

LAFAYETTE COUNTY

Darlington, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lafayette County, Wisconsin, as of and for the year ended December 31, 2015, 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 Memorial Healthcare Foundation, Inc., the discretely presented component unit of Lafayette County. 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 Healthcare Foundation, Inc., 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.

To the Finance Committee and the Board of Supervisors
Lafayette County

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lafayette County, Wisconsin, as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, Lafayette County adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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.

To the Finance Committee and the Board of Supervisors
Lafayette County

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, 2014, which are not presented with the accompanying financial statements. In our report dated June 19, 2015, we expressed an opinion that the 2014 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2014, 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
July 28, 2016

LAFAYETTE COUNTY

STATEMENT OF NET POSITION As of December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Totals	
ASSETS				
Cash and investments	\$ 4,663,558	\$ 1,021,713	\$ 5,685,271	\$ 127,864
Receivables (net of allowance for uncollectibles)				
Taxes	5,130,026	2,144,885	7,274,911	-
Delinquent taxes	431,134	-	431,134	-
Accounts	147,447	2,177,765	2,325,212	-
Other	-	71,120	71,120	-
Loans	95,838	-	95,838	-
Internal balances	13,689	(13,689)	-	-
Estimated third party payors settlements	-	1,099,034	1,099,034	-
Due from other governments	711,234	686,586	1,397,820	-
Due from Medicare	-	146,181	146,181	-
Inventories	-	926,222	926,222	-
Prepaid items	566,336	340,055	906,391	9,510
Restricted Assets				
Cash and investments	330,352	10,843	341,195	-
Net pension asset	1,007,675	1,213,231	2,220,906	-
Capital Assets				
Land	16,000	93,476	109,476	-
Construction in progress	762,615	316,361	1,078,976	-
Other capital assets, net of accumulated depreciation	12,774,991	7,060,659	19,835,650	-
Total Assets	26,650,895	17,294,442	43,945,337	137,374
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related amounts	1,000,038	1,247,748	2,247,786	-
LIABILITIES				
Accounts payable	388,191	591,089	979,280	-
Accrued liabilities	365,315	358,210	723,525	-
Due to other governments	331,448	12,606	344,054	-
Unearned revenue	-	218,874	218,874	-
Deposits	53,258	-	53,258	11,350
Liabilities payable from restricted assets	-	10,843	10,843	-
Noncurrent Liabilities				
Due within one year	432,319	501,076	933,395	-
Due in more than one year	2,008,154	1,745,227	3,753,381	-
Total Liabilities	3,578,685	3,437,925	7,016,610	11,350
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	5,130,026	2,191,526	7,321,552	-
Pension-related amounts	8,337	10,037	18,374	-
Total Deferred Inflows of Resources	5,138,363	2,201,563	7,339,926	-
NET POSITION				
Net investment in capital assets	12,480,060	6,702,480	19,182,540	-
Restricted				
Grant purposes	400,204	-	400,204	-
Jail improvement	70,949	-	70,949	-
Land information	71,220	-	71,220	-
Donor-restricted	1,206	-	1,206	-
Revolving loans	372,932	-	372,932	-
Pension	1,007,675	1,213,231	2,220,906	-
Debt service	70,649	-	70,649	-
Employee grants	-	-	-	7,207
Unrestricted	4,458,990	4,986,991	9,445,981	118,817
TOTAL NET POSITION	\$ 18,933,885	\$ 12,902,702	\$ 31,836,587	\$ 126,024

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental activities			
General government	\$ 2,479,371	\$ 390,127	\$ 190,545
Public safety	2,966,530	208,436	101,276
Public works	484,174	-	-
Health and human services	5,411,255	895,029	2,144,026
Culture, recreation and education	537,131	131,955	18,895
Conservation and economic development	579,503	64,313	233,179
Interest and fiscal charges	<u>17,646</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>12,475,610</u>	<u>1,689,860</u>	<u>2,687,921</u>
Business-type Activities			
Lafayette Manor	4,763,990	3,958,429	463,800
Memorial Hospital	14,014,056	14,360,739	81,787
Highway	<u>6,641,435</u>	<u>3,588,709</u>	<u>1,470,847</u>
Total Business-type Activities	<u>25,419,481</u>	<u>21,907,877</u>	<u>2,016,434</u>
Total Primary Government	<u>\$ 37,895,091</u>	<u>\$ 23,597,737</u>	<u>\$ 4,704,355</u>
Component Unit			
Memorial Healthcare Foundation, Inc.	<u>15,539</u>	<u>14,894</u>	<u>-</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 (as restated)			
NET POSITION - ENDING			

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Totals	Component Unit
\$ (1,898,699)	\$ -	\$ (1,898,699)	\$ -
(2,656,818)	-	(2,656,818)	-
(484,174)	-	(484,174)	-
(2,372,200)	-	(2,372,200)	-
(386,281)	-	(386,281)	-
(282,011)	-	(282,011)	-
(17,646)	-	(17,646)	-
<u>(8,097,829)</u>	<u>-</u>	<u>(8,097,829)</u>	<u>-</u>
-	(341,761)	(341,761)	-
-	428,470	428,470	-
-	(1,581,879)	(1,581,879)	-
-	<u>(1,495,170)</u>	<u>(1,495,170)</u>	<u>-</u>
(8,097,829)	(1,495,170)	(9,592,999)	-
-	-	-	(645)
4,822,874	-	4,822,874	-
120,132	-	120,132	-
-	429,211	429,211	-
-	1,796,460	1,796,460	-
837,899	-	837,899	-
53,505	-	53,505	-
1,682,389	-	1,682,389	-
172,299	209	172,508	475
286,281	290,591	576,872	-
(400,091)	400,091	-	-
<u>7,575,288</u>	<u>2,916,562</u>	<u>10,491,850</u>	<u>475</u>
(522,541)	1,421,392	898,851	(170)
<u>19,456,426</u>	<u>11,481,310</u>	<u>30,937,736</u>	<u>126,194</u>
<u>\$ 18,933,885</u>	<u>\$ 12,902,702</u>	<u>\$ 31,836,587</u>	<u>\$ 126,024</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	<u>General</u>	<u>Human Services</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 4,092,132	\$ 219,787	\$ 351,639	\$ 4,663,558
Receivables (net of allowances for uncollectibles)				
Taxes	2,997,265	1,747,915	384,846	5,130,026
Delinquent taxes	431,134	-	-	431,134
Accounts	83,899	63,007	541	147,447
Loans	-	-	95,838	95,838
Due from other funds	13,689	-	-	13,689
Due from other governments	513,349	172,076	25,809	711,234
Prepaid items	530,973	31,648	3,715	566,336
Restricted Assets				
Cash and investments	-	53,258	277,094	330,352
TOTAL ASSETS	<u>\$ 8,662,441</u>	<u>\$ 2,287,691</u>	<u>\$ 1,139,482</u>	<u>\$ 12,089,614</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 236,466	\$ 144,715	\$ 7,010	\$ 388,191
Accrued liabilities	311,816	49,237	4,262	365,315
Due to other governments	53,882	277,566	-	331,448
Deposits	-	53,258	-	53,258
Total Liabilities	<u>602,164</u>	<u>524,776</u>	<u>11,272</u>	<u>1,138,212</u>
Deferred Inflows of Resources				
Unearned revenue	2,997,265	1,747,915	384,846	5,130,026
Unavailable revenue	92,680	15,000	-	107,680
Total Deferred Inflows of Resources	<u>3,089,945</u>	<u>1,762,915</u>	<u>384,846</u>	<u>5,237,706</u>
Fund Balances				
Nonspendable	843,177	31,648	3,715	878,540
Restricted	247,511	-	739,649	987,160
Committed	750,000	-	-	750,000
Assigned	723,115	-	-	723,115
Unassigned (deficit)	2,406,529	(31,648)	-	2,374,881
Total Fund Balances	<u>4,970,332</u>	<u>-</u>	<u>743,364</u>	<u>5,713,696</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 8,662,441</u>	<u>\$ 2,287,691</u>	<u>\$ 1,139,482</u>	<u>\$ 12,089,614</u>

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, 2015

Total Fund Balances - Governmental funds	\$ 5,713,696
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	16,000
Construction in progress	762,615
Other capital assets, net of accumulated depreciation	12,774,991
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.	107,680
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	1,007,675
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	1,000,038
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(8,337)
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	(1,582,921)
Compensated absences	<u>(857,552)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 18,933,885</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, 2015

