

**LINCOLN COUNTY, WISCONSIN**  
**Merrill, Wisconsin**

**BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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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, 2017, 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 46 percent, 33 percent, and 70 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, 2017, 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.

## **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.

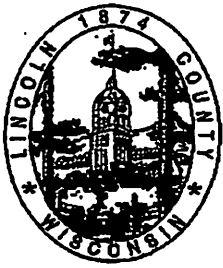
### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2018, 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  
August 13, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



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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, 2017.

### **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 \$71,604,131 (net position). Of this amount, \$17,753,458 (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 \$1,996,559 and the business-type activities decreased by \$1,637,725.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$11,785,539, a decrease of \$659,938 in comparison with the prior year. Eighty percent of this total amount, \$9,444,393, 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 \$1,536,224.
- In 2017 Lincoln County's capital assets increased by \$7,569,007.

### **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, 2017. 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 2017, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$71,604,131.

By far the largest portion of the County's net position, \$52,902,774 (73.88%) 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.

<b>Lincoln County's Net Position</b>						
	Governmental	Governmental	Business-Type	Business-Type		
	Activities	Activities	Activities	Activities	Total	Total
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 32,492,793	\$ 34,006,578	\$ 12,461,220	\$ 19,615,645	\$ 44,954,013	\$ 53,622,223
Capital assets	<u>52,311,276</u>	<u>51,964,260</u>	<u>19,582,168</u>	<u>12,360,177</u>	<u>71,893,444</u>	<u>64,324,437</u>
Total assets	<u>84,804,069</u>	<u>85,970,838</u>	<u>32,043,388</u>	<u>31,975,822</u>	<u>116,847,457</u>	<u>117,946,660</u>
Deferred outflows of resources	<u>5,278,367</u>	<u>7,285,962</u>	<u>2,951,812</u>	<u>4,184,637</u>	<u>8,230,179</u>	<u>11,470,599</u>
Long-term liabilities						
outstanding	11,270,251	12,445,475	17,014,820	15,519,415	28,285,071	27,964,890
Other liabilities	<u>5,445,440</u>	<u>5,117,954</u>	<u>2,437,023</u>	<u>3,020,593</u>	<u>7,882,463</u>	<u>8,138,547</u>
Total liabilities	<u>16,715,691</u>	<u>17,563,429</u>	<u>19,451,843</u>	<u>18,540,008</u>	<u>36,167,534</u>	<u>36,103,437</u>
Deferred inflows of resources	<u>15,529,001</u>	<u>15,859,068</u>	<u>1,776,970</u>	<u>2,216,339</u>	<u>17,305,971</u>	<u>18,075,407</u>
Net position:						
Net investment in capital assets	42,508,160	41,657,764	10,394,614	10,504,767	52,902,774	52,162,531
Restricted	799,162	762,815	148,737	144,944	947,899	907,759
Unrestricted	<u>14,530,422</u>	<u>17,413,724</u>	<u>3,223,036</u>	<u>4,754,401</u>	<u>17,753,458</u>	<u>22,168,125</u>
Total net position	<u>\$ 57,837,744</u>	<u>\$ 59,834,303</u>	<u>\$ 13,766,387</u>	<u>\$ 15,404,112</u>	<u>\$ 71,604,131</u>	<u>\$ 75,238,415</u>

An additional portion of the County's net position, \$947,899 (1.32%), 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, Social Services, and Emergency Medical Funds.



**Governmental Activities.** Governmental activities decreased the County's net position by \$1,996,559. Key elements of this decrease are as follows:

Lincoln County's Change in Net Position						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 6,831,562	\$ 7,299,806	\$ 16,896,730	\$ 16,972,300	\$ 23,728,292	\$24,272,106
Operating grants and contributions	4,020,354	4,260,692	317,865	249,162	4,338,219	4,509,854
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	13,376,133	13,209,126	632,756	546,800	14,008,889	13,755,926
Other taxes	2,625,558	2,540,820	-	-	2,625,558	2,540,820
Grants and contributions not restricted to specific programs	1,043,283	1,050,085	-	-	1,043,283	1,050,085
Other	137,809	75,768	155	154	137,964	75,922
Total revenues	<u>28,034,699</u>	<u>28,436,297</u>	<u>17,847,506</u>	<u>17,768,416</u>	<u>45,882,205</u>	<u>46,204,713</u>
Expenses:						
General government	6,274,904	6,861,985	-	-	6,274,904	6,861,985
Public safety	10,460,850	10,194,261	-	-	10,460,850	10,194,261
Public works	7,197,870	6,944,711	-	-	7,197,870	6,944,711
Health and human services	5,391,584	4,997,550	-	-	5,391,584	4,997,550
Culture and recreation	854,181	885,094	-	-	854,181	885,094
Conservation and development	683,595	849,909	-	-	683,595	849,909
Interest on long-term debt	268,441	536,002	-	-	268,441	536,002
Nursing home	-	-	14,132,910	13,234,253	14,132,910	13,234,253
Forestry	-	-	1,012,719	904,119	1,012,719	904,119
Lincoln Industries	-	-	2,029,974	1,885,499	2,029,974	1,885,499
Landfill	-	-	1,209,461	2,272,488	1,209,461	2,272,488
Total expenses	<u>31,131,425</u>	<u>31,269,512</u>	<u>18,385,064</u>	<u>18,296,359</u>	<u>49,516,489</u>	<u>49,565,871</u>
Increase (decrease) in net position before transfers	(3,096,726)	(2,833,215)	(537,558)	(527,943)	(3,634,284)	(3,361,158)
Transfers	<u>1,100,167</u>	<u>1,162,467</u>	<u>(1,100,167)</u>	<u>(1,162,467)</u>	-	-
Increase (Decrease) in net position	(1,996,559)	(1,670,748)	(1,637,725)	(1,690,410)	(3,634,284)	(3,361,158)
Net position - January 1	<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>
Net position - December 31	<u>\$ 57,837,744</u>	<u>\$ 59,834,303</u>	<u>\$ 13,766,387</u>	<u>\$ 15,404,112</u>	<u>\$ 71,604,131</u>	<u>\$ 75,238,415</u>

The County's General Fund decreased \$848,505 due to a spend down of the Capital Improvement Project (CIP) fund. The County's Social Service fund decreased \$115,593 due to lower than expected revenues. The County's Emergency Medical fund decreased \$78,041 due to lower than anticipated ambulance runs. The County's Health Insurance fund showed a decrease of \$964,759 due to higher than anticipated claims. An additional pension expense of \$684,385 was absorbed by the governmental activities due to requirements of GASB 68.

**Business-type Activities** Business-type activities decreased Lincoln County's net position by \$1,637,725. Solid Waste had an increase of \$489,655 due to a decrease of future construction costs. Forestry showed a loss of \$544,423 due to a transfer of \$1,238,868 mostly to the Capital Improvement Project (CIP) fund. Lincoln Industries posted a \$222,410 due to lower than anticipated revenues, and Pine Crest posted a loss of \$1,360,547 due to GABS 68 expenses of \$436,722 and lower than anticipated census due to construction.

### **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 \$11,785,539, a decrease of \$659,938 in comparison with the prior year. Approximately 80 percent of this total amount, \$9,444,393, constitutes the amount which is available for spending at the government's discretion. Of the \$11,785,539, \$1,866,537 is committed by County Board action for CIP projects, another \$1,893,362 is assigned for CIP projects in future years, and \$4,213,096 is recognized by County Board action for cash flow. Additionally, \$150,525 is assigned by the Finance and Insurance Committee for specific programs. The remaining \$1,075,201 in the General Fund is unassigned.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,288,198, while the total fund balance was \$11,413,144. A total of \$9,488,471 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 \$848,505 during the current fiscal year. Key factors in this decrease are as follows:

- The County transferred an amount of \$1,538,868 into General Fund. \$937,285 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. An additional \$250,000 was transferred from Forestry to CIP during 2017. The County transferred \$616,149 out of the General Fund to the Roads Fund for work on County roads, and \$235,000 to the Emergency Medical fund for the purchase of an ambulance.
- Total revenues fell short of budget expectations by \$67,691. Public charges in the Sheriff's office fell short \$167,121. Interest on taxes fell short of budget by \$126,125. This was partially offset by sales tax and Child Support exceeding budget expectations by \$107,069 and \$102,674 respectively.
- Expenditures came in under budget by \$1,756,122. An additional \$1,004,843 was carried over into 2018 than was originally budgeted, Land Services underspent by \$145,022, and the general government budget was underspent by \$580,687.

The County Roads and Bridges Fund has a fund balance of \$233,017 at December 31, 2017 an increase of \$233,008 when compared to the previous year. Reserves were restored after a harsh winter in 2016.

The Social Services fund has a total fund balance of \$481. The fund balance of the Social Services fund decreased by \$115,593 during the current year. An unanticipated increase in out of home placements and revenue shortfalls 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 \$1,322,174, those of Solid Waste Landfill amounted to a negative \$672,575, those of Lincoln Industries amounted to \$859,460 and those of Forestry amounted to \$1,713,977. 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 2016). The second category included several increases in appropriations to prevent budget overruns. The third included grants or purchases that were not anticipated and budgeted for originally. Other budget amendments were not made for variances in revenue lines unless it was for a grant.

During the year, the budget for expenditures was *increased* by \$1,776,866. Those amendments are briefly summarized below:

- \$1,265,063 - The actual amount of grant and designated funds spent down in 2016 was less than the amount estimated as designated for non-lapsing appropriations when the budget was prepared.
- \$35,093 - Increase in expenditures due to increased grant revenues.
- \$551,000 - Increase in Capital Improvement Projects (CIP) during the year.

Actual expenditures were \$1,756,122 *less* than the amended budget. Explanations not already provided elsewhere in this report are summarized below:

- \$237,205 - Unused electronic access and retained fee revenue.
- \$59,916 - Lower than expected Guardian Ad Litem and attorney costs in the Clerk of Courts Office.
- \$96,766 - Due to decreased operational and utility expenditures in the maintenance department

On the revenue side, the original budget was *increased* by \$175,302 with budget amendments largely due to increases of \$59,041 in grant revenue and \$163,282 in public charges for service revenue.

Actual revenues were \$67,691 *lower* than budgeted. Significant variances not already provided elsewhere are as follows:

- Land Services grants ended \$143,677 lower than budgeted.
- Clerk of Courts fines were \$27,455 higher than anticipated.
- Child support revenue was \$102,674 higher than budgeted.
- Forest land revenue was \$74,455 higher than budgeted.

### **Capital Asset and Debt Administration**

**Capital assets.** Lincoln County's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounted to \$71,893,444 (net of accumulated depreciation) compared to \$64,324,437 in 2016. 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 \$7,569,007 or 11.8 percent.

