depreciation		920,113	
Intangible assets, net of \$107,695 accumulated depreciation		-	
Infrastructure, net of \$24,336,511 accumulated depreciation		<u>32,508,999</u>	
Total capital assets			47,458,275

Internal service funds are used by the County to charge the cost of health insurance and County road work to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. Internal service fund's net position are:

Health insurance fund	\$	1,751,194	
Highway fund		<u>6,377,650</u>	
Total internal service funds			8,128,844

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 12/31/16 are:

Accrued interest on notes	\$	(47,534)	
Bonds payable		(10,810,000)	
Premium on debt issued		(208,426)	
Vacation payable		(583,602)	
Vested sick leave		(317,432)	
Accrued sick		(278,544)	
Comp time		<u>(15,302)</u>	
Total long-term liabilities			(12,260,840)

Accounts receivable are recorded when they become measurable and available in governmental funds. On 12/31/16 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.

90,350

On 12/31/16 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	\$	373,603	
Interest on delinquent taxes		<u>537,157</u>	
Total deferred revenue			910,760

Lincoln County recorded a deferred outflow of resources due to an advanced refunding in 2016
Deferred outflow of resources on early extinguishment of debt

711,930

In 2016 Lincoln County reported its cost-sharing employer proportionate share of the collective balance of the pension plan's fiduciary net position as well as deferred outflows and inflows of resources related to pensions per GASB 68. Balances on 12/31/16 are:

Net pension liability	\$	(952,695)	
Deferred outflow of resources-related to pensions		5,307,949	
Deferred inflow of resources-related to pensions		<u>(2,005,747)</u>	
			<u>2,349,507</u>

Total net position of governmental activities \$ 59,834,303

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, 2016

	<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	\$ 10,765,696	\$ 2,286,354	\$ 506,531	\$ 2,091,342	\$ 15,649,923
Intergovernmental revenues	2,234,910	1,151,874	1,741,324	182,669	5,310,777
Licenses and permits	132,274	-	-	41,895	174,169
Fines, forfeits, and penalties	107,468	-	-	27,079	134,547
Public charges for service	1,993,970	-	450	1,158,384	3,152,804
Intergovernmental charges for service	128,722	-	2,585	201,938	333,245
Miscellaneous revenues	535,831	-	1,364	10,450	547,645
Total revenues	<u>15,898,871</u>	<u>3,438,228</u>	<u>2,252,254</u>	<u>3,713,757</u>	<u>25,303,110</u>
EXPENDITURES					
Current:					
General government	4,972,965	-	-	-	4,972,965
Public safety	7,247,362	-	-	1,922,686	9,170,048
Public works	9,860	4,324,482	-	-	4,334,342
Health and human services	1,447,989	-	2,368,618	1,099,132	4,915,739
Culture, recreation, and education	1,693,730	-	-	-	1,693,730
Conservation and development	843,352	-	-	-	843,352
Capital outlay	550,960	-	-	168,169	719,129
Debt service:					
Principal	-	-	-	425,000	425,000
Interest and other charges	-	-	-	569,264	569,264
Total expenditures	<u>16,766,218</u>	<u>4,324,482</u>	<u>2,368,618</u>	<u>4,184,251</u>	<u>27,643,569</u>
Excess (deficiency) of revenues under expenditures	<u>(867,347)</u>	<u>(886,254)</u>	<u>(116,364)</u>	<u>(470,494)</u>	<u>(2,340,459)</u>
OTHER FINANCING SOURCES (USES)					
Payment to refunded debt escrow agent	-	-	-	(8,903,298)	(8,903,298)
Proceeds from long-term debt	-	-	-	8,820,000	8,820,000
Debt premium	-	-	-	212,905	212,905
Transfers in	1,182,049	721,707	-	-	1,903,756
Transfers out	(721,707)	-	-	(57,707)	(779,414)
Total other financing sources and uses	<u>460,342</u>	<u>721,707</u>	<u>-</u>	<u>71,900</u>	<u>1,253,949</u>
Net change in fund balances	<u>(407,005)</u>	<u>(164,547)</u>	<u>(116,364)</u>	<u>(398,594)</u>	<u>(1,086,510)</u>
FUND BALANCES - BEGINNING	<u>12,668,654</u>	<u>164,556</u>	<u>232,438</u>	<u>466,339</u>	<u>13,531,987</u>
FUND BALANCES - ENDING	<u>\$ 12,261,649</u>	<u>\$ 9</u>	<u>\$ 116,074</u>	<u>\$ 67,745</u>	<u>\$ 12,445,477</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, 2016

Net change in fund balances - total governmental funds \$ (1,086,510)

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	\$ 2,226,960	
Sale and disposal of capital assets	(382,487)	
Depreciation expense	<u>(2,500,018)</u>	
Deficiency of capital outlay over depreciation expense		(655,545)

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: 425,000

Advance refunding of long-term debt is reported as other financing sources (uses) in governmental funds, but the refunding transaction only affects the statement of net position, with only the issuance costs reported on the statement of activities. In the current year, this amount consisted of:

Proceeds of long-term debt	(8,820,000)	
Debt premium	(212,905)	
Payment to refunded debt escrow agent	<u>8,903,298</u>	
Proceeds and debt premium used for issuance costs		(129,607)

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	101,273	
Highway fund	<u>60,210</u>	
Total internal service funds		161,483

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	(512,680)	
Debt premium	4,479	
Early retirement of debt loss amortized	(26,368)	
Accrued interest on notes	55,151	
Vacation	(9,074)	
Vested sick leave	16,082	
Accrued sick	(4,917)	
Comp time	<u>(4,013)</u>	
Combined adjustment		(481,340)

Revenue had accrued on 12/31/16 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:

Interest on delinquent taxes	100,023	
Corrections	(39,064)	
Citations	<u>34,812</u>	
Combined adjustment		<u>95,771</u>

Change in net position of governmental activities \$ (1,670,748)

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, 2016**

	Enterprise Funds					Governmental Activities - Internal Service Funds
	PineCrest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 6,318,065	\$ 1,192,923	\$ 3,151,797	\$ 941,625	\$ 11,604,410	\$ 3,417,691
Receivables, net:						
Property taxes	632,756	-	-	-	632,756	-
Accounts	1,600,330	222,733	14,477	381,828	2,219,368	5,101
Due from other governments	-	13	46,415	166	46,594	587,722
Inventories, at cost	29,357	363,000	-	-	392,357	1,069,897
Prepaid items	36,397	1,164	-	682	38,243	799
Total current assets	8,616,905	1,779,833	3,212,689	1,324,301	14,933,728	5,081,210
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	27,785	4,654,132	-	-	4,681,917	-
Capital assets:						
Land	13,833	84,605	2,518,419	24,605	2,641,462	37,875
Construction work in progress	1,847,897	1,116,915	-	-	2,964,812	-
Improvements other than buildings	429,531	10,924,512	9,603	10,752	11,374,398	289,794
Buildings	8,245,752	300,049	312,677	1,219,463	10,077,941	2,016,136
Machinery and equipment	1,771,870	1,116,038	575,569	305,685	3,769,162	10,279,301
Less accumulated depreciation and depletion	(7,354,129)	(8,977,719)	(745,472)	(1,390,278)	(18,467,598)	(8,117,121)
Total capital assets	4,954,754	4,564,400	2,670,796	170,227	12,360,177	4,505,985
Total noncurrent assets	4,982,539	9,218,532	2,670,796	170,227	17,042,094	4,505,985
Total assets	13,599,444	10,998,365	5,883,485	1,494,528	31,975,822	9,587,195
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	3,543,935	130,353	228,427	281,922	4,184,637	1,266,083
LIABILITIES						
Current liabilities:						
Accounts payable	1,035,760	71,481	5,722	262,189	1,375,152	604,338
Accrued expenses	304,819	8,846	17,983	27,888	359,536	113,362
Compensated absences payable	291,176	21,167	43,273	42,903	398,519	240,649
Accrued claims	-	-	-	-	-	754,817
Due to other funds	-	-	-	-	-	8,263
Due to other governments	-	16,666	205,918	294	222,878	-
Unearned revenue	-	-	56,592	-	56,592	-
Current maturities of long-term debt	-	-	-	-	-	10,089
Deposits and advances	35,950	-	571,966	-	607,916	-
Total current liabilities	1,667,705	118,160	901,454	333,274	3,020,593	1,731,518
Noncurrent liabilities:						
Noncurrent due to other governments	-	199,992	-	-	199,992	-
Compensated absences payable	-	52,723	46,267	52,856	151,846	225,771
Noncurrent portion of long-term obligations	7,007,513	-	-	-	7,007,513	63,301
Net pension liability	638,060	23,432	40,635	50,048	752,175	226,656
Future closure payable	-	7,407,889	-	-	7,407,889	-
Total noncurrent liabilities	7,645,573	7,684,036	86,902	102,904	15,519,415	515,728
Total liabilities	9,313,278	7,802,196	988,356	436,178	18,540,008	2,247,246
DEFERRED INFLOWS OF RESOURCES						
Related to pensions	1,343,332	49,332	85,551	105,368	1,583,583	477,188
Property taxes levied for subsequent year	632,756	-	-	-	632,756	-
Total deferred inflows of resources	1,976,088	49,332	85,551	105,368	2,216,339	477,188
NET POSITION						
Net investment in capital assets	3,099,324	4,564,400	2,670,796	170,227	10,504,747	4,424,332
Restricted	27,784	-	117,160	-	144,944	-
Unrestricted	2,726,905	(1,287,210)	2,250,049	1,064,677	4,754,421	3,704,512
TOTAL NET POSITION	\$ 5,854,013	\$ 3,277,190	\$ 5,038,005	\$ 1,234,904	\$ 15,404,112	\$ 8,128,844

