

LAFAYETTE COUNTY

Darlington, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

LAFAYETTE COUNTY

TABLE OF CONTENTS As of and for the Year Ended December 31, 2018

INDEPENDENT AUDITORS' REPORT	I – iii
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 – 3
Fund Financial Statements	
Balance Sheet – Governmental Funds	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	5
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Net Position – Proprietary Funds	8 – 9
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	10
Statement of Cash Flows – Proprietary Funds	11 – 12
Statement of Assets and Liabilities – Agency Funds	13
Index to Notes to Financial Statements	14
Notes to Financial Statements	15 – 55
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	56 – 61
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Human Services Special Revenue Fund	62
Schedule of Proportionate Share of the Net Pension (Asset) Liability – Wisconsin Retirement System	63
Schedule of Employer Contributions – Wisconsin Retirement System	63
Schedule of Changes in Employer's Total OPEB Liability and Related Ratios – Health Insurance	64
Notes to Required Supplementary Information	65

LAFAYETTE COUNTY

TABLE OF CONTENTS As of and for the Year Ended December 31, 2018

SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Nonmajor Governmental Funds	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	67
Combining Statement of Assets and Liabilities – Agency Funds	68
Statements of Net Position – Lafayette Manor Nursing Home of Lafayette County	69
Statements of Revenues, Expenses and Changes in Net Position – Lafayette Manor Nursing Home of Lafayette County	70
Statements of Cash Flows – Lafayette Manor Nursing Home of Lafayette County	71 – 72

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lafayette County, Wisconsin, as of and for the year ended December 31, 2018, 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 Hospital of Lafayette County, a major enterprise fund of Lafayette County. The Memorial Hospital of Lafayette County represents 52 percent, 47 percent and 70 percent, respectively, of the assets, net position and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Memorial Hospital of Lafayette County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lafayette County, Wisconsin, as of December 31, 2018 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. 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 is not affected by this missing information.

Supplementary Information

Our audit for the year ended December 31, 2018 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 for the year ended December 31, 2018 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 for the year ended December 31, 2018, 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 for the year ended December 31, 2018

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Lafayette County as of and for the year ended December 31, 2017 (not presented herein), and have issued our report thereon dated June 7, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying supplementary information for the year ended December 31, 2017 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 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 for the year ended December 31, 2017.