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

- \$ 2,278,459 was added to the landfill expansion project.
- Construction in progress increased \$7,146,814 due to the Pine Crest building project.
- Work in progress decreased by \$3,919,565.
- Depreciation expense totaled \$5,011,183 in 2017.

Lincoln County's Capital Assets (net of accumulated depreciation)						
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
	2017	2016	2017	2016	2017	2016
Land	\$ 41,395	\$ 41,395	\$ 2,641,462	\$ 2,641,462	\$ 2,682,857	\$ 2,682,857
Land improvements	517,754	273,915	4,165,214	3,055,435	4,682,968	3,329,350
Infrastructure	32,558,167	32,509,000	-	-	32,558,167	32,509,000
Buildings and improvements	13,837,326	14,293,138	9,544,093	2,616,930	23,381,419	16,910,068
Equipment and vehicles	5,297,946	4,768,220	2,972,379	1,081,538	8,270,325	5,849,758
Work in progress	<u>58,688</u>	<u>78,592</u>	<u>259,020</u>	<u>2,976,479</u>	<u>317,708</u>	<u>3,055,071</u>
Total	<u>\$ 52,311,276</u>	<u>\$ 51,964,260</u>	<u>\$ 19,582,168</u>	<u>\$ 12,371,844</u>	<u>\$ 71,893,444</u>	<u>\$ 64,336,104</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 \$17,145,000 which is an increase of \$6,335,000. In 2016 the total general obligation debt outstanding was \$10,810,000. In 2017, Lincoln issued a note anticipation note for \$2,600,000 and general obligation refunding bonds for \$6,950,000 for the Pine Crest nursing home expansion. 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
	2017	2016	2017	2016	2017	2016
Bonds	\$ 10,195,000	\$ 10,810,000	\$ 6,950,000	\$ -	\$ 17,145,000	\$ 10,810,000
Notes	-	-	2,600,000	7,000,000	2,600,000	7,000,000
Capital lease	67,292	73,390	-	-	67,292	73,390
Compensated absences	<u>1,822,660</u>	<u>1,661,300</u>	<u>600,142</u>	<u>550,365</u>	<u>2,422,802</u>	<u>2,211,665</u>
Total general long-term obligations	<u>\$ 12,084,952</u>	<u>\$ 12,544,690</u>	<u>\$ 10,150,142</u>	<u>\$ 7,550,365</u>	<u>\$ 22,235,094</u>	<u>\$ 20,095,055</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 \$119,099,385, 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 2018 was 3.4 percent as compared to 2.7 percent for the State of Wisconsin. The April 2018 rate for Lincoln County was .2 percent lower than the April 2017 rate (3.6%).
- The general economic condition and outlook for the County is for growth creating increased employment opportunities. Equalized valuation in Lincoln County increased 3 percent in 2018 and still remains below the 2010 valuation by 3.2 percent.
- Inflationary trends in our region compare to national indices.

These factors were considered in preparing the County's budget for the 2018 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, 2017**

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 12,784,213	\$ 4,984,073	\$ 17,768,286
Receivables, net:			
Property taxes	13,633,080	556,942	14,190,022
Tax certificates and deeds	1,612,398	-	1,612,398
Assessments	149,796	-	149,796
Accounts, net	1,452,985	1,773,158	3,226,143
Due from other governments	1,441,196	79,942	1,521,138
Inventories, at cost	1,183,278	146,793	1,330,071
Prepaid items	176,162	40,450	216,612
Total current assets	32,433,108	7,581,358	40,014,466
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	59,685	4,879,862	4,939,547
Capital assets:			
Land and construction in progress	100,083	2,900,482	3,000,565
Other capital assets, net of depreciation	52,211,193	16,681,686	68,892,879
Total capital assets	52,311,276	19,582,168	71,893,444
Total noncurrent assets	52,370,961	24,462,030	76,832,991
Total assets	84,804,069	32,043,388	116,847,457
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Early retirement of debt	645,262	-	645,262
Related to pensions	4,633,105	2,951,812	7,584,917
Total deferred outflow of resources	5,278,367	2,951,812	8,230,179
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,318,647	749,728	2,068,375
Accrued expenses	759,171	400,434	1,159,605
Compensated absences payable	938,163	451,569	1,389,732
Accrued claims	783,787	-	783,787
Deposits and advances	488,855	527,459	1,016,314
Due to other governments	245,466	209,227	454,693
Current portion of long-term obligations	663,412	10,000	673,412
Unearned revenues	247,939	88,606	336,545
Total current liabilities	5,445,440	2,437,023	7,882,463
Noncurrent liabilities:			
Future closure payable	-	6,356,753	6,356,753
Net pension liability	600,798	386,614	987,412
Compensated absences payable	884,497	148,573	1,033,070
Due to other governments	-	183,326	183,326
Noncurrent portion of long-term obligations	9,784,956	9,939,554	19,724,510
Total noncurrent liabilities	11,270,251	17,014,820	28,285,071
Total liabilities	16,715,691	19,451,843	36,167,534
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	1,895,921	1,220,028	3,115,949
Property taxes levied for subsequent year	13,633,080	556,942	14,190,022
Total deferred inflows of resources	15,529,001	1,776,970	17,305,971
<b>NET POSITION</b>			
Net investment in capital assets	42,508,160	10,394,614	52,902,774
Restricted	799,162	148,737	947,899
Unrestricted	14,530,422	3,223,036	17,753,458
<b>TOTAL NET POSITION</b>	<b>\$ 57,837,744</b>	<b>\$ 13,766,387</b>	<b>\$ 71,604,131</b>

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, 2017

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
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$ 6,274,904	\$ 637,416	\$ 287,178	\$ -	\$ (5,350,310)	\$ -	\$ (5,350,310)
Public safety	10,460,850	2,334,984	187,968	-	(7,937,898)	-	(7,937,898)
Public works	7,197,870	2,798,730	1,232,611	-	(3,166,529)	-	(3,166,529)
Health and human services	5,391,584	475,535	2,096,696	-	(2,819,353)	-	(2,819,353)
Culture, recreation, and education	854,181	34,239	4,145	-	(815,797)	-	(815,797)
Conservation and development	683,595	550,658	196,841	-	63,904	-	63,904
Interest on long-term debt	268,441	-	14,915	-	(253,526)	-	(253,526)
Total governmental activities	31,131,425	6,831,562	4,020,354	-	(20,279,509)	-	(20,279,509)
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Nursing home	14,132,910	11,780,717	-	-	-	(2,352,193)	(2,352,193)
Forestry	1,012,719	1,364,406	317,865	-	-	669,552	669,552
Lincoln Industries	2,029,974	1,867,710	-	-	-	(162,264)	(162,264)
Solid waste landfill	1,209,461	1,835,137	-	-	-	625,676	625,676
Total business-type activities	18,385,064	16,847,970	317,865	-	-	(1,219,229)	(1,219,229)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 49,516,489</b>	<b>\$ 23,679,532</b>	<b>\$ 4,338,219</b>	<b>\$ -</b>	<b>(20,279,509)</b>	<b>(1,219,229)</b>	<b>(21,498,738)</b>
<b>GENERAL REVENUES:</b>							
Taxes:							
Property taxes, levied for general purposes					13,376,133	632,756	14,008,889
Private forest cropland/managed forest land taxes					92,913	-	92,913
County sales tax					2,056,871	-	2,056,871
Real estate transfer taxes					69,867	-	69,867
Payment in lieu of taxes					89,305	-	89,305
Interest and penalties on taxes					316,602	-	316,602
Grants and contributions not restricted to specific programs					1,043,283	-	1,043,283
Unrestricted investment earnings					137,809	48,915	186,724
Transfers					1,100,167	(1,100,167)	-
Total general revenues and transfers					18,282,950	(418,496)	17,864,454
<b>CHANGE IN NET POSITION</b>					(1,996,559)	(1,637,725)	(3,634,284)
<b>NET POSITION - BEGINNING</b>					59,834,303	15,404,112	75,238,415
<b>NET POSITION - ENDING</b>					<b>\$ 57,837,744</b>	<b>\$ 13,766,387</b>	<b>\$ 71,604,131</b>

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, 2017**

	<u>General</u>	<u>County Roads and Bridges</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,792,994	\$ 43,708	\$ 100	\$ 677,069	\$ 10,513,871
Receivables, net:					
Property taxes	8,549,916	2,107,576	600,450	2,375,138	13,633,080
Tax certificates and deeds	1,612,398	-	-	-	1,612,398
Assessments	149,796	-	-	-	149,796
Accounts	1,009,334	-	-	286,236	1,295,570
Due from other governments	424,292	189,309	268,594	58,542	940,737
Due from other funds	768,254	-	-	-	768,254
Prepaid items	172,322	-	-	459	172,781
Inventory	4,580	-	-	-	4,580
Restricted assets:					
Cash and cash equivalents	54,595	-	5,090	-	59,685
<b>TOTAL ASSETS</b>	<b>\$ 22,538,481</b>	<b>\$ 2,340,593</b>	<b>\$ 874,234</b>	<b>\$ 3,397,444</b>	<b>\$ 29,150,752</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 258,612	\$ -	\$ 82,325	\$ 220,804	\$ 561,741
Accrued liabilities	545,969	-	38,436	25,210	609,615
Deposits and advances	483,740	-	5,115	-	488,855
Due to other funds	-	-	147,427	604,858	752,285
Due to other governments	244,104	-	-	1,362	245,466
Unearned revenue	159,131	-	-	31,175	190,306
<b>Total liabilities</b>	<b>1,691,556</b>	<b>-</b>	<b>273,303</b>	<b>883,409</b>	<b>2,848,268</b>
<b>Deferred inflows of resources</b>					
Property taxes levied for subsequent year	8,549,916	2,107,576	600,450	2,375,138	13,633,080
Interest on delinquent taxes	509,884	-	-	-	509,884
Citation receivables	373,981	-	-	-	373,981
<b>Total deferred inflows of resources</b>	<b>9,433,781</b>	<b>2,107,576</b>	<b>600,450</b>	<b>2,375,138</b>	<b>14,516,945</b>
<b>Fund balances</b>					
Reserved for:					
Nonspendable	1,541,625	-	-	459	1,542,084
Restricted	383,048	-	41,768	374,346	799,162
Committed	2,156,386	-	-	-	2,156,386
Assigned	2,043,887	233,017	-	283,870	2,560,774
Unassigned	5,288,198	-	(41,287)	(519,778)	4,727,133
<b>Total fund balances</b>	<b>11,413,144</b>	<b>233,017</b>	<b>481</b>	<b>138,897</b>	<b>11,785,539</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 22,538,481</b>	<b>\$ 2,340,593</b>	<b>\$ 874,234</b>	<b>\$ 3,397,444</b>	<b>\$ 29,150,752</b>

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, 2017**

Total fund balances for governmental funds \$ 11,785,539

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	58,688	
Land improvements, net of \$94,419 accumulated depreciation	386,525	
Buildings, net of \$12,398,862 accumulated depreciation	13,426,074	
Machinery and equipment, net of \$2,959,878 accumulated depreciation	1,238,167	
Intangible assets, net of \$107,695 accumulated depreciation	-	
Infrastructure, net of \$25,143,244 accumulated depreciation	<u>32,558,167</u>	
Total capital assets		47,671,141

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	\$ 786,435	
Highway fund	<u>5,936,762</u>	
Total internal service funds		6,723,197

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 12/31/17 are:

Accrued interest on notes	\$ (58,863)	
Bonds payable	(10,195,000)	
Premium on debt issued	(186,076)	
Vacation payable	(666,784)	
Vested sick leave	(344,696)	
Accrued sick	(274,583)	
Comp time	<u>(19,322)</u>	
Total long-term liabilities		(11,745,324)

Accounts receivable are recorded when they become measurable and available in governmental funds. On 12/31/17 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.