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, 2016

	Enterprise Funds					Governmental Activities - Internal Service Funds
	PineCrest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Total	
OPERATING REVENUES						
Public charges for service	\$ 11,686,131	\$ 1,511,215	\$ 1,465,734	\$ 2,069,249	\$ 16,732,329	\$ -
Interdepartmental charges for service	-	-	2,065	6,400	8,465	10,046,084
Intergovernmental charges for service	-	120,308	-	-	120,308	2,551,847
Other	11,401	4,485	-	-	15,886	233,425
Total operating revenues	11,697,532	1,636,008	1,467,799	2,075,649	16,876,988	12,831,356
OPERATING EXPENSES						
Claims paid	-	-	-	-	-	4,809,203
Nursing services	5,858,642	-	-	-	5,858,642	-
Other professional services	631,145	-	-	-	631,145	-
General services	2,128,973	1,036,124	863,324	1,788,472	5,816,893	6,455,059
Administrative and fiscal services	3,951,212	-	-	-	3,951,212	1,188,746
Provider assessment tax	367,200	-	-	-	367,200	-
Future closing costs	-	383,326	-	-	383,326	-
Depreciation and amortization	304,699	854,432	43,024	100,937	1,303,092	473,713
Total operating expenses	13,241,871	2,273,882	906,348	1,889,409	18,311,510	12,926,721
Operating income (loss)	(1,544,339)	(637,874)	561,451	186,240	(1,434,522)	(95,365)
NONOPERATING REVENUES (EXPENSES)						
Property taxes	546,800	-	-	-	546,800	-
Insurance recoveries	-	-	79	-	79	150,994
Interest income	154	64,666	-	-	64,820	14,212
Rental income	-	-	-	-	-	50
Grant revenue	-	-	249,162	-	249,162	-
Salvage revenue	-	-	-	-	-	20,275
Donations	16,799	-	10,502	-	27,301	-
Interest expense	(11,667)	-	-	-	(11,667)	-
Gain on sale of supplies	-	-	-	-	-	13,100
Donation Expense	(7,628)	-	-	-	(7,628)	-
Gain (loss) on disposal of capital assets	(3,679)	100	2,966	200	(413)	58,217
Total nonoperating revenues (expenses)	540,779	64,766	262,709	200	868,454	256,848
Income before transfers	(1,003,560)	(573,108)	824,160	186,440	(566,068)	161,483
Transfer out	-	(208,000)	(816,342)	(100,000)	(1,124,342)	-
Change in net position	(1,003,560)	(781,108)	7,818	86,440	(1,690,410)	161,483
TOTAL NET POSITION - BEGINNING	6,857,573	4,058,298	5,030,187	1,148,464	17,094,522	7,967,361
TOTAL NET POSITION - ENDING	\$ 5,854,013	\$ 3,277,190	\$ 5,038,005	\$ 1,234,904	\$ 15,404,112	\$ 8,128,844

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, 2016**

	Enterprise Funds					Governmental Activities - Internal Service Funds
	PineCrest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
From patients and third party payers	\$ 11,837,185	\$ 1,411,596	\$ 1,472,134	\$ 1,964,291	\$ 16,685,206	\$ -
From other County departments	-	-	2,065	6,400	8,465	10,076,341
From government and other parties for sales	-	120,295	-	-	120,295	2,716,880
To employees for compensation and fringe benefits	(8,755,874)	(342,559)	(602,820)	(880,734)	(10,581,987)	(2,911,952)
To vendors for goods and services	(3,681,579)	(655,576)	(193,238)	(772,954)	(5,303,347)	(9,006,923)
Other cash received	11,401	4,485	-	-	15,886	-
Net cash provided by (used in) operating activities	(588,867)	538,241	678,141	317,003	944,518	874,346
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grant revenue	-	-	233,646	-	233,646	-
Rent	-	-	-	-	-	50
Donations	16,799	-	10,502	-	27,301	-
Donation Expense	(11,667)	-	-	-	(11,667)	-
Transfer out	-	(208,000)	(816,342)	(100,000)	(1,124,342)	-
Tax levy appropriations	546,800	-	-	-	546,800	-
Net cash provided by (used in) noncapital financing activities	551,932	(208,000)	(572,184)	(100,000)	(328,262)	50
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(1,095,786)	(1,542,215)	(21,282)	(28,245)	(2,687,528)	(949,386)
Proceeds from sale of assets	300	100	2,966	200	3,566	266,483
Proceeds from sale of supplies	-	-	-	-	-	33,375
Proceeds from issuance of Note Anticipation Notes	7,000,000	-	-	-	7,000,000	-
Proceeds from capital lease	-	-	-	-	-	73,390
Insurance recovery for damaged equipment	-	-	79	-	79	150,994
Capital lease payment	-	-	-	-	-	(51,424)
Advance from General Fund	-	-	-	-	-	(56,195)
Net cash provided by (used in) capital and related financing activities	5,904,514	(1,542,115)	(18,237)	(28,045)	4,316,117	(532,763)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	154	65,175	-	-	65,329	13,226
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,867,733	(1,146,699)	87,710	168,958	4,997,702	354,859
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	478,117	6,993,754	3,064,087	752,667	11,288,625	3,082,832
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,345,850	\$ 5,847,055	\$ 3,151,797	\$ 941,625	\$ 16,286,327	\$ 3,417,691
CASH AND CASH EQUIVALENTS CONSIST OF:						
Unrestricted	\$ 6,318,065	\$ 1,192,923	\$ 3,151,797	\$ 941,625	\$ 11,604,410	\$ 3,417,691
Restricted	27,785	4,654,132	-	-	4,681,917	-
	\$ 6,345,850	\$ 5,847,055	\$ 3,151,797	\$ 941,625	\$ 16,286,327	\$ 3,417,691
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (1,544,339)	\$ (637,874)	\$ 561,451	186,240	\$ (1,434,522)	\$ (95,365)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	304,699	854,432	43,024	100,937	1,303,092	473,713
Future closing costs	-	383,326	-	-	383,326	-
Change in net pension liability (asset) and related deferred outflows/inflows	426,831	13,329	30,680	32,032	502,872	143,804
Change in assets and liabilities:						
Accounts receivable	(594,018)	(99,619)	6,400	(104,792)	(792,029)	165,033
Due from other governments	750,000	(13)	-	(166)	749,821	(203,168)
Inventories	7,819	-	-	-	7,819	171,795
Prepaid items	21,838	30,233	-	(682)	51,389	1,362
Accounts payable	(59,647)	6,987	3,353	89,692	40,385	(480,106)
Due to other governments	-	(16,666)	10,055	(194)	(6,805)	-
Accrued expenses	46,447	773	2,091	6,165	55,476	11,154
Compensated absences payable	6,202	3,333	3,795	7,771	21,101	17,588
Deposits and advances	45,301	-	17,292	-	62,593	-
Claims paid	-	-	-	-	-	668,536
Total adjustments	955,472	1,176,115	116,690	130,763	2,379,040	969,711
NET CASH PROVIDED BY (USED IN) ACTIVITIES	\$ (588,867)	\$ 538,241	\$ 678,141	\$ 317,003	\$ 944,518	\$ 874,346