	General	Human Services	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 3,914,612	\$ 1,817,481	\$ 233,639	\$ 5,965,732
Intergovernmental	2,425,432	1,582,630	162,488	4,170,550
Licenses and permits	60,529	-	-	60,529
Fines, forfeitures and penalties	65,092	10,540	-	75,632
Public charges for services	1,018,900	741,034	30,947	1,790,881
Investment income	35,262	-	5,715	40,977
Miscellaneous	269,865	300	9,687	279,852
Total Revenues	<u>7,789,692</u>	<u>4,151,985</u>	<u>442,476</u>	<u>12,384,153</u>
EXPENDITURES				
Current				
General government	3,165,917	-	-	3,165,917
Public safety	3,245,527	-	-	3,245,527
Health and human services	1,089,767	4,034,306	304,353	5,428,426
Culture, recreation and education	525,378	-	-	525,378
Conservation and economic development	585,999	-	-	585,999
Debt Service				
Principal	-	-	97,194	97,194
Interest and fiscal charges	-	-	17,646	17,646
Total Expenditures	<u>8,612,588</u>	<u>4,034,306</u>	<u>419,193</u>	<u>13,066,087</u>
Excess (deficiency) of revenues over expenditures	<u>(822,896)</u>	<u>117,679</u>	<u>23,283</u>	<u>(681,934)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	1,423,569	-	-	1,423,569
Transfers in	262,211	-	-	262,211
Transfers out	(550,000)	(191,956)	-	(741,956)
Total Other Financing Sources (Uses)	<u>1,135,780</u>	<u>(191,956)</u>	<u>-</u>	<u>943,824</u>
Net Change in Fund Balance	312,884	(74,277)	23,283	261,890
FUND BALANCES - Beginning	<u>4,657,448</u>	<u>74,277</u>	<u>720,081</u>	<u>5,451,806</u>
FUND BALANCES - ENDING	<u>\$ 4,970,332</u>	<u>\$ -</u>	<u>\$ 743,364</u>	<u>\$ 5,713,696</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, 2015

Net change in fund balances - total governmental funds	\$ 261,890
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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 expenditures in the fund financial statements but are capitalized in the government-wide financial statements	1,334,908
Depreciation is reported in the government-wide statements	(839,040)

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position.	(5,064)
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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.	(30,993)
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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.	
Debt issued	(1,423,569)
Principal repaid	97,194

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 asset	(597,548)
Deferred outflows of resources related to pensions	595,462
Deferred inflows of resources related to pensions	(8,336)
Compensated absences	<u>92,555</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (522,541)</u>
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LAFAYETTE COUNTY

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2015

ASSETS	Business-type Activities - Enterprise Funds			
	Lafayette Manor	Memorial Hospital	Highway	Totals
Current Assets				
Cash and investments	\$ 80,204	\$ 150,602	\$ 790,907	\$ 1,021,713
Taxes receivable	298,885	-	1,846,000	2,144,885
Patient receivables, net of estimated uncollectibles	-	1,883,779	-	1,883,779
Resident receivables, net of estimated uncollectibles	293,986	-	-	293,986
Other receivables	-	71,120	-	71,120
Estimated third party payors settlements	-	1,099,034	-	1,099,034
Due from other governments	-	-	686,586	686,586
Due from Medicare	-	146,181	-	146,181
Inventories	42,294	340,053	543,875	926,222
Prepaid items	70,945	235,169	33,941	340,055
Total Current Assets	786,314	3,925,938	3,901,309	8,613,561
Noncurrent Assets				
Restricted assets				
Resident trust funds	10,843	-	-	10,843
Net pension asset	371,403	618,400	223,428	1,213,231
Capital assets				
Land	18,020	19,799	55,657	93,476
Construction in progress	-	74,836	241,525	316,361
Depreciable capital assets, net of accumulated depreciation	661,031	4,190,584	2,209,044	7,060,659
Total Noncurrent Assets	1,061,297	4,903,619	2,729,654	8,694,570
Total Assets	1,847,611	8,829,557	6,630,963	17,308,131
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related amounts	382,693	646,653	218,402	1,247,748

Business-type Activities - Enterprise Funds

	Lafayette Manor	Memorial Hospital	Highway	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 71,558	\$ 372,298	\$ 147,233	\$ 591,089
Due to other funds	-	13,689	-	13,689
Accrued payroll and fringe benefits	105,415	153,807	98,338	357,560
Accrued interest	-	650	-	650
Due to other governments	12,606	-	-	12,606
Current portion of compensated absences	121,558	191,142	55,334	368,034
Current portion of capital leases payable	-	68,289	-	68,289
Current portion of land contract payable	-	-	4,988	4,988
Current portion of long-term debt	-	59,765	-	59,765
Unearned revenue	-	-	218,874	218,874
Total Current Liabilities	<u>311,137</u>	<u>859,640</u>	<u>524,767</u>	<u>1,695,544</u>
Noncurrent Liabilities				
Resident trust funds	10,843	-	-	10,843
Compensated absences	285,443	478,052	346,758	1,110,253
Capital leases payable	-	99,091	-	99,091
Long-term debt	-	535,883	-	535,883
Total Noncurrent Liabilities	<u>296,286</u>	<u>1,113,026</u>	<u>346,758</u>	<u>1,756,070</u>
Total Liabilities	<u>607,423</u>	<u>1,972,666</u>	<u>871,525</u>	<u>3,451,614</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	298,885	-	1,892,641	2,191,526
Pension-related amounts	3,073	5,116	1,848	10,037
Total Deferred Inflows of Resources	<u>301,958</u>	<u>5,116</u>	<u>1,894,489</u>	<u>2,201,563</u>
NET POSITION				
Net investment in capital assets	679,051	3,522,191	2,501,238	6,702,480
Restricted for pension	371,403	618,400	223,428	1,213,231
Unrestricted	<u>270,469</u>	<u>3,357,837</u>	<u>1,358,685</u>	<u>4,986,991</u>
TOTAL NET POSITION	<u>\$ 1,320,923</u>	<u>\$ 7,498,428</u>	<u>\$ 4,083,351</u>	<u>\$ 12,902,702</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, 2015

	Business-type Activities - Enterprise Funds			
	Lafayette Manor	Memorial Hospital	Highway	Totals
OPERATING REVENUES				
Charges for services	\$ 3,856,574	\$ 14,291,791	\$ 3,588,709	\$ 21,737,074
Other operating revenue	101,855	68,948	-	170,803
Total Operating Revenues	<u>3,958,429</u>	<u>14,360,739</u>	<u>3,588,709</u>	<u>21,907,877</u>
OPERATING EXPENSES				
Lafayette Manor expenses	4,676,246	-	-	4,676,246
Memorial Hospital expenses	-	13,363,552	-	13,363,552
Highway expenses	-	-	6,436,896	6,436,896
Depreciation	87,744	564,268	284,193	936,205
Total Operating Expenses	<u>4,763,990</u>	<u>13,927,820</u>	<u>6,721,089</u>	<u>25,412,899</u>
Operating Income (Loss)	<u>(805,561)</u>	<u>432,919</u>	<u>(3,132,380)</u>	<u>(3,505,022)</u>
NONOPERATING REVENUES (EXPENSES)				
General property taxes	429,211	-	1,796,460	2,225,671
Nonoperating income	-	72,843	-	72,843
Investment income	73	136	-	209
Interest expense	-	(22,340)	-	(22,340)
Loss on disposal of capital assets	-	(63,896)	-	(63,896)
Intergovernmental grants	463,800	81,787	1,470,847	2,016,434
Miscellaneous revenue	41	-	-	41
Donations	3,665	214,042	-	217,707
Total Nonoperating Revenues	<u>896,790</u>	<u>282,572</u>	<u>3,267,307</u>	<u>4,446,669</u>
Income Before Transfers	<u>91,229</u>	<u>715,491</u>	<u>134,927</u>	<u>941,647</u>
TRANSFERS				
Transfers in	4,026	-	550,000	554,026
Transfers out	(70,255)	(4,026)	-	(74,281)
Total Transfers	<u>(66,229)</u>	<u>(4,026)</u>	<u>550,000</u>	<u>479,745</u>
Change in Net Position	<u>25,000</u>	<u>711,465</u>	<u>684,927</u>	<u>1,421,392</u>
NET POSITION - Beginning (as restated)	<u>1,295,923</u>	<u>6,786,963</u>	<u>3,398,424</u>	<u>11,481,310</u>
NET POSITION - ENDING	<u>\$ 1,320,923</u>	<u>\$ 7,498,428</u>	<u>\$ 4,083,351</u>	<u>\$ 12,902,702</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2015

