

**LINCOLN COUNTY, WISCONSIN**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2022**



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## INDEPENDENT AUDITORS' REPORT

County Board  
Lincoln County

### Report on the Audit of the Financial Statements

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules relating to pensions and OPEB be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 GAAS, 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.

***Supplementary 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 combining fund financial statements (the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 GAAS. In our opinion, the combining fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2023, 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 solely 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 effectiveness of the County's 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.



**CliftonLarsonAllen LLP**

Wausau, Wisconsin  
July 21, 2023

**LINCOLN COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

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, 2022.

**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 \$77,309,128 (net position). Of this amount, \$12,540,413 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The governmental activities total net position increased by \$3,594,826 and the business-type activities decreased by \$1,633,136.
- As of the close of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$12,932,765, a decrease of \$348,629 in comparison with the prior year. Eighty-three percent of this total amount, \$10,755,745, 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 \$898,720.
- In 2022 Lincoln County's capital assets increased by \$390,725.

**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, 2022. 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).

**LINCOLN COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

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 Solid Waste Landfill and Forestry departments 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, Social Services Fund, Debt Service, and American Rescue Plan Funds.

**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 eleven 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, social services special revenue fund, American Rescue Plan special revenue fund and the debt service 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.

**LINCOLN COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

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 Solid Waste Landfill 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 collection of delinquent special assessments, special charges, and delinquent utilities, 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 2022, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$77,309,128.

By far the largest portion of the County's net position, \$56,105,127 (72.57%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The County's net investment in capital assets, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**LINCOLN COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

	<b>Lincoln County's Net Position</b>					
	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total 2022	Total 2021
Current and Other Assets	\$ 53,195,866	\$ 49,114,463	\$ 9,194,526	\$ 9,599,679	\$ 62,390,392	\$ 58,714,142
Capital Assets	63,879,272	63,087,352	6,422,884	6,824,079	70,302,156	69,911,431
Total Assets	117,075,138	112,201,815	15,617,410	16,423,758	132,692,548	128,625,573
Deferred Outflows of Resources	14,485,140	10,052,010	711,235	537,568	15,196,375	10,589,578
Long-Term Liabilities						
Outstanding	18,336,609	17,448,458	9,853,182	8,952,771	28,189,791	26,401,229
Other Liabilities	8,536,385	7,783,654	770,530	792,205	9,306,915	8,575,859
Total Liabilities	26,872,994	25,232,112	10,623,712	9,744,976	37,496,706	34,977,088
Deferred Inflows of Resources	32,231,894	28,161,149	851,195	729,476	33,083,089	28,890,625
Net Position:						
Net Investment in Capital Assets	49,682,243	47,657,732	6,422,884	6,824,079	56,105,127	54,481,811
Restricted	8,297,130	7,688,928	366,458	372,215	8,663,588	8,061,143
Unrestricted	14,476,017	13,513,904	(1,935,604)	(709,420)	12,540,413	12,804,484
Total Net Position	<u>\$ 72,455,390</u>	<u>\$ 68,860,564</u>	<u>\$ 4,853,738</u>	<u>\$ 6,486,874</u>	<u>\$ 77,309,128</u>	<u>\$ 75,347,438</u>

An additional portion of the County's net position, \$8,663,588 (11.21%), represents resources that are subject to external restrictions on how they may be used.

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

**LINCOLN COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

**Governmental Activities.** Governmental activities increased the County's net position by \$2,428,334. Key elements of this increase are as follows:

<b>Lincoln County's Change in Net Position</b>						
	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total 2022	Total 2021
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 7,447,451	\$ 8,163,697	\$ 3,294,332	\$ 3,353,819	\$ 10,741,783	\$ 11,517,516
Operating Grants and Contributions	5,960,477	5,273,476	292,769	308,494	6,253,246	5,581,970
General Revenues:						
Property Taxes	15,049,934	14,930,281	-	-	15,049,934	14,930,281
Other Taxes	4,295,941	3,877,276	-	-	4,295,941	3,877,276
Grants and Contributions not Restricted to Specific Programs	1,146,092	1,079,955	-	-	1,146,092	1,079,955
Other	391,666	10,432	20,990	-	412,656	10,432
Total Revenues	34,291,561	33,335,117	3,608,091	3,662,313	37,899,652	36,997,430
Expenses:						
General Government	\$7,310,871	6,266,549	-	-	7,310,871	6,266,549
Public Safety	9,971,442	9,746,315	-	-	9,971,442	9,746,315
Public Works	6,085,592	6,574,497	-	-	6,085,592	6,574,497
Health and Human Services	6,702,259	7,719,989	-	-	6,702,259	7,719,989
Culture and Recreation	930,839	856,515	-	-	930,839	856,515
Conservation and Development	588,057	536,916	-	-	588,057	536,916
Interest on Long-Term Debt	384,061	489,351	-	-	384,061	489,351
Forestry	-	-	1,088,276	850,308	1,088,276	850,308
Landfill	-	-	2,506,337	2,014,430	2,506,337	2,014,430
Loss on Investments	-	-	370,228	94,854	370,228	94,854
Total Expenses	31,973,121	32,190,132	3,964,841	2,959,592	35,937,962	35,149,724
Increase (Decrease) in Net Position Before Transfers	2,318,440	1,144,985	(356,750)	702,721	1,961,690	1,847,706
Transfers	1,276,386	881,688	(1,276,386)	(881,688)	-	-
Increase (Decrease) in Net Position	3,594,826	2,026,673	(1,633,136)	(178,967)	1,961,690	1,847,706
Net position - January 1	68,860,564	66,833,891	6,486,874	6,665,841	75,347,438	73,499,732
Net position - December 31	<u>\$ 72,455,390</u>	<u>\$ 68,860,564</u>	<u>\$ 4,853,738</u>	<u>\$ 6,486,874</u>	<u>\$ 77,309,128</u>	<u>\$ 75,347,438</u>

The County Health fund's revenues were in excess of expenditures by \$102,436 due to several unbudgeted COVID related grants and increased program revenues. The County's Health Insurance fund showed an increase of \$495,909 due to lower than anticipated claims. The Emergency Medical fund also showed an increase of \$207,456 due to a prepaid item to reflect a delay in a delivery of a new ambulance and increased billing revenues. The County's Highway fund had a change in net position of \$557,038 due to higher than anticipated road work.

**Business-type Activities** Business-type activities decreased Lincoln County's net position by \$1,633,136. Solid Waste had an operating loss of \$656,206 and an overall loss of \$1,226,434 due to an adjustment in the future closure payable. Forestry showed an operating gain of \$326,723 due to lower than expected expenses and higher than anticipated forest revenues. The fund showed an overall loss of \$441,904 after a transfer to the general fund.

**LINCOLN COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

**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, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At the end of the current fiscal year, Lincoln County's governmental funds reported combined ending fund balances of \$12,932,765, a decrease of \$348,629 in comparison with the prior year. Approximately 81 percent of this total amount, \$10,755,745, constitutes the amount which is available for spending at the government's discretion. Of the \$10,755,748, \$2,729,225 is committed by County Board action for CIP projects, out of home placements for juveniles, and a 2023 Family Care payment, another \$559,206 is assigned for CIP projects in future years and other specific programs. Of the \$7,666,926 unassigned fund balance within the general fund, \$4,719,250 is recognized by County Board action for cash flow, the remaining \$2,947,676 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 \$7,666,926, while the total fund balance was \$11,419,018. A total of \$10,175,555 or eighty-five percent of the general fund balance remains under the County's discretion.

The fund balance of Lincoln County's general fund decreased by \$80,575 during the current fiscal year. Key factors in this change are as follows:

- The County transferred an amount of \$1,467,372 into General Fund. \$1,191,388 was transferred per Ordinance 3.26 which limit net position balances in other funds and an additional \$200,000 was transferred from the Solid Waste Fund. There was a transfer from the Forestry Fund for the Rec Officer in the amount of \$75,984 The County transferred a total of \$607,363 out of the General Fund to the Roads fund for road work.
- Total revenues were less than budgeted expectations by \$672,495. Outside housing revenue in the jail ended up \$419,827 under budget, and maintenance public charges for service revenue was short of budget by \$116,087. Child Support came in higher than budgeted at \$171,775 largely due to an increase in the Child support grant reimbursement.
- Expenditures came in under budget by \$1,788,641. An additional \$639,856 was carried over into 2023 than was originally budgeted. There were \$331,882 of contingency funds were not spent, capital projects were underspent by \$526,095 most of which was carried over into 2023. Maintenance also spent \$195,268 less than budgeted.

**LINCOLN COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

The County Roads and Bridges Fund has a deficit fund balance of \$161,525 at December 31, 2022 a decrease of \$293,290 when compared to the previous year.

The Social Services fund has a total fund balance of \$424,338. The fund balance of the Social Services fund decreased \$318,733 during the current year. The decrease was due largely to an anticipated high cost of out of home placement.

***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 Solid Waste Landfill amounted to a negative \$3,523,521, and those of Forestry amounted to \$1,552,715. 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 2021). 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 \$1,168,098. Those amendments are briefly summarized below:

- \$191,018-Increase in expenditures in Land Services due to largely to carryovers from 2021 into 2022
- \$567,263 - Increase in Capital Improvement Projects (CIP) during the year.

Actual expenditures were \$1,788,641 *less* than the amended budget. Explanations not already provided elsewhere in this report are summarized below:

- \$292,927 - Lower than expected operational costs in the Sheriff's Office other than payroll.
- \$166,604 - Due to lower than anticipated payroll costs largely due to turnover.

On the revenue side, the original budget was *increased* by \$640,115 with budget amendments largely due to increases in sales tax revenues, \$350,119 and tax deed revenue, \$136,509.

Actual revenues were \$672,495 *lower* than budgeted. Significant variances not already provided elsewhere are as follows:

**LINCOLN COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

- Interest Income from investments was \$50,248 lower than budgeted.
- Interest on delinquent tax revenue was \$141,657 lower 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, 2022, amounted to \$70,302,156 (net of accumulated depreciation) compared to \$69,911,431 in 2021. This investment in capital assets includes land, land improvements, infrastructure, buildings and improvements, equipment and vehicles, intangible assets, and work in progress. The net increase in the County's investment in capital assets for the current fiscal year was \$1,586,396 or 0.56 percent.

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

- Infrastructure increased \$2,477,040 in 2022.
- Depreciation expense totaled \$4,670,206 in 2022.

	<b>Lincoln County's Capital Assets</b> (Net of Accumulated Depreciation)					
	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total 2022	Total 2021
Land	\$ 43,896	\$ 43,896	\$ 2,603,024	\$ 2,603,024	\$ 2,646,920	\$ 2,646,920
Land Improvements	438,804	474,732	3,406,080	3,851,416	3,844,884	4,326,148
Infrastructure	38,362,809	35,885,769	-	-	38,362,809	35,885,769
Buildings and Improvements	18,732,656	19,489,843	55,036	63,899	18,787,692	19,553,742
Equipment and Vehicles	5,724,736	6,090,090	358,744	305,740	6,083,480	6,395,830
Work in Progress	576,371	1,103,022	-	-	576,371	1,103,022
Total	<u>\$ 63,879,272</u>	<u>\$ 63,087,352</u>	<u>\$ 6,422,884</u>	<u>\$ 6,824,079</u>	<u>\$ 70,302,156</u>	<u>\$ 69,911,431</u>

Additional information on Lincoln County's capital assets can be found in Note 3.D.