147,251

On 12/31/17 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	\$ 373,981	
Interest on delinquent taxes	<u>509,884</u>	
Total deferred revenue		883,865

Lincoln County recorded a deferred outflow of resources due to an advanced refunding in 2016  
Deferred outflow of resources on early extinguishment of debt on 12/31/17 is:

645,262

In 2017 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 12/31/17 are:

Net pension liability	\$ (483,543)	
Deferred outflow of resources-related to pensions	3,736,260	
Deferred inflow of resources-related to pensions	<u>(1,525,904)</u>	
		<u>1,726,813</u>

Total net position of governmental activities \$ 57,837,744

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, 2017**

	<u>General</u>	<u>County Roads and Bridges</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes	\$ 10,594,574	\$ 2,266,753	\$ 857,067	\$ 2,310,570	\$ 16,028,964
Intergovernmental revenues	2,005,210	1,232,611	1,665,963	159,853	5,063,637
Licenses and permits	147,853	-	-	41,632	189,485
Fines, forfeits, and penalties	127,920	-	-	29,903	157,823
Public charges for service	1,811,445	-	-	1,107,965	2,919,410
Intergovernmental charges for service	204,915	-	3,474	208,487	416,876
Miscellaneous revenues	424,241	-	347	5,762	430,350
Total revenues	<u>15,316,158</u>	<u>3,499,364</u>	<u>2,526,851</u>	<u>3,864,172</u>	<u>25,206,545</u>
<b>EXPENDITURES</b>					
Current:					
General government	4,934,244	-	-	-	4,934,244
Public safety	7,551,971	-	-	1,910,636	9,462,607
Public works	-	3,882,505	-	-	3,882,505
Health and human services	1,489,459	-	2,642,444	1,046,448	5,178,351
Culture, recreation, and education	869,310	-	-	-	869,310
Conservation and development	653,746	-	-	-	653,746
Capital outlay	1,353,652	-	-	243,142	1,596,794
Debt service:					
Principal	-	-	-	615,000	615,000
Interest and other charges	-	-	-	212,794	212,794
Total expenditures	<u>16,852,382</u>	<u>3,882,505</u>	<u>2,642,444</u>	<u>4,028,020</u>	<u>27,405,351</u>
Excess (deficiency) of revenues under expenditures	<u>(1,536,224)</u>	<u>(383,141)</u>	<u>(115,593)</u>	<u>(163,848)</u>	<u>(2,198,806)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,538,868	616,149	-	235,000	2,390,017
Transfers out	(851,149)	-	-	-	(851,149)
Total other financing sources and uses	<u>687,719</u>	<u>616,149</u>	<u>-</u>	<u>235,000</u>	<u>1,538,868</u>
Net change in fund balances	(848,505)	233,008	(115,593)	71,152	(659,938)
<b>FUND BALANCES - BEGINNING</b>	<u>12,261,649</u>	<u>9</u>	<u>116,074</u>	<u>67,745</u>	<u>12,445,477</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 11,413,144</u>	<u>\$ 233,017</u>	<u>\$ 481</u>	<u>\$ 138,897</u>	<u>\$ 11,785,539</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, 2017**

Net change in fund balances - total governmental funds \$ (659,938)

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	\$ 2,990,950	
Sale and disposal of capital assets	(53,792)	
Depreciation expense	<u>(2,724,292)</u>	
Excess of capital outlay over depreciation expense		212,866

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:

615,000

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

Health insurance fund	(964,759)	
Highway fund	<u>(440,888)</u>	
Total internal service funds		(1,405,647)

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	(622,694)	
Debt premium	22,350	
Early retirement of debt loss amortized	(66,668)	
Accrued interest on notes	(11,329)	
Vacation	(83,182)	
Vested sick leave	(27,264)	
Accrued sick	3,961	
Comp time	<u>(4,020)</u>	
Combined adjustment		(788,846)

Revenue had accrued on 12/31/17 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:

Contract reimbursement	18,903	
Interest on delinquent taxes	(27,273)	
Corrections	378	
Citations	<u>37,998</u>	
Combined adjustment		<u>30,006</u>

Change in net position of governmental activities \$ (1,996,559)

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, 2017**

	Enterprise Funds					Governmental Activities - Internal Service Funds
	PineCrest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Total	
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 716,270	\$ 927,735	\$ 2,566,954	\$ 773,114	\$ 4,984,073	\$ 2,270,342
Receivables, net:						
Property taxes	556,942	-	-	-	556,942	-
Accounts	1,193,788	144,318	-	435,052	1,773,158	10,164
Due from other governments	-	22	79,751	169	79,942	500,459
Inventories, at cost	56,043	90,750	-	-	146,793	1,178,698
Prepaid items	38,352	1,164	-	934	40,450	3,381
Total current assets	2,561,395	1,163,989	2,646,705	1,209,269	7,581,358	3,963,044
Noncurrent assets:						
Restricted assets:						
Cash and cash equivalents	23,546	4,856,316	-	-	4,879,862	-
Capital assets:						
Land	13,833	84,605	2,518,419	24,605	2,641,462	37,875
Construction work in progress	259,020	-	-	-	259,020	-
Improvements other than buildings	454,531	13,202,971	9,603	10,752	13,677,857	289,793
Buildings	15,350,970	300,049	312,677	1,264,652	17,228,348	2,016,136
Machinery and equipment	3,873,430	1,116,532	602,707	305,685	5,898,354	10,777,289
Less accumulated depreciation and depletion	(7,616,484)	(10,264,737)	(788,992)	(1,452,660)	(20,122,873)	(8,480,958)
Total capital assets	12,335,300	4,439,420	2,654,414	153,034	19,582,168	4,640,135
Total noncurrent assets	12,358,846	9,295,736	2,654,414	153,034	24,462,030	4,640,135
Total assets	14,920,241	10,459,725	5,301,119	1,362,303	32,043,388	8,603,179
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to pensions	2,479,577	91,239	169,355	211,641	2,951,812	896,845
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	330,017	90,828	3,582	325,301	749,728	756,906
Accrued expenses	344,312	9,256	17,943	28,923	400,434	90,693
Compensated absences payable	334,379	24,464	46,781	45,945	451,569	252,057
Accrued claims	-	-	-	-	-	783,787
Due to other funds	-	-	-	-	-	15,969
Due to other governments	-	16,666	192,228	333	209,227	-
Unearned revenues	-	-	88,606	-	88,606	57,633
Current maturities of long-term debt	10,000	-	-	-	10,000	6,841
Deposits and advances	37,392	-	490,067	-	527,459	-
Total current liabilities	1,056,100	141,214	839,207	400,502	2,437,023	1,963,886
Noncurrent liabilities:						
Noncurrent due to other governments	-	183,326	-	-	183,326	-
Compensated absences payable	-	53,219	45,885	49,469	148,573	265,218
Noncurrent portion of long-term obligations	9,939,554	-	-	-	9,939,554	60,451
Net pension liability	325,761	11,937	22,090	26,826	386,614	117,255
Future closure payable	-	6,356,753	-	-	6,356,753	-
Total noncurrent liabilities	10,265,315	6,605,235	67,975	76,295	17,014,820	442,924
Total liabilities	11,321,415	6,746,449	907,182	476,797	19,451,843	2,406,810
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to pensions	1,027,995	37,670	69,710	84,653	1,220,028	370,017
Property taxes levied for subsequent year	556,942	-	-	-	556,942	-
Total deferred inflows of resources	1,584,937	37,670	69,710	84,653	1,776,970	370,017
<b>NET POSITION</b>						
Net investment in capital assets	3,147,746	4,439,420	2,654,414	153,034	10,394,614	4,572,843
Restricted	23,546	-	125,191	-	148,737	-
Unrestricted	1,322,174	(672,575)	1,713,977	859,460	3,223,036	2,150,354
<b>TOTAL NET POSITION</b>	\$ 4,493,466	\$ 3,766,845	\$ 4,493,582	\$ 1,012,494	\$ 13,766,387	\$ 6,723,197

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, 2017**

	<b>Enterprise Funds</b>					<b>Governmental Activities - Internal Service Funds</b>
	<b>PineCrest Nursing Home</b>	<b>Solid Waste Landfill</b>	<b>Forestry</b>	<b>Lincoln Industries</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>						
Public charges for service	\$ 11,716,380	\$ 1,693,585	\$ 1,364,091	\$ 1,853,000	\$ 16,627,056	\$ -
Interdepartmental charges for service	-	-	-	12,000	12,000	9,621,733
Intergovernmental charges for service	-	121,526	-	-	121,526	2,611,796
Other	18,582	20,026	-	-	38,608	76,867
Total operating revenues	11,734,962	1,835,137	1,364,091	1,865,000	16,799,190	12,310,396
<b>OPERATING EXPENSES</b>						
Claims paid	-	-	-	-	-	5,872,417
Nursing services	5,819,691	-	-	-	5,819,691	-
Other professional services	62,130	-	-	-	62,130	-
General services	3,126,241	939,236	944,306	1,927,738	6,937,521	6,160,519
Administrative and fiscal services	3,982,404	-	-	-	3,982,404	1,282,644
Provider assessment tax	342,720	-	-	-	342,720	-
Depreciation and amortization	345,996	255,006	43,520	62,382	706,904	528,851
Total operating expenses	13,679,182	1,194,242	987,826	1,990,120	17,851,370	13,844,431
Operating income (loss)	(1,944,220)	640,895	376,265	(125,120)	(1,052,180)	(1,534,035)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Property taxes	632,756	-	-	-	632,756	-
Insurance recoveries	-	-	-	2,710	2,710	-
Interest income	155	48,760	-	-	48,915	18,321
Grant revenue	-	-	317,865	-	317,865	-
Salvage revenue	-	-	-	-	-	100,976
Donations	45,755	-	315	-	46,070	-
Interest expense	(31,628)	-	-	-	(31,628)	-
Gain on sale of supplies	-	-	-	-	-	9,091
Donation expense	(49,994)	-	-	-	(49,994)	-
Gain (loss) on disposal of capital assets	(13,371)	-	-	-	(13,371)	-
Total nonoperating revenues (expenses)	583,673	48,760	318,180	2,710	953,323	128,388
<b>Income before transfers</b>	(1,360,547)	689,655	694,445	(122,410)	(98,857)	(1,405,647)
Transfer out	-	(200,000)	(1,238,868)	(100,000)	(1,538,868)	-
<b>Change in net position</b>	(1,360,547)	489,655	(544,423)	(222,410)	(1,637,725)	(1,405,647)
<b>TOTAL NET POSITION - BEGINNING</b>	5,854,013	3,277,190	5,038,005	1,234,904	15,404,112	8,128,844
<b>TOTAL NET POSITION - ENDING</b>	\$ 4,493,466	\$ 3,766,845	\$ 4,493,582	\$ 1,012,494	\$ 13,766,387	\$ 6,723,197