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
September 4, 2019

LAFAYETTE COUNTY

STATEMENT OF NET POSITION
As of December 31, 2018

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 5,379,074	\$ 2,947,716	\$ 8,326,790
Receivables (net of allowance for uncollectibles)			
Taxes	5,993,000	2,160,334	8,153,334
Delinquent taxes	453,138	-	453,138
Accounts	158,647	4,197,677	4,356,324
Other	-	176,518	176,518
Loans	71,158	-	71,158
Due from other governments	596,484	798,315	1,394,799
Amounts receivable to third-party reimbursement programs	-	180,000	180,000
Inventories	-	772,520	772,520
Prepaid items	169,366	385,874	555,240
Restricted Assets			
Cash and investments	339,335	137,179	476,514
Net pension asset	1,057,502	1,704,524	2,762,026
Capital Assets			
Land	188,615	153,676	342,291
Construction in progress	315,202	266,892	582,094
Other capital assets, net of accumulated depreciation	<u>13,619,802</u>	<u>10,121,977</u>	<u>23,741,779</u>
Total Assets	<u>28,341,323</u>	<u>24,003,202</u>	<u>52,344,525</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related amounts	42,953	66,397	109,350
Pension-related amounts	<u>2,020,131</u>	<u>3,129,749</u>	<u>5,149,880</u>
Total Deferred Outflows of Resources	<u>2,063,084</u>	<u>3,196,146</u>	<u>5,259,230</u>
LIABILITIES			
Accounts payable	309,905	867,397	1,177,302
Accrued liabilities	497,393	559,281	1,056,674
Due to other governments	63,340	-	63,340
Unearned revenue	-	1,400	1,400
Deposits	5,757	-	5,757
Liabilities payable from restricted assets	-	6,094	6,094
Noncurrent Liabilities			
Other post employment benefits	395,308	611,061	1,006,369
Due within one year	1,217,771	806,749	2,024,520
Due in more than one year	<u>3,051,327</u>	<u>3,865,070</u>	<u>6,916,397</u>
Total Liabilities	<u>5,540,801</u>	<u>6,717,052</u>	<u>12,257,853</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	5,993,000	2,160,334	8,153,334
Pension-related amounts	<u>1,998,967</u>	<u>3,444,486</u>	<u>5,443,453</u>
Total Deferred Inflows of Resources	<u>7,991,967</u>	<u>5,604,820</u>	<u>13,596,787</u>
NET POSITION			
Net investment in capital assets	11,102,275	7,430,942	18,533,217
Restricted			
Grant purposes	207,416	-	207,416
Jail improvement	84,858	-	84,858
Sheriff	35,410	-	35,410
Land information	45,830	-	45,830
Health department	6,520	-	6,520
UW-Extension	8,763	-	8,763
Fair	9,247	-	9,247
Revolving loans	404,736	-	404,736
Debt service	84,022	-	84,022
Pension	1,057,502	1,704,524	2,762,026
Unrestricted	<u>3,825,060</u>	<u>5,742,010</u>	<u>9,567,070</u>
TOTAL NET POSITION	<u>\$ 16,871,639</u>	<u>\$ 14,877,476</u>	<u>\$ 31,749,115</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities			
General government	\$ 2,759,355	\$ 593,387	\$ 127,001
Public safety	3,600,556	178,168	82,578
Public works	479,226	-	689,619
Health and human services	5,443,397	644,087	2,312,584
Culture, recreation and education	521,486	105,652	7,583
Conservation and economic development	522,440	63,277	178,879
Interest and fiscal charges	57,979	-	-
Total Governmental Activities	13,384,439	1,584,571	3,398,244
Business-type Activities			
Lafayette Manor	5,381,602	4,417,115	755,744
Memorial Hospital	20,044,291	19,851,316	19,507
Highway	6,095,929	4,079,535	851,141
Total Business-type Activities	31,521,822	28,347,966	1,626,392
Total	\$ 44,906,261	\$ 29,932,537	\$ 5,024,636

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
\$ (2,038,967)	\$ -	\$ (2,038,967)
(3,339,810)	-	(3,339,810)
210,393	-	210,393
(2,486,726)	-	(2,486,726)
(408,251)	-	(408,251)
(280,284)	-	(280,284)
(57,979)	-	(57,979)
<u>(8,401,624)</u>	<u>-</u>	<u>(8,401,624)</u>
-	(208,743)	(208,743)
-	(173,468)	(173,468)
-	<u>(1,165,253)</u>	<u>(1,165,253)</u>
-	<u>(1,547,464)</u>	<u>(1,547,464)</u>
5,443,118	-	5,443,118
406,549	-	406,549
-	327,334	327,334
-	1,822,818	1,822,818
942,424	-	942,424
87,241	-	87,241
1,741,281	-	1,741,281
231,563	756	232,319
437,352	86,133	523,485
<u>(908,420)</u>	<u>908,420</u>	<u>-</u>
<u>8,381,108</u>	<u>3,145,461</u>	<u>11,526,569</u>
(20,516)	1,597,997	1,577,481
<u>16,892,155</u>	<u>13,279,479</u>	<u>30,171,634</u>
<u>\$ 16,871,639</u>	<u>\$ 14,877,476</u>	<u>\$ 31,749,115</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018