**LINCOLN COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

**Long-term debt.** At the end of the current fiscal year, Lincoln County had a total general obligation debt outstanding of \$14,050,000 which is an decrease of \$1,255,000. In 2021 the total general obligation debt outstanding was \$15,305,000. All Lincoln County general obligation debt is backed by the full faith and credit of the County. Lincoln County maintains a Standard and Poor's Rating of AA for general obligation debt.

**Lincoln County's Outstanding Long-Term Obligations**

	Governmental Activities 2022	Governmental Activities 2021	Business-Type Activities 2022	Business-Type Activities 2021	Total 2022	Total 2021
Bonds	\$14,050,000	\$15,305,000	\$ -	\$ -	\$14,050,000	\$15,305,000
Compensated Absences	1,618,490	1,875,721	108,098	142,928	1,726,588	2,018,649
Total General Long-Term Obligations	<u>\$15,668,490</u>	<u>\$17,180,721</u>	<u>\$108,098</u>	<u>\$142,928</u>	<u>\$15,776,588</u>	<u>\$17,323,649</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 \$160,173,995, 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 3.G.

**Factors and Next Year's Budget Rates**

The unemployment rate for Lincoln County in April 2023 was 2.6 percent as compared to 2.3 percent for the State of Wisconsin. The April 2023 rate for Lincoln County was 1.5 percent lower than the April 2021 rate (4.1%).

The general economic condition and outlook for the County is for relatively low unemployment with economic growth. Equalized valuation in Lincoln County increased 13.03 percent in 2022.

Inflationary trends in our region compare to national indices.

The above factors will be considered in preparing the County's budget for the 2024 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, Suite 211, Merrill, WI 54452.

## **BASIC FINANCIAL STATEMENTS**

**LINCOLN COUNTY, WISCONSIN  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 19,910,876	\$ 2,539,288	\$ 22,450,164
Receivables:			
Taxes and Special Charges	15,113,054	-	15,113,054
Delinquent Taxes	803,259	-	803,259
Accounts	1,053,065	173,820	1,226,885
Other	101,679	-	101,679
Internal Balances	(35,202)	35,202	-
Due from Other Governments	2,180,408	54,867	2,235,275
Supplies and Prepaid Items	1,966,984	937,482	2,904,466
Investment in Joint Venture	4,685,812	-	4,685,812
Cash and Investments	45,895	5,087,409	5,133,304
Net Pension Asset	7,370,036	366,458	7,736,494
Capital Assets, Nondepreciable	620,267	2,603,024	3,223,291
Capital Assets, Depreciable	63,259,005	3,819,860	67,078,865
Total Assets	117,075,138	15,617,410	132,692,548
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on Advance Refunding	218,140	-	218,140
Pension Related Amounts	13,600,573	678,099	14,278,672
Other Postemployment Related Amounts	666,427	33,136	699,563
Total Deferred Outflows of Resources	14,485,140	711,235	15,196,375
<b>LIABILITIES</b>			
Accounts Payable	1,132,622	81,223	1,213,845
Accrued and Other Current Liabilities	645,428	15,002	660,430
Insurance Claims Payable	482,205	-	482,205
Due to Other Governments	191,378	217,571	408,949
Accrued Interest Payable	48,867	-	48,867
Special Deposits	460,843	385,170	846,013
Unearned Revenues	5,575,042	71,564	5,646,606
Long-Term Obligations:			
Due Within One Year	2,213,501	63,211	2,276,712
Landfill Post Closure Care	-	9,475,579	9,475,579
Due to Other Governments	-	154,996	154,996
Due in More than One Year	13,820,158	44,887	13,865,045
Net Other Postemployment Benefits	2,302,950	114,509	2,417,459
Total Liabilities	26,872,994	10,623,712	37,496,706
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Levied for Subsequent Year	15,113,054	-	15,113,054
Other	-	-	-
Pension Related Amounts	16,367,647	813,844	17,181,491
Other Postemployment Related Amounts	751,193	37,351	788,544
Total Deferred Inflows of Resources	32,231,894	851,195	33,083,089
<b>NET POSITION</b>			
Net Investment in Capital Assets	49,682,243	6,422,884	56,105,127
Restricted			
Grant Programs	703,621	-	703,621
Opioid Settlement	165,994	-	165,994
Pensions	7,370,036	366,458	7,736,494
Other	57,479	-	57,479
Unrestricted	14,476,017	(1,935,604)	12,540,413
Total Net Position	\$ 72,455,390	\$ 4,853,738	\$ 77,309,128

See accompanying Notes to Basic Financial Statements.

**LINCOLN COUNTY, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 7,310,871	\$ 767,480	\$ 374,020	\$ -	\$ (6,169,371)	\$ -	\$ (6,169,371)
Public Safety	9,971,442	1,966,713	279,979	-	(7,724,750)	-	(7,724,750)
Public Works	6,085,592	3,026,415	1,804,017	-	(1,255,160)	-	(1,255,160)
Health and Human Services	6,702,259	454,417	3,254,025	-	(2,993,817)	-	(2,993,817)
Culture and Recreation	930,839	20,511	36,980	-	(873,348)	-	(873,348)
Conservation and Development	588,057	579,935	211,456	-	203,334	-	203,334
Interest and Fiscal Charges	384,061	631,980	-	-	247,919	-	247,919
Total Governmental Activities	31,973,121	7,447,451	5,960,477	-	(18,565,193)	-	(18,565,193)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Forestry	1,088,276	1,431,931	292,769	-	-	636,424	636,424
Solid Waste Landfill	2,506,337	1,862,401	-	-	-	(643,936)	(643,936)
Total Business-Type Activities	3,594,613	3,294,332	292,769	-	-	(7,512)	(7,512)
Total	<u>\$ 35,567,734</u>	<u>\$ 10,741,783</u>	<u>\$ 6,253,246</u>	<u>\$ -</u>	(18,565,193)	(7,512)	(18,572,705)
<b>GENERAL REVENUES AND TRANSFERS</b>							
Taxes:							
Property Taxes					15,049,934	-	15,049,934
Other Taxes					4,295,941	-	4,295,941
Federal and State Grants and Other							
Contributions not Restricted to							
Specific Functions					1,146,092	-	1,146,092
Interest and Investment Earnings					210,014	(370,228)	(160,214)
Miscellaneous					181,652	6,590	188,242
Gain on Sale of Asset					-	14,400	14,400
Transfers					1,276,386	(1,276,386)	-
Total General Revenues and Transfers					<u>22,160,019</u>	<u>(1,625,624)</u>	<u>20,534,395</u>
<b>CHANGE IN NET POSITION</b>							
					3,594,826	(1,633,136)	1,961,690
Net Position - Beginning of Year					<u>68,860,564</u>	<u>6,486,874</u>	<u>75,347,438</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 72,455,390</u>	<u>\$ 4,853,738</u>	<u>\$ 77,309,128</u>

See accompanying Notes to Basic Financial Statements.

**LINCOLN COUNTY, WISCONSIN  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	General	County Roads and Bridges	Social Services	General Debt Service	American Rescue Plan	Other Governmental Funds	Total
<b>ASSETS</b>							
Cash and Investments	\$ 10,633,969	\$ -	\$ 111,429	\$ 74,260	\$ 5,403,082	\$ 882,716	\$ 17,105,456
Restricted Cash and Investments	40,060	-	5,835	-	-	-	45,895
Receivables:							
Taxes and Special Charges	8,845,221	2,720,753	777,257	1,005,850	-	1,763,973	15,113,054
Delinquent Taxes	803,259	-	-	-	-	-	803,259
Accounts	675,302	-	384	-	-	281,773	957,459
Due from Other Funds	152,605	-	-	-	-	-	152,605
Due from Other Governments	1,008,986	-	445,060	-	-	96,938	1,550,984
Supplies and Prepaid Items	381,065	-	-	-	-	240,888	621,953
Total Assets	<u>\$ 22,540,467</u>	<u>\$ 2,720,753</u>	<u>\$ 1,339,965</u>	<u>\$ 1,080,110</u>	<u>\$ 5,403,082</u>	<u>\$ 3,266,288</u>	<u>\$ 36,350,665</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ 248,014	\$ 26,885	\$ 105,848	\$ -	\$ -	\$ 303,711	\$ 684,458
Accrued and Other Current Liabilities	556,388	-	26,662	-	-	15,855	598,905
Due to Other Funds	-	134,640	-	-	-	17,965	152,605
Due to Other Governments	190,824	-	-	-	-	554	191,378
Special Deposits	454,983	-	5,860	-	-	-	460,843
Unearned Revenues	184,404	-	-	-	5,359,617	31,021	5,575,042
Short-Term Note Payable	-	-	-	-	-	-	-
Total Liabilities	<u>1,634,613</u>	<u>161,525</u>	<u>138,370</u>	<u>-</u>	<u>5,359,617</u>	<u>369,106</u>	<u>7,663,231</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Property Taxes Levied for Subsequent Year	8,845,221	2,720,753	777,257	1,005,850	-	1,763,973	15,113,054
Interest Receivable on Delinquent Taxes	191,405	-	-	-	-	-	191,405
Unavailable Revenue	450,210	-	-	-	-	-	450,210
Total Deferred Inflows of Resources	<u>9,486,836</u>	<u>2,720,753</u>	<u>777,257</u>	<u>1,005,850</u>	<u>-</u>	<u>1,763,973</u>	<u>15,754,669</u>
<b>FUND BALANCES</b>							
Nonspendable	1,009,038	-	-	-	-	240,888	1,249,926
Restricted	234,425	-	102,650	-	43,465	546,554	927,094
Committed	1,949,423	-	321,688	74,260	-	383,854	2,729,225
Assigned	559,206	-	-	-	-	-	559,206
Unassigned	7,666,926	(161,525)	-	-	-	(38,087)	7,467,314
Total Fund Balances	<u>11,419,018</u>	<u>(161,525)</u>	<u>424,338</u>	<u>74,260</u>	<u>43,465</u>	<u>1,133,209</u>	<u>12,932,765</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 22,540,467</u>	<u>\$ 2,720,753</u>	<u>\$ 1,339,965</u>	<u>\$ 1,080,110</u>	<u>\$ 5,403,082</u>	<u>\$ 3,266,288</u>	<u>\$ 36,350,665</u>

See accompanying Notes to Basic Financial Statements.

**LINCOLN COUNTY, WISCONSIN  
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2022**

Total Fund Balances as Shown on Previous Page	\$ 12,932,765
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	59,009,073
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Long-term assets are not current financial resources; therefore, they are not reported in the funds:

Net Pension Asset	6,131,473
Investment in Joint Venture	4,685,812

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the funds.	641,615
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Net position of the internal service fund is reported in the statement of net position as governmental activities.	8,778,465
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Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.

Loss on advance refunding	218,140
Deferred Outflows Related to Pensions	11,320,895
Deferred Inflows Related to Pensions	(13,617,000)
Deferred Outflows Related to Other Postemployment Benefits	554,431
Deferred Inflows Related to Other Postemployment Benefits	(624,952)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and Notes Payable	(14,050,000)
Premium on Debt	(365,169)
Compensated Absences	(1,195,361)
Net Other Postemployment Benefit	(1,915,930)
Accrued Interest on Long-Term Obligations	(48,867)

Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ 72,455,390</u>
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See accompanying Notes to Basic Financial Statements.