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

**LINCOLN COUNTY, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2016**

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 25,517
Accounts receivable	<u>758,528</u>
 Total assets	 <u><u>\$ 784,045</u></u>
 LIABILITIES	
Deposits and advances	\$ 18,054
Due other governments	758,528
Accounts payable	<u>7,463</u>
 Total liabilities	 <u><u>\$ 784,045</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, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

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

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

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

In addition, the County reports the following fund types:

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

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

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been satisfied.

Fund Financial Statements

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

PROPERTY TAXES

Property taxes are levied prior to December 31 and are due and collectible in the following year. The 2016 tax levy is recorded as receivable with offsetting deferred inflows of resources at December 31, 2016; it will be recognized as revenue in 2017 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 2016 tax roll follows:

Lien date and date levy	December 2016
Tax bills mailed	December 2016
Real estate taxes first installment due	January 31, 2017
Personal property taxes due in full	January 31, 2017
Real estate taxes second installment due	July 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2020

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Cash equivalents are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments with a maturity of three months or less (including restricted assets) are considered to be cash equivalents.

INTERFUND RECEIVABLES AND PAYABLES

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

INVENTORIES

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

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PREPAID ITEMS

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

CAPITAL ASSETS

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

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

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

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

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

COMPENSATED ABSENCES

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

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

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

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

PENSION

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

LONG-TERM OBLIGATIONS

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

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

INTERFUND TRANSACTIONS

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

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

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

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

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

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

DEFICIT FUND BALANCE

As of December 31, 2016, the Emergency Medical fund had a deficit of \$441,477. The deficit is anticipated to be funded with future revenues of the fund.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

BUDGETARY ACCOUNTING

The County follows these procedures in establishing the annual budget:

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

NOTE 2 - CASH AND CASH EQUIVALENTS

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

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

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

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

The carrying amount of the County's cash and cash equivalents totaled \$30,372,394 on December 31, 2016, as summarized below:

Petty cash fund	\$ 2,240
Deposits with financial institutions	21,576,006
Investments	
Wisconsin local government investment pool	2,848,617
Landfill long-term care trust	4,654,132
Health insurance trust fund	1,248,209
Insurance deposits	43,190
	<u>\$ 30,372,394</u>

Presented in the Statement of Net Position as follows:

Unrestricted cash and cash equivalents	\$ 25,580,349
Restricted cash and investments	4,766,528
Fiduciary fund cash and cash equivalents	25,517
	<u>\$ 30,372,394</u>

Fair Value Measurements

The County implemented GASB Statement No. 72 *Fair Value measurement and Application*, for the year ending December 31, 2016. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The County has the following fair value measurements as of December 31, 2016:

<u>Type of Investment</u>	12/31/2016	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant other Observable Inputs (Level 2)
Negotiable certificates of deposit	834,867	-	834,867
U.S. Treasury Notes	3,688,635	-	3,688,635
U.S. Government securities	875,185	-	875,185
Corporate Bond	49,868	-	49,868
Money Market Mutual Funds	146,119	146,119	-
Fixed Income Mutual Funds	307,667	307,667	-
Total	<u>\$ 5,902,341</u>	<u>\$ 453,786</u>	<u>\$ 5,448,555</u>

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the County's deposits and investments and the related risks.

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.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

Deposits with financial institutions are insured by the Federal Depository 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, 2016, \$1,039,287 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name).

Investments

Custodial Credit Risk for Investments

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

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

Credit Risk

Credit risk is the risk that, an issuer or 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.

<u>Type of Investment</u>	<u>Fair Value at Year End</u>	<u>Investment Rating</u>
Local Government Investment Pool	\$ 2,848,617	Not Rated
U.S. Treasury Notes	3,688,635	Exempt
U.S. Government securities	875,185	AAA
Negotiated Certificates of Deposit	834,867	Not Rated
Corporate Bonds	49,868	AAA
Money Market Mutual Funds	146,119	AAA
Fixed Income Mutual Funds	307,667	Not Rated
Insurance Deposits	43,190	Not Rated

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that, changes in interest rates will adversely affect the fair value of an investment. As of December 31, 2016 the County had the following investments and maturities:

<u>Type of Investment</u>	<u>Fair Value at Year End</u>	<u>Average Maturities</u>
Local Government Investment Pool	\$ 2,848,617	Less than 1 year
U.S. Treasury Notes	3,688,635	1 to 5 years
U.S. Government securities	875,185	1 to 3 years
Corporate Bonds	49,868	1 to 2 years
Negotiated Certificates of Deposit	834,867	1 to 3 years
Fixed Income Mutual Funds	307,667	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, 2016, the factor was 100%. As of December 31, 2016 the carrying amount of these investments was \$2,848,617. The annualized interest rate on the LGIP was .45% for the month of December 2016.

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, 2016, totaled \$4,766,528 consisting of cash and investments as follows:

General fund	
Insurance deposits	\$ 43,190
Social Services fund	
Elderly transportation trust	41,421
Enterprise Fund	
Solid waste landfill	
Long-term care and closure deposits	4,654,132
Pine Crest Nursing Home	
Donation and special fund	27,785
Total Restricted Assets	<u>\$ 4,766,528</u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE

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

	General	County Roads and Bridges	Social Services	PineCrest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Nonmajor and Internal Service Funds	Total
Receivables									
Property taxes	\$ 8,275,925	\$ 2,266,753	\$ 522,885	\$ 632,756	\$ -	\$ -	\$ -	\$ 2,310,570	\$ 14,008,889
Tax certificates and deeds	1,927,543	-	-	-	-	-	-	-	1,927,543
Assessments	238,342	-	-	-	-	-	-	-	238,342
Accounts	995,121	-	-	1,675,330	222,733	14,477	381,828	391,360	3,680,849
Due from other governments	686,946	-	362,713	-	13	46,415	166	663,739	1,759,992
Gross receivables	12,123,877	2,266,753	885,598	2,308,086	222,746	60,892	381,994	3,365,669	21,615,615
Less allowance for for uncollectibles	-	-	-	(75,000)	-	-	-	(39,741)	(114,741)
Net total fund receivables	<u>\$12,123,877</u>	<u>\$ 2,266,753</u>	<u>\$ 885,598</u>	<u>\$ 2,233,086</u>	<u>\$ 222,746</u>	<u>\$ 60,892</u>	<u>\$ 381,994</u>	<u>\$ 3,325,928</u>	21,500,874
Citation									<u>90,350</u>
Net statement of net position receivables									<u>\$ 21,591,224</u>

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

On December 31, 2016, the County's general fund showed an investment of \$1,927,543 in delinquent taxes as follows:

Tax certificates	\$ 1,912,049
Tax deeds	<u>15,494</u>
Total	<u>\$ 1,927,543</u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE (Continued)

An aging of the delinquent tax certificate taxes of \$1,912,049 on December 31, 2016, follows:

<u>Year Acquired</u>	
Prior to 2012	\$ 144,417
2012	67,202
2013	123,437
2014	224,691
2015	482,541
2016	<u>869,761</u>
	<u><u>\$ 1,912,049</u></u>

Of the total of \$1,912,049 for delinquent tax certificate taxes, \$369,131 was collected by the County within 90 days after December 31, 2016. The remaining unpaid balance of \$1,542,918 and tax deeds of \$15,494 are recorded as nonspendable fund balance of \$1,558,412 for the general fund.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At December 31, 2016, interfund receivables and payables were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 775,683	\$ -
Highway Fund	-	8,263
Social Services Fund	-	180,715
Emergency Medical Fund	-	586,705
Totals	<u><u>\$ 775,683</u></u>	<u><u>\$ 775,683</u></u>

The General Fund's receivable of \$8,263 from the Highway Fund is for past building upgrades. The Emergency Medical Fund's \$586,705 and Social Service's \$180,715 due to the General Fund is for cash flow purposes.