	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	\$ 4,166,416	\$ 13,395,533	\$ 3,480,883	\$ 21,042,832
Cash paid to suppliers and contractors for goods and services	(1,848,729)	(7,630,304)	(5,070,415)	(14,549,448)
Cash payments to employees for operating payroll	(3,063,141)	(5,772,473)	(1,356,587)	(10,192,201)
Net Cash Flows From Operating Activities	<u>(745,454)</u>	<u>(7,244)</u>	<u>(2,946,119)</u>	<u>(3,698,817)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	73	136	-	209
Net Cash Flows From Investing Activities	<u>73</u>	<u>136</u>	<u>-</u>	<u>209</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
General property tax revenues	429,211	-	1,796,460	2,225,671
Transfers in	4,026	-	550,000	554,026
Transfers out	(70,255)	(4,026)	-	(74,281)
Intergovernmental grants	463,800	95,256	1,470,847	2,029,903
Nonoperating income	-	72,843	-	72,843
Net Cash Flows From Noncapital Financing Activities	<u>826,782</u>	<u>164,073</u>	<u>3,817,307</u>	<u>4,808,162</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments on capital leases	-	(68,253)	-	(68,253)
Payments on land contract	-	-	(11,885)	(11,885)
Donations	3,666	164,042	-	167,708
Proceeds from sale of capital assets	-	42,130	-	42,130
Payments on long-term debt	-	(116,689)	-	(116,689)
Interest paid	-	(26,886)	-	(26,886)
Acquisition of capital assets	-	(296,185)	(331,591)	(627,776)
Net Cash Flows From Capital and Related Financing Activities	<u>3,666</u>	<u>(301,841)</u>	<u>(343,476)</u>	<u>(641,651)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	85,067	(144,876)	527,712	467,903
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>5,980</u>	<u>295,478</u>	<u>263,195</u>	<u>564,653</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 91,047</u>	<u>\$ 150,602</u>	<u>\$ 790,907</u>	<u>\$ 1,032,556</u>

	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)	\$ (805,561)	\$ 432,919	\$ (3,132,380)	\$ (3,505,022)
Non-operating income	41	-	-	41
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	87,744	564,268	284,193	936,205
Change in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources				
Patient receivables, net	-	(184,196)	-	(184,196)
Resident receivables, net	(22,518)	-	-	(22,518)
Other receivable	-	(16,691)	(49,540)	(66,231)
Estimated third party payor settlements	-	(700,724)	-	(700,724)
Due from Medicare	-	(146,181)	-	(146,181)
Due from Medicaid	-	82,586	-	82,586
Due from other governments	-	-	(91,429)	(91,429)
Inventories	(3,279)	16,022	133,581	146,324
Prepaid items	(5,023)	(10,970)	(2,017)	(18,010)
Accounts payable	(2,732)	(51,620)	(120,892)	(175,244)
Due to other funds	(202,597)	13,689	-	(188,908)
Accrued payroll and fringe benefits	(40,535)	18,909	(6,421)	(28,047)
Due to/from other governments	237,904	-	-	237,904
Resident trust funds	5,163	-	-	5,163
Compensated absences	16,202	1,288	-	17,490
Pension-related amounts	(10,263)	(26,543)	5,643	(31,163)
Unearned revenue	-	-	33,143	33,143
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (745,454)	\$ (7,244)	\$ (2,946,119)	\$ (3,698,817)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 80,204	\$ 150,602	\$ 790,907	\$ 1,021,713
Restricted assets - resident trust funds	10,843	-	-	10,843
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 91,047	\$ 150,602	\$ 790,907	\$ 1,032,556
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Net equipment financed through capital leases	\$ -	\$ 110,735	\$ -	\$ 110,735

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 211,191
Taxes receivable	182,835
Due from other governments	<u>31,065</u>
TOTAL ASSETS	<u>\$ 425,091</u>
LIABILITIES	
Due to other taxing units	\$ 182,835
Accounts payable	4,685
Funds held for others	<u>237,571</u>
TOTAL LIABILITIES	<u>\$ 425,091</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

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LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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 primary government is financially accountable if (1) it appoints a voting majority of the organization’s governing body and is able to impose its will on that organization; (2) it appoints a voting majority of the organization’s governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government; (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government, or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or had the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and its component unit have substantively the same governing body and a financial benefit or burden relationship exists; (2) the primary government and the component unit have substantially the same governing body and management of the primary government has operational responsibility for the component unit; (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens; or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely Presented Component Unit

Memorial Healthcare Foundation, Inc.

The government-wide financial statements include the Memorial Healthcare Foundation, Inc. (the “Foundation”) as a component unit. The Foundation is a legally separate organization. The board of the Foundation is made up of volunteers from the county at large. See Note III.M. As a component unit, the Foundation’s financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2015. Separately issued financial statements of the Foundation may be obtained from the Foundation’s office.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

In June 2012, the GASB issued statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

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 non-major 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
- 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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements (cont.)

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 non-major 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

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, Bond Trust, Tri-County Trails Commission, and Tax Collection.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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.

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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements (cont.)

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.

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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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.)

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. Fair values are based on quoted market prices. 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, 2015, 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.

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. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the Statement of Assets and Liabilities – Agency Funds.

Property tax calendar – 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale – 2015 delinquent real estate taxes	October 2018

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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.)

Property Taxes (cont.)

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, 2015, 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 \$312,204.

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.

The carrying amount of patient receivables at the Hospital is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision. Refer to Note III.C.

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".

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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.)

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, 2015, 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.

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 \$1,610,000 from the Title XIX residents in 2015. 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 \$830,000 from the Medicare Program in 2015. 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 and third-party payor obligations. The Hospital does not charge interest on its patient receivables. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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.)

3. Due from Medicare

Due from Medicare represents the incentive payments to hospitals and physicians that implement and meaningfully use electronic health record technology. See Note III.E.

4. Net Patient Service Revenue

Net patient services revenue is recorded at the estimated net realizable amounts from patients, third-party payers, and other for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future period, as final settlements are determined.

5. 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.

6. 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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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.)

7. 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 fair 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	10 - 25
Buildings and improvements	3 - 60
Machinery and equipment	3 - 25
Infrastructure	25 - 50
Leased equipment	5 - 10

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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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.)

8. 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.

9. 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 accrued sick liability was \$1,686,052, and was estimated using probabilities based on the age of each employee. The accrued vacation liability was \$649,787 for a total compensated absences liability (sick and vacation) as of December 31, 2015 of \$2,335,839.

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, 2015 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.

10. 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.

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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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. 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.

12. 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, 2015

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.)

12. 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.K.

13. Charity Care

To fulfill its mission of community service, the Hospital provides charity care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. See Note III.B.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

<u>Funds</u>	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures and Other Financing Uses Over Budget
General	\$ 7,759,104	\$ 9,162,588	\$ 1,403,484
Human services	4,094,245	4,226,262	132,017

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, 2015

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	\$ 6,144,636	\$ 7,286,922	Custodial credit
LGIP	42,323	42,323	Credit
Petty cash	1,850	-	N/A
Cash on hand	48,848	-	N/A
Total Cash and Investments	<u>\$ 6,237,657</u>	<u>\$ 7,329,245</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 5,685,271		
Restricted cash and investments	341,195		
Per statement of assets and liabilities –			
Agency Funds	211,191		
Total Cash and Investments	<u>\$ 6,237,657</u>		

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, 2015, the banks had pledged various government securities with a par amount of \$5,781,039 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, 2015, \$549,221 of the county's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 549,221</u>
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LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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, 2015, 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 Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and equivalent service statistics. The amount of such charges foregone, based on established rates, was \$86,358 for the year ended December 31, 2015.

C. RECEIVABLES

Receivables not expected to be collected within one year include \$431,134 of delinquent taxes in the general fund and \$65,988 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	\$	498,007
Lafayette Manor Nursing Home – resident accounts receivable		27,756
Memorial Hospital of Lafayette County – patient receivables		290,000
Memorial Hospital of Lafayette County – allowance for contractals		1,075,000
Revolving loan fund – loans receivable		63,281

Total Uncollectibles – December 31, 2015	\$	1,954,044
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Governmental funds report *unavailable or unearned revenue* 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 *unearned revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 5,130,026	\$ -
Delinquent property taxes receivable	-	92,680
Other unavailable receivables	-	15,000
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 5,130,026	\$ 107,680

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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, 2015, delinquent property taxes by year levied consists of the following:

Tax Certificates		
2014	\$	218,076
2013		130,750
2012		54,453
2011		8,350
2010		4,332
2009		4,944
2008		4,625
2007		3,789
2006		<u>1,815</u>
Total Delinquent Property Taxes Receivable		431,134
Less: January and February 2016 collections		<u>(30,109)</u>
Subtotal		401,025
County levied portion		<u>(88,821)</u>
County Purchased Portion	\$	<u><u>312,204</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	\$	2,144,885
Grant drawdowns prior to meeting all eligibility requirements		218,874
Transportation cost pools		<u>46,641</u>
Total Unearned Revenue For Enterprise Funds	\$	<u><u>2,410,400</u></u>
Unearned revenue included in liabilities	\$	218,874
Unearned revenue included in deferred inflows		<u>2,191,526</u>
Total	\$	<u><u>2,410,400</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, 2015, 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, 2015

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

D. NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare – The Hospital is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most inpatient and outpatient services at cost with final settlement determined after submission of annual cost reports by the Hospital subject to audits thereof by the Medicare intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through the period ended December 31, 2012. The 2013 and 2014 cost reports have not been finalized. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Hospital.