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, 2017**

	Enterprise Funds					Governmental Activities - Internal Service Funds
	PineCrest Nursing Home	Solid Waste Landfill	Forestry	Lincoln Industries	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
From patients and third party payors	\$ 12,138,826	\$ 1,772,000	\$ 1,328,683	\$ 1,799,773	\$ 17,039,282	\$ -
From other County departments	-	-	-	12,000	12,000	9,615,336
From government and other parties for sales	-	121,517	-	-	121,517	2,834,893
To employees for compensation and fringe benefits	(8,861,067)	(335,980)	(614,897)	(984,720)	(10,796,664)	(3,084,969)
To vendors for goods and services	(3,968,328)	(308,165)	(317,467)	(853,085)	(5,447,045)	(9,979,604)
Other cash received	2,678	20,026	-	-	22,704	-
Net cash provided by (used in) operating activities	(687,891)	1,269,398	396,319	(26,032)	951,794	(614,344)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Grant revenue	-	-	284,529	-	284,529	-
Donations	45,755	-	315	-	46,070	-
Donation expense	(49,994)	-	-	-	(49,994)	-
Transfer out	-	(200,000)	(1,238,868)	(100,000)	(1,538,868)	-
Tax levy appropriations	632,756	-	-	-	632,756	-
Net cash provided by (used in) noncapital financing activities	628,517	(200,000)	(954,024)	(100,000)	(625,507)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchase of capital assets	(8,511,861)	(1,181,162)	(27,138)	(45,189)	(9,765,350)	(863,001)
Proceeds from sale of assets	595	-	-	-	595	100,976
Proceeds from sale of supplies	-	-	-	-	-	9,091
Proceeds from issuance of long term debt	9,976,266	-	-	-	9,976,266	-
Insurance recovery for damaged equipment	-	-	-	2,710	2,710	-
Capital lease payment	-	-	-	-	-	(6,098)
Advance from General Fund	-	-	-	-	-	7,706
Principal payments on long-term debt	(7,000,000)	-	-	-	(7,000,000)	-
Interest paid on long-term debt	(11,815)	-	-	-	(11,815)	-
Net cash used in capital and related financing activities	(5,546,815)	(1,181,162)	(27,138)	(42,479)	(6,797,594)	(551,326)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	155	48,760	-	-	48,915	18,321
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	(5,606,034)	(63,004)	(584,843)	(168,511)	(6,422,392)	(1,147,349)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>6,345,850</u>	<u>5,847,055</u>	<u>3,151,797</u>	<u>941,625</u>	<u>16,286,327</u>	<u>3,417,691</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 739,816</u>	<u>\$ 5,784,051</u>	<u>\$ 2,566,954</u>	<u>\$ 773,114</u>	<u>\$ 9,863,935</u>	<u>\$ 2,270,342</u>
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>						
Unrestricted	\$ 716,270	\$ 927,735	\$ 2,566,954	\$ 773,114	\$ 4,984,073	\$ 2,270,342
Restricted	23,546	4,856,316	-	-	4,879,862	-
	<u>\$ 739,816</u>	<u>\$ 5,784,051</u>	<u>\$ 2,566,954</u>	<u>\$ 773,114</u>	<u>\$ 9,863,935</u>	<u>\$ 2,270,342</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (1,944,220)	\$ 640,895	\$ 376,265	\$ (125,120)	\$ (1,052,180)	\$ (1,534,035)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	345,996	1,306,142	43,520	62,382	1,758,040	528,851
Future closing costs	-	(1,051,136)	-	-	(1,051,136)	-
Change in net pension liability (asset) and related deferred outflows/inflows	436,722	15,957	24,686	26,344	503,709	152,668
Change in assets and liabilities:						
Accounts receivable	406,542	78,415	14,477	(53,224)	446,210	(5,063)
Due from other governments	-	(9)	-	(3)	(12)	87,263
Inventories	(26,686)	272,250	-	-	245,564	(108,801)
Prepaid items	(1,955)	-	-	(252)	(2,207)	(2,582)
Accounts payable	35,200	19,347	(2,140)	63,112	115,519	152,568
Due to other governments	-	(16,666)	(13,690)	39	(30,317)	-
Accrued expenses	15,865	410	(40)	1,035	17,270	(22,669)
Compensated absences payable	43,203	3,793	3,126	(345)	49,777	50,855
Deposits and advances	1,442	-	(81,899)	-	(80,457)	-
Unearned revenues	-	-	32,014	-	32,014	-
Claims paid	-	-	-	-	-	28,970
Total adjustments	1,256,329	628,503	20,054	99,088	2,003,974	919,691
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ (687,891)</u>	<u>\$ 1,269,398</u>	<u>\$ 396,319</u>	<u>\$ (26,032)</u>	<u>\$ 951,794</u>	<u>\$ (614,344)</u>

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

**LINCOLN COUNTY, WISCONSIN**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**December 31, 2017**

	<u><b>Agency Funds</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 25,476
Accounts receivable	<u>759,295</u>
 Total assets	 <u><u>\$ 784,771</u></u>
 <b>LIABILITIES</b>	
Deposits and advances	\$ 18,282
Due other governments	759,295
Accounts payable	<u>7,194</u>
 Total liabilities	 <u><u>\$ 784,771</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, 2017

**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, 2017

**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, 2017

**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, 2017

**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 2017 tax levy is recorded as receivable with offsetting deferred inflows of resources at December 31, 2017; it will be recognized as revenue in 2018 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 2017 tax roll follows:

Lien date and date levy	December 2017
Tax bills mailed	December 2017
Real estate taxes first installment due	January 31, 2018
Personal property taxes due in full	January 31, 2018
Real estate taxes second installment due	July 31, 2018
Tax sale - 2017 delinquent real estate taxes	October 2021

**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, 2017

**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, 2017

**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, 2017

**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.

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

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

**DEFICIT FUND BALANCE**

As of December 31, 2017, the Emergency Medical fund had a deficit of \$519,518. The deficit is anticipated to be funded with future revenues of the fund.

**LINCOLN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2017

**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, 2017

**NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)**

The carrying amount of the County's cash and cash equivalents totaled \$22,733,309 on December 31, 2017, as summarized below:

Petty cash fund	\$ 2,240
Deposits with financial institutions	13,694,237
Investments	
Wisconsin local government investment pool	2,872,730
Landfill long-term care trust	4,856,316
Health insurance trust fund	1,253,191
Insurance deposits	54,595
	<u>\$ 22,733,309</u>

Presented in the basic financial statements as follows:

Government-wide Statement of Net Position	
Unrestricted cash and cash equivalents	\$ 17,768,286
Restricted cash and investments	4,939,547
Fiduciary Fund Statement of Net Position	
Cash and cash equivalents	25,476
	<u>\$ 22,733,309</u>

**Fair Value Measurements**

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The County has the following fair value measurements as of December 31, 2017:

<u>Type of Investment</u>	<u>12/31/2017</u>	<u>Quoted prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant other Observable Inputs (Level 2)</u>
Negotiable certificates of deposit	\$ 2,935,101	\$ -	\$ 2,935,101
U.S. Treasury Notes	1,384,125	-	1,384,125
U.S. Government securities	1,120,014	-	1,120,014
Corporate bonds	49,917	-	49,917
Money market mutual funds	311,088	311,088	-
Fixed income mutual funds	309,262	309,262	-
Total	<u>\$ 6,109,507</u>	<u>\$ 620,350</u>	<u>\$ 5,489,157</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. The County's policy requires depositories to pledge collateral to secure amounts over and above guaranteed amounts. All securities serving as collateral shall be specifically pledged to the County (not as part of a pooled fund) and placed in the custodial account at the Federal Reserve Bank, a trust department of a commercial bank, or through another financial institution.

**LINCOLN COUNTY, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2017**

**NOTE 2 - CASH AND CASH EQUIVALENTS (Continued)**

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

On December 31, 2017, \$424,810 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 of other counterparty to an investment will not fulfill its obligations to the County. The County has a formal policy addressing this type of investment risk. The County's policy requires the preserve capital in the overall portfolio and to protect investment principal by investing in specific securities in accordance with the Wisconsin Statutes, with the County Treasurer responsible to report changes in any individual security's credit risk to the County's Finance & Insurance Committee.

<u>Type of Investment</u>	<u>Fair Value at Year End</u>	<u>Investment Rating</u>
Local Government Investment Pool	\$ 2,872,730	Not Rated
U.S. Treasury Notes	1,384,125	Exempt
U.S. Government securities	1,120,014	AAA
Negotiable certificates of deposit	2,935,101	Not Rated
Corporate bonds	49,917	AAA
Money market mutual funds	311,088	AAA
Fixed income mutual funds	309,262	Not Rated
Insurance deposits	54,595	Not Rated

**LINCOLN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2017

**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, 2017 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	\$ 2,872,730	Less than 1 year
U.S. Treasury Notes	1,384,125	1 to 5 years
U.S. Government securities	1,120,014	1 to 3 years
Corporate bonds	49,917	1 to 2 years
Negotiable certificates of deposit	2,935,101	1 to 5 years
Fixed income mutual funds	309,262	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, 2017, the factor was 100%. As of December 31, 2017 the carrying amount of these investments was \$2,872,730. The annualized interest rate on the LGIP was 1.21% for the month of December 2017.