Transfers were made in the primary government as follows:

	General Fund	Transfer to: County Roads and Bridges Fund	Totals
Transfers from:			
General fund	\$ -	\$ 721,707	\$ 721,707
Solid Waste Landfill	208,000	-	208,000
Lincoln Industries	100,000	-	100,000
Jail Assessment	-	-	-
County Health	57,707	-	57,707
Forestry	816,342	-	816,342
Totals	<u><u>\$ 1,182,049</u></u>	<u><u>\$ 721,707</u></u>	<u><u>\$ 1,903,756</u></u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

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

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

NOTE 6 - CAPITAL ASSETS

Changes in capital assets were as follows:

	Balance 1-1-16	Increases	Decreases	Balance 12-31-16
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 69,795	\$ -	\$ 28,400	\$ 41,395
Construction in progress	24,800	53,802	10	78,592
Total capital assets not depreciated	94,595	53,802	28,410	119,987
Capital assets, being depreciated:				
Land improvements	508,936	-	-	508,936
Infrastructure	56,625,858	1,597,433	1,377,781	56,845,510
Buildings and improvements	27,234,191	123,025	-	27,357,216
Equipment and vehicles	13,551,918	1,402,086	1,124,763	13,829,241
Intangible assets	107,695	-	-	107,695
Subtotals	98,028,598	3,122,544	2,502,544	98,648,598
Less accumulated depreciation for:				
Land improvements	219,444	15,576	-	235,020
Infrastructure	24,108,047	1,252,168	1,023,704	24,336,511
Buildings and improvements	12,143,303	920,775	-	13,064,078
Equipment and vehicles	9,192,306	785,211	916,496	9,061,021
Intangible assets	107,695	-	-	107,695
Subtotals	45,770,795	2,973,730	1,940,200	46,804,325
Total capital assets, being depreciated, net	52,257,803	148,814	562,344	51,844,273
Governmental activities capital assets, net	<u>\$ 52,352,398</u>	<u>\$ 202,616</u>	<u>\$ 590,754</u>	51,964,260
Less related long-term debt outstanding				10,306,496
Net investment in capital assets				<u>\$ 41,657,764</u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 6 - CAPITAL ASSETS (Continued)

Changes in capital assets were as follows:

	Balance 1-1-16	Increases	Decreases	Balance 12-31-16
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,641,180	\$ 282	\$ -	\$ 2,641,462
Construction in progress	242,223	3,344,348	621,759	2,964,812
Total capital projects not depreciated	2,883,403	3,344,630	621,759	5,606,274
Capital assets, being depreciated:				
Land improvements	10,179,162	1,195,236	-	11,374,398
Buildings	10,071,799	10,000	3,858	10,077,941
Machinery and equipment	3,715,449	112,223	58,510	3,769,162
Subtotals	23,966,410	1,317,459	62,368	25,221,501
Less accumulated depreciation for:				
Land improvements	6,912,777	1,406,186	-	8,318,963
Buildings	7,221,467	243,402	3,858	7,461,011
Machinery and equipment	2,430,150	311,761	54,287	2,687,624
Subtotals	16,564,394	1,961,349	58,145	18,467,598
Total capital assets, being depreciated, net	7,402,016	(643,890)	4,223	6,753,903
Business-type activities capital assets, net	<u>\$ 10,285,419</u>	<u>\$ 2,700,740</u>	<u>\$ 625,982</u>	12,360,177
Less related long-term debt outstanding				<u>1,855,410</u>
Net investment in capital assets				<u>\$ 10,504,767</u>
Depreciation expense was charged to the functions as follows:				
Governmental activities				
General government				\$ 885,239
Public safety				349,658
Public works				1,725,881
Conservation and development				12,952
Total depreciation expense - governmental activities				<u>\$ 2,973,730</u>
Business-type activities				
Nursing home				\$ 304,699
Forestry				43,024
Solid waste landfill				1,512,689
Lincoln Industries				100,937
Total depreciation expense - business-type activities				<u>\$ 1,961,349</u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 6 - CAPITAL ASSETS (Continued)

The County has active maintenance construction projects as of December 31, 2016 as follows:

	Spent-to-Date	Remaining Commitment
Maintenance Projects	\$ 78,592	\$ 761,015

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 1/1/16	Issued	Retired	Outstanding 12/31/16	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 10,580,000	\$ 8,820,000	\$ 8,590,000	\$ 10,810,000	\$ 615,000
Debt premium	-	212,905	4,479	208,426	22,350
Capital lease	51,424	73,390	51,424	73,390	10,089
Compensated absences	1,641,789	891,186	871,675	1,661,300	839,553
Governmental activities					
Long-term obligations	<u>\$ 12,273,213</u>	<u>\$ 9,997,481</u>	<u>\$ 9,517,578</u>	<u>\$ 12,753,116</u>	<u>\$ 1,486,992</u>
Business-type activities:					
Taxable note anticipation note	\$ -	\$ 7,000,000	\$ -	\$ 7,000,000	\$ -
Debt premium	-	7,513	-	7,513	-
Compensated absences	529,264	404,919	383,818	550,365	398,519
Business-type activities					
Long-term obligations	<u>\$ 529,264</u>	<u>\$ 7,412,432</u>	<u>\$ 383,818</u>	<u>\$ 7,557,878</u>	<u>\$ 398,519</u>

Interest paid for the year ended December 31, 2016 totaled \$442,089.

Advance Refunding

During 2016 the County advance refunded a general obligation refunding bond issue from 2008. The County issued \$8,820,000 of general obligation bonds refunding bonds to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. This advance refunding was undertaken to reduce total debt service payments over the next twelve years by \$980,996 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$875,779. At December 31, 2016, \$8,150,000 of outstanding general obligation refunding bonds are considered defeased.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

Detail of the above outstanding general obligations debt follows:

Bonds:

\$ 9,965,000	issued November 15, 2008; \$625,000 due in 2017; interest 4.2%	\$ 625,000
1,810,000	issued August 27, 2010; \$75,000 to \$475,000 due annually from 2011 through 2017; interest 1.5% to 2.25%	475,000
890,000	issued August 27, 2010; \$170,000 to \$520,000 due 2018 through 2020, interest 4%	890,000
8,820,000	issued December 1, 2016; \$110,000 to \$1,110,000 due annually from 2017 through 2028; interest 2%	<u>8,820,000</u>
Total Bonds		<u>\$ 10,810,000</u>

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2016, are allocated to activities as detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Interest
2017	\$ 615,000	\$ 212,794	\$ 827,794
2018	630,000	223,950	853,950
2019	910,000	194,775	1,104,775
2020	985,000	165,250	1,150,250
2021	820,000	145,200	965,200
2022-2026	4,680,000	458,800	5,138,800
2027-2028	2,170,000	43,900	2,213,900
	<u>\$ 10,810,000</u>	<u>\$ 1,444,669</u>	<u>\$ 12,254,669</u>

Equalized valuation of the County	\$ 2,322,569,100
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	116,128,455
Total outstanding general obligation debt applicable to debt limitation	\$ 10,810,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>8,847</u>
Net outstanding general obligation debt applicable to debt limitation	<u>10,801,153</u>
Legal Margin for New Debt	<u><u>\$ 105,327,302</u></u>

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

Taxable Note Anticipation Note

Pursuant to a resolution adopted on November 8, 2016, Lincoln County, Wisconsin (the "County") authorized the issuance of \$7,000,000 Taxable Note Anticipation Notes ("Series 2016 NANs"), to provide interim financing for the purposes of paying a portion of the cost of the construction of an addition to the nursing home facility, renovation of a portion of the existing nursing home, and acquisition of related equipment. The Series 2016 NANs dated December 1, 2016, matured on March 1, 2017. On January 17, 2017, the County issued \$6,950,000 General Obligation Refunding Bonds (the "Bonds") maturing December 1, 2021, (collectively, the "Securities"). Proceeds of the Securities were used to refund the Series 2016 NANs at maturing on March 1, 2017, with the remainder available to pay for costs of the construction project.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

The Bonds carry interest rates ranging from 2.0% to 3.5%. The Bonds require semiannual interest only payments through June 1, 2018, and semiannual payments of interest and principal (with principal amounts varying from \$10,000 on December 1, 2018, to \$480,000 on December 1, 2036). The notes carry an interest rate of 2.5% and require semiannual interest only payments with the balance due on December 1, 2021.