Medicaid – Inpatient and outpatient services rendered to Medicaid recipients are reimbursed on a cost reimbursement methodology. The Hospital is reimbursed at tentative rates with final settlement determined after an audit of its annual cost reports by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through the period ended December 31, 2009. Due to the uncertainty of collectability from the State of Wisconsin, the Hospital has elected to follow *GASB No. 62 – Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which allows revenue to be recognized when payment is received.

Net revenue from Medicare and Medicaid programs accounted for approximately 46% of the Hospital's net patient revenue for the year ended December 31, 2015. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Hospital also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. 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.

A summary of patient revenue and contractual adjustments is as follows:

	<u>2015</u>
Gross patient revenue	\$ 23,146,130
Contractual adjustments and provision for bad debt	
Medicare	(4,742,808)
Medicaid	(1,291,368)
Provision for bad debt	(384,359)
Other insurance	<u>(2,435,804)</u>
Total Contractual Adjustments	<u>(8,854,339)</u>
Net Patient Revenue	<u>\$ 14,291,791</u>

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

E. INCENTIVE PAYMENTS

Since 2011, the Hospital has taken part in the incentive program established by the American Recovery and Reinvestment Act of 2009 (ARRA). This program provides incentive payments from Medicare and Medicaid to certain professionals and hospitals that meet meaningful use criteria. This is to encourage the use of electronic health record (EHR) technology.

ARRA set aside funding so that they could make these incentive payments to hospitals and physicians that implement and meaningfully use EHR technology by 2014. The incentive payments are being paid over a four year schedule. In order for the Hospital to qualify for these incentive payments, the Hospital must demonstrate that it has met the meaningful use criteria over certain time periods.

The first threshold of this incentive program was for the Hospital to demonstrate that it had met meaningful use for 90 consecutive days. This 90 day period was satisfied in 2011. On November 22, 2011, the Hospital attested to the meaningful use criteria, and recognized intergovernmental grant revenues in the amount of \$426,137, which was paid to the Hospital by Medicare in February 2012.

The second threshold of this incentive program was for the Hospital to demonstrate that it had met meaningful use for a full year. This twelve month period was satisfied in 2012. On November 13, 2012, the Hospital attested to the meaningful use criteria, and recognized intergovernmental grant revenues and due from Medicare in the amount of \$189,929, which was paid to the Hospital by Medicare in June 2013.

The third threshold of this incentive program was for the Hospital to demonstrate that it had met meaningful use for a second full year period. This twelve month period was satisfied in 2013. On November 21, 2013, the Hospital attested to the meaningful use criteria, and recognized intergovernmental grant revenues and due from Medicare in the amount of \$273,000, which was received by the Hospital in 2014.

The fourth threshold of this incentive program was for the Hospital to demonstrate that it had met Stage 2 meaningful use requirements for one quarter of 2014, which was between July 1, 2014 and September 30, 2014. On November 18, 2014, the Hospital attested to meaningful use criteria, and recognized intergovernmental grant revenues and due from Medicare for approximately \$13,500, which was received by the Hospital in early 2015.

There are two separate components to the incentive payment. The first component is equivalent to the accelerated depreciation on meaningful use assets. Medicare is allowing critical access hospitals to recognize the full value of all un-depreciated amounts of any capital purchases in the year meaningful use is met. This provision applies to all Medicare qualified capital purchases which occurred prior to the 12 month reporting period which began on October 1, 2012.

Because the Hospital has earned and recognized the full amount of these un-depreciated amounts in the first (2011) and second (2012) years of attesting to meaningful use, the Hospital will be prohibited from claiming that remaining depreciation in future years on its Medicare cost report.

Of the total incentive payment recognized during 2014, approximately \$4,600 related to the depreciation reimbursement. The remaining portion of the incentive payment of \$7,000 represents an incentive to promote the meaningful use of EHR technology for 2014.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

E. INCENTIVE PAYMENTS (cont.)

In 2015, the Hospital received an additional payment in the amount of \$67,540 in relation to the cost report from 2012 that was re-opened.

During 2012, the Hospital received an incentive payment of \$195,469, from Medicaid, which was recognized as intergovernmental grant revenues in the financial statements. During 2013, the Hospital recognized intergovernmental revenues and due from Medicaid in the amount of \$48,861, which was paid to the Hospital by Medicaid in January 2014. Incentive payments are being paid over a three year schedule and fiscal 2013 was the last year for payment.

F. RESTRICTED ASSETS

Human Services has restricted assets in the amount of \$53,258. 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 \$10,843. 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 \$277,094. These restricted assets represent funds held for future loans.

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits. The total of the net pension asset is \$2,220,906.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

G. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 16,000	\$ -	\$ -	\$ 16,000
Construction in process	295,464	480,026	12,875	762,615
Total Capital Assets Not Being Depreciated	311,464	480,026	12,875	778,615
Capital assets being depreciated				
Buildings and improvements	2,043,328	592,234	-	2,635,562
Machinery and equipment	1,841,092	190,971	94,287	1,937,776
Infrastructure	22,099,346	84,552	-	22,183,898
Total Capital Assets Being Depreciated	25,983,766	867,757	94,287	26,757,236
Less: Accumulated depreciation for				
Buildings and improvements	(1,393,749)	(137,312)	-	(1,531,061)
Machinery and equipment	(1,154,169)	(217,554)	89,223	(1,282,500)
Infrastructure	(10,684,510)	(484,174)	-	(11,168,684)
Total Accumulated Depreciation	(13,232,428)	(839,040)	89,223	(13,982,245)
Net Capital Assets Being Depreciated	12,751,338	28,717	5,064	12,774,991
Total Governmental Activities Capital Assets, Net of Depreciation	\$ 13,062,802	\$ 508,743	\$ 17,939	\$ 13,553,606

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 118,782
Public safety	183,365
Public works	484,173
Health and human services	35,537
Culture, recreation and education	11,909
Conservation and development	5,274
Total Governmental Activities Depreciation Expense	\$ 839,040

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

G. 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	-	241,525	-	241,525
Total Capital Assets	55,657	241,525	-	297,182
Not Being Depreciated	55,657	241,525	-	297,182
Capital assets being depreciated				
Land improvements	137,413	-	-	137,413
Buildings and improvements	1,410,941	-	-	1,410,941
Machinery and equipment	6,502,932	106,015	54,941	6,554,006
Total Capital Assets	8,051,286	106,015	54,941	8,102,360
Being Depreciated	8,051,286	106,015	54,941	8,102,360
Less: Accumulated depreciation for				
Land improvements	(72,067)	(4,905)	-	(76,972)
Buildings and improvements	(897,748)	(35,152)	-	(932,900)
Machinery and equipment	(4,678,299)	(235,290)	30,145	(4,883,444)
Total Accumulated Depreciation	(5,648,114)	(275,347)	30,145	(5,893,316)
Net Capital Assets				
Being Depreciated	2,403,172	(169,332)	24,796	2,209,044
Total Highway Capital Assets, Net of Depreciation	\$ 2,458,829	\$ 72,193	\$ 24,796	\$ 2,506,226

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

G. 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	-	-	50,935
Buildings and improvements	1,240,760	-	-	1,240,760
Machinery and equipment	1,254,613	-	-	1,254,613
Total Capital Assets Being Depreciated	2,546,308	-	-	2,546,308
Less: Accumulated depreciation for				
Land improvements	(28,700)	(2,745)	-	(31,445)
Buildings and improvements	(881,954)	(31,472)	-	(913,426)
Machinery and equipment	(886,879)	(53,527)	-	(940,406)
Total Accumulated Depreciation	(1,797,533)	(87,744)	-	(1,885,277)
Net Capital Assets Being Depreciated	748,775	(87,744)	-	661,031
Total Manor Capital Assets, Net of Depreciation	\$ 766,795	\$ (87,744)	\$ -	\$ 679,051