	General	Human Services	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 5,283,748	\$ -	\$ 84,022	\$ 11,304	\$ 5,379,074
Receivables (net of allowances for uncollectibles)					
Taxes	3,036,278	1,922,472	949,011	85,239	5,993,000
Delinquent taxes	453,138	-	-	-	453,138
Accounts	34,056	96,816	-	27,775	158,647
Loans	-	-	-	71,158	71,158
Due from other funds	123,241	-	-	-	123,241
Due from other governments	368,287	202,650	-	25,547	596,484
Prepaid items	129,602	36,175	-	3,589	169,366
Restricted Assets					
Cash and investments	-	5,757	-	333,578	339,335
TOTAL ASSETS	\$ 9,428,350	\$ 2,263,870	\$ 1,033,033	\$ 558,190	\$ 13,283,443
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 180,725	\$ 125,520	\$ -	\$ 3,660	\$ 309,905
Accrued liabilities	419,884	71,880	-	5,628	497,392
Due to other governments	63,340	-	-	-	63,340
Due to other funds	-	123,241	-	-	123,241
Deposits	-	5,757	-	-	5,757
Total Liabilities	<u>663,949</u>	<u>326,398</u>	<u>-</u>	<u>9,288</u>	<u>999,635</u>
Deferred Inflows of Resources					
Unearned revenue	3,036,278	1,922,472	949,011	85,239	5,993,000
Unavailable revenue	109,846	15,000	-	-	124,846
Total Deferred Inflows of Resources	<u>3,146,124</u>	<u>1,937,472</u>	<u>949,011</u>	<u>85,239</u>	<u>6,117,846</u>
Fund Balances					
Nonspendable	457,249	36,175	-	3,589	497,013
Restricted	342,706	-	84,022	460,074	886,802
Committed	750,000	-	-	-	750,000
Assigned	795,299	-	-	-	795,299
Unassigned (deficit)	3,273,023	(36,175)	-	-	3,236,848
Total Fund Balances	<u>5,618,277</u>	<u>-</u>	<u>84,022</u>	<u>463,663</u>	<u>6,165,962</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 9,428,350	\$ 2,263,870	\$ 1,033,033	\$ 558,190	\$ 13,283,443

See accompanying notes to financial statements.

LAFAYETTE COUNTY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2018

Total Fund Balances - Governmental funds	\$ 6,165,962
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	
Land	188,615
Construction in progress	315,202
Other capital assets, net of accumulated depreciation	13,619,802
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.	124,846
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	1,057,502
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,020,131
Deferred outflows of resources related to other post employment liabilities do not relate to current financial resources and are not reported in the governmental funds.	42,952
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,998,967)
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	(3,374,062)
Other post-employment benefit liability	(395,308)
Compensated absences	<u>(895,036)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 16,871,639</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
As of December 31, 2018

	General	Human Services	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 4,754,059	\$ 1,782,153	\$ 406,549	\$ 37,223	\$ 6,979,984
Intergovernmental	2,494,223	1,729,555	-	164,946	4,388,724
Licenses and permits	79,858	-	-	-	79,858
Fines, forfeitures and penalties	100,363	12,886	-	-	113,249
Public charges for services	709,763	853,385	-	30,274	1,593,422
Investment income	125,415	-	-	5,496	130,911
Miscellaneous	239,268	2,618	-	30,024	271,910
Total Revenues	<u>8,502,949</u>	<u>4,380,597</u>	<u>406,549</u>	<u>267,963</u>	<u>13,558,058</u>
EXPENDITURES					
Current					
General government	2,811,028	-	-	-	2,811,028
Public safety	3,381,956	-	-	-	3,381,956
Health and human services	550,276	4,507,351	-	299,206	5,356,833
Culture, recreation and education	510,536	-	-	-	510,536
Conservation and economic development	555,740	-	-	330	556,070
Debt Service					
Principal	-	-	372,221	-	372,221
Interest and fiscal charges	2,947	-	55,031	-	57,978
Total Expenditures	<u>7,812,483</u>	<u>4,507,351</u>	<u>427,252</u>	<u>299,536</u>	<u>13,046,622</u>
Excess (deficiency) of revenues over (under) expenditures	<u>690,466</u>	<u>(126,754)</u>	<u>(20,703)</u>	<u>(31,573)</u>	<u>511,436</u>
OTHER FINANCING SOURCES (USES)					
Debt issued	1,203,020	-	-	-	1,203,020
Sale of capital assets	15,199	-	-	-	15,199
Transfers in	-	126,754	-	-	126,754
Transfers out	(1,244,361)	-	-	-	(1,244,361)
Total Other Financing Sources (Uses)	<u>(26,142)</u>	<u>126,754</u>	<u>-</u>	<u>-</u>	<u>100,612</u>
Net Change in Fund Balance	664,324	-	(20,703)	(31,573)	612,048
FUND BALANCES - Beginning	<u>4,953,953</u>	<u>-</u>	<u>104,725</u>	<u>495,236</u>	<u>5,553,914</u>
FUND BALANCES - ENDING	<u>\$ 5,618,277</u>	<u>\$ -</u>	<u>\$ 84,022</u>	<u>\$ 463,663</u>	<u>\$ 6,165,962</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 As of December 31, 2018