Capital Lease

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

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

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2016, were as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Governmental</u> <u>Activities</u>
2017	\$ 10,089
2018	10,089
2019	63,190
Total payments	83,368
Less: Amount representing interest	9,978
Present value of minimum lease payments	<u>\$ 73,390</u>

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

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.

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.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

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

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

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

Year	Core Fund Adjustment	Variable Fund Adjustment
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%
2015	2.9%	2%

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 \$1,166,661 in contributions from the employer.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Executives and Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2016 Lincoln County reported a liability of \$1,931,526. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 30, 2014, rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. Lincoln County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, Lincoln County's proportion was .11886455%, which is an increase of .00046040% from its proportion measured as of December 31, 2014. For the year ended December 31, 2016, Lincoln County recognized a pension expense of \$2,332,155.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

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

At December 31, 2016, Lincoln County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 326,759	\$ 4,064,863
Net differences between projected and actual earnings on pension plan investments	7,908,220	-
Changes in assumptions	1,351,380	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,940	1,655
Employer contributions subsequent to the measurement date	1,159,370	-
Total	<u>\$ 10,758,669</u>	<u>\$ 4,066,518</u>

\$1,159,370 reported as deferred outflows related to pension resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016.

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

Year Ended December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 2,492,815	\$ 984,105
2017	2,492,815	984,105
2018	2,492,815	984,105
2019	2,077,621	984,105
Thereafter	43,233	130,098
	<u>\$ 9,599,299</u>	<u>\$ 4,066,518</u>

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

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

Actuarial Assumptions - The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the investment:

Actuarial Valuation Date	December 31, 2014
Measurement Date of Net Pension Liability	December 31, 2015
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Value
Long-Term Expected Rate of Return	7.20%
Discount Rate	7.20%
Salary Increases:	
Inflation	3.20%
Seniority/Merit	.02%-5.6%
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, 2015, is based upon a roll-forward of the liability calculated from the December 31, 2014, actuarial valuation.

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

	Current Asset Allocation	Destination Target Asset Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
<u>Core fund asset class</u>				
U.S. Equities	27.0%	23.0%	7.6%	4.7%
International Equities	24.5%	22.0%	8.5%	5.6%
Fixed Income	27.5%	37.0%	4.4%	1.6%
Inflation Sensitive Assets	10.0%	20.0%	4.2%	1.4%
Real Estate	7.0%	7.0%	6.5%	3.6%
Private Equity/Debt	7.0%	7.0%	9.4%	6.5%
Multi-Asset	4.0%	4.0%	6.7%	380.0%
Total Core Fund	107.0%	120.0%	7.4%	4.5%
<u>Variable fund asset class</u>				
U.S. Equities	70.0%	70.0%	7.6%	4.7%
International Equities	30.0%	30.0%	8.5%	5.6%
Total Variable Fund	100.0%	100.0%	7.9%	5.0%

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

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

Single Discount Rate: A single discount rate of 7.20% 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 3.57%. 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 liability (asset) to Changes in the Discount Rate: The following presents Lincoln County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20% as well as what Lincoln County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.20%) 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 liability (asset)	\$ 13,547,759	\$ 1,931,526	\$ (7,140,960)

Pension Plan Fiduciary Position - Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Payables to the Pension Plan - At December 31, 2016 Lincoln County reported a payable of \$180,325 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2016.

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 \$5,485,458 during the period of January 1, 2016 to December 31, 2016.

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

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 9 - RISK MANAGEMENT (Continued)

An analysis of claim activities is presented below:

	Liability January 1	Current Year Claims and Changes in Estimates	Claims Paid	Liability December 31
2016	\$ 1,079,814	\$ 4,981,701	\$ 4,809,203	\$ 1,252,312
2015	1,210,660	4,188,411	4,319,257	1,079,814

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 \$43,190. 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, 2016, 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 2016 was \$8,924,688 with Lincoln County's share totaling \$698,463 (7.8%). Operations of the Tri-County Human Services Board are not reflected in the financial statements of Lincoln County.

The following audited summary financial information for North Central Health Care Tri-County facilities is as of December 31, 2016, and for the year then ended.

Assets	\$ 56,103,186
Liabilities	10,123,920
Equity	39,332,226
Revenues	63,488,270
Expenses	66,270,992
Non-operating gain	124,480
Change in net assets	(2,658,242)

Lincoln County's share of net position for the year ended December, 31 2016 is \$2,724,215.

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.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 11 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (Continued)

At December 31, 2016, the County has utilized approximately 94.1% of its original landfill's capacity and 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, 2016, is as follows:

Total estimated costs	\$ 7,931,394
Less closure costs accrued	<u>7,407,889</u>
Estimated costs of construction, closure, and postclosure care to be recognized in future years	<u>\$ 523,505</u>

The estimated total current cost of the landfill construction, closure, and postclosure care of \$7,931,394 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, 2016. 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, 2016, investments of \$4,654,132 are held for these purposes. These investments are held and managed by the County and are presented on the County's statement of net assets 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, 2016

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	\$ 1,558,412	\$ -	\$ -	\$ -	\$ 1,558,412
Prepaid	170,085	-	200	260	170,545
Inventory	12,281	-	-	-	12,281
Subtotal	1,740,778	-	200	260	1,741,238
Restricted:					
Insurance Deposits	43,190	-	-	-	43,190
Veterans	7,784	-	-	-	7,784
Elderly transportation	-	-	41,421	-	41,421
Land Services	204,252	-	-	-	204,252
UW Extension	1,056	-	-	-	1,056
Sheriff	110,577	-	-	-	110,577
County Health	-	-	-	355,140	355,140
Subtotal	366,859	-	41,421	355,140	763,420
Committed:					
Roads Fund	250,000	-	-	-	250,000
Family Care	289,849	-	-	-	289,849
Sheriff's Office CIP	300,748	-	-	-	300,748
IT CIP	168,685	-	-	-	168,685
Maintenance	1,401,268	-	-	-	1,401,268
EMS	235,000	-	-	-	235,000
Subtotal	2,645,550	-	-	-	2,645,550
Assigned:					
Veterans	2,500	-	-	-	2,500
Fairgrounds	-	-	-	-	-
UW Extension	17,471	-	-	-	17,471
Sheriff	210	-	-	-	210
Maintenance	9,747	-	-	-	9,747
Emergency Management	5,004	-	-	-	5,004
CIP not Committed	1,164,561	-	-	-	1,164,561
Roads Fund	-	9	-	-	9
Social Services	-	-	74,453	-	74,453
Other Funds	-	-	-	154,082	154,082
Subtotal	1,199,493	9	74,453	154,082	1,428,037
Unassigned					
General fund	6,308,969	-	-	-	6,308,969
Other Funds	-	-	-	(441,737)	(441,737)
Subtotal	6,308,969	-	-	(441,737)	5,867,232
Total Fund Balances	\$ 12,261,649	\$ 9	\$ 116,074	\$ 67,745	\$ 12,445,477

The County's general fund unassigned balance is \$6,308,969. Included in this unassigned balance is \$4,191,555 for the County's cash flow needs.