*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, 2017, totaled \$4,939,547 consisting of cash and investments as follows:

General fund	
Insurance deposits	\$ 54,595
Social Services fund	
Elderly transportation trust	5,090
Enterprise Fund	
Solid waste landfill	
Long-term care and closure deposits	4,856,316
Pine Crest Nursing Home	
Donation and special fund	23,546
Total Restricted Assets	<u>\$ 4,939,547</u>

**LINCOLN COUNTY, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2017**

**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	\$ 8,549,916	\$ 2,107,576	\$ 600,450	\$ 556,942	\$ -	\$ -	\$ -	\$ 2,375,138	\$ 14,190,022
Tax certificates and deeds	1,612,398	-	-	-	-	-	-	-	1,612,398
Assessments	149,796	-	-	-	-	-	-	-	149,796
Accounts	1,009,334	-	-	1,268,788	144,318	-	435,052	329,476	3,186,968
Due from other governments	424,292	189,309	268,594	-	22	79,751	169	559,001	1,521,138
Gross receivables	11,745,736	2,296,885	869,044	1,825,730	144,340	79,751	435,221	3,263,615	20,660,322
Less allowance for for uncollectibles	-	-	-	(75,000)	-	-	-	(33,076)	(108,076)
Net total fund receivables	<u>\$11,745,736</u>	<u>\$ 2,296,885</u>	<u>\$ 869,044</u>	<u>\$ 1,750,730</u>	<u>\$ 144,340</u>	<u>\$ 79,751</u>	<u>\$ 435,221</u>	<u>\$ 3,230,539</u>	20,552,246
Citation									<u>147,251</u>
Net statement of net position receivables									<u>\$ 20,699,497</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, 2017, the County's general fund showed an investment of \$1,612,398 in delinquent taxes as follows:

Tax certificates	\$ 1,580,650
Tax deeds	<u>31,748</u>
Total	<u>\$ 1,612,398</u>



**LINCOLN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2017

**NOTE 4 - RECEIVABLES AND DEFERRED REVENUE (Continued)**

An aging of the delinquent tax certificate taxes of \$1,580,650 on December 31, 2017, follows:

<u>Year Acquired</u>	
Prior to 2013	\$ 174,130
2013	72,879
2014	102,377
2015	179,661
2016	364,006
2017	<u>687,597</u>
	<u><u>\$ 1,580,650</u></u>

Of the total of \$1,580,650 for delinquent tax certificate taxes, \$247,675 was collected by the County within 90 days after December 31, 2017. The remaining unpaid balance of \$1,332,975 and tax deeds of \$31,748 are recorded as nonspendable fund balance of \$1,364,723 for the general fund.

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At December 31, 2017, interfund receivables and payables were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 768,254	\$ -
Highway Fund	-	15,969
Social Services Fund	-	147,427
Emergency Medical Fund	-	604,858
Totals	<u>\$ 768,254</u>	<u>\$ 768,254</u>

The Emergency Medical Fund's \$604,858, Social Service's \$147,427, and Highway's \$15,969 due to the General Fund are for cash flow purposes.

Transfers were made in the primary government as follows:

	<u>General Fund</u>	<u>County Roads and Bridges Fund</u>	<u>Emergency Medical Fund</u>	<u>Totals</u>
Transfers from:				
General fund	\$ -	\$ 616,149	\$ 235,000	\$ 851,149
Solid Waste Landfill	200,000	-	-	200,000
Lincoln Industries	100,000	-	-	100,000
Forestry	<u>1,238,868</u>	<u>-</u>	<u>-</u>	<u>1,238,868</u>
Totals	<u>\$ 1,538,868</u>	<u>\$ 616,149</u>	<u>\$ 235,000</u>	<u>\$ 2,390,017</u>

**LINCOLN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2017

**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 Emergency Medical Fund.

**NOTE 6 - CAPITAL ASSETS**

Changes in capital assets were as follows:

	Balance 1/1/2017	Increases	Decreases	Balance 12/31/2017
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 41,395	\$ -	\$ -	\$ 41,395
Construction in progress	78,592	33,888	53,792	58,688
Total capital assets not depreciated	119,987	33,888	53,792	100,083
Capital assets, being depreciated:				
Land improvements	508,936	261,801	-	770,737
Infrastructure	56,845,510	1,381,139	525,238	57,701,411
Buildings and improvements	27,357,216	483,856	-	27,841,072
Equipment and vehicles	13,829,241	1,522,397	376,304	14,975,334
Intangible assets	107,695	-	-	107,695
Subtotals	98,648,598	3,649,193	901,542	101,396,249
Less accumulated depreciation for:				
Land improvements	235,021	17,962	-	252,983
Infrastructure	24,336,511	1,331,971	525,238	25,143,244
Buildings and improvements	13,064,078	939,668	-	14,003,746
Equipment and vehicles	9,061,020	963,542	347,174	9,677,388
Intangible assets	107,695	-	-	107,695
Subtotals	46,804,325	3,253,143	872,412	49,185,056
Total capital assets, being depreciated, net	51,844,273	396,050	29,130	52,211,193
Governmental activities capital assets, net	<u>\$ 51,964,260</u>	<u>\$ 429,938</u>	<u>\$ 82,922</u>	52,311,276
Less related long-term debt outstanding				<u>9,803,116</u>
Net investment in capital assets				<u>\$ 42,508,160</u>

**LINCOLN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2017

**NOTE 6 - CAPITAL ASSETS (Continued)**

Changes in capital assets were as follows:

	Balance 1/1/2017	Increases	Decreases	Balance 12/31/2017
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,641,462	\$ -	\$ -	\$ 2,641,462
Construction in progress	2,976,479	1,148,314	3,865,773	259,020
Total capital projects not depreciated	5,617,941	1,148,314	3,865,773	2,900,482
Capital assets, being depreciated:				
Land improvements	11,374,398	2,303,459	-	13,677,857
Buildings	10,077,941	7,192,003	41,596	17,228,348
Machinery and equipment	3,769,162	2,204,327	75,135	5,898,354
Subtotals	25,221,501	11,699,789	116,731	36,804,559
Less accumulated depreciation for:				
Land improvements	8,318,963	1,193,680	-	9,512,643
Buildings	7,461,011	250,874	27,630	7,684,255
Machinery and equipment	2,687,624	313,486	75,135	2,925,975
Subtotals	18,467,598	1,758,040	102,765	20,122,873
Total capital assets, being depreciated, net	6,753,903	9,941,749	13,966	16,681,686
Business-type activities capital assets, net	<u>\$ 12,371,844</u>	<u>\$ 11,090,063</u>	<u>\$ 3,879,739</u>	19,582,168
Less related long-term debt outstanding				<u>9,187,554</u>
Net investment in capital assets				<u>\$ 10,394,614</u>

Depreciation expense was charged to the functions as follows:

<b>Governmental activities</b>	
General government	\$ 920,295
Public safety	461,832
Public works	1,860,822
Conservation and development	10,194
Total depreciation expense - governmental activities	<u>\$ 3,253,143</u>
<b>Business-type activities</b>	
Nursing home	\$ 345,996
Forestry	43,520
Solid waste landfill	1,306,142
Lincoln Industries	62,382
Total depreciation expense - business-type activities	<u>\$ 1,758,040</u>

**LINCOLN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2017

**NOTE 6 - CAPITAL ASSETS (Continued)**

The County has active maintenance and Information Technology construction projects as of December 31, 2017 as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Maintenance Projects	\$ 487,431	\$ 116,895
Information Technology	\$ 128	\$ 264,872

**NOTE 7 - LONG-TERM OBLIGATIONS**

All general obligations bonds are backed by the full faith and credit of the County. The County's, general long-term obligations are as follows:

	<u>Outstanding 1/1/17</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding 12/31/17</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General Obligation Debt					
Bonds	\$ 10,810,000	\$ -	\$ 615,000	\$ 10,195,000	\$ 630,000
Debt premium	208,426	-	22,350	186,076	26,571
Capital lease	73,390	-	6,098	67,292	6,841
Compensated absences	<u>1,661,300</u>	<u>1,022,965</u>	<u>861,605</u>	<u>1,822,660</u>	<u>938,163</u>
Governmental activities					
Long-term obligations	<u>\$ 12,753,116</u>	<u>\$ 1,022,965</u>	<u>\$ 1,505,053</u>	<u>\$ 12,271,028</u>	<u>\$ 1,601,575</u>
<b>Business-type activities:</b>					
General Obligation Debt					
Bonds	\$ -	\$ 6,950,000	\$ -	\$ 6,950,000	\$ 10,000
Taxable note anticipation note	7,000,000	2,600,000	7,000,000	2,600,000	-
Debt premium	7,513	418,752	26,711	399,554	-
Compensated absences	<u>550,365</u>	<u>574,878</u>	<u>525,101</u>	<u>600,142</u>	<u>451,569</u>
Business-type activities					
Long-term obligations	<u>\$ 7,557,878</u>	<u>\$ 10,543,630</u>	<u>\$ 7,551,812</u>	<u>\$ 10,549,696</u>	<u>\$ 461,569</u>

Interest paid for the year ended December 31, 2017 totaled \$473,846.

**Prior Year Advance Refunding**

In prior years, the County advance refunded maturities due from 2020 through 2028 on the 2008 Series General Obligation Refunding Bond issue. At December 31, 2017, \$8,150,000 of outstanding general obligation refunding bonds are considered defeased.

**LINCOLN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2017

**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 2019; interest 4.2%	\$ 625,000
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%	8,680,000
6,950,000	issued February 14, 2017; \$10,000 to \$480,000 due annually, from 2018 through 2036; interest 2% to 3.5%	<u>6,950,000</u>
<b>Total Bonds</b>		<u><u>\$ 17,145,000</u></u>

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2017, are allocated to activities as detailed below:

Year Ended December 31	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 630,000	\$ 223,950	\$ 10,000	\$ 218,550	\$ 640,000	\$ 442,500
2019	910,000	194,775	350,000	218,350	1,260,000	413,125
2020	985,000	165,250	360,000	207,850	1,345,000	373,100
2021	820,000	145,200	370,000	197,050	1,190,000	342,250
2022	860,000	128,400	315,000	185,950	1,175,000	314,350
2023-2027	4,880,000	363,200	1,725,000	782,000	6,605,000	1,145,200
2028-2032	1,110,000	11,100	1,990,000	507,075	3,100,000	518,175
2033-2036	-	-	1,830,000	161,662	1,830,000	161,662
	<u>\$ 10,195,000</u>	<u>\$ 1,231,875</u>	<u>\$ 6,950,000</u>	<u>\$ 2,478,487</u>	<u>\$ 17,145,000</u>	<u>\$ 3,710,362</u>

Equalized valuation of the County	\$ 2,381,987,700
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	119,099,385
Total outstanding general obligation debt applicable to debt limitation	\$ 17,145,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>88,962</u>
Net outstanding general obligation debt applicable to debt limitation	<u>17,056,038</u>
Legal Margin for New Debt	<u><u>\$ 102,043,347</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 January 17, 2018, Lincoln County, Wisconsin (the "County") authorized the issuance of \$2,600,000 Taxable Note Anticipation Notes ("Series 2017 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 notes carry an interest rate of 2.5% and require semiannual interest only payments with the balance due on December 1, 2021.

