

LAFAYETTE COUNTY

Darlington, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

LAFAYETTE COUNTY

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INDEPENDENT AUDITORS' REPORT

To the Finance Committee and the Board of Supervisors
Lafayette County
Darlington, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lafayette County, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Lafayette County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the the Memorial Hospital of Lafayette County, a major enterprise fund of Lafayette County. The Memorial Hospital of Lafayette County represents 55 percent, 54 percent and 61 percent, respectively, of the assets, net position and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Memorial Hospital of Lafayette County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to Lafayette County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Lafayette County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, 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 Lafayette County, Wisconsin, as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lafayette County's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Lafayette Manor Nursing Home of Lafayette County's basic financial statements for the year ended December 31, 2016, which are not presented with the accompanying financial statements. In our report dated September 20, 2017, we expressed an opinion that the 2016 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2016, as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of Lafayette County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Lafayette County's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 7, 2018

LAFAYETTE COUNTY

STATEMENT OF NET POSITION
As of December 31, 2017

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 4,501,515	\$ 1,004,714	\$ 5,506,229
Receivables (net of allowance for uncollectibles)			
Taxes	5,858,004	2,150,152	8,008,156
Delinquent taxes	413,978	-	413,978
Accounts	165,264	3,941,477	4,106,741
Other	-	561,965	561,965
Loans	133,061	-	133,061
Due from other governments	771,704	1,489,668	2,261,372
Inventories	-	934,011	934,011
Prepaid items	598,715	394,403	993,118
Restricted Assets			
Cash and investments	312,825	6,717	319,542
Capital Assets			
Land	188,615	153,676	342,291
Construction in progress	422,239	401,418	823,657
Other capital assets, net of accumulated depreciation	<u>13,164,233</u>	<u>9,625,899</u>	<u>22,790,132</u>
Total Assets	<u>26,530,153</u>	<u>20,664,100</u>	<u>47,194,253</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related amounts	<u>2,447,009</u>	<u>3,303,196</u>	<u>5,750,205</u>
LIABILITIES			
Accounts payable	224,393	1,686,110	1,910,503
Accrued liabilities	474,964	488,903	963,867
Due to other governments	54,362	-	54,362
Short term notes payable	417,734	-	417,734
Unearned revenue	-	22,169	22,169
Deposits	56,316	-	56,316
Liabilities payable from restricted assets	-	6,717	6,717
Noncurrent Liabilities			
Due within one year	662,957	688,926	1,351,883
Due in more than one year	<u>2,999,843</u>	<u>3,765,163</u>	<u>6,765,006</u>
Total Liabilities	<u>4,890,569</u>	<u>6,657,988</u>	<u>11,548,557</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	5,858,004	2,170,686	8,028,690
Pension-related amounts	<u>990,423</u>	<u>1,324,283</u>	<u>2,314,706</u>
Total Deferred Inflows of Resources	<u>6,848,427</u>	<u>3,494,969</u>	<u>10,343,396</u>
NET POSITION			
Net investment in capital assets	11,637,941	7,614,701	19,252,642
Restricted			
Grant purposes	224,528	-	224,528
Jail improvement	75,466	-	75,466
Sheriff	20,770	-	20,770
Land information	43,209	-	43,209
Health department	4,432	-	4,432
UW-Extension	7,578	-	7,578
Fair	15,000	-	15,000
Revolving loans	389,570	-	389,570
Debt service	104,725	-	104,725
Unrestricted	<u>4,714,947</u>	<u>6,199,638</u>	<u>10,914,585</u>
TOTAL NET POSITION	<u>\$ 17,238,166</u>	<u>\$ 13,814,339</u>	<u>\$ 31,052,505</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities			
General government	\$ 2,835,262	\$ 517,215	\$ 277,657
Public safety	3,593,954	217,082	149,066
Public works	477,101	-	214,048
Health and human services	5,214,678	631,277	2,201,651
Culture, recreation and education	532,655	129,655	7,450
Conservation and economic development	499,120	63,481	168,616
Interest and fiscal charges	63,077	-	-
Total Governmental Activities	<u>13,215,847</u>	<u>1,558,710</u>	<u>3,018,488</u>
Business-type Activities			
Lafayette Manor	5,143,978	3,845,861	535,000
Memorial Hospital	18,508,602	18,500,541	18,076
Highway	6,663,184	3,069,553	1,949,751
Total Business-type Activities	<u>30,315,764</u>	<u>25,415,955</u>	<u>2,502,827</u>
 Total	 <u>\$ 43,531,611</u>	 <u>\$ 26,974,665</u>	 <u>\$ 5,521,315</u>

General Revenues
Taxes
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Property taxes, levied for Lafayette Manor
 Property taxes, levied for Highway
 Sales taxes
 Other taxes
Intergovernmental revenues not restricted to specific programs
Investment income
Miscellaneous
Transfers
 Total General Revenues and Transfers

Change in Net Position

NET POSITION - Beginning

NET POSITION - ENDING

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Totals
\$ (2,040,390)	\$ -	\$ (2,040,390)
(3,227,806)	-	(3,227,806)
(263,053)	-	(263,053)
(2,381,750)	-	(2,381,750)
(395,550)	-	(395,550)
(267,023)	-	(267,023)
(63,077)	-	(63,077)
<u>(8,638,649)</u>	<u>-</u>	<u>(8,638,649)</u>
-	(763,117)	(763,117)
-	10,015	10,015
-	(1,643,880)	(1,643,880)
-	(2,396,982)	(2,396,982)
4,958,742	-	4,958,742
406,548	-	406,548
-	291,796	291,796
-	1,822,818	1,822,818
999,610	-	999,610
66,681	-	66,681
1,679,403	-	1,679,403
138,948	826	139,774
399,492	512,308	911,800
(561,820)	561,820	-
<u>8,087,604</u>	<u>3,189,568</u>	<u>11,277,172</u>
(551,045)	792,586	241,541
<u>17,789,211</u>	<u>13,021,753</u>	<u>30,810,964</u>
<u>\$ 17,238,166</u>	<u>\$ 13,814,339</u>	<u>\$ 31,052,505</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

	General	Human Services	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 4,333,362	\$ -	\$ 168,153	\$ 4,501,515
Receivables (net of allowances for uncollectibles)				
Taxes	3,632,078	1,782,154	443,772	5,858,004
Delinquent taxes	413,978	-	-	413,978
Accounts	26,723	112,494	26,047	165,264
Loans	-	-	133,061	133,061
Due from other funds	192,904	-	-	192,904
Due from other governments	557,822	193,212	20,670	771,704
Prepaid items	554,079	40,662	3,974	598,715
Restricted Assets				
Cash and investments	-	56,316	256,509	312,825
TOTAL ASSETS	\$ 9,710,946	\$ 2,184,838	\$ 1,052,186	\$ 12,947,970
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 145,705	\$ 74,911	\$ 3,777	\$ 224,393
Accrued liabilities	406,735	63,553	4,676	474,964
Due to other governments	54,362	-	-	54,362
Due to other funds	-	192,904	-	192,904
Deposits	-	56,316	-	56,316
Short-term notes payable	417,734	-	-	417,734
Total Liabilities	<u>1,024,536</u>	<u>387,684</u>	<u>8,453</u>	<u>1,420,673</u>
Deferred Inflows of Resources				
Unearned revenue	3,632,078	1,782,154	443,772	5,858,004
Unavailable revenue	100,379	15,000	-	115,379
Total Deferred Inflows of Resources	<u>3,732,457</u>	<u>1,797,154</u>	<u>443,772</u>	<u>5,973,383</u>
Fund Balances				
Nonspendable	850,356	40,662	3,974	894,992
Restricted	289,291	-	595,987	885,278
Committed	750,000	-	-	750,000
Assigned	1,083,562	-	-	1,083,562
Unassigned	1,980,744	(40,662)	-	1,940,082
Total Fund Balances	<u>4,953,953</u>	<u>-</u>	<u>599,961</u>	<u>5,553,914</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 9,710,946	\$ 2,184,838	\$ 1,052,186	\$ 12,947,970

See accompanying notes to financial statements.

LAFAYETTE COUNTY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2017

Total Fund Balances - Governmental funds	\$ 5,553,914
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	
Land	188,615
Construction in progress	422,239
Other capital assets, net of accumulated depreciation	13,164,233
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note III.C.	115,379
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(314,678)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,447,009
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(990,423)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(2,543,263)
Compensated absences	<u>(804,859)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 17,238,166</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	<u>General</u>	<u>Human Services</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 4,307,825	\$ 1,767,903	\$ 444,707	\$ 6,520,435
Intergovernmental	2,517,467	1,626,839	167,220	4,311,526
Licenses and permits	72,238	-	-	72,238
Fines, forfeitures and penalties	87,422	10,319	-	97,741
Public charges for services	761,885	845,574	28,636	1,636,095
Investment income	41,922	-	8,182	50,104
Miscellaneous	287,989	2,173	9,872	300,034
Total Revenues	<u>8,076,748</u>	<u>4,252,808</u>	<u>658,617</u>	<u>12,988,173</u>
EXPENDITURES				
Current				
General government	2,689,746	-	-	2,689,746
Public safety	3,500,053	-	-	3,500,053
Health and human services	622,589	4,119,757	290,247	5,032,593
Culture, recreation and education	518,516	-	-	518,516
Conservation and economic development	476,605	-	-	476,605
Capital outlay	49,819	-	-	49,819
Debt Service				
Principal	-	-	343,472	343,472
Interest and fiscal charges	-	-	63,077	63,077
Total Expenditures	<u>7,857,328</u>	<u>4,119,757</u>	<u>696,796</u>	<u>12,673,881</u>
Excess (deficiency) of revenues over (under) expenditures	<u>219,420</u>	<u>133,051</u>	<u>(38,179)</u>	<u>314,292</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	13,485	-	-	13,485
Transfers in	133,051	-	-	133,051
Transfers out	(721,959)	(133,051)	-	(855,010)
Total Other Financing Sources (Uses)	<u>(575,423)</u>	<u>(133,051)</u>	<u>-</u>	<u>(708,474)</u>
Net Change in Fund Balance	(356,003)	-	(38,179)	(394,182)
FUND BALANCES - Beginning	<u>5,309,956</u>	<u>-</u>	<u>638,140</u>	<u>5,948,096</u>
FUND BALANCES - ENDING	<u>\$ 4,953,953</u>	<u>\$ -</u>	<u>\$ 599,961</u>	<u>\$ 5,553,914</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ (394,182)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital additions as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.