LINCOLN COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE 13 - FUND EQUITY (Continued)

Restricted net position

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

	Governmental Activities	Business-type Activities
Insurance deposit	\$ 43,190	\$ -
Grant and program fees	631,207	-
Jail assessments	46,997	-
Elderly transportation	41,421	
Nursing home funds	-	27,784
Forestry grants	-	117,160
	<u>\$ 762,815</u>	<u>\$ 144,944</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 2016 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 2016 budget was .5%. The limit for the County's 2017 budget was .61%. Debt service for debt authorized after July 2005 is exempt for the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

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

REQUIRED SUPPLEMENTARY INFORMATION

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes				
General property	\$ 8,344,500	\$ 8,324,899	\$ 8,324,899	\$ -
Forest crop	10,000	10,000	11,422	1,422
Managed forest land	55,000	55,000	70,681	15,681
County sales tax	1,856,232	1,926,184	1,930,909	4,725
Real estate transfer fees	43,000	43,000	59,488	16,488
Interest on taxes	320,000	320,000	277,405	(42,595)
Payment in lieu of taxes	93,000	93,000	90,892	(2,108)
Total taxes	<u>10,721,732</u>	<u>10,772,083</u>	<u>10,765,696</u>	<u>(6,387)</u>
Intergovernmental				
State shared revenues	980,000	980,000	1,020,119	40,119
Exempt computer aid	33,000	33,000	29,965	(3,035)
Clerk of courts	85,462	85,462	84,721	(741)
Circuit court	73,488	73,488	73,361	(127)
Land services	347,012	589,678	457,400	(132,278)
Sheriff department	48,826	48,826	55,062	6,236
Emergency management	83,301	97,508	72,313	(25,195)
Victim witness	37,171	37,171	35,542	(1,629)
Veterans service	10,000	10,000	7,936	(2,064)
Family court commissioner	477	477	917	440
Child support	214,879	216,031	327,605	111,574
UW extension	4,145	2,072	2,503	431
State acreage payment	67,000	67,000	67,466	466
Total intergovernmental	<u>1,984,761</u>	<u>2,240,713</u>	<u>2,234,910</u>	<u>(5,803)</u>
Licenses and permits				
County clerk	10,600	10,600	9,576	(1,024)
Family court commissioner	3,912	3,912	2,940	(972)
Land Services	100,000	100,000	119,758	19,758
Total licenses and permits	<u>114,512</u>	<u>114,512</u>	<u>132,274</u>	<u>17,762</u>
Fines, forfeits, and penalties				
Clerk of courts	101,500	101,500	106,205	4,705
Circuit court	287	287	1,263	976
Total fines, forfeits, and penalties	<u>101,787</u>	<u>101,787</u>	<u>107,468</u>	<u>5,681</u>

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public charges for service				
Clerk of courts	\$ 60,000	\$ 60,000	\$ 51,448	\$ (8,552)
Circuit court	11,160	11,160	10,405	(755)
Family court commissioner	2,793	2,793	2,995	202
Register of deeds	154,025	154,025	146,253	(7,772)
Land services	49,450	49,450	55,626	6,176
County clerk	250	250	1,007	757
Treasurer	35	35	7	(28)
District attorney	1,000	1,000	928	(72)
Sheriff department	990,213	1,180,657	1,185,317	4,660
Information Technology	65,517	65,517	65,517	-
Coroner	17,000	17,000	15,740	(1,260)
Maintenance	-	-	5,535	5,535
Corporation counsel	1,500	1,500	4,446	2,946
Finance	200	200	75	(125)
Child support	5,000	3,848	3,849	1
UW extension	12,550	21,300	22,809	1,509
Forest land revenue	290,000	290,000	411,724	121,724
Other charges for service	5,100	5,100	10,289	5,189
Total public charges for services	1,665,793	1,863,835	1,993,970	130,135
Intergovernmental charges for service				
Sheriff department	50,100	62,746	55,390	(7,356)
County Board	-	4,798	14,889	10,091
Information technology	-	-	7,762	7,762
Maintenance	-	-	3,646	3,646
Clerk of courts	4,020	4,020	2,319	(1,701)
County clerk	20,000	33,186	42,911	9,725
UW extension	1,805	1,805	1,805	-
Total intergovernmental charges for services	75,925	106,555	128,722	22,167
Miscellaneous				
Interest	90,400	90,400	75,786	(14,614)
Rent	165,800	165,800	164,850	(950)
Tax Deed Profit	5,000	5,000	81,716	76,716
Sale of county property	48,000	48,000	9,985	(38,015)
Insurance recovery	15,000	19,036	19,036	-
Private organization donations	7,925	109,547	184,458	74,911
Total miscellaneous	332,125	437,783	535,831	98,048
Total revenues	14,996,635	15,637,268	15,898,871	261,603

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General government				
County board chairman	\$ 46,900	\$ 46,900	\$ 36,983	\$ 9,917
County board committees	85,076	85,076	72,535	12,541
Clerk of courts	591,426	591,426	516,606	74,820
Circuit court	283,035	283,035	281,925	1,110
Family court commissioner	24,709	24,709	22,971	1,738
Coroner	58,076	58,076	53,673	4,403
District attorney	177,210	183,259	183,257	2
Corporation counsel	178,698	140,816	138,531	2,285
Victim witness	68,751	68,751	67,799	952
County clerk	159,300	159,300	153,317	5,983
Administration/personnel	194,492	290,426	287,593	2,833
Information technology	740,660	739,665	730,861	8,804
General administration	25,500	78,663	78,134	529
Treasurer	150,841	150,841	147,051	3,790
Finance department	387,519	410,095	408,397	1,698
Maintenance	892,263	880,493	849,658	30,835
Land services	552,294	736,035	560,136	175,899
Register of deeds	214,848	214,848	208,975	5,873
Insurance	94,500	110,419	100,198	10,221
Elections	61,378	74,564	74,365	199
Contingency fund	500,000	366,149	-	366,149
Total general government	5,487,476	5,693,546	4,972,965	720,581
Public safety				
Sheriff department:				
Law enforcement	3,418,871	3,474,111	3,428,563	45,548
Emergency communication (911)	932,892	916,791	913,906	2,885
Correction and detention	2,527,339	2,830,889	2,801,980	28,909
Emergency management	110,436	133,047	102,043	31,004
Civil service commission	-	870	870	-
Total public safety	6,989,538	7,355,708	7,247,362	108,346
Public works				
Zoning-sanitation	33,000	9,860	9,860	-
Health and human services				
Community organizations	35,000	35,000	35,000	-
Family care	439,315	444,113	444,113	-
Health care center	541,682	567,682	567,682	-
Child support agency	263,351	263,351	245,711	17,640
Veterans services	152,561	164,450	154,170	10,280
Cemetery	1,314	1,314	1,313	1
Total health and human services	1,433,223	1,475,910	1,447,989	27,921

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Culture, recreation, and education				
Public libraries	\$ 636,373	\$ 636,373	\$ 637,262	\$ (889)
Fairgrounds	-	811,211	811,211	-
UW extension	248,346	263,714	245,257	18,457
Total culture, recreation, and education	884,719	1,711,298	1,693,730	17,568
Conservation and development				
Economic development	53,000	53,000	53,000	-
Land services	630,798	930,554	790,352	140,202
Total conservation and development	683,798	983,554	843,352	140,202
Capital outlay				
Maintenance	404,000	938,627	184,222	754,405
Land services	-	22,950	22,950	-
Information Technology	50,000	144,680	50,995	93,685
Emergency management				-
Sheriff	164,000	363,221	292,793	70,428
Total capital outlay	618,000	1,469,478	550,960	918,518
Total expenditures	16,129,754	18,699,354	16,766,218	1,933,136
Excess (deficiency) of revenues over (under) expenditures	(1,133,119)	(3,062,086)	(867,347)	2,194,739
Other financing sources (uses)				
Funds applied	760,152	3,410,826	3,410,826	-
Transfer in	372,967	372,967	1,182,049	809,082
Transfer out	-	(721,707)	(721,707)	-
Total other financing sources (uses)	1,133,119	3,062,086	3,871,168	809,082
Net change in fund balance	-	-	3,003,821	3,003,821
FUND BALANCE - BEGINNING	12,668,654	12,668,654	12,668,654	-
FUND BALANCE - ENDING	\$ 12,668,654	\$ 12,668,654	\$ 15,672,475	\$ 3,003,821

RECONCILIATION FROM BUDGET TO GAAP:

Net change in fund balance - budget	\$ 3,003,821
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.	(3,410,826)
Net change in fund balance - GAAP	\$ (407,005)

See notes to required supplementary information.