**LINCOLN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2017

**NOTE 7 - LONG-TERM OBLIGATIONS (Continued)**

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, 2017, were as follows:

Year Ended <u>December 31</u>	Governmental Activities
2018	\$ 10,089
2019	63,190
Total payments	73,279
Less: Amount representing interest	5,987
Present value of minimum lease payments	<u>\$ 67,292</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.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

**Benefits Provided** - Employees who retire at or after age 65 (54 for protective 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, 2017

**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
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%
2016	0.5	(5.0)

**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 ending December 31, 2016, the WRS recognized \$1,166,661 in contributions from the employer.

Contribution rates for the reporting period are:

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

**LINCOLN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2017

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At December 31, 2017 Lincoln County reported a liability of \$987,412 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 30, 2015, rolled forward to December 31, 2016. 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, 2016, Lincoln County's proportion was .11979679%, which is an increase of .00093224% from its proportion measured as of December 31, 2015. For the year ended December 31, 2017, Lincoln County recognized pension expense of \$2,541,857.

At December 31, 2017, 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	\$ 376,500	\$ 3,105,324
Net differences between projected and actual earnings on pension plan investments	4,915,022	-
Changes in assumptions	1,032,377	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,118	10,625
Employer contributions subsequent to the measurement date	<u>1,251,900</u>	<u>-</u>
Total	<u>\$ 7,584,917</u>	<u>\$ 3,115,949</u>

\$1,251,900 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, 2017.

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

Year Ended December 31	Expense
2017	\$ 1,310,489
2018	1,310,489
2019	892,057
2020	(297,572)
2021	<u>1,605</u>
	<u>\$ 3,217,068</u>



**LINCOLN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2017

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

**Actuarial Assumptions** - The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the investment:

Actuarial Valuation Date	December 31, 2015
Measurement Date of Net Pension Liability	December 31, 2016
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 2015 using experience from 2012 through 2014. The total pension liability for December 31, 2016, is based upon a roll-forward of the liability calculated from the December 31, 2015, 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
<b><u>Core fund asset class</u></b>				
Global Equities	50.0%	45.0%	8.3%	5.4%
Fixed Income	24.5%	37.0%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	20.0%	4.3%	1.5%
Real Estate	8.0%	7.0%	6.5%	3.6%
Private Equity/Debt	8.0%	7.0%	9.4%	6.5%
Multi-Asset	4.0%	4.0%	6.6%	3.7%
Total Core Fund	110.0%	120.0%	7.4%	4.5%
<b><u>Variable fund asset class</u></b>				
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%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

**LINCOLN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2017

**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 3.78%. 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. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's proportionate share of the net pension liability (asset) to Changes in the Discount Rate:** The following presents Lincoln County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20% 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)	\$ 12,990,032	\$ 987,412	\$ (8,255,150)

**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, 2017 Lincoln County reported a payable of \$195,327 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2017.

**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 \$125,000 per individual claim or an aggregate limit of \$6,341,691 during the period of January 1, 2017 to December 31, 2017.

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, 2017

**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
2017	\$ 1,252,312	\$ 6,112,774	\$ 5,872,417	\$ 1,492,669
2016	1,079,814	4,981,701	4,809,203	1,252,312

**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 \$54,595. 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, 2017, 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 2017 was \$9,671,941 with Lincoln County's share totaling \$719,416 (7.4%). 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, 2017, and for the year then ended.

Assets	\$ 40,659,328
Liabilities	6,874,606
Equity	40,833,855
Revenues	64,307,875
Expenses	63,628,920
Non-operating gain	176,327
Change in net assets	855,282

Lincoln County's share of net position for the year ended December, 31 2017 is \$3,578,794.

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

**LINCOLN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2017

**NOTE 11 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and federal laws and regulations require that Lincoln County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill sites only for forty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. In 2014 the County opened the north expansion of the landfill.

At December 31, 2017, the County has utilized approximately 97.9% of its original landfill's capacity and 7.7% 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, 2017, is as follows:

Total estimated costs	\$ 8,015,534
Less closure costs accrued	<u>6,356,753</u>
Estimated costs of construction, closure, and postclosure care to be recognized in future years	<u>\$ 1,658,781</u>

The estimated total current cost of the landfill construction, closure, and postclosure care of \$8,015,534 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, 2017. 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, 2017, investments of \$4,856,316 are held for these purposes. These investments are held and managed by the County and are presented on the County's statement of net position as "Restricted Assets". It is anticipated that future inflation costs will be financed in part from earnings on investments. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

**NOTE 12 - CONTINGENCIES**

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and the Corporation Counsel that the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**LINCOLN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2017

**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
<b>Nonspendable:</b>					
Property Taxes	\$ 1,364,723	\$ -	\$ -	\$ -	\$ 1,364,723
Prepaid	172,322	-	-	459	172,781
Inventory	4,580	-	-	-	4,580
Subtotal	<u>1,541,625</u>	<u>-</u>	<u>-</u>	<u>459</u>	<u>1,542,084</u>
<b>Restricted:</b>					
Insurance Deposits	54,595	-	-	-	54,595
Veterans	9,028	-	-	-	9,028
Elderly transportation	-	-	41,768	-	41,768
Land Services	237,205	-	-	-	237,205
UW Extension	960	-	-	-	960
Sheriff	81,260	-	-	-	81,260
County Health	-	-	-	374,346	374,346
Subtotal	<u>383,048</u>	<u>-</u>	<u>41,768</u>	<u>374,346</u>	<u>799,162</u>
<b>Committed:</b>					
Family Care	289,849	-	-	-	289,849
Sheriff's Office CIP	201,651	-	-	-	201,651
IT CIP	382,872	-	-	-	382,872
Maintenance	1,217,470	-	-	-	1,217,470
Land Services	64,544	-	-	-	64,544
Subtotal	<u>2,156,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,156,386</u>
<b>Assigned:</b>					
Veterans	2,350	-	-	-	2,350
Information technology	13,185	-	-	-	13,185
UW Extension	18,255	-	-	-	18,255
Sheriff	410	-	-	-	410
Maintenance	116,325	-	-	-	116,325
CIP not Committed	1,893,362	-	-	-	1,893,362
Roads Fund	-	233,017	-	-	233,017
Other Funds	-	-	-	283,870	283,870
Subtotal	<u>2,043,887</u>	<u>233,017</u>	<u>-</u>	<u>283,870</u>	<u>2,560,774</u>
<b>Unassigned</b>					
General fund	5,288,198	-	-	-	5,288,198
Other Funds	-	-	(41,287)	(519,778)	(561,065)
Subtotal	<u>5,288,198</u>	<u>-</u>	<u>(41,287)</u>	<u>(519,778)</u>	<u>4,727,133</u>
<b>Total Fund Balances</b>	<u>\$ 11,413,144</u>	<u>\$ 233,017</u>	<u>\$ 481</u>	<u>\$ 138,897</u>	<u>\$ 11,785,539</u>

The County's general fund unassigned balance is \$5,288,297. Included in this unassigned balance is \$4,213,096 for the County's cash flow needs.

**LINCOLN COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2017

**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	\$ 54,959	\$ -
Grant and program fees	702,435	-
Elderly transportation	41,768	-
Nursing home funds	-	23,546
Forestry grants	-	125,191
	<u>\$ 799,162</u>	<u>\$ 148,737</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 2017 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 2017 budget was .61%. The limit for the County's 2018 budget was .84%. Debt service for debt authorized after July 2005 is exempt for the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

**NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2018. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**LINCOLN COUNTY, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended December 31, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
<b>Taxes</b>				
General property	\$ 8,275,925	\$ 7,941,743	\$ 7,941,743	\$ -
Forest crop	5,000	5,000	3,646	(1,354)
Managed forest land	55,000	55,000	89,267	34,267
County sales tax	1,876,232	1,949,802	2,056,871	107,069
Real estate transfer fees	45,000	45,000	69,867	24,867
Interest on taxes	470,000	470,000	343,875	(126,125)
Payment in lieu of taxes	93,000	93,000	89,305	(3,695)
<b>Total taxes</b>	<b>10,820,157</b>	<b>10,559,545</b>	<b>10,594,574</b>	<b>35,029</b>
<b>Intergovernmental</b>				
State shared revenues	960,000	960,000	1,018,057	58,057
Exempt computer aid	32,000	32,000	25,226	(6,774)
Clerk of courts	85,500	85,500	84,572	(928)
Circuit court	69,345	69,345	73,314	3,969
Land services	345,270	365,852	222,175	(143,677)
Sheriff department	57,680	71,966	67,130	(4,836)
Emergency management	85,400	85,400	59,414	(25,986)
Victim witness	39,599	39,599	34,742	(4,857)
Veterans service	3,250	3,250	2,727	(523)
Family court commissioner	900	900	1,537	637
Child support	241,593	241,818	344,492	102,674
UW extension	4,145	4,145	4,145	-
State acreage payment	67,000	67,000	67,679	679
<b>Total intergovernmental</b>	<b>1,991,682</b>	<b>2,026,775</b>	<b>2,005,210</b>	<b>(21,565)</b>
<b>Licenses and permits</b>				
County clerk	8,850	8,850	8,716	(134)
Family court commissioner	3,250	3,250	2,940	(310)
Land Services	104,500	134,817	136,197	1,380
<b>Total licenses and permits</b>	<b>116,600</b>	<b>146,917</b>	<b>147,853</b>	<b>936</b>
<b>Fines, forfeits, and penalties</b>				
Clerk of courts	99,000	99,000	126,455	27,455
Circuit court	532	532	1,325	793
Sheriff department	-	140	140	-
<b>Total fines, forfeits, and penalties</b>	<b>99,532</b>	<b>99,672</b>	<b>127,920</b>	<b>28,248</b>