**LINCOLN COUNTY, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	General	County Roads and Bridges	Social Services	General Debt Service	American Rescue Plan	Other Governmental Funds	Total
<b>REVENUES</b>							
Taxes	\$ 12,924,854	\$ 2,709,145	\$ 687,685	\$ 988,400	\$ -	\$ 1,870,172	\$ 19,180,256
Intergovernmental	2,407,153	1,804,017	2,511,076	-	-	371,540	7,093,786
Licenses and Permits	203,862	-	-	-	-	32,661	236,523
Fines and Forfeits	147,696	-	-	-	-	28,759	176,455
Public Charges for Services	1,520,009	-	3,620	-	-	1,352,030	2,875,659
Intergovernmental Charges for Services	174,192	-	8,326	631,980	-	199,063	1,013,561
Miscellaneous	600,515	-	1,561	-	42,795	173,966	818,837
Total Revenues	17,978,281	4,513,162	3,212,268	1,620,380	42,795	4,028,191	31,395,077
<b>EXPENDITURES</b>							
Current:							
General Government	6,531,723	-	-	-	-	-	6,531,723
Public Safety	8,147,184	-	-	-	-	2,261,028	10,408,212
Public Works	-	2,358,754	-	-	-	-	2,358,754
Health and Human Services	2,091,208	-	3,572,865	-	-	1,216,883	6,880,956
Culture and Recreation	940,075	-	-	-	-	-	940,075
Conservation and Development	615,643	-	-	-	-	-	615,643
Debt Service:							
Principal	-	-	-	1,255,000	-	-	1,255,000
Interest and Fiscal Charges	-	-	-	366,783	-	-	366,783
Capital Outlay	551,168	3,076,806	-	-	-	56,717	3,684,691
Total Expenditures	18,877,001	5,435,560	3,572,865	1,621,783	-	3,534,628	33,041,837
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(898,720)	(922,398)	(360,597)	(1,403)	42,795	493,563	(1,646,760)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	1,467,372	629,108	41,864	-	-	-	2,138,344
Transfers Out	(649,227)	-	-	-	-	(190,986)	(840,213)
Total Other Financing Sources (Uses)	818,145	629,108	41,864	-	-	(190,986)	1,298,131
<b>NET CHANGE IN FUND BALANCE</b>	(80,575)	(293,290)	(318,733)	(1,403)	42,795	302,577	(348,629)
Fund Balance - Beginning of Year	11,499,593	131,765	743,071	75,663	670	830,632	13,281,394
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 11,419,018</u>	<u>\$ (161,525)</u>	<u>\$ 424,338</u>	<u>\$ 74,260</u>	<u>\$ 43,465</u>	<u>\$ 1,133,209</u>	<u>\$ 12,932,765</u>

See accompanying Notes to Basic Financial Statements.

**LINCOLN COUNTY, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances as Shown on Previous Page \$ (348,629)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Assets Reported as Expenditures in Governmental Fund Statements	3,872,989
Depreciation Expense Reported in the Statement of Activities	(3,459,513)
Net book value of disposals	287,186

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned. (70,994)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Repaid	1,255,000
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Lincoln County entered into an agreement with Langlade and Marathon Counties to provide mental health and other related human services in each of the counties. The agreement created North Central Health Care (NCHC). This agreement divides the net position of NCHC between the counties in proportion of each of the county's population. This joint venture is reported on Lincoln County's financial statements as an investment in a joint venture as follows: 312,666

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Accrued Interest on Long-term Debt	5,131
Amortization of Premiums and Deferred Loss on Refunding	(22,409)
Compensated Absences	168,826
Net Pension Asset	804,485
Deferred Outflows of Resources Related to Pensions	3,977,246
Deferred Inflows of Resources Related to Pensions	(3,679,769)
Net Other Postemployment Benefits	(238,156)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(27,998)
Deferred Inflows of Resources Related to Other Postemployment Benefits	71,715

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 687,050

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	<u><u>\$ 3,594,826</u></u>
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See accompanying Notes to Basic Financial Statements.

**LINCOLN COUNTY, WISCONSIN**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**DECEMBER 31, 2022**

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Solid Waste Landfill	Forestry	Total	
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 198,237	\$ 2,341,051	\$ 2,539,288	\$ 2,805,420
Receivables:				
Customer Accounts, Net	136,554	37,266	173,820	197,285
Due from Other Governments	-	54,867	54,867	629,424
Supplies and Prepaid Items	937,245	237	937,482	1,345,031
Total Current Assets	1,272,036	2,433,421	3,705,457	4,977,160
Noncurrent Assets:				
Restricted Assets				
Cash and Investments	5,087,409	-	5,087,409	-
Other Assets				
Net Pension Asset	145,199	221,259	366,458	1,238,563
Total Other Assets	145,199	221,259	366,458	1,238,563
Capital Assets				
Nondepreciable	84,605	2,518,419	2,603,024	221,231
Depreciable	3,551,748	268,112	3,819,860	4,648,968
Total Capital Assets	3,636,353	2,786,531	6,422,884	4,870,199
Total Assets	10,140,997	5,441,211	15,582,208	11,085,922
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related Amounts	267,452	410,647	678,099	2,279,678
Other Postemployment Related Amounts	13,129	20,007	33,136	111,996
Total Deferred Outflows of Resources	280,581	430,654	711,235	2,391,674

See accompanying Notes to Basic Financial Statements.

**LINCOLN COUNTY, WISCONSIN**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS (CONTINUED)**  
**DECEMBER 31, 2022**

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Solid Waste Landfill	Forestry	Total	
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	\$ 71,222	\$ 10,001	\$ 81,223	\$ 448,164
Accrued and Other Current Liabilities	5,695	9,307	15,002	46,523
Compensated Absences	22,759	40,452	63,211	228,583
Insurance Claims Payable	-	-	-	482,205
Due to Other Governments	22,037	195,534	217,571	-
Special Deposits	-	385,170	385,170	-
Unearned Revenue	-	71,564	71,564	-
Total Current Liabilities	121,713	712,028	833,741	1,205,475
Long-Term Obligations, Less Current Portion:				
Due to Other Governments	154,996	-	154,996	-
Compensated Absences	28,625	16,262	44,887	194,546
Landfill Post Closure Care	9,475,579	-	9,475,579	-
Net Other Postemployment Benefits	45,371	69,138	114,509	387,020
Total Long-Term Liabilities	9,704,571	85,400	9,789,971	581,566
Total Liabilities	9,826,284	797,428	10,623,712	1,787,041
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Related Amounts	322,464	491,380	813,844	2,750,647
Other Postemployment Related Amounts	14,799	22,552	37,351	126,241
Total Deferred Inflows of Resources	337,263	513,932	851,195	2,876,888
<b>NET POSITION</b>				
Net Investment In Capital Assets	3,636,353	2,786,531	6,422,884	4,870,199
Restricted				
Pensions	145,199	221,259	366,458	1,238,563
Unrestricted	(3,523,521)	1,552,715	(1,970,806)	2,704,905
Total Net Position	258,031	4,560,505	4,818,536	8,813,667
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			35,202	
Change in Net Position of Business-Type Activities as Reported on the Statement of Net Position			<u>\$ 4,853,738</u>	

See accompanying Notes to Basic Financial Statements.

**LINCOLN COUNTY, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	Enterprise Funds			Governmental Activities - Internal Service Fund
	Solid Waste Landfill	Forestry	Total	
<b>OPERATING REVENUES</b>				
Public Charges for Services	\$ 1,700,674	\$ 1,431,931	\$ 3,132,605	\$ -
Interdepartmental Charges for Services	-	-	-	9,394,147
Intergovernmental Charges for Services	150,785	-	150,785	3,026,415
Other	10,942	6,000	16,942	38,314
Total Operating Revenues	1,862,401	1,437,931	3,300,332	12,458,876
<b>OPERATING EXPENSES</b>				
Insurance Claims	-	-	-	2,759,487
General Services	1,126,990	1,044,456	2,171,446	7,349,878
Administrative and Fiscal Services	-	-	-	1,012,603
Future Closing Costs	884,625	-	884,625	-
Depreciation and Amortization	506,992	66,752	573,744	636,949
Total Operating Expenses	2,518,607	1,111,208	3,629,815	11,758,917
<b>OPERATING INCOME (LOSS)</b>	(656,206)	326,723	(329,483)	699,959
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Insurance Recoveries	-	-	-	31,770
Interest Income	98,744	-	98,744	138
Nonoperating Grants	-	292,769	292,769	-
Loss on Investments	(468,972)	-	(468,972)	-
Gain on Disposal of Capital Assets	-	14,990	14,990	12,130
Total Nonoperating Revenues (Expenses)	(370,228)	307,759	(62,469)	44,038
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(1,026,434)	634,482	(391,952)	743,997
Transfers Out	(200,000)	(1,076,386)	(1,276,386)	(21,745)
<b>CHANGE IN NET POSITION</b>	(1,226,434)	(441,904)	(1,668,338)	722,252
Net Position - Beginning of Year	1,484,465	5,002,409	6,486,874	8,091,415
<b>NET POSITION - END OF YEAR</b>	<u>\$ 258,031</u>	<u>\$ 4,560,505</u>	<u>\$ 4,818,536</u>	<u>\$ 8,813,667</u>
Change in Net Position per Above	\$ (1,226,434)	\$ (441,904)	\$ (1,668,338)	
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			35,202	
Change in Net Position of Business-Type Activities as Reported on the Statement of Activities			<u>\$ (1,633,136)</u>	

See accompanying Notes to Basic Financial Statements.

**LINCOLN COUNTY, WISCONSIN**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste Landfill	Forestry	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 1,864,140	\$ 1,495,215	\$ 3,359,355	\$ 12,342,213
Cash Paid for Employee Wages and Benefits	(432,711)	(681,942)	(1,114,653)	(3,344,580)
Cash Paid to Suppliers	(800,105)	(404,655)	(1,204,760)	(7,884,430)
Net Cash Provided by Operating Activities	631,324	408,618	1,039,942	1,113,203
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Intergovernmental Grants	-	310,898	310,898	-
Due to/from Other Funds	(173,853)	-	(173,853)	-
Transfer In (Out)	(200,000)	(1,076,386)	(1,276,386)	(21,745)
Net Cash Used by Noncapital Financing Activities	(373,853)	(765,488)	(1,139,341)	(21,745)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of Capital Assets	(65,778)	(106,771)	(172,549)	(748,281)
Capital Contributions	-	-	-	-
Sale of Capital Assets	-	14,990	14,990	32,207
Insurance Recoveries	-	-	-	31,770
Net Cash Used by Capital and Related Financing Activities	(65,778)	(91,781)	(157,559)	(684,304)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	82,725	-	82,725	138
Investments Purchased	(1,348,135)	-	(1,348,135)	-
Investments Sold	1,271,654	-	1,271,654	-
Net Cash Provided by Investing Activities	6,244	-	6,244	138
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	197,937	(448,651)	(250,714)	407,292
Cash and Cash Equivalents - Beginning of Year	300	2,789,702	2,790,002	2,398,128
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 198,237</u>	<u>\$ 2,341,051</u>	<u>\$ 2,539,288</u>	<u>\$ 2,805,420</u>

See accompanying Notes to Basic Financial Statements.