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - COUNTY ROADS AND BRIDGES
Year Ended December 31, 2016

	<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	\$ 2,286,354	\$ 2,286,354	\$ -
Intergovernmental	<u>1,196,272</u>	<u>1,151,873</u>	<u>1,151,874</u>	<u>1</u>
Total revenues	<u>3,463,025</u>	<u>3,438,227</u>	<u>3,438,228</u>	<u>1</u>
EXPENDITURES				
Public works	<u>3,713,025</u>	<u>4,324,482</u>	<u>4,324,482</u>	<u>-</u>
Deficiency of revenues over (under) expenditures	<u>(250,000)</u>	<u>(886,255)</u>	<u>(886,254)</u>	<u>1</u>
OTHER FINANCING SOURCES				
Transfers in	250,000	721,707	721,707	-
Fund balance applied	<u>-</u>	<u>164,548</u>	<u>164,548</u>	<u>-</u>
Total other financing sources	<u>250,000</u>	<u>886,255</u>	<u>886,255</u>	<u>-</u>
Net change in fund balance	-	-	1	1
FUND BALANCES - BEGINNING	<u>164,556</u>	<u>164,556</u>	<u>164,556</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 164,556</u>	<u>\$ 164,556</u>	<u>\$ 164,557</u>	<u>\$ 1</u>
RECONCILIATION FROM BUDGET TO GAAP:				
Net change in fund balance - budget	\$ 1			
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>(164,548)</u>			
Net change in fund balance - GAAP	<u>\$ (164,547)</u>			

See notes to required supplementary information.

LINCOLN COUNTY, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SOCIAL SERVICES FUND
Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
General property	\$ 506,531	\$ 506,531	\$ 506,531	\$ -
Intergovernmental	1,718,775	1,741,327	1,741,324	(3)
Public charges for service	1,800	450	450	-
Intergovernmental charges for service	4,700	2,585	2,585	-
Miscellaneous revenues	9,866	1,362	1,364	2
Total revenues	<u>2,241,672</u>	<u>2,252,255</u>	<u>2,252,254</u>	<u>(1)</u>
EXPENDITURES				
Health and human services	2,238,672	2,368,638	2,368,618	20
Outlay	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,241,672</u>	<u>2,368,638</u>	<u>2,368,618</u>	<u>20</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(116,383)</u>	<u>(116,364)</u>	<u>19</u>
OTHER FINANCING SOURCES (USES)				
Fund balance applied	<u>-</u>	<u>116,383</u>	<u>116,383</u>	<u>-</u>
Net change in fund balance	-	-	19	19
FUND BALANCE - JANUARY 1	<u>232,438</u>	<u>232,438</u>	<u>232,438</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$ 232,438</u>	<u>\$ 232,438</u>	<u>\$ 232,457</u>	<u>\$ 19</u>

RECONCILIATION FROM BUDGET TO GAAP:

Net change in fund balance - budget	\$ 19
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>(116,383)</u>
Net change in fund balance - GAAP	<u>\$ (116,364)</u>

See notes to required supplementary information.

LINCOLN COUNTY, WISCONSIN
SCHEDULES OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
December 31, 2016

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/15	0.11840415%	\$ (2,908,330)	\$ 15,567,327	18.68%	102.74%
12/31/16	0.11886455%	1,931,526	16,340,961	11.82%	98.20%

Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 1,147,803	\$ 1,147,803	\$ -	\$ 15,567,327	7.37%
12/31/16	1,166,661	1,166,661	-	16,340,961	7.14%

See notes to required supplementary information.

LINCOLN COUNTY, WISCONSIN
Notes to Required Supplementary Information
December 31, 2016

NOTE 1 - EXCESS OF ACTUAL EXPENDITURES OVER FINAL BUDGET

For the year ending December 31, 2016, the legally adopted budget line items with actual expenditures over the final budget were as follows:

General Fund	Final Budget	Actual
Culture, recreation, and education		
Public libraries	\$ 636,373	\$ 637,262

NOTE 2 - WISCONSIN RETIREMENT SYSTEM

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

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The County is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

COMBINING FUND STATEMENTS

LINCOLN COUNTY, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2016

	Special Revenue							Total Nonmajor Governmental Funds
	County Health	Dog License	Community Development	Emergency Medical	Jail Assessment	Total	Debt Service	
ASSETS								
Cash and cash equivalents	\$ 411,488	\$ 43,253	\$ 2	\$ -	\$ 46,187	\$ 500,930	\$ 8,847	\$ 509,777
Receivables (net of allowances):								
Property taxes	549,481	-	-	868,094	-	1,417,575	892,995	2,310,570
Accounts	375	-	-	346,143	-	346,518	-	346,518
Due from other governments	75,207	-	-	-	810	76,017	-	76,017
Prepaid items	-	-	-	260	-	260	-	260
TOTAL ASSETS	\$ 1,036,551	\$ 43,253	\$ 2	\$ 1,214,497	\$ 46,997	\$ 2,341,300	\$ 901,842	\$ 3,243,142
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 6,799	\$ 41,568	\$ -	\$ 171,565	\$ -	\$ 219,932	\$ -	\$ 219,932
Accrued liabilities	26,640	-	-	-	-	26,640	-	26,640
Due to other funds	-	-	-	586,705	-	586,705	-	586,705
Due to other governments	774	685	-	-	-	1,459	-	1,459
Deferred revenue	481	-	-	29,610	-	30,091	-	30,091
Total liabilities	34,694	42,253	-	787,880	-	864,827	-	864,827
Deferred inflows of resources								
Property taxes levied for subsequent year	549,481	-	-	868,094	-	1,417,575	892,995	2,310,570
Fund balance								
Fund balances:								
Nonspendable	-	-	-	260	-	260	-	260
Restricted	355,140	-	-	-	-	355,140	-	355,140
Assigned	97,236	1,000	2	-	46,997	145,235	8,847	154,082
Unassigned	-	-	-	(441,737)	-	(441,737)	-	(441,737)
Total fund balance	452,376	1,000	2	(441,477)	46,997	58,898	8,847	67,745
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,036,551	\$ 43,253	\$ 2	\$ 1,214,497	\$ 46,997	\$ 2,341,300	\$ 901,842	\$ 3,243,142