Net change in fund balances - total governmental funds	\$ 612,048
Amounts reported for governmental activities in the statement of activities are different because:	
<p>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.</p>	
Capital additions are reported as expenditures in the fund financial statements but are capitalized in the government-wide financial statements	324,849
Infrastructure financed by the highway fund	209,187
Infrastructure contributed by the state	689,619
Depreciation is reported in the government-wide statements	(859,344)
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position.	(15,779)
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.	9,466
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	(1,203,020)
Principal repaid	372,221
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) / liability	1,372,180
Other post-employment benefit liability	(6,345)
Deferred outflows of resources related to pensions	(426,877)
Deferred inflows of resources related to pensions	(1,008,544)
Compensated absences	(90,177)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (20,516)</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

ASSETS	Business-type Activities - Enterprise Funds			
	Lafayette Manor	Memorial Hospital	Highway	Totals
Current Assets				
Cash and investments	\$ 19,289	\$ 635,005	\$ 2,293,422	\$ 2,947,716
Taxes receivable	338,716	-	1,821,618	2,160,334
Patient receivables, net of estimated uncollectibles	-	3,741,658	-	3,741,658
Resident receivables, net of estimated uncollectibles	456,019	-	-	456,019
Other receivables	-	147,331	29,187	176,518
Due from other governments	-	-	798,315	798,315
Amounts receivable from third-party reimbursement programs	-	180,000	-	180,000
Inventories	34,817	346,313	391,390	772,520
Prepaid items	60,038	287,696	38,140	385,874
Total Current Assets	908,879	5,338,003	5,372,072	11,618,954
Noncurrent Assets				
Restricted assets				
Resident trust funds	6,094	-	-	6,094
Restricted donation	131,085	-	-	131,085
Net pension asset	397,457	1,074,000	233,067	1,704,524
Capital assets				
Land	18,020	79,999	55,657	153,676
Construction in progress	18,881	248,011	-	266,892
Depreciable capital assets, net of accumulated depreciation	570,778	5,654,394	3,896,805	10,121,977
Total Noncurrent Assets	1,142,315	7,056,404	4,185,529	12,384,248
Total Assets	2,051,194	12,394,407	9,557,601	24,003,202
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related amounts	14,619	41,828	9,950	66,397
Pension-related amounts	756,887	1,927,064	445,798	3,129,749
Total Deferred Outflows of Resources	771,506	1,968,892	455,748	3,196,146

See accompanying notes to financial statements.

Business-type Activities - Enterprise Funds

	Lafayette Manor	Memorial Hospital	Highway	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 100,931	\$ 467,739	\$ 298,727	\$ 867,397
Accrued payroll and fringe benefits	125,324	338,941	90,765	555,030
Accrued interest	-	4,251	-	4,251
Current portion of compensated absences	90,172	257,401	88,640	436,213
Current portion of capital leases payable	-	64,251	-	64,251
Current portion of long-term debt	-	306,285	-	306,285
Unearned revenue	-	-	1,400	1,400
Total Current Liabilities	<u>316,427</u>	<u>1,438,868</u>	<u>479,532</u>	<u>2,234,827</u>
Noncurrent Liabilities				
Resident trust funds	6,094	-	-	6,094
Compensated absences	250,112	550,007	323,884	1,124,003
Capital leases payable	-	145,117	-	145,117
Other post employment benefits	134,543	384,944	91,574	611,061
Long-term debt	-	2,595,950	-	2,595,950
Total Noncurrent Liabilities	<u>390,749</u>	<u>3,676,018</u>	<u>415,458</u>	<u>4,482,225</u>
Total Liabilities	<u>707,176</u>	<u>5,114,886</u>	<u>894,990</u>	<u>6,717,052</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	338,716	-	1,821,618	2,160,334
Pension-related amounts	<u>736,527</u>	<u>2,262,429</u>	<u>445,530</u>	<u>3,444,486</u>
Total Deferred Inflows of Resources	<u>1,075,243</u>	<u>2,262,429</u>	<u>2,267,148</u>	<u>5,604,820</u>
NET POSITION				
Net investment in capital assets	607,679	2,870,801	3,952,462	7,430,942
Restricted for pension	397,457	1,074,000	233,067	1,704,524
Unrestricted	<u>35,145</u>	<u>3,041,183</u>	<u>2,665,682</u>	<u>5,742,010</u>
TOTAL NET POSITION	<u>\$ 1,040,281</u>	<u>\$ 6,985,984</u>	<u>\$ 6,851,211</u>	<u>\$ 14,877,476</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS As of December 31, 2018