**LINCOLN COUNTY, WISCONSIN**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste Landfill	Forestry	Total	
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Loss	\$ (656,206)	\$ 326,723	\$ (329,483)	\$ 699,959
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:				
Depreciation	506,992	66,752	573,744	636,949
Change In Liability (Asset) and Deferred Outflows and Inflows of Resources:				
Change in WRS Asset/Liability	(12,446)	11,418	(1,028)	2,428
Change in WRS Deferred Outflow	(84,825)	(95,656)	(180,481)	(586,588)
Change in WRS Deferred Inflow	74,821	57,333	132,154	435,641
Change in OPEB Liability	3,661	(4,236)	(575)	(3,871)
Change in OPEB Deferred Outflow	1,350	5,464	6,814	23,699
Change in OPEB Deferred Inflow	(2,520)	(7,915)	(10,435)	(36,070)
Change in Operating Assets and Liabilities:				
Accounts Receivable	1,739	(16,676)	(14,937)	(22,828)
Due to Other Governments	(16,232)	(18,294)	(34,526)	-
Due from Other Governments	-	-	-	(93,835)
Special Deposits	-	73,960	73,960	-
Inventories and Prepaid Items	(1,140)	(237)	(1,377)	80,954
Accounts Payable	(31,649)	8,571	(23,078)	(8,224)
Insurance Claims Payable	-	-	-	86,386
Accrued and Other Current Liabilities	(193)	(412)	(605)	(12,992)
Landfill Post Closure Care	884,625	-	884,625	-
Compensated Absences	(36,653)	1,823	(34,830)	(88,405)
Net Cash Provided by Operating Activities	<u>\$ 631,324</u>	<u>\$ 408,618</u>	<u>\$ 1,039,942</u>	<u>\$ 1,113,203</u>

**RECONCILIATION OF CASH AND CASH  
EQUIVALENTS TO THE STATEMENT OF  
NET POSITION**

Cash and Investments in Current Assets	\$ 198,237	\$ 2,341,051	\$ 2,539,288	\$ 2,805,420
Cash and Investments in Restricted Assets	5,087,409	-	5,087,409	-
Total Cash and Investments	5,285,646	2,341,051	7,626,697	2,805,420
Less: Long-Term Investments	(5,087,409)	-	(5,087,409)	-
Total Cash and Cash Equivalents	<u>\$ 198,237</u>	<u>\$ 2,341,051</u>	<u>\$ 2,539,288</u>	<u>\$ 2,805,420</u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH  
CAPITAL AND RELATED FINANCING ACTIVITIES**

Change in Fair Value of Investments	<u>\$ (468,972)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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See accompanying Notes to Basic Financial Statements.

**LINCOLN COUNTY, WISCONSIN  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2022**

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Current Assets	
Receivables:	
Accounts, Net	<u>\$        72,183</u>
<b>LIABILITIES</b>	
Current Liabilities	
Due to Other Governments	<u>702</u>
<b>NET POSITION</b>	
Restricted - Held for Others	<u><u>\$        71,481</u></u>

*See accompanying Notes to Basic Financial Statements.*

**LINCOLN COUNTY, WISCONSIN  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED DECEMBER 31, 2022**

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Collections:	
Court Fines Collected	\$     601,420
<b>DEDUCTIONS</b>	
Payments to Other Governments	<u>643,672</u>
<b>CHANGE IN NET POSITION</b>	(42,252)
Net Position - Beginning of Year	<u>113,733</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$     71,481</u></u>

*See accompanying Notes to Basic Financial Statements.*

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of Lincoln County (the County), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government 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.

**A. Reporting Entity**

The County is a municipal corporation incorporated under the laws of the state of Wisconsin and is governed by an elected 22-member board. In accordance with GAAP, the basic financial statements are required to include the County and any separate component units that have a significant operational or financial relationship with the County. The County has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Governmental funds include general, special revenue, capital projects, and debt service. Proprietary funds include enterprise and internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide and Fund Financial Statements (Continued)**

The County reports the following major governmental funds:

**General Fund**

This is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**County Roads and Bridges Fund**

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

**Social Services Special Revenue 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.

**American Rescue Plan Act Fund**

This fund is used to account for activities related to the Coronavirus State and Local Fiscal Recovery Funds Grant

The County reports the following major enterprise funds:

**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.

Additionally, the County reports the following fund types:

- *Internal Service Fund* accounts for health insurance services provided to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.
- *Custodial Fund* accounts for funds held on behalf of other entities.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for EMS charges for services and cost reimbursement grants which are considered available if collected within 180 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits, and miscellaneous revenues are recognized when received in cash or when measurable and available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's highway function and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 of the County's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

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.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance**

**1. Cash and Investments**

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments 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 (including restricted assets) with a maturity of three months or less from date of acquisition, are considered to be cash equivalents.

**2. Property Tax Apportionments**

Property taxes are apportioned annually in November to local taxing units within the County for financing state charges and the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as a deferred inflows of resources at year-end. Property tax payments from individual property owners are due in two or more installments between January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent. The delinquent taxes are then acquired by the County's General Fund in accordance with state statutes in order to provide the County with a statutory lien.

Property taxes of \$15,113,054 are recorded on December 31, 2022 for collection in 2023 for the County apportionment. The County apportionment is for financing 2023 operations and will be transferred in 2023 from deferred inflows of resources to current revenues of the County's governmental funds.

**3. Accounts Receivable**

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. The County has calculated allowance for doubtful accounts where deemed appropriate based on historical data.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**4. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

**5. Supplies and Prepaid Items**

Supplies are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual supply items are consumed rather than when purchased.

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

Supplies and prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

**6. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost by asset type detailed below and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

<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 to 5,000
Intangible Assets	5,000

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**6. Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	25
Infrastructure	10 to 50
Buildings	10 to 25
Machinery and Equipment	3 to 15
Intangible Assets	3

**7. Compensated Absences**

Vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements and proprietary fund 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.

**8. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources are a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net assets by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. These inflows are recognized as revenues in the government-wide financial statements.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**9. 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 expensed as 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.

**10. Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense (revenue), 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.

**11. Other Postemployment Benefits Other than Pensions (OPEB)**

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense (revenue), and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**12. Fund Equity**

*Government Fund Financial Statements*

Fund balance of governmental funds is 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.
- **Unassigned fund balance.** Amounts that are available for any purpose. Positive 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.

LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**12. Fund Equity (Continued)**

*Government-wide and Proprietary Fund Statements*

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

**E. Use of Estimates**

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

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 STEWARDSHIP AND COMPLIANCE**

**A. Budgets and Budgetary Accounting**

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During October, 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 County board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all 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.
3. 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.

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2022.

**B. Deficit Fund Equity**

The County Roads and Bridges Fund had a deficit fund balance of \$161,525 as of December 31, 2022. The County anticipates funding the deficit from future revenues of the fund.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)**

**C. Property Tax Levy Limit**

Wisconsin Statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns, and counties. For the 2022 and 2023 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the County's January 1 equalized value as a result of net new construction. The actual limit for the County for the 2022 budget was 0.95%. The actual limit for the County for the 2023 budget was 1.01%. Debt service for debt authorized after July 1, 2005 is exempt from 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 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

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 on the financial statements as Cash and Investments.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state, and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the County's cash and investments totaled \$27,583,468 on December 31, 2022 as summarized below:

Petty Cash and Cash on Hand	\$ 2,125
Deposits with Financial Institutions	18,099,525
Investments:	
Wisconsin Local Government Investment Pool	3,057,997
Landfill Long-term Care & Closure	5,087,409
Health Insurance Fund	1,296,352
Insurance Deposits	40,060
Total	<u>\$ 27,583,468</u>

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position:

Cash and Investments	\$ 22,450,164
Restricted Cash and Investments	5,133,304
Total	<u>\$ 27,583,468</u>

**Fair Value Measurements**

The County categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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, 2022:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
US Treasuries	\$ -	\$ 2,954,709	\$ -
Money Market Mutual Funds	120,550	-	-
Negotiable Certificates of Deposit	-	902,283	-
Bond Mutual Fund	368,146	-	-
Government Securities	-	2,038,073	-
Total	<u>\$ 488,696</u>	<u>\$ 5,895,065</u>	<u>\$ -</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.

**Custodial Credit Risk**

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

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**Custodial Credit Risk (Continued)**

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. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2022, \$725,399 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits, all of which was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the County's name.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin Statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	AA	Not Rated
U.S. Treasuries	\$ 2,954,709	\$ 2,954,709	\$ -	\$ -	\$ -
Negotiable CDs	902,283	-	-	-	902,283
Mutual Bond Funds	368,146	-	-	-	368,146
Money Market Mutual Funds	120,550	-	120,550	-	-
Insurance Deposits	40,060	-	-	-	40,060
Government Securities	2,038,073	-	2,038,073	-	-
Wisconsin Local Government Investment Pool	3,057,997	-	-	-	3,057,997
Total	<u>\$ 9,481,818</u>	<u>\$ 2,954,709</u>	<u>\$ 2,158,623</u>	<u>\$ -</u>	<u>\$ 4,368,486</u>

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**Concentration of Credit Risk**

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasurer securities, mutual funds, and external investment pools) there are no investments that represent 5% or more of total County investments.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
US Treasuries	\$ 2,954,709	\$ 471,016	\$ 512,564	\$ 788,167	\$ 1,182,962
Negotiable CDs	902,282	347,312	242,735	312,235	-
Mutual Bond Funds	368,146	368,146	-	-	-
Governmental Securities	2,038,074	594,168	339,677	964,606	139,623
Wisconsin Local Government Investment Pool	3,057,997	3,057,997	-	-	-
Total	<u>\$ 9,321,208</u>	<u>\$ 4,838,639</u>	<u>\$ 1,094,976</u>	<u>\$ 2,065,008</u>	<u>\$ 1,322,585</u>

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**Investment in Wisconsin Local Government Investment Pool**

The County has investments in the Wisconsin Local Government Investment Pool (LGIP) of \$3,057,997 at year-end. The LGIP is part of the State Investment Funds (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

**B. Delinquent Property Taxes – General Fund**

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, 2022, the County's general fund showed an investment of \$1,007,696 in delinquent taxes as follows:

Tax Certificates	\$ 687,054
Tax Deeds	116,205
Total Delinquent Property Taxes	<u>803,259</u>
Interest and Penalty on Taxes	204,437
Total	<u><u>\$ 1,007,696</u></u>

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Delinquent Property Taxes – General Fund (Continued)**

An aging of the tax certificates of \$687,054 on December 31, 2022 follows:

<u>Year Acquired</u>	<u>Tax Certificates</u>
2013 and Prior	\$ 4,358
2014	2,274
2015	2,507
2016	2,530
2017	3,720
2018	6,764
2019	31,957
2020	61,051
2021	191,692
2022	380,201
Total	<u>\$ 687,054</u>

Of the total of \$687,054 for delinquent tax certificates and deeds, \$175,286 was collected by the County within 60 days after December 31, 2022. The remaining unpaid balance of \$511,768, as well as \$116,205 of tax deeds, is recorded as nonspendable fund balance for the general fund.