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

G. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Memorial Hospital				
Capital assets not being depreciated				
Land	\$ 19,799	\$ -	\$ -	\$ 19,799
Construction in progress	-	123,681	48,845	74,836
Total Capital Assets	19,799	123,681	48,845	94,635
Not Being Depreciated	19,799	123,681	48,845	94,635
Capital assets being depreciated				
Land improvements	156,891	-	-	156,891
Buildings and improvements	7,789,414	48,845	-	7,838,259
Machinery and equipment	4,084,476	322,945	256,270	4,151,151
Total Capital Assets	12,030,781	371,790	256,270	12,146,301
Being Depreciated	12,030,781	371,790	256,270	12,146,301
Less: Accumulated depreciation for				
Land improvements	(56,336)	(9,949)	-	(66,285)
Buildings and improvements	(4,501,082)	(245,888)	-	(4,746,970)
Machinery and equipment	(2,944,570)	(308,431)	110,539	(3,142,462)
Total Accumulated Depreciation	(7,501,988)	(564,268)	110,539	(7,955,717)
Net Capital Assets				
Being Depreciated	4,528,793	(192,478)	145,731	4,190,584
Total Hospital Capital Assets, Net of Depreciation	\$ 4,548,592	\$ (68,797)	\$ 194,576	\$ 4,285,219
Total Business-type Capital Assets, Net of Depreciation	\$ 7,774,216	\$ (84,348)	\$ 219,372	\$ 7,470,496

Depreciation expense was charged to functions as follows:

Business-type Activities

Memorial Hospital	\$ 564,268
Lafayette Manor	87,744
Highway	284,193
Total Business-type Activities Depreciation Expense	\$ 936,205

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, 2015

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

H. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Memorial Hospital	\$ 13,689
Total Internal Balances – Government-Wide Statement of Net Position		<u>\$ 13,689</u>

All amounts are due within one year.

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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	\$ 191,956	To support county operations
Highway	General Fund	550,000	To support county roadwork
General Fund	Lafayette Manor	70,255	To support county operations
Lafayette Manor	Memorial Hospital	<u>4,026</u>	To reimburse the Manor for a portion of swing bed revenue
Sub-Total – Fund Financial Statements		816,237	
Governmental activities infrastructure paid by highway enterprise fund		79,654	
Less: Fund eliminations		(195,982)	
Less: Government-wide eliminations		<u>(299,818)</u>	
Total Transfers – Government-Wide Statement of Activities		<u>\$ 400,091</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ (149,909)	
Business-type Activities	Governmental Activities	<u>550,000</u>	
Total		<u>\$ 400,091</u>	

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

H. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

Transfers (cont.)

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.

I. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 256,546	\$ 1,423,569	\$ 97,194	\$ 1,582,921	\$ 150,566
Other Liabilities					
Vested compensated absences	950,107	208,821	301,376	857,552	281,753
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,206,653</u>	<u>\$ 1,632,390</u>	<u>\$ 398,570</u>	<u>\$ 2,440,473</u>	<u>\$ 432,319</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 712,337	\$ -	\$ 116,689	\$ 595,648	\$ 59,765
Other Liabilities					
Vested compensated absences	1,538,982	335,414	396,109	1,478,287	368,034
Land contract	16,873	-	11,885	4,988	4,988
Capital leases	124,898	110,735	68,253	167,380	68,289
Total Other Liabilities	<u>1,680,753</u>	<u>446,149</u>	<u>476,247</u>	<u>1,650,655</u>	<u>441,311</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 2,393,090</u>	<u>\$ 446,149</u>	<u>\$ 592,936</u>	<u>\$ 2,246,303</u>	<u>\$ 501,076</u>

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, 2015, was \$53,868,060. Total general obligation debt outstanding at year end was \$2,178,569.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

I. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12/31/15
Governmental Activities					
General Obligation Debt					
Promissory notes	4/8/2009	3/10/2019	2.80%	\$ 500,000	\$ 199,977
Promissory notes	1/28/2015	1/15/2025	2.29%	550,000	509,375
Promissory notes*	12/30/2015	12/30/2025	2.29%	873,569	<u>873,569</u>
Total Government Activities – General Obligation Debt					<u>\$ 1,582,921</u>
Business-type Activities					
General Obligation Debt					
Promissory note	9/15/2014	12/15/2024	2.49%	650,000	<u>\$ 595,648</u>

* The county is authorized \$2,400,000 on this promissory note. At the end of 2015, the county had drawn \$873,569.

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2016	\$ 150,566	\$ 25,838	\$ 59,765	\$ 14,193
2017	196,276	31,333	61,309	12,647
2018	201,131	26,478	62,854	11,103
2019	163,313	21,856	64,437	9,520
2020	146,128	18,450	66,036	7,920
2021 - 2025	<u>725,507</u>	<u>40,391</u>	<u>281,247</u>	<u>14,532</u>
Totals	<u>\$ 1,582,921</u>	<u>\$ 164,346</u>	<u>\$ 595,648</u>	<u>\$ 69,915</u>

Capital Leases

Refer to Note III.J.

Other Debt Information

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

J. LEASE DISCLOSURES

Lessee – Capital Leases

In the current and previous years, the Memorial Hospital acquired capital assets through lease and purchase agreements. The gross amount of these assets under capital lease is \$544,036 and accumulated depreciation is \$325,838, which are included in machinery and equipment in the Memorial Hospital fund. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2015, are as follows:

<u>Years</u>	Business-type Activities	
	Principal	Interest
2016	\$ 68,289	\$ 7,383
2017	26,880	4,715
2018	25,579	3,364
2019	28,681	1,874
2020	17,951	338
Totals	\$ 167,380	\$ 17,674

Lessee – Operating Leases

The Hospital leases equipment under non-cancelable operating leases. Amounts paid for the leases for the year ended December 31, 2015 was \$112,381. Future minimum payments are as follows:

<u>Years</u>	
2016	\$ 96,431
2017	58,064
2018	58,064
2019	53,226
Totals	\$ 265,785

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, 2015

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

K. NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2015 includes the following:

Governmental Activities

Net investment in capital assets	
Land	\$ 16,000
Construction in process	762,615
Other capital assets, net of accumulated depreciation	12,774,991
Less: Long-term debt outstanding	(1,582,921)
Plus: Noncapital debt proceeds	<u>509,375</u>
Total Net Investment in Capital Assets	<u>\$ 12,480,060</u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

Fund Balances	General Fund	Human Services	Nonmajor Funds	Totals
Nonspendable:				
Delinquent taxes receivable	\$ 312,204	\$ -	\$ -	\$ 312,204
Prepaid items	530,973	31,648	3,715	566,336
Restricted:				
Grant purposes	104,136	-	296,068	400,204
Jail improvement	70,949	-	-	70,949
Land information	71,220	-	-	71,220
Donor-restricted	1,206	-	-	1,206
Revolving loans	-	-	372,932	372,932
Debt service	-	-	70,649	70,649
Committed:				
Stabilization fund	750,000	-	-	750,000
Assigned:				
Carryforward appropriations	723,115	-	-	723,115
Unassigned (deficit)	<u>2,406,529</u>	<u>(31,648)</u>	<u>-</u>	<u>2,374,881</u>
Total Fund Balances	<u>\$ 4,970,332</u>	<u>\$ -</u>	<u>\$ 743,364</u>	<u>\$ 5,713,696</u>

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

K. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net investment in capital assets	
Land	\$ 93,476
Construction in process	316,361
Other capital assets, net of accumulated depreciation	7,060,659
Less: Related long-term debt outstanding	<u>(768,016)</u>
Total Net Investment in Capital Assets	6,702,480
Restricted for pension	1,213,231
Unrestricted	<u>4,986,991</u>
Total Business-type Activities Net Position	<u><u>\$ 12,902,702</u></u>

L. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of the restatement are as follows:

	Governmental Activities	Business-type Activities	Lafayette Manor	Memorial Hospital	Highway
Net Position – December 31, 2014 (as reported)	\$ 17,446,628	\$ 9,061,532	\$ 555,164	\$ 5,553,569	\$ 2,952,799
Add: Net pension asset	1,605,222	1,932,673	591,643	985,110	355,920
Add: Deferred outflows related to pensions	<u>404,576</u>	<u>487,105</u>	<u>149,116</u>	<u>248,284</u>	<u>89,705</u>
Net Position – December 31, 2014 (as restated)	<u><u>\$ 19,456,426</u></u>	<u><u>\$ 11,481,310</u></u>	<u><u>\$ 1,295,923</u></u>	<u><u>\$ 6,786,963</u></u>	<u><u>\$ 3,398,424</u></u>

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

M. COMPONENT UNIT

MEMORIAL HEALTHCARE FOUNDATION, INC.

Memorial Healthcare Foundation, Inc. (the “Foundation”) is a not-for-profit organization that promotes and supports the Memorial Hospital of Lafayette County, located in Darlington, Wisconsin. The Society is primarily supported by contributions and donated assets from the general public. The following summary of significant accounting policies is presented to enhance the usefulness of the financial statements to the reader.

a. Summary of Significant Accounting Policies

Contributions

The Foundation accounts for contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net position, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of activities as net position released from restrictions.