	Business-type Activities - Enterprise Funds			
	Lafayette Manor	Memorial Hospital	Highway	Totals
OPERATING REVENUES				
Charges for services	\$ 4,320,519	\$ 19,842,028	\$ 4,079,535	\$ 28,242,082
Other operating revenue	96,596	9,288	-	105,884
Total Operating Revenues	4,417,115	19,851,316	4,079,535	28,347,966
OPERATING EXPENSES				
Lafayette Manor expenses	5,302,255	-	-	5,302,255
Memorial Hospital expenses	-	19,139,659	-	19,139,659
Highway expenses	-	-	5,964,659	5,964,659
Depreciation	79,347	800,781	318,466	1,198,594
Total Operating Expenses	5,381,602	19,940,440	6,283,125	31,605,167
Operating Loss	(964,487)	(89,124)	(2,203,590)	(3,257,201)
NONOPERATING REVENUES (EXPENSES)				
General property taxes	327,334	-	1,822,818	2,150,152
Investment income	99	657	-	756
Interest expense	-	(103,851)	-	(103,851)
Gain (loss) on disposal of capital assets	-	-	(21,991)	(21,991)
Intergovernmental grants	581,100	8,467	851,141	1,440,708
Miscellaneous revenue	-	86,133	-	86,133
Donations and contributions	174,644	11,040	-	185,684
Total Nonoperating Revenues	1,083,177	2,446	2,651,968	3,737,591
Income (Loss) Before Transfers	118,690	(86,678)	448,378	480,390
TRANSFERS				
Transfers in	17,607	-	1,100,000	1,117,607
Total Transfers	17,607	-	1,100,000	1,117,607
Change in Net Position	136,297	(86,678)	1,548,378	1,597,997
NET POSITION - Beginning (as restated)	903,984	7,072,662	5,302,833	13,279,479
NET POSITION - ENDING	\$ 1,040,281	\$ 6,985,984	\$ 6,851,211	\$ 14,877,476

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 As of December 31, 2018

	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	\$ 4,339,937	\$ 18,851,545	\$ 5,129,186	\$ 28,320,668
Cash paid to suppliers and contractors for goods and services	(2,535,804)	(11,230,120)	(4,535,985)	(18,301,909)
Cash payments to employees for operating payroll	(2,696,159)	(7,186,846)	(1,352,242)	(11,235,247)
Net Cash Flows From Operating Activities	(892,026)	434,579	(759,041)	(1,216,488)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	99	657	-	756
Net Cash Flows From Investing Activities	99	657	-	756
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
General property tax revenues	327,334	-	1,822,818	2,150,152
Transfers in	17,607	-	1,100,000	1,117,607
Intergovernmental grants and contributions	581,100	19,507	851,141	1,451,748
Nonoperating income	174,644	86,133	-	260,777
Net Cash Flows From Noncapital Financing Activities	1,100,685	105,640	3,773,959	4,980,284
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments on capital leases	-	(50,262)	-	(50,262)
Proceeds from long-term debt	-	810,417	-	810,417
Payments on long-term debt	-	(272,342)	-	(272,342)
Interest paid	-	(100,250)	-	(100,250)
Acquisition of capital assets	(95,337)	(1,071,928)	(911,386)	(2,078,651)
Net Cash Flows From Capital and Related Financing Activities	(95,337)	(684,365)	(911,386)	(1,691,088)
Net Increase (Decrease) in Cash and Cash Equivalents	113,421	(143,489)	2,103,532	2,073,464
CASH AND CASH EQUIVALENTS - Beginning of Year	43,047	778,494	189,890	1,011,431
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 156,468	\$ 635,005	\$ 2,293,422	\$ 3,084,895

See accompanying notes to financial statements.