**LINCOLN COUNTY, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended December 31, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Public charges for service</b>				
Clerk of courts	\$ 65,000	\$ 65,000	\$ 54,174	\$ (10,826)
Circuit court	11,125	11,125	14,480	3,355
Family court commissioner	2,800	2,800	3,290	490
Register of deeds	154,025	154,025	152,334	(1,691)
Land services	47,000	47,000	47,993	993
County clerk	250	250	748	498
Treasurer	35	35	44	9
District attorney	1,000	1,000	2,189	1,189
Sheriff department	1,036,064	1,193,316	1,026,195	(167,121)
Information Technology	66,172	66,927	66,927	-
Coroner	17,000	17,000	18,720	1,720
Maintenance	-	-	1,593	1,593
Emergency Management	-	2,100	2,100	-
Corporation counsel	1,500	1,500	2,754	1,254
Finance	200	200	195	(5)
Child support	5,000	4,775	4,775	-
UW extension	15,600	19,000	19,286	286
Forest land revenue	310,000	310,000	384,455	74,455
Other charges for service	6,100	6,100	9,193	3,093
<b>Total public charges for services</b>	<b>1,738,871</b>	<b>1,902,153</b>	<b>1,811,445</b>	<b>(90,708)</b>
<b>Intergovernmental charges for service</b>				
Sheriff department	61,600	72,326	65,388	(6,938)
County Board	-	2,868	3,208	340
Information technology	-	44,787	45,561	774
Maintenance	62,375	62,375	64,686	2,311
Clerk of courts	4,500	4,500	1,588	(2,912)
County clerk	20,000	20,000	22,859	2,859
UW extension	1,805	2,465	1,625	(840)
<b>Total intergovernmental charges for services</b>	<b>150,280</b>	<b>209,321</b>	<b>204,915</b>	<b>(4,406)</b>
<b>Miscellaneous</b>				
Interest	90,400	143,671	139,036	(4,635)
Rent	165,600	165,600	166,278	678
Tax Deed Profit	7,000	7,000	-	(7,000)
Sale of county property	8,000	8,000	3,611	(4,389)
Insurance recovery	15,000	101,315	101,316	1
Private organization donations	5,425	13,880	14,000	120
<b>Total miscellaneous</b>	<b>291,425</b>	<b>439,466</b>	<b>424,241</b>	<b>(15,225)</b>
<b>Total revenues</b>	<b>15,208,547</b>	<b>15,383,849</b>	<b>15,316,158</b>	<b>(67,691)</b>

**LINCOLN COUNTY, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended December 31, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>EXPENDITURES</b>				
<b>General government</b>				
County board chairman	\$ 34,400	\$ 34,400	\$ 29,899	\$ 4,501
County board committees	97,411	154,912	136,043	18,869
Clerk of courts	573,566	573,566	453,854	119,712
Circuit court	282,418	282,418	279,870	2,548
Family court commissioner	29,550	29,550	28,180	1,370
Coroner	58,053	58,853	52,999	5,854
District attorney	177,636	177,636	167,603	10,033
Corporation counsel	134,470	151,137	146,242	4,895
Victim witness	69,190	69,190	66,981	2,209
County clerk	160,304	160,304	158,830	1,474
Administration/personnel	266,925	268,086	268,086	-
Information technology	777,749	823,291	767,770	55,521
General administration	26,000	59,300	49,406	9,894
Treasurer	152,895	152,895	149,589	3,306
Finance department	440,713	440,713	438,438	2,275
Maintenance	997,022	1,000,891	904,125	96,766
Land services	481,445	710,475	479,335	231,140
Register of deeds	216,683	216,683	209,555	7,128
Insurance	94,500	112,443	110,480	1,963
Elections	35,188	38,188	36,959	1,229
Contingency fund	403,162	-	-	-
<b>Total general government</b>	<b>5,509,280</b>	<b>5,514,931</b>	<b>4,934,244</b>	<b>580,687</b>
<b>Public safety</b>				
<b>Sheriff department:</b>				
Law enforcement	3,448,993	3,803,526	3,765,511	38,015
Emergency communication (911)	972,793	922,816	922,815	1
Correction and detention	2,612,160	2,833,903	2,773,599	60,304
Emergency management	113,172	120,276	89,244	31,032
Civil service commission	-	802	802	-
<b>Total public safety</b>	<b>7,147,118</b>	<b>7,681,323</b>	<b>7,551,971</b>	<b>129,352</b>
<b>Health and human services</b>				
Community organizations	35,000	35,000	35,000	-
Family care	439,849	442,717	442,183	534
Health care center	584,713	584,713	588,635	(3,922)
Child support agency	276,312	276,312	265,225	11,087
Veterans services	160,513	168,797	157,103	11,694
Cemetery	1,314	1,314	1,313	1
<b>Total health and human services</b>	<b>1,497,701</b>	<b>1,508,853</b>	<b>1,489,459</b>	<b>19,394</b>

**LINCOLN COUNTY, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**Year Ended December 31, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Culture, recreation, and education				
Public libraries	\$ 644,397	\$ 644,397	\$ 644,397	\$ -
UW extension	244,810	268,878	224,913	43,965
Total culture, recreation, and education	889,207	913,275	869,310	43,965
Conservation and development				
Economic development	53,000	53,000	53,000	-
Land services	756,332	745,768	600,746	145,022
Total conservation and development	809,332	798,768	653,746	145,022
Capital outlay				
Maintenance	640,000	1,190,146	911,875	278,271
Land services	-	175,061	77,217	97,844
Information Technology	75,000	358,685	82,098	276,587
Emergency management				-
Sheriff	264,000	467,462	282,462	185,000
Total capital outlay	979,000	2,191,354	1,353,652	837,702
Total expenditures	16,831,638	18,608,504	16,852,382	1,756,122
Excess (deficiency) of revenues over (under) expenditures	(1,623,091)	(3,224,655)	(1,536,224)	1,688,431
Other financing sources (uses)				
Funds applied	1,732,571	3,700,284	3,700,284	-
Transfer in	375,520	375,520	1,538,868	1,163,348
Transfer out	(485,000)	(851,149)	(851,149)	-
Total other financing sources (uses)	1,623,091	3,224,655	4,388,003	1,163,348
Net change in fund balance	-	-	2,851,779	2,851,779
<b>FUND BALANCE - BEGINNING</b>	12,261,649	12,261,649	12,261,649	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 12,261,649</u>	<u>\$ 12,261,649</u>	<u>\$ 15,113,428</u>	<u>\$ 2,851,779</u>

**RECONCILIATION FROM BUDGET TO GAAP:**

Net change in fund balance - budget	\$ 2,851,779
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.	(3,700,284)
Net change in fund balance - GAAP	<u>\$ (848,505)</u>

See notes to required supplementary information.

**LINCOLN COUNTY, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - COUNTY ROADS AND BRIDGES**  
**Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
General property	\$ 2,266,753	\$ 226,753	\$ 2,266,753	\$ 2,040,000
Intergovernmental	<u>1,195,306</u>	<u>1,195,306</u>	<u>1,232,611</u>	<u>37,305</u>
Total revenues	<u>3,462,059</u>	<u>1,422,059</u>	<u>3,499,364</u>	<u>2,077,305</u>
 <b>EXPENDITURES</b>				
Public works	<u>3,712,059</u>	<u>4,057,227</u>	<u>3,882,505</u>	<u>174,722</u>
 Deficiency of revenues over (under) expenditures	<u>(250,000)</u>	<u>(2,635,168)</u>	<u>(383,141)</u>	<u>2,252,027</u>
 <b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>250,000</u>	<u>595,168</u>	<u>616,149</u>	<u>(20,981)</u>
Net change in fund balance	-	(2,040,000)	233,008	2,231,046
 <b>FUND BALANCES - BEGINNING</b>	<u>9</u>	<u>9</u>	<u>9</u>	<u>-</u>
 <b>FUND BALANCES - ENDING</b>	<u>\$ 9</u>	<u>\$ (2,039,991)</u>	<u>\$ 233,017</u>	<u>\$ 2,273,008</u>
 <b>RECONCILIATION FROM BUDGET TO GAAP:</b>				
Net change in fund balance - budget	\$ 233,008			
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>-</u>			
Net change in fund balance - GAAP	<u>\$ 233,008</u>			

See notes to required supplementary information.

**LINCOLN COUNTY, WISCONSIN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - SOCIAL SERVICES FUND**  
**Year Ended December 31, 2017**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
General property	\$ 522,885	\$ 857,067	\$ 857,067	\$ -
Intergovernmental	2,003,401	2,003,280	1,665,963	(337,317)
Intergovernmental charges for service	3,700	3,474	3,474	-
Miscellaneous revenues	-	347	347	-
Total revenues	<u>2,529,986</u>	<u>2,864,168</u>	<u>2,526,851</u>	<u>(337,317)</u>
<b>EXPENDITURES</b>				
Health and human services	2,529,986	2,864,168	2,642,444	221,724
Outlay	-	-	-	-
Total expenditures	<u>2,529,986</u>	<u>2,864,168</u>	<u>2,642,444</u>	<u>221,724</u>
Net change in fund balance	-	-	(115,593)	(115,593)
<b>FUND BALANCE - JANUARY 1</b>	<u>116,074</u>	<u>116,074</u>	<u>116,074</u>	<u>-</u>
<b>FUND BALANCE - DECEMBER 31</b>	<u>\$ 116,074</u>	<u>\$ 116,074</u>	<u>\$ 481</u>	<u>\$ (115,593)</u>

**RECONCILIATION FROM BUDGET TO GAAP:**

Net change in fund balance - budget                      \$    (115,593)

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.

-

Net change in fund balance - GAAP                      \$    (115,593)

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, 2017**

<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%
12/31/17	0.11979679%	978,412	16,734,793	5.90%	99.12%

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	\$ 1,166,661	\$ 1,166,661	\$ -	\$ 16,340,961	7.14%
12/31/16	1,159,525	1,159,525	-	16,734,793	6.93%
12/31/17	1,251,900	1,251,900	-	17,269,088	7.25%

See notes to required supplementary information.