Capital additions are reported as capital outlay in the fund financial statements but are capitalized in the government-wide financial statements	49,819
Capital additions are reported as expenditures in the fund financial statements but are capitalized in the government-wide financial statements	331,930
Infrastructure financed by the highway fund	160,139
Infrastructure contributed by the state	214,048
Depreciation is reported in the government-wide statements	(825,132)

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position.	(69,563)
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Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	10,914
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Debt and lease proceeds provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal repaid	343,472

Some expenses 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.	
Net pension liability	309,504
Deferred outflows of resources related to pensions	(1,050,613)
Deferred inflows of resources related to pensions	329,701
Compensated absences	<u>38,918</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (551,045)</u>
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See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2017

		Business-type Activities - Enterprise Funds			
		Lafayette Manor	Memorial Hospital	Highway	Totals
ASSETS					
Current Assets					
Cash and investments		\$ 36,330	\$ 778,494	\$ 189,890	\$ 1,004,714
Taxes receivable		327,334	-	1,822,818	2,150,152
Patient receivables, net of estimated uncollectibles		-	3,562,013	-	3,562,013
Resident receivables, net of estimated uncollectibles		379,464	-	-	379,464
Other receivables		-	153,946	408,019	561,965
Due from other governments		-	-	1,489,668	1,489,668
Inventories		34,817	333,324	565,870	934,011
Prepaid items		62,565	287,825	44,013	394,403
Total Current Assets		<u>840,510</u>	<u>5,115,602</u>	<u>4,520,278</u>	<u>10,476,390</u>
Noncurrent Assets					
Restricted assets					
Resident trust funds		6,717	-	-	6,717
Capital assets					
Land		18,020	79,999	55,657	153,676
Construction in progress		-	-	401,418	401,418
Depreciable capital assets, net of accumulated depreciation		573,670	6,127,771	2,924,458	9,625,899
Total Noncurrent Assets		<u>598,407</u>	<u>6,207,770</u>	<u>3,381,533</u>	<u>10,187,710</u>
Total Assets		<u>1,438,917</u>	<u>11,323,372</u>	<u>7,901,811</u>	<u>20,664,100</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension-related amounts		983,175	1,783,299	536,722	3,303,196

<u>Business-type Activities - Enterprise Funds</u>				
	<u>Lafayette Manor</u>	<u>Memorial Hospital</u>	<u>Highway</u>	<u>Totals</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 59,386	\$1,121,634	\$ 430,090	\$ 1,611,110
Accrued payroll and fringe benefits	117,875	285,608	84,770	488,253
Accrued interest	-	650	-	650
Current portion of compensated absences	82,566	220,257	66,505	369,328
Current portion of capital leases payable	-	46,708	-	46,708
Current portion of long-term debt	-	272,890	-	272,890
Amounts payable to third-party reimbursement programs	-	75,000	-	75,000
Unearned revenue	-	-	22,169	22,169
Total Current Liabilities	<u>259,827</u>	<u>2,022,747</u>	<u>603,534</u>	<u>2,886,108</u>
Noncurrent Liabilities				
Resident trust funds	6,717	-	-	6,717
Compensated absences	275,138	510,077	315,095	1,100,310
Capital leases payable	-	155,424	-	155,424
Net pension liability	121,270	223,159	73,730	418,159
Long-term debt	-	2,091,270	-	2,091,270
Total Noncurrent Liabilities	<u>403,125</u>	<u>2,979,930</u>	<u>388,825</u>	<u>3,771,880</u>
Total Liabilities	<u>662,952</u>	<u>5,002,677</u>	<u>992,359</u>	<u>6,657,988</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	327,334	-	1,843,352	2,170,686
Pension-related amounts	410,056	694,392	219,835	1,324,283
Total Deferred Inflows of Resources	<u>737,390</u>	<u>694,392</u>	<u>2,063,187</u>	<u>3,494,969</u>
NET POSITION				
Net investment in capital assets	591,690	3,641,478	3,381,533	7,614,701
Unrestricted	430,060	3,768,124	2,001,454	6,199,638
TOTAL NET POSITION	<u>\$ 1,021,750</u>	<u>\$7,409,602</u>	<u>\$5,382,987</u>	<u>\$13,814,339</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			
	Lafayette Manor	Memorial Hospital	Highway	Totals
OPERATING REVENUES				
Charges for services	\$ 3,758,848	\$ 18,464,263	\$ 3,069,553	\$ 25,292,664
Other operating revenue	87,013	36,278	-	123,291
Total Operating Revenues	<u>3,845,861</u>	<u>18,500,541</u>	<u>3,069,553</u>	<u>25,415,955</u>
OPERATING EXPENSES				
Lafayette Manor expenses	5,068,575	-	-	5,068,575
Memorial Hospital expenses	-	17,795,329	-	17,795,329
Highway expenses	-	-	6,507,479	6,507,479
Depreciation	75,403	664,974	315,844	1,056,221
Total Operating Expenses	<u>5,143,978</u>	<u>18,460,303</u>	<u>6,823,323</u>	<u>30,427,604</u>
Operating Income (Loss)	<u>(1,298,117)</u>	<u>40,238</u>	<u>(3,753,770)</u>	<u>(5,011,649)</u>
NONOPERATING REVENUES (EXPENSES)				
General property taxes	291,796	-	1,822,818	2,114,614
Investment income	455	371	-	826
Interest expense	-	(48,299)	-	(48,299)
Gain (loss) on disposal of capital assets	-	-	16,342	16,342
Intergovernmental grants	535,000	18,076	1,949,751	2,502,827
Miscellaneous revenue	-	85,729	408,850	494,579
Donations and contributions	137	1,250	-	1,387
Total Nonoperating Revenues	<u>827,388</u>	<u>57,127</u>	<u>4,197,761</u>	<u>5,082,276</u>
Income (Loss) Before Transfers	<u>(470,729)</u>	<u>97,365</u>	<u>443,991</u>	<u>70,627</u>
TRANSFERS				
Transfers in	321,959	-	400,000	721,959
Total Transfers	<u>321,959</u>	<u>-</u>	<u>400,000</u>	<u>721,959</u>
Change in Net Position	<u>(148,770)</u>	<u>97,365</u>	<u>843,991</u>	<u>792,586</u>
NET POSITION - Beginning	<u>1,170,520</u>	<u>7,312,237</u>	<u>4,538,996</u>	<u>13,021,753</u>
NET POSITION - ENDING	<u>\$ 1,021,750</u>	<u>\$ 7,409,602</u>	<u>\$ 5,382,987</u>	<u>\$ 13,814,339</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			
	Lafayette Manor	Memorial Hospital	Highway	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from and on behalf of residents, patients and users	\$ 3,797,996	\$ 15,728,759	\$ 2,777,439	\$ 22,304,194
Cash paid to suppliers and contractors for goods and services	(2,263,368)	(9,960,831)	(4,921,197)	(17,145,396)
Cash payments to employees for operating payroll	(2,686,065)	(7,062,202)	(1,338,248)	(11,086,515)
Net Cash Flows From Operating Activities	(1,151,437)	(1,294,274)	(3,482,006)	(5,927,717)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	455	371	-	826
Net Cash Flows From Investing Activities	455	371	-	826
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
General property tax revenues	291,796	-	1,822,818	2,114,614
Transfers in	321,959	-	400,000	721,959
Intergovernmental grants and contributions	535,000	19,326	1,902,136	2,456,462
Nonoperating income	-	85,729	-	85,729
Net Cash Flows From Noncapital Financing Activities	1,148,755	105,055	4,124,954	5,378,764
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments on capital leases	-	(36,299)	-	(36,299)
Proceeds from long-term debt	-	1,889,583	-	1,889,583
Payments on long-term debt	-	(61,307)	-	(61,307)
Interest paid	-	(48,299)	-	(48,299)
Acquisition of capital assets	(11,617)	(1,995,242)	(767,236)	(2,774,095)
Net Cash Flows From Capital and Related Financing Activities	(11,617)	(251,564)	(767,236)	(1,030,417)
Net Increase (Decrease) in Cash and Cash Equivalents	(13,844)	(1,440,412)	(124,288)	(1,578,544)
CASH AND CASH EQUIVALENTS - Beginning of Year	56,891	2,218,906	314,178	2,589,975
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 43,047	\$ 778,494	\$ 189,890	\$ 1,011,431