	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)	\$ (964,487)	\$ (89,124)	\$ (2,203,590)	\$ (3,257,201)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities				
Depreciation	79,347	800,781	318,466	1,198,594
Provision for bad debts	-	571,741	-	571,741
Change in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources				
Patient receivables, net	-	(751,386)	-	(751,386)
Resident receivables, net	(76,555)	-	-	(76,555)
Other receivable	-	6,615	378,832	385,447
Amounts receivable from third-party reimbursement programs	-	(180,000)	-	(180,000)
Inventories	-	(12,989)	174,480	161,491
Prepaid items	2,527	129	5,873	8,529
Accounts payable	41,545	(99,884)	(131,363)	(189,702)
Accrued payroll and fringe benefits	7,449	53,333	5,995	66,777
Due to/from other governments	-	-	691,353	691,353
Resident trust funds	(623)	-	-	(623)
Compensated absences	(17,420)	77,074	30,924	90,578
Accounts payable to third-party reimbursement programs	-	(75,000)	-	(75,000)
Pension-related amounts	(98,353)	(251,655)	(80,282)	(430,290)
Other post employment benefit items	134,544	384,944	91,574	611,062
Unearned revenue	-	-	(41,303)	(41,303)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (892,026)	\$ 434,579	\$ (759,041)	\$ (1,216,488)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 19,289	\$ 635,005	\$ 2,293,422	\$ 2,947,716
Restricted assets - donations	131,085	-	-	131,085
Restricted assets - resident trust funds	6,094	-	-	6,094
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 156,468	\$ 635,005	\$ 2,293,422	\$ 3,084,895
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Capital assets included in accounts payable	\$ -	\$ 68,489	\$ -	\$ 68,489
Equipment financed through capital leases	\$ -	\$ 57,498	\$ -	\$ 57,498

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2018

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 141,551
Due from other governments	<u>1,425</u>
TOTAL ASSETS	<u>\$ 142,976</u>
LIABILITIES	
Funds held for others	<u>\$ 142,976</u>
TOTAL LIABILITIES	<u>\$ 142,976</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE	Page
I. Summary of Significant Accounting Policies	15
A. Reporting Entity	15
B. Government-Wide and Fund Financial Statements	15
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	17
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	18
1. Deposits and Investments	18
2. Receivables	20
3. Net Patient Service Revenue	22
4. Inventories and Prepaid Items	22
5. Restricted Assets	23
6. Capital Assets	23
7. Deferred Outflows of Resources	24
8. Compensated Absences	24
9. Long-Term Obligations	24
10. Deferred Inflows of Resources	25
11. Equity Classifications	25
12. Charity Care	26
13. Pension	27
14. Postemployment Benefits Other Than Pensions (OPEB)	27
II. Stewardship, Compliance, and Accountability	27
A. Excess Expenditures and Other Financing Uses Over Appropriations	27
B. Limitations on the County's Tax Levy	27
III. Detailed Notes on All Funds	28
A. Deposits and Investments	28
B. Charity Care	29
C. Receivables	29
D. Net Patient Service Revenue	31
E. Restricted Assets	33
F. Capital Assets	34
G. Interfund Transfers	38
H. Long-Term Obligations	39
I. Lease Disclosures	41
J. Net Position/Fund Balances	42
K. Restatement of Net Position	43
IV. Other Information	44
A. Employees' Retirement System	44
B. Risk Management	49
C. Commitments and Contingencies	50
D. Other Postemployment Benefits	51
E. Joint Ventures	54
F. Related Organizations	54
G. Economic Dependency	54
H. Concentration of Credit Risk	55
I. Subsequent Events	55
J. Effect of New Accounting Standards on Current-Period Financial Statements	55

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

In June 2015, the GASB issued statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This standard was implemented January 1, 2018.

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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

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

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

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

The county reports the following major governmental funds:

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

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

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.

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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

The county reports the following nonmajor governmental funds:

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

Aging
Revolving loan

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, Project DARE, and Tri-County Trails Commission.

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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

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.

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

1. Deposits and Investments (cont.)

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

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

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018, the fair value of the county's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III.A. for further information.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

2. Receivables

Property Taxes

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

Property tax calendar – 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale – 2018 delinquent real estate taxes	October 2021

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, 2018, 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 \$327,647.