**C. Restricted Assets**

Restricted assets on December 31, 2022 totaled \$160,154 and consisted of cash and investments held for the following purposes:

<u>Funds</u>	<u>Amount</u>	<u>Purpose</u>
General Fund:		
Insurance Deposits	\$ 40,060	Deposits held for Insurance
Special Revenue Funds:		
Protective Payee	5,835	Deposits held for individuals in social services
Enterprise Funds:		
Solid Waste Landfill		Investments to fund future closure and care
Long-Term Care and Closure	<u>5,087,409</u>	costs for the County's landfill.
Total	<u>\$ 5,133,304</u>	

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 43,896	\$ -	\$ -	\$ 43,896
Construction in Progress	1,103,022	578,167	1,104,818	576,371
Total Capital Assets, Nondepreciable	1,146,918	578,167	1,104,818	620,267
Capital Assets, Depreciable:				
Land Improvements	846,604	-	-	846,604
Buildings and Improvements	45,937,894	749,159	-	46,687,053
Equipment and Vehicles	17,972,385	803,986	976,384	17,799,987
Intangibles Assets	669,561	-	-	669,561
Infrastructure	63,068,402	3,594,776	907,020	65,756,158
Total	128,494,846	5,147,921	1,883,404	131,759,363
Less: Accumulated Depreciation:				
Land Improvements	371,872	35,928	-	407,800
Buildings and Improvements	26,448,051	1,506,346	-	27,954,397
Equipment and Vehicles	12,027,985	1,067,468	950,524	12,144,929
Intangibles Assets	523,871	76,012	-	599,883
Infrastructure	27,182,633	1,410,708	1,199,992	27,393,349
Total	66,554,412	4,096,462	2,150,516	68,500,358
Total Capital Assets, Depreciable, Net	61,940,434	1,051,459	(267,112)	63,259,005
Governmental Activities Capital Assets, Net	<u>\$ 63,087,352</u>	<u>\$ 1,629,626</u>	<u>\$ 837,706</u>	63,879,272
Less: Capital Related Debt				(14,050,000)
Less: Debt Premium				(365,169)
Add: Loss on Advance Refunding				<u>218,140</u>
Net Investment in Capital Assets				<u>\$ 49,682,243</u>

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 2,603,024	\$ -	\$ -	\$ 2,603,024
Capital Assets, Depreciable:				
Land Improvements	15,253,055	16,968	-	15,270,023
Buildings and Improvements	612,727	-	-	612,727
Machinery and Equipment	1,899,181	155,581	32,184	2,022,578
Total	17,764,963	172,549	32,184	17,905,328
Less: Accumulated Depreciation:				
Land Improvements	11,401,640	462,303	-	11,863,943
Buildings and Improvements	548,827	8,864	-	557,691
Machinery and Equipment	1,593,441	102,577	32,184	1,663,834
Total	13,543,908	573,744	32,184	14,085,468
Total Capital Assets, Depreciable, Net	4,221,055	(401,195)	-	3,819,860
Business-type Activities Capital Assets, Net	<u>\$ 6,824,079</u>	<u>\$ (401,195)</u>	<u>\$ -</u>	<u>\$ 6,422,884</u>

Depreciation expense was charged to functions of the County as follows:

Governmental Activities:	
General Government	\$ 1,093,766
Public Safety	457,544
Public Works	1,410,708
Health and Human Services	497,495
Internal Service Fund - Highway	636,949
Total Depreciation Expense - Governmental Activities	<u>\$ 4,096,462</u>
Business-Type Activities:	
Solid Waste	\$ 506,992
Forestry	66,752
Total Depreciation Expense - Business-Type Activities	<u>\$ 573,744</u>

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Interfund Receivables, Payables, and Transfers**

Interfund receivable and payables as of December 31, 2022 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary Cash Advances to Finance		
Operating Cash Deficit:		
General	\$ 152,605	\$ -
County Roads and Bridges	-	134,640
Emergency Medical Services	-	17,965
Total	<u>\$ 152,605</u>	<u>\$ 152,605</u>

Interfund transfers for the year ended December 31, 2022 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 1,467,372	\$ 649,227
Roads and Bridges	629,108	-
Social Services	41,864	-
Health	-	190,986
Solid Waste	-	200,000
Forestry	-	1,076,386
Highway	-	21,745
Total	<u>\$ 2,138,344</u>	<u>\$ 2,138,344</u>

Interfund transfers were made for the following purposes:

Budget Transfer to Reduce Levy	\$ 200,000
Agreement for Monitoring of Outdoor Recreation	75,984
Residual 2021 Contingency in Roads and Bridges	357,363
CIP Transfers for Road Projects	250,000
CIP Transfer for Social Services Vehicle	41,864
Performance Based Maintenance	21,745
Excess Equity Transfers	1,191,388
Total	<u>\$ 2,138,344</u>

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Obligations**

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2022:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Debt:					
Bonds	\$ 15,305,000	\$ -	\$ 1,255,000	\$ 14,050,000	\$ 1,300,000
Debt Premium	421,767	-	56,598	365,169	-
Compensated Absences	1,875,721	888,862	1,146,093	1,618,490	913,501
Governmental Activities Long-Term Obligations	<u>\$ 17,602,488</u>	<u>\$ 888,862</u>	<u>\$ 2,457,691</u>	<u>\$ 16,033,659</u>	<u>\$ 2,213,501</u>
Business-type Activities					
Compensated Absences	<u>\$ 142,928</u>	<u>\$ 66,840</u>	<u>\$ 101,670</u>	<u>\$ 108,098</u>	<u>\$ 63,211</u>

Total interest paid during the year on long-term debt totaled \$365,380.

**General Obligation Debt**

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/22
General Obligation Bond	12/1/16	10/1/28	2.00%	\$ 8,820,000	\$ 5,990,000
General Obligation Bond	2/14/17	12/1/36	2.00 - 3.50%	6,950,000	5,545,000
General Obligation Bond	12/1/21	12/1/38	0.65 - 2.00%	2,595,000	2,515,000
Total Outstanding General Obligation Debt					<u>\$ 14,050,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$14,050,000 on December 31, 2022 are detailed below:

<u>Year Ending December 31,</u>	Governmental Activities		
	Principal	Interest	Total
2023	\$ 1,300,000	\$ 337,860	\$ 1,637,860
2024	1,350,000	309,290	1,659,290
2025	1,400,000	279,620	1,679,620
2026	1,450,000	248,850	1,698,850
2027	1,510,000	215,050	1,725,050
2028-2032	3,565,000	713,575	4,278,575
2033-2037	2,855,000	305,762	3,160,762
2038	620,000	12,400	632,400
Total	<u>\$ 14,050,000</u>	<u>\$ 2,422,407</u>	<u>\$ 16,472,407</u>

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Obligations (Continued)**

**General Obligation Debt (Continued)**

For governmental activities, the other long-term liabilities are generally funded by the general fund.

**Legal Margin for New Debt**

The County's legal margin for creation of additional general obligation debt on December 31, 2022 was \$146,123,995 as follows:

Equalized Valuation of the County	\$ 3,203,479,900
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	<u>160,173,995</u>
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>14,050,000</u>
Legal Margin for New Debt	<u><u>\$ 146,123,995</u></u>

**G. Pension Plan**

**1. Plan Description**

The Wisconsin Retirement System (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, expected to work at least 1200 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 Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Pension Plan (Continued)**

**1. Plan Description (Continued)**

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**2. Postretirement 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.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Pension Plan (Continued)**

**2. Postretirement Adjustments (Continued)**

The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year Ending December 31,</u>	<u>Percent of Core Fund Adjustment</u>	<u>Percent of Variable Fund Adjustment</u>
2012	(7.0)%	(7)%
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	-	(10)
2020	1.7	21
2021	5.1	13

**3. 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 for general category employees, including teachers, executives, and elected officials. Starting on January 1, 2016, the executives and elected officials category was merged into the general employee category. 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 year ending December 31, 2021, the WRS recognized \$940,827 in contributions from the County.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including Teachers, Executives, and Elected Officials)	6.50 %	6.50 %
Protective with Social Security	6.50 %	12.00 %
Protective without Social Security	6.50 %	16.40 %

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Pension Plan (Continued)**

**4. Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2022, the County reported an asset of \$7,736,494 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the County's proportion was 0.0958410%, which was an increase of 0.02327863% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the County recognized pension revenue of \$720,923.

At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 11,846,645	\$ 590,012
Net Differences Between Projected Actual Earnings on Pension Plan Investments	-	16,420,290
Changes in Assumptions	1,420,727	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	70,473	171,189
Employer Contributions Subsequent to the Measurement Date	940,827	-
Total	<u>\$ 14,278,672</u>	<u>\$ 17,181,491</u>

\$940,827 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 (asset) in the year ended December 31, 2023.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Pension Plan (Continued)**

**4. Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

<u>Year Ending December 31,</u>	<u>Expense</u>
2023	\$ (320,697)
2024	(1,909,619)
2025	(834,005)
2026	(779,325)
Total	<u>\$ (3,843,646)</u>

**5. Actuarial Assumptions**

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Study
Postretirement Adjustments*	1.7%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from the prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTE SON ALL FUNDS (CONTINUED)**

**G. Pension Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

**Long-Term Expected 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 geometric real rates of return for each major asset class are summarized in the following table:

	<u>Current Asset Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
<u>Core Fund Asset Class</u>			
Global Equities	52.0 %	6.8 %	4.2 %
Fixed Income	25.0	4.3	1.8
Inflation Sensitive Assets	19.0	2.7	0.2
Real Estate	7.0	5.6	3.0
Private Equity/Debt	12.0	9.7	7.0
Cash	(15.0)	0.9	N/A
Total Core Fund	100.0 %	6.6 %	4.0 %
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0 %	6.6 %	4.1 %
International Equities	30.0	7.4	4.9
Total Variable Fund	100.0 %	7.1 %	4.6 %

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.5%

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

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Pension Plan (Continued)**

**5. Actuarial Assumptions (Continued)**

**Single Discount Rate.** A single discount rate of 6.80% was used to measure the total pension liability, as opposed to a discount rate of 7.00% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.).

Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% 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 members contributions will be made at the current contribution rate and that employer contributions will be made 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.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.** The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the 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 (5.80%) or one percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,489,591	\$ (7,736,494)	\$ (17,256,816)

**Pension Plan Fiduciary Net 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>

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Pension Plan (Continued)**

**6. Payables to the Pension Plan**

At December 31, 2022, the County reported a payable of \$211,737 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2022.

**H. Other Postemployment Benefits**

**Local Retiree Life Insurance Fund (LRLIF)**

***Plan Description***

The LRLIF is a multiemployer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible members.

***OPEB Plan Fiduciary Net Position***

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found at using the link above.

***Benefits Provided***

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members and pre-65 retirees who pay for their coverage.

***Contributions***

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a postretirement benefit.

Employers are required to pay the following contributions based on member contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Other Postemployment Benefits (Continued)**

**Local Retiree Life Insurance Fund (Continued)**

***Contributions (Continued)***

Contribution rates as of December 31, 2022 are:

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of Member Contribution
25% Postretirement Coverage	20% of Member Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2021 are listed below:

Life Insurance Member Contribution Rates Year Ended December 31, 2021		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

\* Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$5,401 in contributions from the employer.

***OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At December 31, 2022, the County reported a liability of \$2,417,459 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net OPEB liability was based on the County's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the County's proportion was 0.40902000%, which was an increase of 0.01202700% from its proportion measured as of December 31, 2020.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Other Postemployment Benefits (Continued)**

**Local Retiree Life Insurance Fund (Continued)**

***OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)***

For the year ended December 31, 2022, the County recognized OPEB expense of \$211,164.

At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 106,023
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	27,634	-
Changes in Assumptions	584,607	76,711
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	87,322	605,810
Total	<u>\$ 699,563</u>	<u>\$ 788,544</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Expense</u>
2023	\$ (1,028)
2024	(3,949)
2025	(17,414)
2026	(1,221)
2027	(64,151)
Thereafter	(1,218)
Total	<u>\$ (88,981)</u>

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Other Postemployment Benefits (Continued)**

**Local Retiree Life Insurance Fund (Continued)**

**Actuarial Assumptions.** The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry age normal
20-Year Tax-Exempt Municipal Bond Yield:	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from the prior year, including the price inflation, mortality and separation rates. The total OPEB liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

**Long-Term Expected Return on Plan Assets.** The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Other Postemployment Benefits (Continued)**

**Local Retiree Life Insurance Fund (Continued)**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg US Interim Credit	45 %	1.68 %
U.S. Long Credit Bonds	Bloomberg US Long Credit	5 %	1.82 %
U.S. Mortgages	Bloomberg US MBS	50 %	1.94 %
Inflation			2.30 %
Long-Term Expected Rate of Return			4.25 %

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

**Single Discount Rate.** A single discount rate of 2.17% was used to measure the total OPEB Liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

**Sensitivity of the County's Proportionate Share of Net OPEB Liability (Asset) to Changes in the Discount Rate.** The following presents the County's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.17%, as well as what the County's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (1.17%) or one percentage-point higher (3.17%) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
County's Proportionate Share of the Net OPEB Liability (Asset)	\$ 3,279,621	\$ 2,417,459	\$ 1,768,718

**LINCOLN COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Other Postemployment Benefits (Continued)**

**Local Retiree Life Insurance Fund (Continued)**

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

***Payable to the OPEB Plan***

At December 31, 2022, the County reported a payable of \$-0- for the outstanding amount of contribution to the Plan required for the year ended December 31, 2022.