	Business-type Activities - Enterprise Funds			
	Lafayette Manor	Memorial Hospital	Highway	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (1,298,117)	\$ 40,238	\$ (3,753,770)	\$ (5,011,649)
Nonoperating income	137	-	408,850	408,987
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities				
Depreciation	75,403	664,974	315,844	1,056,221
Provision for bad debts	-	676,577	-	676,577
Change in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources				
Patient receivables, net	-	(2,479,997)	-	(2,479,997)
Resident receivables, net	(48,578)	-	-	(48,578)
Other receivable	-	9,214	(408,019)	(398,805)
Inventories	-	(62,012)	17	(61,995)
Prepaid items	6,486	(52,981)	(6,440)	(52,935)
Accounts payable	(684)	(127,617)	294,717	166,416
Accrued payroll and fringe benefits	5,764	100,433	(50,317)	55,880
Due to/from other governments	-	-	(309,121)	(309,121)
Resident trust funds	575	-	-	575
Compensated absences	(41,194)	64,521	12,514	35,841
Accounts payable to third-party reimbursement programs	-	(301,000)	-	(301,000)
Pension-related amounts	148,771	173,376	107,691	429,838
Unearned revenue	-	-	(93,972)	(93,972)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (1,151,437)</u>	<u>\$ (1,294,274)</u>	<u>\$ (3,482,006)</u>	<u>\$ (5,927,717)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 36,330	\$ 778,494	\$ 189,890	\$ 1,004,714
Restricted assets - resident trust funds	6,717	-	-	6,717
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 43,047</u>	<u>\$ 778,494</u>	<u>\$ 189,890</u>	<u>\$ 1,011,431</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Capital assets included in accounts payable	\$ -	\$ 622,500	\$ -	\$ 622,500
Equipment financed through capital leases	\$ -	\$ 139,452	\$ -	\$ 139,452

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 270,521
Due from other governments	<u>68,506</u>
TOTAL ASSETS	<u>\$ 339,027</u>
LIABILITIES	
Accounts payable	\$ 2,673
Funds held for others	<u>336,354</u>
TOTAL LIABILITIES	<u>\$ 339,027</u>

LAFAYETTE COUNTY

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LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Lafayette County, Darlington, Wisconsin (the “county”) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the county. The reporting entity for the county consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity’s financial statements to be misleading. The county has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The county does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, 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 or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the county are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditure/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the county or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the county believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The county reports the following major governmental funds:

General Fund – accounts for the county’s primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.

Human Services Special Revenue Fund – used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for human services related programs.

The county reports the following major enterprise funds:

Lafayette Manor Nursing Home (the “Nursing Home”) – accounts for operations of a long-term health care facility.

Memorial Hospital (the “Hospital”) – accounts for operations of an acute care critical access hospital.

Highway (the “Highway”) – accounts for funds used to maintain and improve roadways within the county’s jurisdiction.

The county reports the following nonmajor governmental funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Aging
Revolving loan

Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs.

Debt Service

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

In addition, the county reports the following fund types:

Agency funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. Agency funds include the Sheriff Commissary, Clerk of Court, DMV Vehicle Service, Tri-County Trails Commission, and Tax Collection.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

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

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 department and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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 federal and state grant type payments and human services reimbursable grants, for which available is defined as six months. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Sales taxes are recognized as revenues in the year in which the underlying sales relating to it takes place.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Intergovernmental aids and grants are recognized as revenues in the period the county is entitled the resources and the amounts are available. Amounts owed to the county which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are reported as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The 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 Nursing Home, the Hospital and the Highway funds are charges to residents, patients, and customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the county considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The county follows the state statute for allowable investments but has not formally adopted an investment policy.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of various accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (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, 2017, the fair value of the county's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III.A. for further information.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables

Property Taxes

Property taxes are levied in December on the assessed value as of the prior January 1. They are not legally available for appropriation until the ensuing year. In addition to property taxes for the county, taxes are collected for and remitted to the state government as well as the local school district and technical college district.

Property tax calendar – 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale – 2017 delinquent real estate taxes	October 2020

Property taxes are due, in the year subsequent to levy, on the last day of January, and collected by local treasurers through that date, at which time unpaid taxes are assigned to the county and appropriate receivables and payables are recorded. Tax collections become the responsibility of the county and taxes receivable include unpaid taxes levied for all taxing entities within the county. The county makes restitution to local districts in August for payables recorded at the settlement date without regard to collected funds. A lien is placed on all properties for which a portion of the current tax levy remains unpaid as of September 1. The interest and penalties on taxes not paid within 60 days of the end of the current fiscal period is shown as unavailable revenue until it is received in cash.

The portion of county property taxes receivable at December 31, 2017, which relates to taxes initially levied by other municipalities and uncollected within sixty days after year-end, has been reflected in the accompanying financial statements as nonspendable fund balance of the general fund in the amount of \$296,277.

Uncollectible Accounts

Accounts receivable in all funds have been adjusted for all known uncollectible accounts. No allowance for uncollectible delinquent taxes has been provided because of the county's demonstrated ability to recover any losses through the sale of the applicable property.

The Nursing Home uses the allowance method to provide for losses from uncollectible accounts. The allowance is maintained at a level which management feels is sufficient to cover potential uncollectible accounts. Refer to Note III.C.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

Uncollectible Accounts (cont.)

The Hospital patient receivables are recorded in the accompanying statements of net position net of contractual adjustments and an allowance for uncollectible accounts, which reflect management's best estimate of the accounts that will not be collected.

Interfund Transactions

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Sales Taxes

The county has a 0.5% sales tax which is collected by the State of Wisconsin and remitted to the county monthly. Sales tax is accrued as a receivable when the underlying sale relating to it takes place. At December 31, 2017, the county has accrued two months of subsequent year's collections as receivable.

Loans

The county has received federal grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The county records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has been reduced by an allowance for uncollectible accounts. Refer to Note III.C.

It is the county's policy to record revenue when the initial loan is made from the federal grant funds. When new loans are made from loan repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as restricted fund balance in the fund financial statements.

Lafayette Manor

Nursing Home revenues are recorded based on actual service rendered, with billings made to residents monthly. The Nursing Home does not accrue revenues beyond such billing dates. The Nursing Home does not charge interest on its receivables.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

Lafayette Manor (cont.)

Resident accounts receivable includes amounts receivable for services rendered to residents under the Title XIX Wisconsin Medical Assistance Program (Medicaid). The Nursing Home reported revenues of approximately \$1,684,000 from the Title XIX residents in 2017. These revenues are subject to audit and retroactive adjustment by the Medical Assistance Programs. Resident accounts receivable also includes amounts receivable for services rendered to residents under the Medicare Program. The Nursing Home reported revenues of approximately \$467,036 from the Medicare Program in 2017. These revenues are subject to audit and retroactive adjustment by the Medicare Program. All receivables are considered to be collectable in the following year.

Memorial Hospital

Patient receivables are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. The Hospital does not have a policy to charge interest on its past due accounts. Payments of patient receivables are applied to the specific claims identified on the remittance advice or statement.

3. Net Patient Service Revenue

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. Certain third-party payor reimbursement agreements are subject to audit and retroactive adjustments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

For uninsured patients who do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a provision for bad debts related to uninsured patients in the period the services are provided.

4. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work – not for resale. They are valued on the first-in, first-out basis of costing and are charged to operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

6. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets, with the exception of those reported in the Nursing Home fund which reports general capital assets with an initial cost of \$500 or more, and an estimated useful life in excess of one year. Infrastructure assets include those with an initial cost of \$25,000 or more for bridges and \$100,000 for roads, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets are recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Land improvements	5 – 40
Buildings and improvements	3 – 60
Machinery and equipment	3 – 25
Infrastructure	25 – 50
Leased equipment	3 – 25

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

6. Capital Assets (cont.)

Fund Financial Statements

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

7. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

8. Compensated Absences

Under terms of employment, employees are granted sick leave, vacation, floating, personal and compensation benefits in varying amounts.

The county's employees earn one day of sick leave per month. Administrative employees and union employees can accumulate a maximum of 960 hours. Under the county's personnel policy, employees who retire under the Wisconsin Retirement System or retire due to disability shall have their accumulated sick leave paid out to them at their current rate of pay. The payment may be in the form of a lump sum or in bi-weekly installments. At the end of each calendar year, the county shall pay each employee 50% of the excess over the 960 hours maximum accumulation. The total compensated absences liability (sick and vacation) as of December 31, 2017 was \$2,274,496.

Payments for sick leave, vacation, personal days, floating holidays and other compensation benefits will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2017 are determined on the basis of current salary rates and include salary related payments. All vested vacation and sick leave pay is accrued when incurred in the county's financial statements.

9. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Long-Term Obligations (cont.)

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year-end is shown as an increase or decrease in the liability section of the statement of net position.

10. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

11. Equity Classifications

Government-Wide Statements

Net position is classified and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either 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.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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.

Governmental fund balances are displayed as follows:

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use either 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.
- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the county. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the county that originally created the commitment.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Equity Classifications (cont.)

Government-Wide Statements (cont.)

- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The board may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The county considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the county would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The stabilization fund is contained as a committed balance within the general fund and is included in each annual budget. The stabilization fund shall not be used except in the following circumstances:

1) externally imposed reductions in revenue due to: a) reductions in revenue support from other governments, b) user fees or c) dramatic and immediate changes in economic or financial condition of Lafayette County (i.e. reduction in sales tax, interest income or property taxes) or 2) unforeseen external factors such as a natural disaster which results in an unforeseen and dramatic increase in, and it must have a financial impact whereby due to the immediate (current budget year) and severe impact of these reductions, the actual expenditures exceed revenues in the general fund by at least 7.2%, or in aggregate for tax levy supported funds by 4.6%, or in any case where the county is unable to meet its current general obligation debt service commitments with currently available resources, or where the general fund's unassigned fund balance is a deficit at the end of a calendar year after all transactions have been recorded. The county's resolution does not address the requirements for additions to the stabilization fund. The balance in the account at year-end was \$750,000. See Note III.J.

12. Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The Hospital maintains records to identify the amount of charges foregone for services and supplies furnished under the charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient revenue in the accompanying statement of revenue, expenses, and changes in net position. See Note III.B.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

13. Electronic Health Record Incentive Funding

The American Recovery and Reinvestment Act of 2009 (“ARRA”) provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified electronic health record (“EHR”) technology. These provisions of ARRA, collectively referred to as the Health Information Technology and Clinical Health Act (the “HITECH Act”), are intended to promote the adoption and meaningful use of health information technology and qualified EHR technology.

The Hospital recognizes revenue for EHR incentive payments when there is a reasonable assurance that the Hospital will meet the conditions of the program, primarily demonstrating meaningful use of certified EHR technology for the applicable period. The demonstration of meaningful use is based on meeting a series of objectives. Meeting the series of objectives in order to demonstrate meaningful use becomes progressively more stringent as its implementation is phased in through stages as outline by the Centers for Medicare and Medicaid Services (CMS).

Amounts recognized under the EHR incentive programs are based on qualifying costs expended for EHR technology and are subject to audit by fiscal intermediaries; accordingly, amounts recognized are subject to change. In addition, the Hospital’s attestation of its compliance with the meaningful use criteria is subject to audit by the federal government or its designee.

14. Pension

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures and Other Financing Uses</u>	<u>Actual Expenditures and Other Financing Uses</u>	<u>Excess Expenditures and Other Financing Uses Over Budget</u>
General	\$ 8,252,632	\$ 8,579,287	\$ 326,655

The county controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those can be found in the county's year-end budget to actual report.

B. LIMITATIONS ON THE COUNTY'S TAX LEVY

Wisconsin law limits the county's future tax levies. Generally, the county is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the county's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The county is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The county maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

The county's cash and investments at year-end were comprised of the following:

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 5,998,239	\$ 6,939,430	Custodial credit
LGIP	42,859	42,859	Credit
Petty cash	1,850	-	N/A
Cash on hand	53,344	-	N/A
Total Cash and Investments	\$ 6,096,292	\$ 6,982,289	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 5,506,229		
Restricted cash and investments	319,542		
Per statement of assets and liabilities –			
Agency Funds	270,521		
Total Cash and Investments	\$ 6,096,292		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing the custodial credit risk.

The county maintains collateral agreements with its banks. At December 31, 2017, the banks had pledged various government securities of \$5,000,000 to secure the county's deposits.

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the county's deposits may not be returned to the county.

As of December 31, 2017, \$912,485 of the county's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 912,485
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LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

At December 31, 2017, the county had investments in the following external pool which is not rated:

Local Government Investment Pool

See Note I.D.1. for further information on deposits and investments.

B. CHARITY CARE

The estimated cost of providing care to patients under the Hospital's charity care policy was approximately \$21,000 in 2017.

The cost was calculated by multiplying the ratio of cost to gross charges for the Hospital times the gross uncompensated charges associated with providing charity care.

C. RECEIVABLES

Receivables not expected to be collected within one year include \$413,978 of delinquent taxes in the general fund and \$71,159 of loans receivable in the revolving loan fund.

Total uncollectible amounts related to revenues of the current period are as follows:

Human services – accounts receivable	\$	123,199
Lafayette Manor Nursing Home – resident accounts receivable		38,656
Memorial Hospital of Lafayette County – allowance for uncollectible accounts		895,000
Memorial Hospital of Lafayette County – contractual adjustments		3,150,000
Revolving loan fund – loans receivable		<u>63,281</u>
Total Uncollectibles – December 31, 2017	\$	<u><u>4,206,855</u></u>

Governmental funds report *unavailable or deferred inflows* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *deferred inflows* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 5,858,004	\$ -
Delinquent property taxes receivable	-	100,379
Other unavailable receivables	-	<u>15,000</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u><u>\$ 5,858,004</u></u>	<u><u>\$ 115,379</u></u>

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

C. RECEIVABLES (cont.)

Delinquent property taxes purchased from other taxing authorities are reflected as nonspendable fund balance at year-end. Delinquent property taxes levied by the county are reflected as unavailable revenue and are excluded from the fund balance until collected. At December 31, 2017, delinquent property taxes by year levied consists of the following:

Tax Certificates		
2016	\$	224,768
2015		121,363
2014		38,664
2013		11,562
2012		3,495
2011		3,733
2010		3,461
2009		3,434
2008		3,144
2007		<u>354</u>
Total Delinquent Property Taxes Receivable		413,978
Less: January and February 2018 collections		<u>(17,322)</u>
Subtotal		396,656
County levied portion		<u>(100,379)</u>
County Purchased Portion	\$	<u><u>296,277</u></u>

At the end of the current fiscal year, the various components of *unearned revenue* reported in the enterprise funds were as follows:

		<u>Unearned</u>
Property taxes receivable for subsequent year	\$	2,150,152
Transportation cost pools		<u>20,534</u>
Total Unearned Revenue for Enterprise Funds in Deferred Inflows	\$	<u><u>2,170,686</u></u>
Unearned revenue included in deferred inflows	\$	2,170,686
Unearned revenue in current liabilities		<u>22,169</u>
Total	\$	<u><u>2,192,855</u></u>

For economic development loans, the county is limited by the Wisconsin Department of Administration to the amount of program income from economic development loans that it may retain to be loaned to other businesses and/or the amount of time for which funds may be held without use. Program income includes the principal and interest received from economic development loans repayments.

At December 31, 2017, the county has not exceeded the maximum amount of program income that it may retain or the amount of time for which funds may be held without use. When it does, a liability to the state will be recorded.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for reimbursement to the Hospital at amounts that vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows:

Hospital Services

Medicare – The Hospital is designated as a Critical Access Hospital (CAH) with reimbursement based upon cost for inpatient, swing bed, and outpatient services with the exception of certain lab and radiology services, which are reimbursed based on fee schedules. Professional services provided by physicians and other clinicians are reimbursed based upon prospectively determined fee schedules.

Medicaid – The Hospital is also designated as a CAH by the Medicaid program. Under legislation enacted by the State of Wisconsin (the “State”), eligible CAHs, including the Hospital, are required to pay the State an annual assessment. The assessment is based on each hospital’s gross inpatient revenue, as defined. The revenue generated from the assessment is to be used, in part, to increase overall reimbursement under the Wisconsin Medicaid program through the development of an access payment system. The Wisconsin Medicaid program pays a hospital-specific amount per discharge or visit for inpatient and outpatient services adjusted by patient acuity, determined based on prior hospital cost reports, plus an additional access payment on outpatient services. Professional services provided by physicians and other clinicians in the hospital setting continue to be reimbursed on prospectively determined fee schedules.

Others – The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations, and the State of Wisconsin county agencies. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Accounting for Contractual Arrangements

The Hospital is reimbursed for certain cost-reimbursable items at interim rates with final settlements determined after audit of the related annual cost reports by the respective Medicare and Medicaid fiscal intermediaries. Estimated provisions to approximate the final expected settlements after review by the intermediaries are included in the accompanying financial statements. The Hospital’s Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2014.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

D. NET PATIENT SERVICE REVENUE (cont.)

Net patient service revenue consisted of the following:

	2017
Gross patient revenue	
Inpatient services	\$ 6,610,379
Outpatient services	22,296,824
Other services	6,114,933
Total Gross Patient Service Revenue	35,022,136
Less:	
Contractual adjustments	15,956,296
Provision for bad debts	601,577
Net Patient Service Revenue	\$ 18,464,263

The following table reflects the approximate portion of gross patient service revenue provided to patients whose bills were paid in full or in part by the following programs or third-party payors, which are considered to be the significant sources of revenue for the Hospital for the year ended December 31, 2017:

Medicare and Medicare Advantage Plans	46%
Medicaid and Medicaid Health Maintenance Organization (HMO) Plans	10%
Other third-party payors	40%
Private pay	4%
Totals	100%

E. RESTRICTED ASSETS

Human Services has restricted assets in the amount of \$56,316. These restricted assets represent clients' funds held for safekeeping by Human Services. The funds are maintained in a checking account. All interest earned is added to the respective client's balance.

The Nursing Home has restricted assets in the amount of \$6,717. These restricted assets represent residents' funds held for safekeeping by the Nursing Home. The funds are maintained in individual savings accounts and the balance in a checking account. All interest earned is added to the respective resident's balance.