The Foundation records promises to give as revenue when an unconditional promise to give is received or the condition has been fulfilled for a conditional promise to give.

Income Taxes

The Foundation is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Wisconsin franchise or income tax. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Foundation has adopted accounting guidance for recognizing and measuring uncertain tax positions. The Foundation follows statutory requirements for income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing income taxes from activities deemed to be unrelated to the Foundation’s tax-exempt status would not be material to the financial statements. The Foundation’s federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Foundation is no longer subject to such examinations for tax years before 2013.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

M. COMPONENT UNIT (cont.)

MEMORIAL HEALTHCARE FOUNDATION, INC. (cont.)

a. Summary of Significant Accounting Policies (cont.)

Functional Expenses

Expenses are charged directly to program, management and general, or fundraising based on specific identification by management.

Investments

Investments held by the Foundation include certificates of deposit. Certificates of deposit are shown at the original amount deposited plus accrued interest, which approximates fair value because of the short-term nature of these deposits (one-year or less).

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include checking and money market accounts in financial institutions.

Advertising Costs

Advertising costs are expensed as they are incurred.

Contributed Services

During the year ended December 31, 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as contributed services.

Prepaid Items Expenses

The amount shown on the Statement of Net Position as prepaid items expenses reflects payments made for certain special events prior to the events actually occurring. At the time of the event, the payments will be reclassified as expense.

Advance Event Deposits

The amount shown on the Statement of Net Position as advance event deposits is money received for certain special events prior to the events actually occurring. At the time of the event, the advance deposits will be reclassified as revenue.

b. Concentration of Risk

The Foundation maintains its cash accounts with various local banks. The total cash balances are insured by the FDIC up to \$250,000. As of December 31, 2015, the Foundation's cash balances were fully insured.

Of the \$9,364 of contribution revenue in 2015, 89% was received from one donor.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

M. COMPONENT UNIT (cont.)

MEMORIAL HEALTHCARE FOUNDATION, INC. (cont.)

c. Related Party Transactions

The Foundation and the Memorial Hospital of Lafayette County share some of the same board members. The Hospital is not able to exercise any control over the Foundation.

During 2015, no contributions were made to the Hospital.

d. Functional Allocation of Expenses

The cost of providing the various programs and other activities are as follows:

Program services	\$	6,100
Management and general		4,294
Fundraising		<u>5,145</u>
Total	\$	<u>15,539</u>

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Accounting Policies

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.

General Information About the Pension Plan

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 1200 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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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.

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:

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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. 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 \$887,705 in contributions from the county.

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

At December 31, 2015, the county reported an asset of \$2,220,906 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The county's proportion of the net pension asset was based on the county's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the county's proportion was .09041769%, which was an increase of .00068029% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the county recognized pension expense of \$866,385.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2015, the county reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 317,406	\$ -
Net differences between projected and actual earnings on pension plan investments	1,075,470	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	18,374
Employer contributions subsequent to the measurement date	<u>854,910</u>	<u>-</u>
Totals	<u>\$ 2,247,786</u>	<u>\$ 18,374</u>

\$854,910 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, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 342,270	\$ 4,189
2017	342,270	4,189
2018	342,270	4,189
2019	342,270	4,189
2020	23,796	1,618

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
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 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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:

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

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 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. 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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the county's proportionate share of the net pension asset to changes in the discount rate. The following presents the county's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the county's proportionate share of the net pension asset 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)	\$(6,265,558)	\$2,220,906	\$8,923,172

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://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, 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 malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1,000,000 per claim and an annual aggregate limit of \$3,000,000. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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, 2015 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.

The county has the following encumbrances outstanding at year end expected to be honored upon performance by the vendor:

General fund	\$335,204
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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 \$464,000 in 2015 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, 2015

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. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patients. Management believes that the Hospital is in substantial compliance with current laws and regulations.

The State of Wisconsin Department of Health Services conducts annual surveys to monitor compliance with state and federal regulations in regards to patient care and physical environment, compliance with billing regulations, and other matters. From time to time, the State of Wisconsin may issue citations or points of review. Management has indicated there are no matters being investigated by federal or state regulators as of December 31, 2015.

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, 2015 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 2015, approximately 73% 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, 2015

NOTE IV – OTHER INFORMATION (cont.)

G. CONCENTRATION OF CREDIT RISKS

The Hospital is located in Darlington, Wisconsin. The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The significant concentrations of gross accounts receivable for services to patients include the following at December 31:

	<u>2015</u>
Medicare	34%
Medicaid	9
Other third party payors	44
Self-pay	<u>13</u>
Total	<u><u>100%</u></u>

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

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

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- > Statement No. 79, *Certain External Investment Pools and Pool Participants*
- > Statement No. 80, *Blending Requirements for Certain Component Units*

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV – OTHER INFORMATION (cont.)

H. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS (cont.)

- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues an amendment of GASB Statements 67, 68, and 73*