**I. Fund Equity**

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

	General	County Roads and Bridges	Social Services	Debt Service	American Rescue Plan	Nonmajor Funds	Total
Nonspendable:							
Property Taxes	\$ 627,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627,973
Supplies and Prepaid Items	381,065	-	-	-	-	240,888	621,953
Subtotal	1,009,038	-	-	-	-	240,888	1,249,926
Restricted:							
Insurance Deposits	40,060	-	-	-	-	-	40,060
Veterans	13,798	-	-	-	-	-	13,798
Elderly transportation	-	-	102,650	-	-	-	102,650
Land Services	68,620	-	-	-	-	-	68,620
Clerk of Court	16,594	-	-	-	-	-	16,594
Register of Deeds	-	-	-	-	-	-	-
UW Extension	825	-	-	-	-	-	825
Sheriff	94,528	-	-	-	-	-	94,528
County Health	-	-	-	-	-	380,560	380,560
ARPA	-	-	-	-	43,465	-	43,465
Opioid	-	-	-	-	-	165,994	165,994
Subtotal	234,425	-	102,650	-	43,465	546,554	927,094
Committed:							
Roads Fund	250,000	-	-	-	-	-	250,000
Family Care	289,849	-	-	-	-	-	289,849
Sheriff's Office	454,750	-	-	-	-	-	454,750
Coroner	60,000	-	-	-	-	-	60,000
IT CIP	40,000	-	-	-	-	-	40,000
Maintenance	354,824	-	-	-	-	-	354,824
Social Services - Vehicle	-	-	41,864	-	-	-	41,864
Social Services -Placements	500,000	-	76,928	-	-	-	576,928
Social Services	-	-	202,896	-	-	-	202,896
Debt Service	-	-	-	74,260	-	-	74,260
Other Funds	-	-	-	-	-	383,854	383,854
Subtotal	1,949,423	-	321,688	74,260	-	383,854	2,729,225
Assigned:							
Veterans	1,678	-	-	-	-	-	1,678
UW Extension	9,107	-	-	-	-	-	9,107
Sheriff	5,154	-	-	-	-	-	5,154
Maintenance	5,344	-	-	-	-	-	5,344
Land Services	59	-	-	-	-	-	59
Family Court Commissioner	10,211	-	-	-	-	-	10,211
CIP not Committed	527,653	-	-	-	-	-	527,653
Subtotal	559,206	-	-	-	-	-	559,206
Unassigned							
General fund	7,666,926	-	-	-	-	-	7,666,926
Deficit	-	(161,525)	-	-	-	(38,087)	(199,612)
Subtotal	7,666,926	(161,525)	-	-	-	(38,087)	7,467,314
Total Fund Balances	\$11,419,018	\$ (161,525)	\$ 424,338	\$ 74,260	\$ 43,465	\$ 1,133,209	\$ 12,932,765

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**J. 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, 2022, the County has utilized approximately 100% of its original landfill's capacity and 26.4% of the expansion landfill capacity. The entire landfill is estimated to be fully utilized in 2036.

The estimated liability for landfill closure and postclosure care costs and total future estimated costs as of December 31, 2022 , is as follows:

Total Estimated Costs	
Less: Closure Costs Accrued	\$ 9,957,579
Estimated Costs of Construction, Closure, and Postclosure Care to be Recognized in Future Years	<u>9,475,579</u>
	<u><u>\$ 482,000</u></u>

The estimated total current cost of the landfill construction, closure, and postclosure care of \$9,957,579 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, 2022. 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, 2022, investments of \$5,087,409 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.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The County completes an annual review of its insurance coverage to ensure adequate coverage. A description of the County's risk management programs is presented below:

**Property and Liability Insurance**

During 1994, the County became a member of the Wisconsin County Mutual insurance Corporation (WCMIC). WCMIC was created by several governmental units within the State of Wisconsin to provide liability insurance services to its members. The County pays premiums to WCMIC for its liability insurance coverage. The actuary for WCMIC determines charges to its members for the expected losses and loss adjustment expenses on which premiums are based. Premium charges for WCMIC are recorded as expenditures or expenses in various funds of the County. Each participating county deposits a portion of the required reserves. Lincoln County's share of the capital reserves is \$40,060, which is presented as restricted cash in the County's financial statements.

The County also purchases commercial insurance policies for various property and other liability risks. Payments of premiums for these policies are also recorded as expenditures or expenses in various funds of the County. Settled claims have not exceeded coverage in any of the past three years.

In addition to the above, the County has established separate internal service funds for the following risk management programs:

**Health Self-Insurance Fund**

County employees, retirees, and employee dependents are eligible for medical benefits from a health self-insurance fund. Funding is provided by charges to County departments, employees, and retirees. The program is supplemented by stop-loss protection, which limits the County's annual liability. Fund expenses consist of payments to a third-party administrator for medical claims, stop-loss insurance premiums, and administrative fees. On December 31, 2022, the fund had an equity balance of \$1,801,328.

The claims liability of \$684,843 reported in the fund at December 31, 2022 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Risk Management (Continued)**

**Health Self-Insurance Fund (Continued)**

Changes in the fund's claims liability amount are as follows:

	Liability January 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability December 31
2022	\$ 750,493	\$ 2,693,837	\$ 2,759,487	\$ 684,843
2021	751,624	2,819,656	2,820,787	750,493

**B. Tri-County Human Services Board Joint Venture**

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 County appropriation for 2022 was \$4,975,347 with Lincoln County's share totaling \$1,040,853 (20.92%).

The following audited summary financial information for North Central Health Care Tri-County facilities is as of December 31, 2022, and for the year then ended.

Assets and Deferred Outflows	\$ 159,855,674
Liabilities and Deferred Inflows	121,330,935
Net Position	38,524,739
Revenues	91,528,931
Expenses	87,236,003
Non-Operating gain (loss)	(738,009)
Capital Contributions	(40,294)
Change in Net Position	3,514,625

Lincoln County's share of net position for the year ended December, 31 2021 is \$4,685,812 and is included in Lincoln County's statement of net position as an investment in a joint venture.

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, 2022**

**NOTE 4    OTHER INFORMATION (CONTINUED)**

**C. Contingencies**

The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under the Uniform Guidance has been conducted but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the County board that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**LINCOLN COUNTY, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
YEAR ENDED DECEMBER 31, 2022**

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes:				
General Property	\$ 9,323,250	\$ 9,323,250	\$ 9,323,250	\$ -
Forest Crop	3,000	3,000	3,031	31
Managed Forest Land	133,000	133,000	162,405	29,405
County Sales Tax	2,609,000	2,959,119	2,959,120	1
Real Estate Transfer Fee	75,000	75,000	124,851	49,851
Interest on Taxes	410,000	410,000	268,343	(141,657)
Payment in Lieu of Taxes	90,000	90,000	83,854	(6,146)
Total Taxes	12,643,250	12,993,369	12,924,854	(68,515)
Intergovernmental				
State Shared Revenues	1,057,000	1,057,000	1,081,198	24,198
Exempt Computer Aid	26,216	26,216	26,216	-
Personal Property Aid	38,678	38,678	38,678	-
Corporation Counsel	9,000	10,590	15,559	4,969
Clerk of Courts	94,987	96,908	97,247	339
Circuit Court	75,606	75,606	78,568	2,962
Land Services	322,000	388,524	291,475	(97,049)
Sheriff	57,000	94,677	133,617	38,940
Emergency Management	45,700	53,575	53,053	(522)
Victim Witness	40,244	40,244	39,749	(495)
Family Court Commissioner	900	900	657	(243)
Child Support	249,736	249,736	421,511	171,775
UW - Extension	1,500	1,500	1,362	(138)
State Acreage Payments	67,000	67,000	67,263	263
Veterans Service	10,000	10,000	11,000	1,000
Other	70,000	70,000	50,000	(20,000)
Total Intergovernmental	2,165,567	2,281,154	2,407,153	125,999
Licenses and Permits				
County Clerk	7,600	7,850	7,085	(765)
Family Court Commissioner	3,250	3,250	3,060	(190)
Land Services	118,000	118,000	193,717	75,717
Total Licenses and Permits	128,850	129,100	203,862	74,762
Fines and Forfeits				
Clerk of Courts	134,900	134,900	147,138	12,238
Circuit Court	1,738	1,738	558	(1,180)
Total Fines and Forfeits	136,638	136,638	147,696	11,058

See accompanying Notes to Required Supplementary Information.

**LINCOLN COUNTY, WISCONSIN**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
Public Charges for Services				
Clerk of Courts	\$ 55,000	\$ 55,000	\$ 48,868	\$ (6,132)
Circuit Court	12,569	12,569	12,298	(271)
Family Court Commissioner	2,800	2,800	3,065	265
Register of Deeds	180,005	180,005	180,406	401
Land Services	51,700	51,700	55,293	3,593
County Clerk	1,000	1,000	109	(891)
Treasurer	30	30	130	100
District Attorney	5,000	5,000	5,374	374
Sheriff	1,068,958	1,068,958	549,482	(519,476)
Information Technology	66,225	66,225	67,991	1,766
Coroner	17,000	17,949	33,200	15,251
Maintenance	231,000	231,000	114,913	(116,087)
Finance Department	250	250	15	(235)
Child Support Agency	5,400	5,400	6,540	1,140
UW - Extension	7,700	18,784	19,511	727
Forest Land Revenue	475,000	475,000	391,068	(83,932)
Other Charges for Service	40,000	40,000	31,746	(8,254)
Total Public Charges for Services	<u>2,219,637</u>	<u>2,231,670</u>	<u>1,520,009</u>	<u>(711,661)</u>
Intergovernmental Charges for Services				
Sheriff	162,119	162,119	109,942	(52,177)
Information Technology	-	-	26,970	26,970
County Clerk	29,000	29,000	27,951	(1,049)
Maintenance	-	-	360	360
Clerk of Courts	2,200	2,200	7,737	5,537
Land Services	1,200	1,200	232	(968)
UW - Extension	2,500	2,500	1,000	(1,500)
Total Intergovernmental Charges for Services	<u>197,019</u>	<u>197,019</u>	<u>174,192</u>	<u>(22,827)</u>
Miscellaneous				
Interest	231,900	231,900	167,219	(64,681)
Rent	169,800	169,800	166,015	(3,785)
Tax Deed Profit	45,000	181,509	210,090	28,581
Sale of County Property	18,000	18,000	-	(18,000)
Insurance Recovery	45,000	45,000	-	(45,000)
Private Organization Donations	10,000	35,617	42,033	6,416
Other Miscellaneous	-	-	15,158	15,158
Total Miscellaneous	<u>519,700</u>	<u>681,826</u>	<u>600,515</u>	<u>(81,311)</u>
Total Revenues	<u>\$ 18,010,661</u>	<u>\$ 18,650,776</u>	<u>\$ 17,978,281</u>	<u>\$ (672,495)</u>

See accompanying Notes to Required Supplementary Information.