The Revolving Loan fund has restricted assets in the amount of \$256,509. These restricted assets represent funds held for future loans.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 188,615	\$ -	\$ -	\$ 188,615
Construction in process	510,902	126,775	215,438	422,239
Total Capital Assets Not Being Depreciated	699,517	126,775	215,438	610,854
Capital assets being depreciated				
Buildings and improvements	3,755,454	-	555,059	3,200,395
Machinery and equipment	1,980,462	462,825	414,233	2,029,054
Infrastructure	22,185,761	381,774	18,102	22,549,433
Total Capital Assets Being Depreciated	27,921,677	844,599	987,394	27,778,882
Less: Accumulated depreciation for				
Buildings and improvements	(1,609,105)	(110,677)	526,811	(1,192,971)
Machinery and equipment	(1,457,349)	(237,354)	372,918	(1,321,785)
Infrastructure	(11,640,894)	(477,101)	18,102	(12,099,893)
Total Accumulated Depreciation	(14,707,348)	(825,132)	917,831	(14,614,649)
Net Capital Assets Being Depreciated	13,214,329	19,467	69,563	13,164,233
Total Governmental Activities Capital Assets, Net of Depreciation	\$ 13,913,846	\$ 146,242	\$ 285,001	\$ 13,775,087

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 81,720
Public safety	225,054
Public works	477,101
Health and human services	10,385
Culture, recreation and education	2,637
Conservation and development	28,235
Total Governmental Activities Depreciation Expense	\$ 825,132

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Highway				
Capital assets not being depreciated				
Land	\$ 55,657	\$ -	\$ -	\$ 55,657
Construction in progress	60,772	393,636	52,990	401,418
Total Capital Assets				
Not Being Depreciated	116,429	393,636	52,990	457,075
Capital assets being depreciated				
Land improvements	137,413	-	-	137,413
Buildings and improvements	1,410,941	-	-	1,410,941
Machinery and equipment	6,996,886	524,784	155,268	7,366,402
Total Capital Assets				
Being Depreciated	8,545,240	524,784	155,268	8,914,756
Less: Accumulated depreciation for				
Land improvements	(81,878)	(4,906)	-	(86,784)
Buildings and improvements	(968,052)	(35,152)	-	(1,003,204)
Machinery and equipment	(4,745,555)	(266,939)	112,184	(4,900,310)
Total Accumulated Depreciation	(5,795,485)	(306,997)	112,184	(5,990,298)
Net Capital Assets				
Being Depreciated	2,749,755	217,787	43,084	2,924,458
Total Highway Capital Assets, Net of Depreciation	\$ 2,866,184	\$ 611,423	\$ 96,074	\$ 3,381,533

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Lafayette Manor				
Capital assets not being depreciated				
Land	\$ 18,020	\$ -	\$ -	\$ 18,020
Capital assets being depreciated				
Land improvements	50,935	1,880	-	52,815
Buildings and improvements	1,275,576	720	-	1,276,296
Machinery and equipment	1,278,214	9,018	-	1,287,232
Total Capital Assets Being Depreciated	2,604,725	11,618	-	2,616,343
Less: Accumulated depreciation for				
Land improvements	(33,904)	(1,937)	-	(35,841)
Buildings and improvements	(944,874)	(30,705)	-	(975,579)
Machinery and equipment	(988,492)	(42,761)	-	(1,031,253)
Total Accumulated Depreciation	(1,967,270)	(75,403)	-	(2,042,673)
Net Capital Assets Being Depreciated	637,455	(63,785)	-	573,670
Total Manor Capital Assets, Net of Depreciation	\$ 655,475	\$ (63,785)	\$ -	\$ 591,690

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

F. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Memorial Hospital				
Capital assets not being depreciated				
Land	\$ 19,799	\$ 60,200	\$ -	\$ 79,999
Total Capital Assets Not Being Depreciated	19,799	60,200	-	79,999
Capital assets being depreciated				
Land improvements	156,891	-	-	156,891
Buildings and improvements	7,870,169	975,896	-	8,846,065
Machinery and equipment	4,583,796	752,974	-	5,336,770
Intangible assets – computer software	-	968,125	-	968,125
Total Capital Assets Being Depreciated	12,610,856	2,696,995	-	15,307,851
Less: Accumulated depreciation for				
Land improvements	(76,234)	(5,483)	-	(81,717)
Buildings and improvements	(4,992,723)	(298,544)	-	(5,291,267)
Machinery and equipment	(3,446,149)	(344,011)	-	(3,790,160)
Intangible assets – computer software	-	(16,936)	-	(16,936)
Total Accumulated Depreciation	(8,515,106)	(664,974)	-	(9,180,080)
Net Capital Assets Being Depreciated	4,095,750	2,032,021	-	6,127,771
Total Hospital Capital Assets, Net of Depreciation	\$ 4,115,549	\$ 2,092,221	\$ -	\$ 6,207,770
Total Business-type Capital Assets, Net of Depreciation	\$ 7,637,208	\$ 2,639,859	\$ 96,074	\$ 10,180,993

Depreciation expense was charged to functions as follows:

Business-type Activities

Lafayette Manor	\$ 75,403
Memorial Hospital	664,974
Highway	315,844
Total Business-type Activities Depreciation Expense	\$ 1,056,221

Depreciation expense may be different from business-type activity accumulated depreciation additions because of salvage, cost of removal, or depreciation for state-contributed assets.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

G. INTERFUND TRANSFERS

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Human Services	\$ 133,051	Lapsing fund
Highway	General Fund	400,000	Capital asset purchases
Lafayette Manor	General Fund	<u>321,959</u>	Lapsing fund
Sub-Total – Fund Financial Statements		855,010	
Governmental activities infrastructure paid by highway enterprise fund		(160,139)	
Less: Fund eliminations		<u>(133,051)</u>	
Total Transfers – Government-Wide Statement of Activities		<u>\$ 561,820</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ (160,139)	
Business-type Activities	Governmental Activities	<u>721,959</u>	
Total		<u>\$ 561,820</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 2,886,735	\$ -	\$ 343,472	\$ 2,543,263	\$ 351,732
Other Liabilities					
Net pension liability	624,182	-	309,504	314,678	-
Vested compensated absences	843,776	280,044	318,961	804,859	311,225
Total Other Liabilities	1,467,958	280,044	628,465	1,119,537	311,225
Total Governmental Activities Long-Term Liabilities	\$ 4,354,693	\$ 280,044	\$ 971,937	\$ 3,662,800	\$ 662,957
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 535,884	\$ 1,889,583	\$ 61,307	\$ 2,364,160	\$ 272,890
Other Liabilities					
Net pension liability	833,823	-	415,664	418,159	-
Vested compensated absences	1,433,797	419,111	383,270	1,469,638	369,328
Capital leases	98,979	139,452	36,299	202,132	46,708
Total Other Liabilities	2,366,599	558,563	835,233	2,089,929	416,036
Total Business-type Activities Long-Term Liabilities	\$ 2,902,483	\$ 2,448,146	\$ 896,540	\$ 4,454,089	\$ 688,926

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the county. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the county may not exceed 5% of the equalized value of taxable property within the county's jurisdiction. The debt limit as of December 31, 2017, was \$57,457,720. Total general obligation debt outstanding at year-end was \$5,325,157. This includes the short-term note. See Note III. K.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12/31/17
Governmental Activities					
General Obligation Debt					
Promissory notes	4/8/2009	3/10/2019	2.80%	\$ 500,000	\$ 82,062
Promissory notes	1/28/2015	1/15/2025	2.29%	550,000	406,117
Promissory notes	12/30/2015	12/30/2025	2.29%	2,400,000	<u>2,055,084</u>
Total Government Activities – General Obligation Debt					<u>\$ 2,543,263</u>
 Business-type Activities					
General Obligation Debt					
Promissory note	9/15/2014	12/15/2024	2.49%	650,000	\$ 474,577
Promissory note	1/4/2017	1/4/2027	2.29%	1,400,000 (1)	729,730
Promissory note	1/4/2017	1/4/2027	2.29%	1,300,000 (2)	<u>1,159,853</u>
Total Government Activities – General Obligation Debt					<u>\$ 2,364,160</u>

(1) Remaining funds to be advanced \$670,270

(2) Remaining funds to be advanced \$140,147

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2018	\$ 351,732	\$ 54,816	\$ 272,890	\$ 71,670
2019	317,470	46,708	306,253	62,903
2020	303,682	39,836	338,704	55,444
2021	310,828	32,691	371,973	47,183
2022	318,014	25,504	372,796	38,348
2023 – 2027	<u>941,537</u>	<u>32,273</u>	<u>701,544</u>	<u>63,622</u>
Totals	<u>\$ 2,543,263</u>	<u>\$ 231,828</u>	<u>\$ 2,364,160</u>	<u>\$ 339,170</u>

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

H. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of compensated absences and net pension liability are not included in the debt service requirement schedules. The compensated absences liability and the net pension liability attributable to governmental activities will be liquidated primarily by the general fund.

Capital Leases

Refer to Note III.I.

I. LEASE DISCLOSURES

Lessee – Capital Leases

In previous years, the Hospital acquired capital assets through lease and purchase agreements. The gross amount of these assets under capital lease is \$683,488 and accumulated depreciation is \$466,235, which are included in capital assets. The future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2017, are as follows:

Years	Business-type Activities	
	Principal	Interest
2018	\$ 46,708	\$ 22,051
2019	53,349	17,021
2020	46,753	11,351
2021	33,628	6,187
2022	21,694	1,036
Totals	<u>\$ 202,132</u>	<u>\$ 57,646</u>

Lessee – Operating Leases

The Hospital has entered into a number of operating lease agreements for equipment with unrelated parties. Rental expense totaled \$434,000 in 2017.

Lessor – Capital Leases

The county has no material outstanding sales-type or direct financing leases.

Lessor – Operating Leases

The county does not receive material lease payments from property rented to others.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

J. NET POSITION/FUND BALANCES

Governmental activities net position reported on the government-wide statement of net position at December 31, 2017 includes the following:

Governmental Activities

Net investment in capital assets	
Land	\$ 188,615
Construction in process	422,239
Other capital assets, net of accumulated depreciation	13,164,233
Less: Long-term debt outstanding	(2,543,263)
Plus: Noncapital debt proceeds	<u>406,117</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 11,637,941</u></u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017 include the following:

Fund Balances	General Fund	Human Services	Nonmajor Funds	Totals
Nonspendable:				
Delinquent taxes receivable	\$ 296,277	\$ -	\$ -	\$ 296,277
Prepaid items	554,079	40,662	3,974	598,715
Restricted:				
Grant purposes	122,836	-	101,692	224,528
Jail improvement	75,466	-	-	75,466
Sheriff	20,770	-	-	20,770
Health department	4,432	-	-	4,432
UW Extension	7,578	-	-	7,578
Land information	43,209	-	-	43,209
Fair	15,000	-	-	15,000
Revolving loans	-	-	389,570	389,570
Debt service	-	-	104,725	104,725
Committed:				
Stabilization fund	750,000	-	-	750,000
Assigned:				
Carryforward appropriations	746,489	-	-	746,489
Fund balance applied to the 2018 budget	321,774	-	-	321,774
Vested benefits	15,299	-	-	15,299
Unassigned (deficit)	<u>1,980,744</u>	<u>(40,662)</u>	<u>-</u>	<u>1,940,082</u>
 Total Fund Balances	 <u><u>\$ 4,953,953</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 599,961</u></u>	 <u><u>\$ 5,553,914</u></u>

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III – DETAILED NOTES ON ALL FUNDS (cont.)

J. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net investment in capital assets	
Land	\$ 153,676
Construction in process	401,418
Other capital assets, net of accumulated depreciation	9,625,899
Less: Related long-term debt outstanding	<u>(2,566,292)</u>
Total Net Investment in Capital Assets	7,614,701
Unrestricted	<u>6,199,638</u>
Total Business-type Activities Net Position	<u><u>\$ 13,814,339</u></u>

K. SHORT-TERM DEBT

On December 12, 2017, the county issued short-term debt of \$485,000 at 1.25%. As of December 31, 2017, the county had drawn down \$417,734. The debt matures on December 12, 2018.

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

Vesting. For employees beginning 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.

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category 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 reporting period, the WRS recognized \$837,072 in contributions from the county.

Contribution rates as of December 31, 2017 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the county reported a liability of \$732,837 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The county's proportion of the net pension liability was based on the county's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the county's proportion was .08891082%, which was a decrease of .00081363% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the county recognized pension expense of \$1,879,385.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2017, the county reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 279,432	\$ 2,304,710
Changes of actuarial assumptions	766,210	-
Net differences between projected and actual earnings on pension plan investments	3,647,831	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,591	9,996
Employer contributions subsequent to the measurement date	1,038,141	-
Totals	\$ 5,750,205	\$ 2,314,706

\$1,038,141 reported as deferred outflows related to pension resulting from the WRS Employer'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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 1,712,776	\$ 740,001
2019	1,712,775	740,001
2020	1,403,964	737,430
2021	(118,852)	97,274
2022	1,401	-

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% 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 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be 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. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the county's proportionate share of the net pension (asset) liability to changes in the discount rate. The following presents the county's proportionate share of the net pension (asset) liability calculated using the discount rate of 7.20 percent, as well as what the county's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
County's proportionate share of the net pension (asset) liability	\$ 9,640,946	\$ 732,837	\$ (6,126,810)

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>.

At December 31, 2017, the county reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The county is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to prior year.

The Hospital has professional liability insurance coverage to provide protection for professional liability losses on an occurrence basis subject to a limit of \$1,000,000 per claim and an annual aggregate limit of \$3,000,000. Should the occurrence policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured. The insurance policy is for the period July 1, 2017 to July 1, 2018.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Wisconsin County Mutual Insurance Corporation

Fifty-five Wisconsin counties jointly participate in the Wisconsin County Mutual Insurance Corporation (WCMIC) for general, personal injury, automobile, law enforcement, and public officials' errors and omissions liability insurance. The creation of the County Mutual requires the establishment of capital reserves with each of the participating counties depositing amounts as specified in projected rates. This company began operation on January 1, 1988.

The governing body is made up of nineteen directors elected by the participating counties. The governing body has authority to adopt its own budget and control the financial affairs of the corporation.

Summary financial information of WCMIC as of December 31, 2017 can be obtained directly from WCMIC's offices.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the county is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the county attorney 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.

The county has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Nursing Home

The Nursing Home's existing buildings do contain asbestos; however, the Nursing Home has no intentions to disturb the asbestos in the building. This is a source of potential liability to the county; however, it is not possible to estimate the financial impact at this time.

The Nursing Home recorded revenues of approximately \$535,000 in 2017 through the Supplemental Payment Program to help offset the use of local tax dollars to subsidize governmental operated nursing homes. The Nursing Home may have to repay a portion of these funds at a later date pending the outcome of a federal audit of the state's Medicaid Program.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Hospital

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and billing regulations. Government activity with respect to investigations and allegations concerning possible violations of such regulations by health care providers has increased. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayment for patient services previously billed. Management believes that the Hospital is in compliance with applicable government laws and regulations. While no significant regulatory inquiries have been made of the Hospital, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

D. JOINT VENTURES

Lafayette County, Green County, and Iowa County jointly operate the Tri-County Trails Commission (the “commission”) which maintains and manages the Monroe to Mineral Point railroad right-of-way for use as an all year, all purpose public recreational corridor.

The governing body is made up of commissioners from each county. Local representatives are appointed by the chair of their respective county boards. The governing body has authority to adopt its own budget and control the financial affairs of the commission.

Financial information of the commission as of December 31, 2017 is available directly from the commission’s office.

E. RELATED ORGANIZATIONS

The county’s officials are responsible for appointing the board members of the Housing Authority of the County of Lafayette, but the county’s accountability for this organization does not extend beyond making the appointments.

F. ECONOMIC DEPENDENCY

In 2017, approximately 67% of Nursing Home resident days were the responsibility of the Title XVIII (Medicare) or Title XIX (Medical Assistance) programs that are funded by the United States government and the State of Wisconsin.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

G. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Hospital to possible credit risk consist principally of patient receivables.

Patient receivables consist of amounts due from patients, their insurers, or government agencies (primarily Medicare and Medicaid) for health care provided to the patients. The majority of the Hospital's patients are from Darlington, Wisconsin, and the surrounding area. The risk of receivables from patients and third-party payors was as follows at December 31:

	<u>2017</u>
Medicare and Medicare Advantage Plans	48%
Medicaid and Medicaid HMO Plans	8
Other third party payors	35
Private pay	<u>9</u>
Total	<u><u>100%</u></u>

H. SUBSEQUENT EVENTS

Provider-Based Rural Health Clinics

In March 2018, the Hospital received a provider-based rural health clinic designation for two of its clinics. Under this designation certain physician and professional services rendered to Medicare and Medicaid beneficiaries qualify for reimbursement as Medicare-approved rural health clinic services. Qualifying services are reimbursed based on a cost reimbursement methodology. All other physician and professional services rendered to Medicare and Medicaid beneficiaries are paid based on prospectively determined fee schedules.

Capital Project

During 2018, the Hospital signed a commitment for approximately \$350,000 for an expansion and remodeling project.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – OTHER INFORMATION (cont.)

I. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
REVENUES				
TAXES				
General property taxes	\$ 3,173,319	\$ 3,173,319	\$ 3,152,680	\$ (20,639)
Interest on taxes	128,500	128,500	88,854	(39,646)
Real estate transfer	-	-	43,730	43,730
Forest cropland	1,000	1,000	3,562	2,562
Payment in lieu of taxes	11,000	11,000	14,591	3,591
County sales tax	1,261,620	1,261,620	999,730	(261,890)
Land use penalty	-	-	4,678	4,678
Total Taxes	<u>4,575,439</u>	<u>4,575,439</u>	<u>4,307,825</u>	<u>(267,614)</u>
INTERGOVERNMENTAL				
Shared taxes from state	1,675,454	1,675,454	1,676,504	1,050
Exempt computer aid	3,500	3,500	2,889	(611)
Circuit court	68,194	68,194	52,275	(15,919)
DWD state grant	147,000	147,000	202,535	55,535
Land info board grant	124,000	124,000	148,360	24,360
State fair grants	5,300	5,300	5,828	528
Private sewer grant	-	-	13,063	13,063
DNR trails	90,700	90,700	28,029	(62,671)
Other DNR	11,350	11,350	13,345	1,995
Veterans service	10,750	10,750	12,080	1,330
DATCP - LWRM	166,609	166,609	149,769	(16,840)
DOJ training reimbursement	-	-	5,612	5,612
DOJ crime victim witness	15,000	15,000	15,950	950
Other DOJ grants	5,000	5,000	73,233	68,233
Department of military affairs	30,000	30,000	46,073	16,073
Interpreter reimbursement	2,300	2,300	4,375	2,075
Health grants	64,394	64,394	65,925	1,531
Other miscellaneous grants	31,395	31,395	1,622	(29,773)
Total Intergovernmental	<u>2,450,946</u>	<u>2,450,946</u>	<u>2,517,467</u>	<u>66,521</u>

See independent auditors' report and accompanying notes to required supplementary information.

LAFAYETTE COUNTY

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (cont.)
 BUDGET AND ACTUAL
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
LICENSES AND PERMITS				
Marriage licenses and divorce mediation	\$ 3,000	\$ 3,000	\$ 4,225	\$ 1,225
License plates	-	-	6,235	6,235
Sanitary permits	-	-	24,325	24,325
Conditional use/rezoning permits	18,000	18,000	13,395	(4,605)
Mine reclamation	5,400	5,400	5,495	95
Other licenses and permits	10,100	10,100	18,563	8,463
Total Licenses and Permits	<u>36,500</u>	<u>36,500</u>	<u>72,238</u>	<u>35,738</u>
FINES, FORFEITURES AND PENALTIES				
County ordinances, forfeitures and defaults	68,014	68,014	55,644	(12,370)
County share of state fines	-	-	31,778	31,778
Total Fines, Forfeitures and Penalties	<u>68,014</u>	<u>68,014</u>	<u>87,422</u>	<u>19,408</u>
PUBLIC CHARGES FOR SERVICES				
General government	12,390	12,390	7,094	(5,296)
Child support	1,750	1,750	1,356	(394)
Circuit court	33,200	33,200	53,010	19,810
Clerk of courts	34,391	34,391	40,471	6,080
Coroner	4,000	4,000	4,500	500
County clerk	14,250	14,250	22,125	7,875
Sheriff and jail fees	199,100	199,100	210,655	11,555
District attorney	500	500	9,301	8,801
Fair	124,570	124,570	126,572	2,002
Land conservation	11,000	11,000	12,616	1,616
Land information fees	31,600	31,600	37,340	5,740
Parks and trails	2,200	2,200	2,200	-
Planning and zoning	20,800	20,800	1,800	(19,000)
Public health	123,500	123,500	130,495	6,995
Register of deeds	118,155	118,155	95,020	(23,135)
Treasurer	700	700	1,029	329
UW extension	3,300	3,300	6,063	2,763
Veterans	400	400	238	(162)
Total Public Charges for Services	<u>735,806</u>	<u>735,806</u>	<u>761,885</u>	<u>26,079</u>

See independent auditors' report and accompanying notes to required supplementary information.