**LINCOLN COUNTY, WISCONSIN**  
Notes to Required Supplementary Information  
December 31, 2017

**NOTE 1 - EXCESS OF ACTUAL EXPENDITURES OVER FINAL BUDGET**

For the year ending December 31, 2017, the legally adopted budget line items with actual expenditures over the final budget were as follows:

General Fund	Final Budget	Actual
Health and human services		
Health care center	\$ 584,713	\$ 588,635

**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, 2017

	Special Revenue							Total Nonmajor Governmental Funds
	County Health	Dog License	Community Development	Emergency Medical	Jail Assessment	Total	Debt Service	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 479,719	\$ 43,012	\$ 2	\$ -	\$ 65,374	\$ 588,107	\$ 88,962	\$ 677,069
Receivables (net of allowances):								
Property taxes	551,973	-	-	984,115	-	1,536,088	839,050	2,375,138
Accounts	473	-	-	285,763	-	286,236	-	286,236
Due from other governments	58,119	-	-	-	423	58,542	-	58,542
Prepaid items	199	-	-	260	-	459	-	459
<b>TOTAL ASSETS</b>	<b>\$ 1,090,483</b>	<b>\$ 43,012</b>	<b>\$ 2</b>	<b>\$ 1,270,138</b>	<b>\$ 65,797</b>	<b>\$ 2,469,432</b>	<b>\$ 928,012</b>	<b>\$ 3,397,444</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
<b>Liabilities</b>								
Accounts payable	\$ 6,749	\$ 41,334	\$ -	\$ 172,721	\$ -	\$ 220,804	\$ -	\$ 220,804
Accrued liabilities	25,210	-	-	-	-	25,210	-	25,210
Due to other funds	-	-	-	604,858	-	604,858	-	604,858
Due to other governments	684	678	-	-	-	1,362	-	1,362
Deferred revenue	3,213	-	-	27,962	-	31,175	-	31,175
<b>Total liabilities</b>	<b>35,856</b>	<b>42,012</b>	<b>-</b>	<b>805,541</b>	<b>-</b>	<b>883,409</b>	<b>-</b>	<b>883,409</b>
<b>Deferred inflows of resources</b>								
Property taxes levied for subsequent year	551,973	-	-	984,115	-	1,536,088	839,050	2,375,138
<b>Fund balance</b>								
Fund balances:								
Nonspendable	199	-	-	260	-	459	-	459
Restricted	374,346	-	-	-	-	374,346	-	374,346
Assigned	128,109	1,000	2	-	65,797	194,908	88,962	283,870
Unassigned	-	-	-	(519,778)	-	(519,778)	-	(519,778)
<b>Total fund balance</b>	<b>502,654</b>	<b>1,000</b>	<b>2</b>	<b>(519,518)</b>	<b>65,797</b>	<b>49,935</b>	<b>88,962</b>	<b>138,897</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,090,483</b>	<b>\$ 43,012</b>	<b>\$ 2</b>	<b>\$ 1,270,138</b>	<b>\$ 65,797</b>	<b>\$ 2,469,432</b>	<b>\$ 928,012</b>	<b>\$ 3,397,444</b>

**LINCOLN COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2017**

	Special Revenue							Total Nonmajor Governmental Funds
	County Health	Dog License	Community Development	Emergency Medical	Jail Assessment	Total	Debt Service	
<b>REVENUES</b>								
Taxes	\$ 549,481	\$ -	\$ -	\$ 868,094	\$ -	\$ 1,417,575	\$ 892,995	\$ 2,310,570
Intergovernmental revenues	83,515	-	-	61,424	-	144,939	14,914	159,853
Licenses and permits	-	41,632	-	-	-	41,632	-	41,632
Fines, forfeits, and penalties	-	-	-	-	29,903	29,903	-	29,903
Public charges for service	207,849	-	-	900,116	-	1,107,965	-	1,107,965
Intergovernmental charges for service	208,487	-	-	-	-	208,487	-	208,487
Miscellaneous revenues	5,762	-	-	-	-	5,762	-	5,762
<b>Total revenues</b>	<b>1,055,094</b>	<b>41,632</b>	<b>-</b>	<b>1,829,634</b>	<b>29,903</b>	<b>2,956,263</b>	<b>907,909</b>	<b>3,864,172</b>
<b>EXPENDITURES</b>								
Current:								
Public safety	-	-	-	1,910,636	-	1,910,636	-	1,910,636
Health and human services	1,004,816	41,632	-	-	-	1,046,448	-	1,046,448
Capital outlay	-	-	-	232,039	11,103	243,142	-	243,142
Debt service:								
Principal	-	-	-	-	-	-	615,000	615,000
Interest	-	-	-	-	-	-	212,794	212,794
<b>Total expenditures</b>	<b>1,004,816</b>	<b>41,632</b>	<b>-</b>	<b>2,142,675</b>	<b>11,103</b>	<b>3,200,226</b>	<b>827,794</b>	<b>4,028,020</b>
Excess (deficiency) of revenues over (under) expenditures	50,278	-	-	(313,041)	18,800	(243,963)	80,115	(163,848)
<b>OTHER FINANCING SOURCES</b>								
Transfers in	-	-	-	235,000	-	235,000	-	235,000
Excess (deficiency) of revenues and other financing sources over expenditures	50,278	-	-	(78,041)	18,800	(8,963)	80,115	71,152
<b>FUND BALANCES (DEFICIT) - BEGINNING</b>	<b>452,376</b>	<b>1,000</b>	<b>2</b>	<b>(441,477)</b>	<b>46,997</b>	<b>58,898</b>	<b>8,847</b>	<b>67,745</b>
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<b>\$ 502,654</b>	<b>\$ 1,000</b>	<b>\$ 2</b>	<b>\$ (519,518)</b>	<b>\$ 65,797</b>	<b>\$ 49,935</b>	<b>\$ 88,962</b>	<b>\$ 138,897</b>

**LINCOLN COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**December 31, 2017**

	Internal Service Funds		
	Highway	Health Insurance	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 200	\$ 2,270,142	\$ 2,270,342
Accounts receivable	1,202	8,962	10,164
Due from other governments	500,459	-	500,459
Inventories, at cost	1,178,698	-	1,178,698
Prepaid expenses	3,381	-	3,381
Total current assets	1,683,940	2,279,104	3,963,044
Capital assets:			
Land	37,875	-	37,875
Improvements other than buildings	289,793	-	289,793
Buildings	2,016,136	-	2,016,136
Machinery and equipment	10,777,289	-	10,777,289
Less accumulated depreciation	(8,480,958)	-	(8,480,958)
Total capital assets	4,640,135	-	4,640,135
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions	896,845	-	896,845
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	48,796	708,110	756,906
Accrued expenses	89,921	772	90,693
Compensated absences payable	252,057	-	252,057
Due other funds	15,969	-	15,969
Accrued claims	-	783,787	783,787
Unearned revenues	57,633	-	57,633
Current maturities of long-term debt	6,841	-	6,841
Total current liabilities	471,217	1,492,669	1,963,886
Noncurrent liabilities:			
Compensated absences payable	265,218	-	265,218
Noncurrent maturities of long-term debt	60,451	-	60,451
Net pension liability	117,255	-	117,255
Total noncurrent liabilities	442,924	-	442,924
Total liabilities	914,141	1,492,669	2,406,810
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	370,017	-	370,017
<b>NET POSITION</b>			
Net investment in capital assets	4,572,843	-	4,572,843
Unrestricted	1,363,919	786,435	2,150,354
<b>TOTAL NET POSITION</b>	<b>\$ 5,936,762</b>	<b>\$ 786,435</b>	<b>\$ 6,723,197</b>

**LINCOLN COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**Year Ended December 31, 2017**

	<b>Internal Service Funds</b>		
	<b>Highway</b>	<b>Health Insurance</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Interdepartmental charges for service	\$ 3,997,243	\$ 5,624,490	\$ 9,621,733
Intergovernmental charges for service	2,611,796	-	2,611,796
Other operating revenue	76,867	-	76,867
 Total operating revenues	 6,685,906	 5,624,490	 12,310,396
 <b>OPERATING EXPENSES</b>			
Claims paid	-	5,872,417	5,872,417
General services	6,160,519	-	6,160,519
Administrative and fiscal services	547,491	735,153	1,282,644
Depreciation and amortization	528,851	-	528,851
 Total operating expenses	 7,236,861	 6,607,570	 13,844,431
 Operating income (loss)	 (550,955)	 (983,080)	 (1,534,035)
 <b>NONOPERATING REVENUES</b>			
Salvage revenue	100,976	-	100,976
Gain on sale of supplies	9,091	-	9,091
Interest income	-	18,321	18,321
 Total nonoperating revenues	 110,067	 18,321	 128,388
  Change in net position	  (440,888)	  (964,759)	  (1,405,647)
<b>TOTAL NET POSITION - BEGINNING</b>	<b>6,377,650</b>	<b>1,751,194</b>	<b>8,128,844</b>
 <b>TOTAL NET POSITION - ENDING</b>	 <b>\$ 5,936,762</b>	 <b>\$ 786,435</b>	 <b>\$ 6,723,197</b>

**LINCOLN COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended December 31, 2017**

	<b>Internal Service Funds</b>		
	<b>Highway</b>	<b>Health Insurance</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
From other County departments	\$ 3,997,243	\$ 5,618,093	\$ 9,615,336
From government and other parties for sales	2,834,893	-	2,834,893
To employees for compensation and fringe benefits	(3,058,540)	(26,429)	(3,084,969)
To vendors for goods and services	(3,638,820)	(6,340,784)	(9,979,604)
Net cash provided by (used in) operating activities	134,776	(749,120)	(614,344)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(663,001)	-	(663,001)
Proceeds from sales of supplies	9,091	-	9,091
Lease payment	(6,098)	-	(6,098)
Advance from general fund	7,706	-	7,706
Proceeds from sale of capital assets	100,976	-	100,976
Net cash used for capital and related financing activities	(551,326)	-	(551,326)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	-	18,321	18,321
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(416,550)	(730,799)	(1,147,349)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	416,750	3,000,941	3,417,691
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 200	\$ 2,270,142	\$ 2,270,342
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating loss	\$ (550,955)	\$ (983,080)	\$ (1,534,035)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	528,851	-	528,851
Change in net pension liability (asset) and related deferred outflows/inflows	152,666	-	152,666
Changes in operating assets and liabilities:			
Accounts receivable	1,334	(6,397)	(5,063)
Due from other governments	87,263	-	87,263
Prepaid expenses	(2,582)	-	(2,582)
Inventories	(108,801)	-	(108,801)
Accounts payable	(58,685)	211,253	152,568
Accrued expenses	(22,803)	134	(22,669)
Compensated absences	50,855	-	50,855
Unearned revenues	57,633	-	57,633
Accrued claims	-	28,970	28,970
Total adjustments	685,731	233,960	919,691
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	\$ 134,776	\$ (749,120)	\$ (614,344)

**LINCOLN COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**December 31, 2017**

	<b>Agency Funds</b>		
	<b>Employee Benefit Cafeteria Plan</b>	<b>Clerk of Court Collection Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 25,476	\$ -	\$ 25,476
Accounts receivable	-	759,295	759,295
<b>Total assets</b>	<b>\$ 25,476</b>	<b>\$ 759,295</b>	<b>\$ 784,771</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 7,194	\$ -	\$ 7,194
Deposits and advances	18,282	-	18,282
Due other governments	-	759,295	759,295
<b>Total liabilities</b>	<b>\$ 25,476</b>	<b>\$ 759,295</b>	<b>\$ 784,771</b>