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
REVENUES				
TAXES				
General property taxes	\$ 2,828,907	\$ 2,828,907	\$ 2,891,886	\$ 62,979
Interest on taxes	159,500	159,500	131,322	(28,178)
Real estate transfer	-	-	37,162	37,162
Forest cropland	750	750	1,004	254
Payment in lieu of taxes	10,154	10,154	9,303	(851)
County sales tax	775,120	775,120	838,023	62,903
Land use penalty	-	-	5,912	5,912
Total Taxes	<u>3,774,431</u>	<u>3,774,431</u>	<u>3,914,612</u>	<u>140,181</u>
INTERGOVERNMENTAL				
Shared taxes from state	1,676,996	1,676,996	1,677,709	713
Exempt computer aid	5,000	5,000	4,680	(320)
Circuit court	52,395	52,395	68,087	15,692
DWD state grant	103,719	103,719	160,593	56,874
Land info board grant	-	-	74,312	74,312
State fair grants	5,300	5,300	5,819	519
Private sewer grant	25,800	25,800	24,014	(1,786)
DNR trails	50,700	50,700	24,401	(26,299)
Other DNR	-	-	12,954	12,954
Veterans service	10,750	10,750	12,413	1,663
DATCP - LWRM	52,500	52,500	201,429	148,929
DOJ training reimbursement	-	-	5,971	5,971
DOJ crime victim witness	14,775	14,775	24,181	9,406
Other DOJ grants	-	-	12,253	12,253
Department of military affairs	14,320	14,320	38,297	23,977
Interpreter reimbursement	2,900	2,900	3,400	500
Health grants	60,000	60,000	72,766	12,766
Other miscellaneous grants	223,868	223,868	2,153	(221,715)
Total Intergovernmental	<u>2,299,023</u>	<u>2,299,023</u>	<u>2,425,432</u>	<u>126,409</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
LICENSES AND PERMITS				
Marriage licenses and divorce mediation	\$ -	\$ -	\$ 4,600	\$ 4,600
License plates	-	-	7,790	7,790
Sanitary permits	-	-	21,335	21,335
Conditional use/rezoning permits	11,000	11,000	11,194	194
Mine reclamation	5,200	5,200	5,495	295
Other licenses and permits	3,730	3,730	10,115	6,385
Total Licenses and Permits	<u>19,930</u>	<u>19,930</u>	<u>60,529</u>	<u>40,599</u>
FINES, FORFEITURES AND PENALTIES				
County ordinances, forfeitures and defaults	58,000	58,000	42,969	(15,031)
County share of state fines	-	-	22,123	22,123
Total Fines, Forfeitures and Penalties	<u>58,000</u>	<u>58,000</u>	<u>65,092</u>	<u>7,092</u>
PUBLIC CHARGES FOR SERVICES				
General government	2,183	2,183	5,853	3,670
Child support	1,150	1,150	3,129	1,979
Circuit court	25,900	25,900	26,170	270
Clerk of courts	32,396	32,396	34,322	1,926
Coroner	20	20	3,090	3,070
County clerk	15,150	15,150	13,199	(1,951)
Sheriff and jail fees	198,600	198,600	200,155	1,555
District attorney	500	500	176	(324)
Fair	129,800	129,800	121,348	(8,452)
Land conservation	4,900	4,900	15,279	10,379
Land information fees	26,310	26,310	27,873	1,563
Parks and trails	2,200	2,200	2,200	-
Planning and zoning	14,000	14,000	5,450	(8,550)
Public health	546,500	546,500	476,053	(70,447)
Register of deeds	110,000	110,000	77,850	(32,150)
Treasurer	1,250	1,250	1,856	606
UW extension	2,850	2,850	4,374	1,524
Veterans	400	400	523	123
Total Public Charges for Services	<u>1,114,109</u>	<u>1,114,109</u>	<u>1,018,900</u>	<u>(95,209)</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
INVESTMENT INCOME				
Investment income	\$ 35,099	\$ 35,099	\$ 35,262	\$ 163
MISCELLANEOUS				
Rent on buildings	63,352	63,352	92,158	28,806
Rent on other property	9,360	9,360	7,160	(2,200)
Insurance recoveries	4,000	4,000	13,746	9,746
Other donations	20,000	20,000	22,858	2,858
WCMIC dividend	17,000	17,000	30,241	13,241
Sale of property/assets	11,000	11,000	43,902	32,902
Workman's compensation discount	-	-	55,000	55,000
Miscellaneous	-	-	4,800	4,800
Total Miscellaneous	<u>124,712</u>	<u>124,712</u>	<u>269,865</u>	<u>145,153</u>
 TOTAL REVENUES	 <u>7,425,304</u>	 <u>7,425,304</u>	 <u>7,789,692</u>	 <u>364,388</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
County board	\$ 82,755	\$ 82,755	\$ 87,703	\$ (4,948)
District attorney	67,141	67,141	61,379	5,762
Family court commissioner	13,291	13,291	13,122	169
Circuit court	195,907	195,907	210,290	(14,383)
Clerk of court	204,932	204,932	189,138	15,794
Other court	77,550	77,550	52,775	24,775
Corporate counsel	-	-	283	(283)
Copy machines	(250)	(250)	(94)	(156)
County buildings-operations and maintenance	321,693	321,693	325,813	(4,120)
Child support	157,150	157,150	163,219	(6,069)
County clerk	152,767	152,767	163,773	(11,006)
County treasurer	202,922	202,922	190,197	12,725
Coroner	32,255	32,255	42,164	(9,909)
County website	780	780	780	-
Elections	18,340	18,340	17,549	791
Finance	282,104	282,104	263,347	18,757
Indirect cost plan	3,990	3,990	3,990	-
Labor relations	16,450	16,450	630	15,820
Land information	115,509	115,509	165,086	(49,577)
Land use value penalty	250	250	8,549	(8,299)
Maps and plats	1,200	1,200	1,550	(350)
County fleet	(2,100)	(2,100)	(7,864)	5,764
County K building	-	-	709,751	(709,751)
Network administration	127,207	127,207	144,281	(17,074)
Personnel	58,627	58,627	69,690	(11,063)
Postage	2,862	2,862	10,141	(7,279)
Property and liability insurance	43,419	43,419	36,861	6,558
Register of deeds	151,321	151,321	148,543	2,778
Rent county facility	62,152	62,152	62,505	(353)
Special accounting and auditing	8,977	8,977	23,696	(14,719)
Telephone	500	500	664	(164)
Health insurance	600	600	5,791	(5,191)
Other benefits	1,050	1,050	615	435
Total General Government	<u>2,401,351</u>	<u>2,401,351</u>	<u>3,165,917</u>	<u>(764,566)</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
PUBLIC SAFETY				
Crime victim/witness	\$ 29,599	\$ 29,599	\$ 29,314	\$ 285
Sheriff administration	1,877,528	1,877,528	2,084,764	(207,236)
Jail	1,115,434	1,115,434	993,524	121,910
EMS	16,836	16,836	16,836	-
Emergency government	87,176	87,176	83,683	3,493
SARA	23,860	23,860	17,167	6,693
K-9 unit	-	-	6,168	(6,168)
Jail improvement	23,751	23,751	14,071	9,680
Total Public Safety	<u>3,174,184</u>	<u>3,174,184</u>	<u>3,245,527</u>	<u>(71,343)</u>
HEALTH AND HUMAN SERVICES				
County nurse	506,344	506,344	473,645	32,699
Home care	-	-	491	(491)
Home nursing	481,425	481,425	521,650	(40,225)
Medical/psychiatric	250	250	-	250
Public health	6,302	6,302	2,083	4,219
Veterans' service	74,144	74,144	81,185	(7,041)
Veterans' relief and care of veterans' graves	3,000	3,000	3,114	(114)
Veterans' service grant	10,750	10,750	7,599	3,151
Total Health and Social Services	<u>1,082,215</u>	<u>1,082,215</u>	<u>1,089,767</u>	<u>(7,552)</u>
CULTURE, RECREATION AND EDUCATION				
County extension programs	66,425	66,425	71,315	(4,890)
Workshops	2,000	2,000	2,120	(120)
Agriculture agent	30,637	30,637	27,029	3,608
Library	133,451	133,451	133,451	-
Family living agent	22,610	22,610	22,057	553
Resource agent	31,174	31,174	3,900	27,274
Fairs and exhibits	222,100	222,100	217,110	4,990
4-H agent	33,893	33,893	36,158	(2,265)
Snowmobile trails	22,200	22,200	11,508	10,692
ATV	10,700	10,700	640	10,060
Sunshine fund	300	300	90	210
Total Culture, Recreation and Education	<u>575,490</u>	<u>575,490</u>	<u>525,378</u>	<u>50,112</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
CONSERVATION AND ECONOMIC DEVELOPMENT				
Land conservation	\$ 191,617	\$ 191,617	\$ 190,563	\$ 1,054
Land conservation-cost share	15,000	15,000	30,353	(15,353)
Land conservation-LWRM cost share	52,500	52,500	100,910	(48,410)
Fish and game habitat	5,430	5,430	500	4,930
Wildlife damage program	-	-	4,698	(4,698)
Economic development	48,800	48,800	41,796	7,004
Tourism	-	-	5,317	(5,317)
Regional planning	14,871	14,871	14,871	-
Planning and zoning	102,950	102,950	100,204	2,746
Sewer replacement	25,000	25,000	23,564	1,436
Water testing	5,270	5,270	7,772	(2,502)
FPP-technical assist	64,426	64,426	65,451	(1,025)
Total Conservation and Economic Development	<u>525,864</u>	<u>525,864</u>	<u>585,999</u>	<u>(60,135)</u>
 Total Expenditures	 <u>7,759,104</u>	 <u>7,759,104</u>	 <u>8,612,588</u>	 <u>(853,484)</u>
 Excess (deficiency) of revenues over expenditures	 <u>(333,800)</u>	 <u>(333,800)</u>	 <u>(822,896)</u>	 <u>(489,096)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	1,423,569	1,423,569
Transfers in	236,811	236,811	262,211	25,400
Transfers out	-	-	(550,000)	(550,000)
Total Other Financing Sources (Uses)	<u>236,811</u>	<u>236,811</u>	<u>1,135,780</u>	<u>898,969</u>
 Net change in fund balance	 (96,989)	 (96,989)	 312,884	 409,873
 FUND BALANCE - Beginning of Year	 <u>4,657,448</u>	 <u>4,657,448</u>	 <u>4,657,448</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 4,560,459</u>	 <u>\$ 4,560,459</u>	 <u>\$ 4,970,332</u>	 <u>\$ 409,873</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
REVENUES				
Taxes	\$ 1,817,481	\$ 1,817,481	\$ 1,817,481	\$ -
Intergovernmental	1,497,864	1,497,864	1,582,630	84,766
Fines, forfeitures and penalties	-	-	10,540	10,540
Public charges for services	778,500	778,500	741,034	(37,466)
Miscellaneous	400	400	300	(100)
Total Revenues	<u>4,094,245</u>	<u>4,094,245</u>	<u>4,151,985</u>	<u>57,740</u>
EXPENDITURES				
Health and human services	<u>4,094,245</u>	<u>4,094,245</u>	<u>4,034,306</u>	<u>59,939</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>117,679</u>	<u>117,679</u>
OTHER FINANCING USES				
Transfer out	<u>-</u>	<u>-</u>	<u>(191,956)</u>	<u>(191,956)</u>
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(191,956)</u>	<u>(191,956)</u>
Net change in fund balance	-	-	(74,277)	(74,277)
FUND BALANCE - Beginning of Year	<u>74,277</u>	<u>74,277</u>	<u>74,277</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 74,277</u>	<u>\$ 74,277</u>	<u>\$ -</u>	<u>\$ (74,277)</u>

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

LAFAYETTE COUNTY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.09041769%	\$ 2,220,906	\$ 12,001,154	18.51%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<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%

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, 2015

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 \$723,115 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, 2015