**LINCOLN COUNTY, WISCONSIN**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
General Government				
County Board Chair	\$ 29,088	\$ 29,088	\$ 25,335	\$ 3,753
County Board Committees	81,567	81,567	63,537	18,030
Clerk of Courts	518,115	531,946	522,496	9,450
Circuit Court	363,993	363,993	343,336	20,657
Family Court Commissioner	46,510	46,721	33,426	13,295
Coroner	74,714	75,663	75,651	12
District Attorney	221,195	221,195	218,311	2,884
Corporation Counsel	197,559	181,775	173,897	7,878
Victim Witness	83,773	83,773	81,120	2,653
County Clerk	225,492	229,389	229,385	4
Administration and Personnel	211,792	242,419	242,418	1
Information Technology	823,327	833,706	808,165	25,541
General Administration	33,900	179,730	173,320	6,410
Treasurer	192,960	192,960	164,551	28,409
Finance Department	505,507	539,351	539,349	2
Maintenance	1,727,108	1,719,274	1,524,006	195,268
Land Services	848,437	997,413	893,810	103,603
Register of Deeds	265,911	265,911	264,834	1,077
Insurance	147,000	129,953	154,776	(24,823)
Contingency	400,000	331,882	-	331,882
Total General Government	6,997,948	7,277,709	6,531,723	745,986
Public Safety				
Sheriff				
Law Enforcement	4,228,750	4,294,330	4,188,750	105,580
Emergency Communication (911)	1,063,550	1,133,992	1,133,987	5
Correction and Detention	2,930,664	2,962,150	2,754,496	207,654
Emergency Management	72,531	80,406	68,808	11,598
Civil Service Commission	600	1,082	1,143	(61)
Total Public Safety	8,296,095	8,471,960	8,147,184	324,776
Public Works				
Land Service - Sanitation	10,000	10,000	-	10,000
Health and Human Services				
Community Organization	302,844	302,844	302,844	-
Corporation Counsel	-	17,374	17,421	(47)
Family Care	289,849	289,849	289,849	-
Health Care Center	1,040,853	1,040,853	1,040,853	-
Child Support Agency	284,654	284,654	281,672	2,982
Veterans Services	195,253	210,175	157,249	52,926
Cemetery	1,314	1,314	1,320	(6)
Total Health and Human Services	2,114,767	2,147,063	2,091,208	55,855

See accompanying Notes to Required Supplementary Information.

**LINCOLN COUNTY, WISCONSIN**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
Culture and Recreation				
Public Libraries	\$ 670,256	\$ 670,256	\$ 670,256	\$ -
UW - Extension	215,983	286,854	269,819	17,035
Total Culture and Recreation	886,239	957,110	940,075	17,035
Conservation and Development				
Economic Development	53,000	53,000	53,000	-
Land Services	629,495	671,537	562,643	108,894
Total Conservation and Development	682,495	724,537	615,643	108,894
Capital Outlay				
Maintenance	315,000	629,662	507,337	122,325
Information Technology	5,000	5,000	1,885	3,115
Sheriff	190,000	442,601	41,946	400,655
Total Capital Outlay	510,000	1,077,263	551,168	526,095
Total Expenditures	19,497,544	20,665,642	18,877,001	1,788,641
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(1,486,883)	(2,014,866)	(898,720)	(1,116,146)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	276,045	276,045	1,467,372	(1,191,327)
Transfers Out	(250,000)	(649,227)	(649,227)	-
Total Other Financing Sources (Uses)	26,045	(373,182)	818,145	(1,191,327)
<b>NET CHANGE IN FUND BALANCE</b>	(1,460,838)	(2,388,048)	(80,575)	(2,307,473)
Fund Balance - Beginning of Year	11,499,593	11,499,593	11,499,593	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 10,038,755</u>	<u>\$ 9,111,545</u>	<u>\$ 11,419,018</u>	<u>\$ (2,307,473)</u>

See accompanying Notes to Required Supplementary Information.

**LINCOLN COUNTY, WISCONSIN**  
**BUDGETARY COMPARISON SCHEDULE – COUNTY ROADS AND BRIDGES**  
**YEAR ENDED DECEMBER 31, 2022**

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 2,740,427	\$ 2,740,427	\$ 2,709,145	\$ (31,282)
Intergovernmental	1,537,578	1,824,767	1,804,017	(20,750)
Total Revenues	4,278,005	4,565,194	4,513,162	(52,032)
<b>EXPENDITURES</b>				
Current				
Public Works	3,142,321	2,387,972	2,358,754	29,218
Capital Outlay	2,078,615	3,076,806	3,076,806	-
Total Expenditures	5,220,936	5,464,778	5,435,560	29,218
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(942,931)	(899,584)	(922,398)	(22,814)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	250,000	629,108	629,108	-
<b>NET CHANGE IN FUND BALANCE</b>	(692,931)	(270,476)	(293,290)	(22,814)
Fund Balance - Beginning of Year	131,765	131,765	131,765	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ (561,166)</u>	<u>\$ (138,711)</u>	<u>\$ (161,525)</u>	<u>\$ (22,814)</u>

See accompanying Notes to Required Supplementary Information.

**LINCOLN COUNTY, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE – SOCIAL SERVICES  
YEAR ENDED DECEMBER 31, 2022**

	Budget			Variance Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 687,685	\$ 687,685	\$ 687,685	\$ -
Intergovernmental	2,180,408	2,511,062	2,511,076	14
Public Charges for Services	-	3,620	3,620	-
Intergovernmental Charges for Services	3,260	8,270	8,326	56
Miscellaneous	-	1,561	1,561	-
Total Revenues	2,871,353	3,212,198	3,212,268	70
<b>EXPENDITURES</b>				
Current				
Health and Human Services	2,871,353	3,573,270	3,572,865	405
Capital Outlay	-	41,864	-	41,864
Total Expenditures	2,871,353	3,615,134	3,572,865	42,269
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(402,936)	(360,597)	42,339
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	41,864	41,864	-
<b>NET CHANGE IN FUND BALANCE</b>	-	(361,072)	(318,733)	42,339
Fund Balance - Beginning of Year	743,071	743,071	743,071	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 743,071</u>	<u>\$ 381,999</u>	<u>\$ 424,338</u>	<u>\$ 42,339</u>

See accompanying Notes to Required Supplementary Information.

**LINCOLN COUNTY, WISCONSIN  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
WISCONSIN RETIREMENT SYSTEM  
LAST TEN MEASUREMENT PERIODS**

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.11840415 %	\$ (2,908,330)	\$ 15,567,327	(18.68)%	102.74 %
12/31/15	0.11886455 %	1,931,526	16,340,961	11.82 %	98.20 %
12/31/16	0.11979679 %	978,412	16,734,793	5.85 %	99.12 %
12/31/17	0.12209006 %	(3,624,999)	17,269,087	(20.99)%	102.93 %
12/31/18	0.12378839 %	4,404,002	18,071,877	24.37 %	96.45 %
12/31/19	0.08149911 %	2,627,902	12,105,733	21.71 %	102.96 %
12/31/20	0.07270547 %	(6,933,409)	12,616,585	(54.95)%	105.26 %
12/31/21	0.09598410 %	(7,736,494)	12,226,533	(63.28)%	106.02 %

**LINCOLN COUNTY, WISCONSIN  
SCHEDULE OF CONTRIBUTIONS  
WISCONSIN RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 1,147,803	\$ 1,147,803	\$ -	\$ 15,567,327	7.37 %
12/31/16	1,166,661	1,166,661	-	16,340,961	7.14 %
12/31/17	1,159,525	1,159,525	-	16,734,793	6.93 %
12/31/18	1,251,041	1,251,041	-	17,269,087	7.24 %
12/31/19	1,295,606	1,295,606	-	18,071,877	7.17 %
12/31/20	759,770	759,770	-	12,616,586	6.02 %
12/31/21	941,649	941,649	-	12,226,534	7.70 %
12/31/22	940,827	940,827	-	12,460,488	7.55 %

See accompanying Notes to Required Supplementary Information.

**LINCOLN COUNTY, WISCONSIN  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
LOCAL RETIREE LIFE INSURANCE FUND  
LAST TEN MEASUREMENT PERIODS**

Measurement Period Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability	Covered-Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.62798100 %	\$ 1,889,331	\$ 17,269,087	10.94 %	44.81 %
12/31/18	0.64451800 %	1,663,074	14,025,000	11.86 %	48.69 %
12/31/19	0.42942109 %	1,628,559	18,071,877	9.01 %	37.58 %
12/31/20	0.39699300 %	2,183,749	13,769,000	15.86 %	31.36 %
12/31/21	0.40902000 %	2,417,459	8,956,000	26.99 %	29.57 %

**LINCOLN COUNTY, WISCONSIN  
SCHEDULE OF CONTRIBUTIONS  
LOCAL RETIREE LIFE INSURANCE FUND  
LAST TEN FISCAL YEARS**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 12,297	\$ 12,297	\$ -	\$ 14,025,000	0.09 %
12/31/19	12,417	12,417	-	18,071,877	0.07 %
12/31/20	11,857	11,857	-	13,769,000	0.09 %
12/31/21	7,916	7,916	-	8,956,000	0.09 %
12/31/22	5,401	5,401	-	9,295,000	0.06 %

See accompanying Notes to Required Supplementary Information.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2022**

**NOTE 1 WISCONSIN RETIREMENT SYSTEM**

*Changes of Benefit Terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes of Assumptions.*

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the postretirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

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.

**NOTE 2 OTHER POSTEMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND**

*Changes of Benefit Terms.* There were no changes of benefit terms for any participating employer in LRLIF.

*Changes of Assumptions.* The ETF Board adopted economic and demographic assumption changes based on a three-year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

**LINCOLN COUNTY, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2022**

**NOTE 2 OTHER POSTEMPLOYMENT BENEFITS – LOCAL RETIREE LIFE INSURANCE FUND  
(CONTINUED)**

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the discount rate from 2.25% to 2.17%
- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

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.