Uncollectible Accounts

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

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

2. Receivables (cont.)

Uncollectible Accounts (cont.)

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

Interfund Transactions

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

Sales Taxes

The county has a 0.5% sales tax which is collected by the State of Wisconsin and remitted to the county monthly. Sales tax is accrued as a receivable when the underlying sale relating to it takes place. At December 31, 2018, the county has accrued two months of subsequent year's collections as receivable.

Loans

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

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

Lafayette Manor

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

2. Receivables (cont.)

Lafayette Manor (cont.)

Resident accounts receivable includes amounts receivable for services rendered to residents under the Title XIX Wisconsin Medical Assistance Program (Medicaid). The Nursing Home reported revenues of approximately \$1,717,205 from the Title XIX residents in 2018. 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 \$1,224,259 from the Medicare Program in 2018. These revenues are subject to audit and retroactive adjustment by the Medicare Program. All receivables are considered to be collectable in the following year.

Memorial Hospital

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

3. Net Patient Service Revenue

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

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

4. Inventories and Prepaid Items

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

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

5. Restricted Assets

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

6. Capital Assets

Government-Wide Statements

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

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

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

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

6. Capital Assets (cont.)

Fund Financial Statements

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

7. Deferred Outflows of Resources

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

8. Compensated Absences

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

The county's employees earn one day of sick leave per month. Administrative employees and union employees can accumulate a maximum of 960 hours. Under the county's personnel policy, employees who retire under the Wisconsin Retirement System or retire due to disability shall have their accumulated sick leave paid out to them at their current rate of pay. The payment may be in the form of a lump sum or in bi-weekly installments. At the end of each calendar year, the county shall pay each employee 50% of the excess over the 960 hours maximum accumulation. The total compensated absences liability (sick and vacation) as of December 31, 2018 was \$2,455,252.

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, 2018 are determined on the basis of current salary rates and include salary related payments. All vested vacation and sick leave pay is accrued when incurred in the county's financial statements.

9. Long-Term Obligations

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

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

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, 2018

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.)

10. Deferred Inflows of Resources

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

11. Equity Classifications

Government-Wide Statements

Net position is classified and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Governmental fund balances are displayed as follows:

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the county. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the county that originally created the commitment.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

11. Equity Classifications (cont.)

Government-Wide Statements (cont.)

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

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

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

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

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

12. Charity Care

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

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

13. 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.

14. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources related to OPEB, and OPEB expense, information has been determined on the same basis as reported by the Lafayette County's OPEB plan. For this purpose, the OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms.

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures and Other Financing Uses</u>	<u>Actual Expenditures and Other Financing Uses</u>	<u>Excess Expenditures and Other Financing Uses Over Budget</u>
Human Services	\$ 4,224,297	\$ 4,507,351	\$ 283,054
Aging	298,223	299,206	983
Revolving Loan	-	330	330

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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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.

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

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 8,822,064	\$ 9,670,816	Custodial credit
LGIP	43,673	43,673	Credit
Petty cash	2,145	-	N/A
Cash on hand	76,973	-	N/A
Total Cash and Investments	\$ 8,944,855	\$ 9,714,489	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 8,326,790		
Restricted cash and investments	476,514		
Per statement of assets and liabilities –			
Agency Funds	141,551		
Total Cash and Investments	\$ 8,944,855		

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, 2018, the banks had pledged various government securities of \$4,043,894 to secure the county's deposits.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2018, \$4,579,250 of the county's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 4,579,250</u>
--------------------------------	---------------------

Credit Risk

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

At December 31, 2018, the county had investments in the following external pool which is not rated:

Local Government Investment Pool

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

B. CHARITY CARE

The estimated cost of providing care to patients under the Hospital's charity care policy was approximately \$73,000 in 2018. The cost was calculated by multiplying the ratio of cost to gross charges for the Hospital times the gross uncompensated charges associated with providing the charity care.