	Special Revenue Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Aging Fund	Revolving Loan		
ASSETS				
Cash and investments	\$ 280,990	\$ -	\$ 70,649	\$ 351,639
Taxes receivable	74,919	-	309,927	384,846
Accounts receivable	541	-	-	541
Loans receivable (net of allowances for uncollectibles)	-	95,838	-	95,838
Due from other governments	25,809	-	-	25,809
Prepaid items	3,715	-	-	3,715
Restricted Assets				
Cash and investments	-	277,094	-	277,094
TOTAL ASSETS	<u>\$ 385,974</u>	<u>\$ 372,932</u>	<u>\$ 380,576</u>	<u>\$ 1,139,482</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 7,010	\$ -	\$ -	\$ 7,010
Accrued liabilities	4,262	-	-	4,262
Total Liabilities	<u>11,272</u>	<u>-</u>	<u>-</u>	<u>11,272</u>
Deferred Inflows of Resources				
Unearned revenue	74,919	-	309,927	384,846
Fund Balances				
Nonspendable	3,715	-	-	3,715
Restricted	296,068	372,932	70,649	739,649
Total Fund Balances	<u>299,783</u>	<u>372,932</u>	<u>70,649</u>	<u>743,364</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 385,974</u>	<u>\$ 372,932</u>	<u>\$ 380,576</u>	<u>\$ 1,139,482</u>

LAFAYETTE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	Special Revenue Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Aging Fund	Revolving Loan		
REVENUES				
Taxes	\$ 113,507	\$ -	\$ 120,132	\$ 233,639
Intergovernmental	162,488	-	-	162,488
Public charges for services	30,947	-	-	30,947
Investment income	-	5,715	-	5,715
Miscellaneous	9,687	-	-	9,687
Total Revenues	<u>316,629</u>	<u>5,715</u>	<u>120,132</u>	<u>442,476</u>
EXPENDITURES				
Current				
Health and human services	304,353	-	-	304,353
Debt Service				
Principal	-	-	97,194	97,194
Interest and fiscal charges	-	-	17,646	17,646
Total Expenditures	<u>304,353</u>	<u>-</u>	<u>114,840</u>	<u>419,193</u>
Excess of revenues over expenditures	12,276	5,715	5,292	23,283
FUND BALANCES - Beginning of Year	<u>287,507</u>	<u>367,217</u>	<u>65,357</u>	<u>720,081</u>
FUND BALANCES - END OF YEAR	<u>\$ 299,783</u>	<u>\$ 372,932</u>	<u>\$ 70,649</u>	<u>\$ 743,364</u>

LAFAYETTE COUNTY

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 As of December 31, 2015

	<u>Sheriff Commissary</u>	<u>Clerk of Court</u>	<u>DMV Vehicle Service</u>	<u>Bond Trust</u>	<u>Tri-County Trails Commission</u>	<u>Tax Collection</u>	<u>Totals</u>
ASSETS							
Cash and investments	\$ 13,745	\$ 96,795	\$ 2,430	\$ 8	\$ 98,213	\$ -	\$ 211,191
Taxes receivable	-	-	-	-	-	182,835	182,835
Due from other governments	-	-	-	-	31,065	-	31,065
 TOTAL ASSETS	 <u>\$ 13,745</u>	 <u>\$ 96,795</u>	 <u>\$ 2,430</u>	 <u>\$ 8</u>	 <u>\$ 129,278</u>	 <u>\$ 182,835</u>	 <u>\$ 425,091</u>
LIABILITIES							
Due to other taxing units	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,835	\$ 182,835
Accounts payable	-	-	-	-	4,685	-	4,685
Funds held for others	13,745	96,795	2,430	8	124,593	-	237,571
 TOTAL LIABILITIES	 <u>\$ 13,745</u>	 <u>\$ 96,795</u>	 <u>\$ 2,430</u>	 <u>\$ 8</u>	 <u>\$ 129,278</u>	 <u>\$ 182,835</u>	 <u>\$ 425,091</u>

LAFAYETTE MANOR NURSING HOME OF LAFAYETTE COUNTY

STATEMENTS OF NET POSITION
As of December 31, 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash and investments	\$ 80,204	\$ 300
Taxes receivable	298,885	429,211
Resident receivables, net of estimated uncollectibles	293,986	271,468
Due from other governments	-	225,300
Inventories	42,294	39,015
Prepaid items	70,945	65,922
Total Current Assets	786,314	1,031,216
Noncurrent Assets		
Restricted Assets		
Resident trust funds	10,843	5,680
Net pension asset	371,403	-
Capital Assets		
Land	18,020	18,020
Depreciable capital assets, net of accumulated depreciation	661,031	748,775
Total Noncurrent Assets	1,061,297	772,475
Total Assets	1,847,611	1,803,691
DEFERRED OUTFLOWS OF RESOURCES		
Pension-related amounts	382,693	-
LIABILITIES		
Current Liabilities		
Accounts payable	71,558	74,290
Due to other funds	-	202,597
Due to other governments	12,606	-
Accrued payroll and fringe benefits	105,415	89,213
Current portion compensated absences	121,558	139,982
Total Current Liabilities	311,137	506,082
Noncurrent Liabilities		
Resident trust funds	10,843	5,680
Compensated absences	285,443	307,554
Total Noncurrent Liabilities	296,286	313,234
Total Liabilities	607,423	819,316
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue	298,885	429,211
Pension-related amounts	3,073	-
Total Deferred Inflows of Resources	301,958	429,211
NET POSITION		
Net investment in capital assets	679,051	766,795
Restricted for pension	371,403	-
Unrestricted (deficit)	270,469	(211,631)
TOTAL NET POSITION	\$ 1,320,923	\$ 555,164

LAFAYETTE MANOR NURSING HOME OF LAFAYETTE COUNTY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2015 and 2014

	2015	2014
OPERATING REVENUES		
Daily resident service revenue, net	\$ 3,856,574	\$ 3,698,087
Other operating revenue	101,855	98,931
Total Operating Revenues	3,958,429	3,797,018
OPERATING EXPENSES		
Daily patient services	2,521,762	2,679,611
Support and special services	456,590	455,789
General services	1,225,900	1,221,256
Administrative services	471,994	484,137
Depreciation	87,744	88,388
Total Operating Expenses	4,763,990	4,929,181
Operating Loss	(805,561)	(1,132,163)
NONOPERATING REVENUES		
General property taxes	429,211	263,464
Intergovernmental grants	463,800	503,585
Donations	3,665	569
Investment income	73	7
Miscellaneous revenue	41	385
Total Nonoperating Revenues	896,790	768,010
Income (Loss) Before Contributions and Transfers	91,229	(364,153)
CONTRIBUTIONS AND TRANSFERS		
Contributions	-	8,477
Transfers in	4,026	355,676
Transfers out	(70,255)	-
Total Contributions and Transfers	(66,229)	364,153
Change in Net Position	25,000	-
NET POSITION - Beginning of Year (as restated)	1,295,923	555,164
NET POSITION - END OF YEAR	\$ 1,320,923	\$ 555,164

Comparative total columns of the previous year have not been restated to reflect the restatement (See Note III.L.).

LAFAYETTE MANOR NURSING HOME OF LAFAYETTE COUNTY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from and on behalf of residents	\$ 4,166,416	\$ 3,793,304
Cash paid to suppliers and contractors for goods and services	(1,848,729)	(1,460,380)
Cash payments to employees for operating payroll	(3,063,141)	(3,223,282)
Net Cash Flows From Operating Activities	(745,454)	(890,358)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	73	7
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
General property tax revenues	429,211	263,464
Intergovernmental grants	463,800	278,285
Nonoperating income	-	385
Transfers in	4,026	355,676
Transfers out	(70,255)	-
Net Cash Flows From Noncapital Financing Activities	826,782	897,810
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Donations	3,666	569
Acquisition of capital assets	-	(7,432)
Net Cash Flows From Capital and Related Financing Activities	3,666	(6,863)
Net Change in Cash and Cash Equivalents	85,067	596
CASH AND CASH EQUIVALENTS - Beginning of Year	5,980	5,384
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 91,047	\$ 5,980

	<u>2015</u>	<u>2014</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (805,561)	\$ (1,132,163)
Nonoperating income	41	-
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities		
Depreciation	87,744	88,388
Change in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources		
Resident receivables, net	(22,518)	(4,010)
Inventories	(3,279)	644
Prepaid items	(5,023)	(544)
Accounts payable	(2,732)	7,338
Due to other funds	(202,597)	108,587
Accrued payroll and fringe benefits	(40,535)	9,100
Due to/from other governments	237,904	-
Resident trust funds	5,163	296
Pension-related amounts	(10,263)	-
Compensated absences	<u>16,202</u>	<u>32,006</u>
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ (745,454)</u>	 <u>\$ (890,358)</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Contributed assets	<u>\$ -</u>	<u>\$ 8,477</u>
 RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and investments	\$ 80,204	\$ 300
Restricted assets - resident trust funds	<u>10,843</u>	<u>5,680</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 91,047</u>	 <u>\$ 5,980</u>