LAFAYETTE COUNTY

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (cont.)
 BUDGET AND ACTUAL
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
INVESTMENT INCOME				
Investment income	\$ 40,120	\$ 40,120	\$ 41,922	\$ 1,802
MISCELLANEOUS				
Rent on buildings	56,991	56,991	58,264	1,273
Rent on other property	5,020	5,020	7,212	2,192
Insurance recoveries	4,000	4,000	13,975	9,975
Fair donations	-	-	14,933	14,933
Other donations	21,000	21,000	9,793	(11,207)
WCMIC dividend	27,000	27,000	32,186	5,186
Sale of property/assets	16,000	16,000	19,329	3,329
Workman's compensation discount	20,000	20,000	125,576	105,576
Miscellaneous	-	-	6,721	6,721
Total Miscellaneous	<u>150,011</u>	<u>150,011</u>	<u>287,989</u>	<u>137,978</u>
 TOTAL REVENUES	 <u>8,056,836</u>	 <u>8,056,836</u>	 <u>8,076,748</u>	 <u>19,912</u>

See independent auditors' report and accompanying notes to required supplementary information.

LAFAYETTE COUNTY

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (cont.)
 BUDGET AND ACTUAL
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
County board	\$ 90,090	\$ 90,090	\$ 103,410	\$ (13,320)
District attorney	70,680	70,680	71,054	(374)
Family court commissioner	13,291	13,291	12,746	545
Circuit court	205,295	205,295	202,877	2,418
Clerk of court	204,704	204,704	165,732	38,972
Other court	76,050	76,050	101,828	(25,778)
Copy machines	(100)	(100)	(2)	(98)
County buildings-operations and maintenance	290,835	290,835	315,673	(24,838)
Child support	177,925	177,925	180,890	(2,965)
County clerk	175,440	175,440	181,229	(5,789)
County treasurer	227,663	227,663	216,913	10,750
Coroner	36,790	36,790	48,629	(11,839)
County website	780	780	650	130
Elections	18,965	18,965	19,759	(794)
Finance	266,686	266,686	289,513	(22,827)
Indirect cost plan	3,990	3,990	3,990	-
Labor relations	1,000	1,000	14,271	(13,271)
Land information	260,961	260,961	240,212	20,749
Land use value penalty	750	750	6,980	(6,230)
Maps and plats	3,870	3,870	2,340	1,530
County fleet	(4,900)	(4,900)	117	(5,017)
County K building	3,000	3,000	31,832	(28,832)
Network administration	218,375	218,375	187,614	30,761
Personnel	76,520	76,520	80,958	(4,438)
Postage	4,500	4,500	4,938	(438)
Property and liability insurance	28,600	28,600	24,366	4,234
Property tax charges	-	-	(433)	433
Register of deeds	154,534	154,534	151,939	2,595
Special accounting and auditing	22,064	22,064	36,209	(14,145)
Telephone	600	600	1,984	(1,384)
Health insurance	600	600	(14,869)	15,469
Retiree insurance incentive	7,636	7,636	6,140	1,496
Miscellaneous	(950)	(950)	257	(1,207)
Total General Government	<u>2,636,244</u>	<u>2,636,244</u>	<u>2,689,746</u>	<u>(53,502)</u>

See independent auditors' report and accompanying notes to required supplementary information.

LAFAYETTE COUNTY

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (cont.)
 BUDGET AND ACTUAL
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
PUBLIC SAFETY				
Crime victim/witness	\$ 31,379	\$ 31,379	\$ 30,664	\$ 715
Sheriff administration	2,214,123	2,214,123	2,072,679	141,444
Jail	1,240,142	1,240,142	1,235,095	5,047
EMS	16,836	16,836	16,836	-
Emergency government	88,467	88,467	88,261	206
SARA	116,588	116,588	37,338	79,250
Jail improvement	91,854	91,854	19,000	72,854
K-9 Unit	-	-	180	(180)
Total Public Safety	<u>3,799,389</u>	<u>3,799,389</u>	<u>3,500,053</u>	<u>299,336</u>
HEALTH AND HUMAN SERVICES				
County nurse	510,027	510,027	494,442	15,585
Home care	1,206	1,206	-	1,206
Medical/psychiatric	4,443	4,443	-	4,443
Public health	5,407	5,407	14,067	(8,660)
Veterans' service	96,288	96,288	98,891	(2,603)
Veterans' relief and care of veterans' graves	3,000	3,000	3,082	(82)
Veterans' service grant	12,167	12,167	12,107	60
Total Health and Social Services	<u>632,538</u>	<u>632,538</u>	<u>622,589</u>	<u>9,949</u>
CULTURE, RECREATION AND EDUCATION				
County extension programs	74,572	74,572	76,924	(2,352)
Workshops	8,147	8,147	640	7,507
Agriculture agent	37,503	37,503	31,284	6,219
Library	149,187	149,187	149,187	-
Family living agent	15,464	15,464	(1,022)	16,486
Fairs and exhibits	226,770	226,770	205,055	21,715
4-H agent	41,837	41,837	38,388	3,449
Snowmobile trails	24,228	24,228	15,159	9,069
ATV	11,340	11,340	2,430	8,910
Sunshine fund	300	300	471	(171)
Total Culture, Recreation and Education	<u>589,348</u>	<u>589,348</u>	<u>518,516</u>	<u>70,832</u>

See independent auditors' report and accompanying notes to required supplementary information.

LAFAYETTE COUNTY

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (cont.)
 BUDGET AND ACTUAL
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
CONSERVATION AND ECONOMIC DEVELOPMENT				
Land conservation	\$ 214,871	\$ 214,871	\$ 204,131	\$ 10,740
Land conservation-cost share	15,000	15,000	4,212	10,788
Land conservation-LWRM cost share	98,300	98,300	55,191	43,109
Fish and game habitat	5,430	5,430	4,122	1,308
Wildlife damage program	-	-	7,512	(7,512)
Economic development	42,100	42,100	43,929	(1,829)
Lafayette development corp	-	-	317	(317)
Tourism	41,150	41,150	7,448	33,702
Housing	-	-	1	(1)
Regional planning	15,230	15,230	15,230	-
Planning and zoning	55,505	55,505	64,275	(8,770)
Sewer replacement	-	-	1,588	(1,588)
Water testing	38,406	38,406	-	38,406
FPP-technical assist	69,121	69,121	68,649	472
Total Conservation and Economic Development	595,113	595,113	476,605	118,508
CAPITAL OUTLAY				
Software systems	-	-	49,819	(49,819)
Total Capital Outlay	-	-	49,819	(49,819)
Total Expenditures	8,252,632	8,252,632	7,857,328	395,304
Excess (deficiency) of revenues over expenditures	(195,796)	(195,796)	219,420	415,216
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	13,485	13,485
Transfers in	-	-	133,051	133,051
Transfers out	-	-	(721,959)	(721,959)
Total Other Financing Sources (Uses)	-	-	(575,423)	(575,423)
Net change in fund balance	(195,796)	(195,796)	(356,003)	(160,207)
FUND BALANCE - Beginning of Year	5,309,956	5,309,956	5,309,956	-
FUND BALANCE - END OF YEAR	\$ 5,114,160	\$ 5,114,160	\$ 4,953,953	\$ (160,207)

See independent auditors' report and accompanying notes to required supplementary information.

LAFAYETTE COUNTY

HUMAN SERVICES SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
REVENUES				
Taxes	\$ 1,767,903	\$ 1,767,903	\$ 1,767,903	\$ -
Intergovernmental	1,620,744	1,620,744	1,626,839	6,095
Fines, forfeitures and penalties	-	-	10,319	10,319
Public charges for services	821,000	821,000	845,574	24,574
Miscellaneous	400	400	2,173	1,773
Total Revenues	<u>4,210,047</u>	<u>4,210,047</u>	<u>4,252,808</u>	<u>42,761</u>
EXPENDITURES				
Health and human services	<u>4,210,047</u>	<u>4,210,047</u>	<u>4,119,757</u>	<u>90,290</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>133,051</u>	<u>133,051</u>
OTHER FINANCING USES				
Transfer out	<u>-</u>	<u>-</u>	<u>(133,051)</u>	<u>(133,051)</u>
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(133,051)</u>	<u>(133,051)</u>
Net change in fund balance	-	-	-	-
FUND BALANCE - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report and accompanying notes to required supplementary information.