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	<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>	
REVENUES								
Taxes	\$ 505,067	\$ -	\$ -	\$ 734,037	\$ -	\$ 1,239,104	\$ 852,238	\$ 2,091,342
Intergovernmental revenues	102,092	-	-	65,646	-	167,738	14,931	182,669
Licenses and permits	-	41,895	-	-	-	41,895	-	41,895
Fines, forfeits, and penalties	-	-	-	-	27,079	27,079	-	27,079
Public charges for service	200,456	-	-	957,928	-	1,158,384	-	1,158,384
Intergovernmental charges for service	201,938	-	-	-	-	201,938	-	201,938
Miscellaneous revenues	10,450	-	-	-	-	10,450	-	10,450
Total revenues	1,020,003	41,895	-	1,757,611	27,079	2,846,588	867,169	3,713,757
EXPENDITURES								
Current:								
Public safety	-	-	-	1,901,186	21,500	1,922,686	-	1,922,686
Health and human services	1,057,237	41,895	-	-	-	1,099,132	-	1,099,132
Capital outlay	-	-	-	168,169	-	168,169	-	168,169
Debt service:								
Principal	-	-	-	-	-	-	425,000	425,000
Interest	-	-	-	-	-	-	569,264	569,264
Total expenditures	1,057,237	41,895	-	2,069,355	21,500	3,189,987	994,264	4,184,251
Excess (deficiency) of revenues over (under) expenditures	(37,234)	-	-	(311,744)	5,579	(343,399)	(127,095)	(470,494)
OTHER FINANCING SOURCES (USES)								
Payment to refunded debt escrow agent	-	-	-	-	-	-	(8,903,298)	(8,903,298)
Proceeds from long-term debt	-	-	-	-	-	-	8,820,000	8,820,000
Debt premium	-	-	-	-	-	-	212,905	212,905
Transfers out	(57,707)	-	-	-	-	(57,707)	-	(57,707)
Total other financing sources and uses	(57,707)	-	-	-	-	(57,707)	129,607	71,900
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(94,941)	-	-	(311,744)	5,579	(401,106)	2,512	(398,594)
FUND BALANCES - BEGINNING	547,317	1,000	2	(129,733)	41,418	460,004	6,335	466,339
FUND BALANCES (DEFICIT) - ENDING	\$ 452,376	\$ 1,000	\$ 2	\$ (441,477)	\$ 46,997	\$ 58,898	\$ 8,847	\$ 67,745

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2016

	Internal Service Funds		
	Highway	Health Insurance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 416,750	\$ 3,000,941	\$ 3,417,691
Accounts receivable	2,536	2,565	5,101
Due from other governments	587,722	-	587,722
Inventories, at cost	1,069,897	-	1,069,897
Prepaid expenses	799	-	799
Total current assets	<u>2,077,704</u>	<u>3,003,506</u>	<u>5,081,210</u>
Capital assets:			
Land	37,875	-	37,875
Improvements other than buildings	289,794	-	289,794
Buildings	2,016,136	-	2,016,136
Machinery and equipment	10,279,301	-	10,279,301
Less accumulated depreciation	<u>(8,117,121)</u>	<u>-</u>	<u>(8,117,121)</u>
Total capital assets	<u>4,505,985</u>	<u>-</u>	<u>4,505,985</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	<u>1,266,083</u>	<u>-</u>	<u>1,266,083</u>
Total assets and deferred outflows of resources	<u>7,849,772</u>	<u>3,003,506</u>	<u>10,853,278</u>
LIABILITIES			
Current liabilities:			
Accounts payable	107,481	496,857	604,338
Accrued expenses	112,724	638	113,362
Compensated absences payable	240,649	-	240,649
Due other funds	8,263	-	8,263
Accrued claims	-	754,817	754,817
Current maturities of long-term debt	<u>10,089</u>	<u>-</u>	<u>10,089</u>
Total current liabilities	<u>479,206</u>	<u>1,252,312</u>	<u>1,731,518</u>
Noncurrent liabilities:			
Compensated absences payable	225,771	-	225,771
Noncurrent maturities of long-term debt	63,301	-	63,301
Net pension liability	<u>226,656</u>	<u>-</u>	<u>226,656</u>
Total noncurrent liabilities	<u>515,728</u>	<u>-</u>	<u>515,728</u>
Total liabilities	<u>994,934</u>	<u>1,252,312</u>	<u>2,247,246</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	<u>477,188</u>	<u>-</u>	<u>477,188</u>
NET POSITION			
Net investment in capital assets	4,424,332	-	4,424,332
Unrestricted	<u>1,953,318</u>	<u>1,751,194</u>	<u>3,704,512</u>
TOTAL NET POSITION	<u>\$ 6,377,650</u>	<u>\$ 1,751,194</u>	<u>\$ 8,128,844</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended December 31, 2016

	Internal Service Funds		
	<u>Highway</u>	<u>Health Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Interdepartmental charges for service	\$ 4,362,846	\$ 5,683,238	\$ 10,046,084
Intergovernmental charges for service	2,551,847	-	2,551,847
Other operating revenue	233,425	-	233,425
 Total operating revenues	 <u>7,148,118</u>	 <u>5,683,238</u>	 <u>12,831,356</u>
 OPERATING EXPENSES			
Claims paid	-	4,809,203	4,809,203
General services	6,455,059	-	6,455,059
Administrative and fiscal services	401,772	786,974	1,188,746
Depreciation and amortization	473,713	-	473,713
 Total operating expenses	 <u>7,330,544</u>	 <u>5,596,177</u>	 <u>12,926,721</u>
 Operating income (loss)	 <u>(182,426)</u>	 <u>87,061</u>	 <u>(95,365)</u>
 NONOPERATING REVENUES			
Rent revenue	50	-	50
Gain on disposal of capital assets	58,217	-	58,217
Salvage revenue	20,275	-	20,275
Gain on sale of supplies	13,100	-	13,100
Insurance recoveries	150,994	-	150,994
Interest income	-	14,212	14,212
 Total nonoperating revenues	 <u>242,636</u>	 <u>14,212</u>	 <u>256,848</u>
 Change in net position	 60,210	 101,273	 161,483
 TOTAL NET POSITION - BEGINNING	 <u>6,317,440</u>	 <u>1,649,921</u>	 <u>7,967,361</u>
 TOTAL NET POSITION - ENDING	 <u>\$ 6,377,650</u>	 <u>\$ 1,751,194</u>	 <u>\$ 8,128,844</u>

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2016

	Internal Service Funds		
	Highway	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
From other County departments	\$ 4,393,103	\$ 5,683,238	\$ 10,076,341
From government and other parties for sales	2,716,880	-	2,716,880
To employees for compensation and fringe benefits	(2,892,677)	(19,275)	(2,911,952)
To vendors for goods and services	(3,602,519)	(5,404,404)	(9,006,923)
Net cash provided by operating activities	614,787	259,559	874,346
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Rent	50	-	50
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(949,386)	-	(949,386)
Proceeds from sales of supplies	33,375	-	33,375
Proceeds from capital lease	73,390	-	73,390
Lease payment	(51,424)	-	(51,424)
Insurance recovery for damaged equipment	150,994	-	150,994
Advance from general fund	(56,195)	-	(56,195)
Proceeds from sale of capital assets	266,483	-	266,483
Net cash used for capital and related financing activities	(532,763)	-	(532,763)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	13,226	13,226
NET INCREASE IN CASH AND CASH EQUIVALENTS	82,074	272,785	354,859
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	334,676	2,728,156	3,062,832
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 416,750	\$ 3,000,941	\$ 3,417,691
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (182,426)	\$ 87,061	\$ (95,365)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	473,713	-	473,713
Change in net pension liability (asset) and related deferred outflows/inflows	143,804	-	143,804
Changes in operating assets and liabilities:			
Accounts receivable	165,033	-	165,033
Due from other governments	(203,168)	-	(203,168)
Prepaid expenses	1,362	-	1,362
Inventories	171,795	-	171,795
Accounts payable	16,570	(496,676)	(480,106)
Accrued expenses	10,516	638	11,154
Compensated absences	17,588	-	17,588
Accrued claims	-	668,536	668,536
Total adjustments	797,213	172,498	969,711
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 614,787	\$ 259,559	\$ 874,346

LINCOLN COUNTY, WISCONSIN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2016

	Agency Funds		
	Employee Benefit Cafeteria Plan	Clerk of Court Collection Fund	Total
ASSETS			
Cash and cash equivalents	\$ 25,517	\$ -	\$ 25,517
Accounts receivable	<u>-</u>	<u>758,528</u>	<u>758,528</u>
Total assets	<u>\$ 25,517</u>	<u>\$ 758,528</u>	<u>\$ 784,045</u>
LIABILITIES			
Deposits and advances	\$ 18,054	\$ -	\$ 18,054
Due other governments	-	758,528	758,528
Due to other funds	<u>7,463</u>	<u>-</u>	<u>7,463</u>
Total liabilities	<u>\$ 25,517</u>	<u>\$ 758,528</u>	<u>\$ 784,045</u>