## **SUPPLEMENTARY INFORMATION**

**LINCOLN COUNTY, WISCONSIN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	Special Revenue						Total
	County Health	Dog License	Community Development	Emergency Medical Services	Jail Assessment	Opioid Settlement	
<b>ASSETS</b>							
Cash and Investments	\$ 554,509	\$ 33,570	\$ 2	\$ -	\$ 128,641	\$ 165,994	\$ 882,716
Receivables:							
Taxes and Special Charges	563,054	-	-	1,200,919	-	-	1,763,973
Accounts	2,392	-	-	279,381	-	-	281,773
Due From Other Governments	96,116	-	-	-	822	-	96,938
Inventories And Prepaid Items	331	-	-	240,557	-	-	240,888
<b>Total Assets</b>	<b>\$ 1,216,402</b>	<b>\$ 33,570</b>	<b>\$ 2</b>	<b>\$ 1,720,857</b>	<b>\$ 129,463</b>	<b>\$ 165,994</b>	<b>\$ 3,266,288</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ 4,046	\$ 32,016	\$ -	\$ 267,649	\$ -	\$ -	\$ 303,711
Accrued and Other Current Liabilities	15,022	-	-	833	-	-	15,855
Due to Other Funds	-	-	-	17,965	-	-	17,965
Due to Other Governments	-	554	-	-	-	-	554
Unearned Revenues	-	-	-	31,021	-	-	31,021
<b>Total Liabilities</b>	<b>19,068</b>	<b>32,570</b>	<b>-</b>	<b>317,468</b>	<b>-</b>	<b>-</b>	<b>369,106</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Property Taxes Levied for Subsequent Year	563,054	-	-	1,200,919	-	-	1,763,973
<b>FUND BALANCES</b>							
Nonspendable	331	-	-	240,557	-	-	240,888
Restricted	380,560	-	-	-	-	165,994	546,554
Committed	253,389	1,000	2	-	129,463	-	383,854
Unassigned	-	-	-	(38,087)	-	-	(38,087)
<b>Total Fund Balances</b>	<b>634,280</b>	<b>1,000</b>	<b>2</b>	<b>202,470</b>	<b>129,463</b>	<b>165,994</b>	<b>1,133,209</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,216,402</b>	<b>\$ 33,570</b>	<b>\$ 2</b>	<b>\$ 1,720,857</b>	<b>\$ 129,463</b>	<b>\$ 165,994</b>	<b>\$ 3,266,288</b>

**LINCOLN COUNTY, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2022**

	Special Revenue						Total
	County Health	Dog License	Community Development	Emergency Medical Services	Jail Assessment	Opioid Settlement	
<b>REVENUES</b>							
Taxes	\$ 570,866	\$ -	\$ -	\$ 1,299,306	\$ -	\$ -	\$ 1,870,172
Special Assessments	-	-	-	-	-	-	-
Intergovernmental	283,646	-	-	87,894	-	-	371,540
Licenses and Permits	-	32,661	-	-	-	-	32,661
Fines and Forfeits	-	-	-	-	28,759	-	28,759
Public Charges for Services	228,459	-	-	1,123,571	-	-	1,352,030
Intergovernmental Charges for Services	199,063	-	-	-	-	-	199,063
Miscellaneous	4,624	-	-	3,348	-	165,994	173,966
Total Revenues	1,286,658	32,661	-	2,514,119	28,759	165,994	4,028,191
<b>EXPENDITURES</b>							
Current:							
Public Safety	-	-	-	2,249,946	11,082	-	2,261,028
Health and Human Services	1,184,222	32,661	-	-	-	-	1,216,883
Capital Outlay	-	-	-	56,717	-	-	56,717
Total Expenditures	1,184,222	32,661	-	2,306,663	11,082	-	3,534,628
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	102,436	-	-	207,456	17,677	165,994	493,563
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers Out	(190,986)	-	-	-	-	-	(190,986)
<b>NET CHANGE IN FUND BALANCES</b>	(88,550)	-	-	207,456	17,677	165,994	302,577
Fund Balances - Beginning of Year	722,830	1,000	2	(4,986)	111,786	-	830,632
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 634,280</u>	<u>\$ 1,000</u>	<u>\$ 2</u>	<u>\$ 202,470</u>	<u>\$ 129,463</u>	<u>\$ 165,994</u>	<u>\$ 1,133,209</u>

**LINCOLN COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	Internal Service Fund		
	Highway	Health Insurance	Total
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 339,328	\$ 2,466,092	\$ 2,805,420
Receivables:			
Customer Accounts, Net	176,693	20,592	197,285
Due from Other Governments	629,424	-	629,424
Supplies and Prepaid Items	1,345,031	-	1,345,031
Total Current Assets	2,490,476	2,486,684	4,977,160
Other Assets			
Net Pension Asset	1,238,563	-	1,238,563
Total Other Assets	1,238,563	-	1,238,563
Capital Assets			
Nondepreciable	221,231	-	221,231
Depreciable	4,648,968	-	4,648,968
Total Capital Assets	4,870,199	-	4,870,199
Total Assets	8,599,238	2,486,684	11,085,922
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Amounts	2,279,678	-	2,279,678
Other Postemployment Related Amounts	111,996	-	111,996
Total Deferred Outflows of Resources	2,391,674	-	2,391,674

**LINCOLN COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

	Internal Service Fund		
	Highway	Health Insurance	Total
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 245,526	\$ 202,638	\$ 448,164
Accrued and Other Current Liabilities	46,010	513	46,523
Compensated Absences	228,583	-	228,583
Insurance Claims Payable	-	482,205	482,205
Total Current Liabilities	520,119	685,356	1,205,475
Long-Term Obligations, Less Current Portion:			
Compensated Absences	194,546	-	194,546
Net Other Postemployment Benefits	387,020	-	387,020
Total Long-Term Liabilities	581,566	-	581,566
Total Liabilities	1,101,685	685,356	1,787,041
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related Amounts	2,750,647	-	2,750,647
Other Postemployment Related Amounts	126,241	-	126,241
Total Deferred Inflows of Resources	2,876,888	-	2,876,888
<b>NET POSITION</b>			
Net Investment In Capital Assets	4,870,199	-	4,870,199
Restricted			
Pension	1,238,563	-	1,238,563
Unrestricted	903,577	1,801,328	2,704,905
Total Net Position	\$ 7,012,339	\$ 1,801,328	\$ 8,813,667

**LINCOLN COUNTY, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
NET POSITION – INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2022**

	Internal Service Fund		
	Highway	Health Insurance	Total
<b>OPERATING REVENUES</b>			
Interdepartmental Charges for Services	\$ 5,467,292	\$ 3,926,855	\$ 9,394,147
Intergovernmental Charges for Services	3,026,415	-	3,026,415
Other	38,314	-	38,314
Total Operating Revenues	8,532,021	3,926,855	12,458,876
<b>OPERATING EXPENSES</b>			
Insurance Claims	-	2,759,487	2,759,487
General Services	7,349,878	-	7,349,878
Administrative and Fiscal Services	341,006	671,597	1,012,603
Depreciation and Amortization	636,949	-	636,949
Total Operating Expenses	8,327,833	3,431,084	11,758,917
<b>OPERATING INCOME</b>	204,188	495,771	699,959
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Insurance Recoveries	31,770	-	31,770
Interest Income	-	138	138
Gain (Loss) on Disposal of Capital Assets	12,130	-	12,130
Total Nonoperating Revenues (Expenses)	43,900	138	44,038
<b>INCOME BEFORE TRANSFERS</b>	248,088	495,909	743,997
Transfers Out	(21,745)	-	(21,745)
<b>CHANGE IN NET POSITION</b>	226,343	495,909	722,252
Net Position - Beginning of Year	6,785,996	1,305,419	8,091,415
<b>NET POSITION - END OF YEAR</b>	<u>\$ 7,012,339</u>	<u>\$ 1,801,328</u>	<u>\$ 8,813,667</u>

**LINCOLN COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	Internal Service Fund		
	Highway	Health Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Services Provided	\$ 8,433,735	\$ 3,908,478	\$ 12,342,213
Cash Paid for Employee Wages and Benefits	(3,317,054)	(27,526)	(3,344,580)
Cash Paid to Suppliers	(4,415,735)	(3,468,695)	(7,884,430)
Net Cash Provided by Operating Activities	700,946	412,257	1,113,203
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfer In (Out)	(21,745)	-	(21,745)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of Capital Assets	(748,281)	-	(748,281)
Sale of Capital Assets	32,207	-	32,207
Insurance Recoveries	31,770	-	31,770
Net Cash Used by Capital and Related Financing Activities	(684,304)	-	(684,304)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	-	138	138
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(5,103)	412,395	407,292
Cash and Cash Equivalents - Beginning of Year	344,431	2,053,697	2,398,128
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 339,328</u>	<u>\$ 2,466,092</u>	<u>\$ 2,805,420</u>

**LINCOLN COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**

	Internal Service Fund		
	Highway	Health Insurance	Total
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income	\$ 204,188	\$ 495,771	\$ 699,959
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:			
Depreciation	636,949	-	636,949
Change In Liability (Asset) and Deferred Outflows and Inflows of Resources:			
Change in WRS Asset/Liability	2,428	-	2,428
Change in WRS Deferred Outflow	(586,588)	-	(586,588)
Change in WRS Deferred Inflow	435,641	-	435,641
Change in OPEB Liability	(3,871)	-	(3,871)
Change in OPEB Deferred Outflow	23,699	-	23,699
Change in OPEB Deferred Inflow	(36,070)	-	(36,070)
Change in Operating Assets and Liabilities:			
Accounts Receivable	(4,451)	(18,377)	(22,828)
Due from Other Governments	(93,835)	-	(93,835)
Inventories and Prepaid Items	80,954	-	80,954
Accounts Payable	143,812	(152,036)	(8,224)
Insurance Claims Payable	-	86,386	86,386
Accrued and Other Current Liabilities	(13,505)	513	(12,992)
Compensated Absences	(88,405)	-	(88,405)
Net Cash Provided by Operating Activities	<u>\$ 700,946</u>	<u>\$ 412,257</u>	<u>\$ 1,113,203</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and Cash Equivalents	<u>\$ 339,328</u>	<u>\$ 2,466,092</u>	<u>\$ 2,805,420</u>

**LINCOLN COUNTY, WISCONSIN  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND – CUSTODIAL FUNDS  
DECEMBER 31, 2022**

	Employee Benefit Cafeteria Plan	Clerk of Courts Collection Fund	Delinquent Special Assessment	Total
<b>ASSETS</b>				
Current Assets				
Receivables:				
Accounts, Net	\$ -	\$ -	\$ 72,183	\$ 72,183
Total Assets	-	-	72,183	72,183
<b>LIABILITIES</b>				
Current Liabilities				
Due to Other Governments	-	-	702	702
Total Liabilities	-	-	702	702
<b>NET POSITION</b>				
Restricted - Held for Others	\$ -	\$ -	\$ 71,481	\$ 71,481

**LINCOLN COUNTY, WISCONSIN**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND – CUSTODIAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	Employee Benefit Cafeteria Plan	Clerk of Courts Collection Fund	Delinquent Special Assessment	Total
<b>ADDITIONS</b>				
Court Fines Collected	\$ -	\$ 601,420	\$ -	\$ 601,420
<b>DEDUCTIONS</b>				
Payments to Other Governments	15,067	601,420	27,185	643,672
<b>CHANGE IN NET POSITION</b>	(15,067)	-	(27,185)	(42,252)
Net Position -Beginning of Year	15,067	-	98,666	113,733
<b>NET POSITION - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,481</u>	<u>\$ 71,481</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

County Board  
Lincoln County, Wisconsin  
Merrill, Wisconsin

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County (the County) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon July 21, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Lincoln County, Wisconsin's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln County, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of Lincoln County, Wisconsin's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the schedules of findings and responses as item 2022-001 that we consider to be a significant deficiency.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Lincoln County, Wisconsin's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Lincoln County, Wisconsin's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Lincoln County, Wisconsin's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Wausau, Wisconsin  
July 21, 2023

**LINCOLN COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2022**

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***Internal Control Over Financial Reporting***

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**FINDING NUMBER:**

**2022 – 001                      Preparation of Annual Financial Report**

Type of Finding:              Significant Deficiency in Internal Control over Financial Reporting

Condition:                      Current County staff maintains accounting records which reflect the County's financial transactions; however, preparing the County's annual financial report, including note disclosures, involves the selection and application of accounting principles which would require additional experience and knowledge. The County contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the County's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the County had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.

Criteria or Specific Requirement:                      The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect, and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports.

Effect:                              Without our involvement, the County may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Cause:                              County management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Repeat Finding:              No

Recommendation:              We recommend the County continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the County's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by the finance director is necessary to ensure the basic financial statements and all accompanying information is accurate and complete.

**LINCOLN COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2022**

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***Internal Control Over Financial Reporting (Continued)***

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**FINDING NUMBER:**

**2022 – 001                      Preparation of Annual Financial Report (Continued)**

Views of Responsible  
Officials and Planned

Corrective Actions:    The Lincoln County Finance Director has reviewed the prepared financial statements to ensure accuracy and completion.



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