LAFAYETTE COUNTY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2017

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension (Asset) Liability</u>	<u>Proportionate Share of the Net Pension (Asset) Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/15	0.09041769%	\$ (2,220,906)	\$ 12,001,154	-18.51%	102.74%
12/31/16	0.08972445%	1,458,005	11,935,302	12.22%	98.20%
12/31/17	0.08891082%	732,837	12,029,374	6.09%	99.12%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2017

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 854,910	\$ 854,910	\$ -	\$ 11,935,302	7.16%
12/31/16	837,752	837,752	-	12,023,064	6.97%
12/31/17	1,038,141	1,038,141	-	14,309,142	7.26%

See independent auditors' report and accompanying notes to the required supplementary information.

LAFAYETTE COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2017

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The county may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action. Appropriations lapse at year-end unless specifically carried over. Carryovers to the following year were \$746,489 in the general fund. Budgets are adopted at the detail level of expenditure.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The county is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2017

	Special Revenue Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Aging Fund	Revolving Loan		
ASSETS				
Cash and investments	\$ 63,428	\$ -	\$ 104,725	\$ 168,153
Taxes receivable	37,223	-	406,549	443,772
Accounts receivable	26,047	-	-	26,047
Loans receivable (net of allowances for uncollectibles)	-	133,061	-	133,061
Due from other governments	20,670	-	-	20,670
Prepaid items	3,974	-	-	3,974
Restricted Assets				
Cash and investments	-	256,509	-	256,509
TOTAL ASSETS	<u>\$ 151,342</u>	<u>\$ 389,570</u>	<u>\$ 511,274</u>	<u>\$ 1,052,186</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 3,777	\$ -	\$ -	\$ 3,777
Accrued liabilities	4,676	-	-	4,676
Total Liabilities	<u>8,453</u>	<u>-</u>	<u>-</u>	<u>8,453</u>
Deferred Inflows of Resources				
Unearned revenue	37,223	-	406,549	443,772
Fund Balances				
Nonspendable	3,974	-	-	3,974
Restricted	101,692	389,570	104,725	595,987
Total Fund Balances	<u>105,666</u>	<u>389,570</u>	<u>104,725</u>	<u>599,961</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 151,342</u>	<u>\$ 389,570</u>	<u>\$ 511,274</u>	<u>\$ 1,052,186</u>

LAFAYETTE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Special Revenue Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Aging Fund	Revolving Loan		
REVENUES				
Taxes	\$ 38,159	\$ -	\$ 406,548	\$ 444,707
Intergovernmental	167,220	-	-	167,220
Public charges for services	28,636	-	-	28,636
Investment income	-	8,182	-	8,182
Miscellaneous	9,872	-	-	9,872
Total Revenues	<u>243,887</u>	<u>8,182</u>	<u>406,548</u>	<u>658,617</u>
EXPENDITURES				
Current				
Health and human services	290,247	-	-	290,247
Debt Service				
Principal	-	-	343,472	343,472
Interest and fiscal charges	-	-	63,077	63,077
Total Expenditures	<u>290,247</u>	<u>-</u>	<u>406,549</u>	<u>696,796</u>
Excess (deficiency) of revenues over (under) expenditures	(46,360)	8,182	(1)	(38,179)
FUND BALANCES - Beginning of Year	<u>152,026</u>	<u>381,388</u>	<u>104,726</u>	<u>638,140</u>
FUND BALANCES - END OF YEAR	<u>\$ 105,666</u>	<u>\$ 389,570</u>	<u>\$ 104,725</u>	<u>\$ 599,961</u>

LAFAYETTE COUNTY

COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2017

	Sheriff Commissary	Clerk of Court	DMV Vehicle Service	Bond Trust	Project DARE	Tri-County Trails Commission	Totals
ASSETS							
Cash and investments	\$ 26,774	\$ 169,252	\$ 4,570	\$ 2	\$ 1,530	\$ 68,393	\$ 270,521
Due from other governments	-	-	-	-	-	68,506	68,506
TOTAL ASSETS	<u>\$ 26,774</u>	<u>\$ 169,252</u>	<u>\$ 4,570</u>	<u>\$ 2</u>	<u>\$ 1,530</u>	<u>\$ 136,899</u>	<u>\$ 339,027</u>
LIABILITIES							
Accounts payable	-	-	-	-	-	2,673	2,673
Funds held for others	26,774	169,252	4,570	2	1,530	134,226	336,354
TOTAL LIABILITIES	<u>\$ 26,774</u>	<u>\$ 169,252</u>	<u>\$ 4,570</u>	<u>\$ 2</u>	<u>\$ 1,530</u>	<u>\$ 136,899</u>	<u>\$ 339,027</u>

LAFAYETTE MANOR NURSING HOME OF LAFAYETTE COUNTY

STATEMENTS OF NET POSITION
As of December 31, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and investments	\$ 36,330	\$ 50,749
Taxes receivable	327,334	291,796
Resident receivables, net of estimated uncollectibles	379,464	330,887
Inventories	34,817	34,817
Prepaid items	<u>62,565</u>	<u>69,051</u>
Total Current Assets	<u>840,510</u>	<u>777,300</u>
Noncurrent Assets		
Restricted Assets		
Resident trust funds	6,717	6,142
Capital Assets		
Land	18,020	18,020
Depreciable capital assets, net of accumulated depreciation	<u>573,670</u>	<u>637,455</u>
Total Noncurrent Assets	<u>598,407</u>	<u>661,617</u>
Total Assets	<u>1,438,917</u>	<u>1,438,917</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension-related amounts	<u>983,175</u>	<u>1,391,849</u>
LIABILITIES		
Current Liabilities		
Accounts payable	59,386	60,070
Accrued payroll and fringe benefits	117,875	112,111
Current portion compensated absences	<u>82,566</u>	<u>127,032</u>
Total Current Liabilities	<u>259,827</u>	<u>299,213</u>
Noncurrent Liabilities		
Resident trust funds	6,717	6,142
Compensated absences	275,138	271,866
Net pension liability	<u>121,270</u>	<u>254,112</u>
Total Noncurrent Liabilities	<u>403,125</u>	<u>532,120</u>
Total Liabilities	<u>662,952</u>	<u>831,333</u>
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue	327,334	291,796
Pension-related amounts	<u>410,056</u>	<u>537,117</u>
Total Deferred Inflows of Resources	<u>737,390</u>	<u>828,913</u>
NET POSITION		
Net investment in capital assets	591,690	655,475
Unrestricted	<u>430,060</u>	<u>515,045</u>
TOTAL NET POSITION	<u>\$ 1,021,750</u>	<u>\$ 1,170,520</u>

LAFAYETTE MANOR NURSING HOME OF LAFAYETTE COUNTY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Daily resident service revenue, net	\$ 3,758,848	\$ 3,826,854
Other operating revenue	<u>87,013</u>	<u>94,778</u>
Total Operating Revenues	<u>3,845,861</u>	<u>3,921,632</u>
OPERATING EXPENSES		
Daily patient services	2,791,393	2,525,979
Support and special services	356,800	457,661
General services	1,198,575	1,196,384
Administrative services	721,807	649,587
Depreciation	<u>75,403</u>	<u>81,993</u>
Total Operating Expenses	<u>5,143,978</u>	<u>4,911,604</u>
Operating Loss	<u>(1,298,117)</u>	<u>(989,972)</u>
NONOPERATING REVENUES		
General property taxes	291,796	298,885
Intergovernmental grants	535,000	491,714
Investment income	455	14
Donations	<u>137</u>	<u>27</u>
Total Nonoperating Revenues	<u>827,388</u>	<u>790,640</u>
Loss Before Transfers	<u>(470,729)</u>	<u>(199,332)</u>
TRANSFERS		
Transfers in	<u>321,959</u>	<u>48,929</u>
Change in Net Position	(148,770)	(150,403)
NET POSITION - Beginning of Year	<u>1,170,520</u>	<u>1,320,923</u>
NET POSITION - END OF YEAR	<u>\$ 1,021,750</u>	<u>\$ 1,170,520</u>

LAFAYETTE MANOR NURSING HOME OF LAFAYETTE COUNTY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from and on behalf of residents	\$ 3,797,996	\$ 3,880,057
Cash paid to suppliers and contractors for goods and services	(2,263,368)	(1,180,614)
Cash payments to employees for operating payroll	<u>(2,686,065)</u>	<u>(3,514,724)</u>
Net Cash Flows From Operating Activities	<u>(1,151,437)</u>	<u>(815,281)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>455</u>	<u>14</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
General property tax revenues	291,796	298,885
Intergovernmental grants	535,000	491,714
Transfers in	<u>321,959</u>	<u>48,929</u>
Net Cash Flows From Noncapital Financing Activities	<u>1,148,755</u>	<u>839,528</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	<u>(11,617)</u>	<u>(58,417)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(11,617)</u>	<u>(58,417)</u>
Net Change in Cash and Cash Equivalents	(13,844)	(34,156)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>56,891</u>	<u>91,047</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 43,047</u>	<u>\$ 56,891</u>

	<u>2016</u>	<u>2016</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (1,298,117)	\$ (989,972)
Nonoperating income	137	27
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities		
Depreciation	75,403	81,993
Change in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources		
Resident receivables, net	(48,578)	(36,901)
Inventories	-	7,477
Prepaid items	6,486	1,894
Accounts payable	(684)	(11,488)
Accrued payroll and fringe benefits	5,764	(8,103)
Due to/from other governments	-	(12,606)
Resident trust funds	575	(4,701)
Pension-related amounts	148,771	150,403
Compensated absences	<u>(41,194)</u>	<u>6,696</u>
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ (1,151,437)</u>	 <u>\$ (815,281)</u>

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

Cash and investments	\$ 36,330	\$ 50,749
Restricted assets - resident trust funds	<u>6,717</u>	<u>6,142</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 43,047</u>	 <u>\$ 56,891</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

None