C. RECEIVABLES

Receivables not expected to be collected within one year include \$453,138 of delinquent taxes in the general fund and \$40,316 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	\$ 97,184
Lafayette Manor Nursing Home – resident accounts receivable	46,124
Memorial Hospital of Lafayette County – allowance for uncollectible accounts	300,000
Memorial Hospital of Lafayette County – contractual adjustments	<u>2,740,000</u>
Total Uncollectibles – December 31, 2018	<u>\$ 3,183,308</u>

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

C. RECEIVABLES (cont.)

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 5,993,000	\$ -
Delinquent property taxes receivable	-	109,846
Other unavailable receivables	-	15,000
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 5,993,000	\$ 124,846

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, 2018, delinquent property taxes by year levied consists of the following:

Tax Certificates	
2017	\$ 250,470
2016	134,386
2015	36,223
2014	9,223
2013	7,504
2012	3,386
2011	3,733
2010	3,461
2009	3,434
2008	1,318
Total Delinquent Property Taxes Receivable	453,138
Less: January and February 2019 collections	(15,645)
Subtotal	437,493
County levied portion	(109,846)
County Purchased Portion	\$ 327,647

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

C. RECEIVABLES (cont.)

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	\$ 2,160,334
Transportation cost pools	<u>1,400</u>
Total Unearned Revenue for Enterprise Funds in Deferred Inflows	<u>\$ 2,161,734</u>
Unearned revenue included in deferred inflows	\$ 2,160,334
Unearned revenue in current liabilities	<u>1,400</u>
Total	<u>\$ 2,161,734</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, 2018, 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.

D. NET PATIENT SERVICE REVENUE

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

Hospital Services

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

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

D. NET PATIENT SERVICE REVENUE (cont.)

Hospital Services (cont.)

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

Clinic Services

Certain physician and professional services rendered to Medicare and Medicaid beneficiaries qualify for reimbursement as Medicare-approved rural health clinic services. Qualifying services are reimbursed based on a cost-reimbursement methodology. All other physician and professional services rendered to Medicare and Medicaid beneficiaries are paid based on prospectively determined fee schedules.

Accounting for Contractual Arrangements

The Hospital is reimbursed for certain cost-reimbursable items at interim rates with final settlements determined after audit of the related annual cost reports by the respective Medicare and Medicaid fiscal intermediaries. Estimated provisions to approximate the final expected settlements after review by the intermediaries are included in the accompanying financial statements. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2015.

Net patient service revenue consisted of the following:

	<u>2018</u>
Gross patient revenue	
Inpatient services	\$ 7,568,715
Outpatient services	27,275,719
Other services	<u>3,923,721</u>
Total Gross Patient Service Revenue	38,768,155
Less:	
Contractual adjustments	18,354,386
Provision for bad debts	<u>571,741</u>
Net Patient Service Revenue	<u>\$ 19,842,028</u>

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

D. NET PATIENT SERVICE REVENUE (cont.)

Accounting for Contractual Arrangements (cont.)

The following table reflects the approximate portion of gross patient service revenue provided to patients whose bills were paid in full or in part by the following programs or third-party payors, which are considered to be the significant sources of revenue for the Hospital for the year ended December 31, 2018:

Medicare and Medicare Advantage Plans	51%
Medicaid and Medicaid Health Maintenance Organization (HMO) Plans	7%
Other third-party payors	40%
Private pay	<u>2%</u>
Totals	<u><u>100%</u></u>

E. RESTRICTED ASSETS

Human Services has restricted assets in the amount of \$5,757. 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 \$534,636. \$6,094 represents 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. \$131,085 represents a donation to the nursing home that can only be spent on specific items and \$397,457 represents the net pension asset.

The Revolving Loan fund has restricted assets in the amount of \$333,578. This represents funds held for future loans.

The Memorial Hospital and the Highway have restricted assets of \$1,074,000 and \$233,067, respectively, related to the net pension asset.

The governmental activities also report a net pension asset of \$1,057,502.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

F. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 188,615	\$ -	\$ -	\$ 188,615
Construction in process	422,239	39,487	146,524	315,202
Total Capital Assets Not Being Depreciated	610,854	39,487	146,524	503,817
Capital assets being depreciated				
Buildings and improvements	3,200,395	30,692	-	3,231,087
Machinery and equipment	2,029,054	363,281	105,092	2,287,243
Infrastructure	22,549,433	936,719	29,049	23,457,103
Total Capital Assets Being Depreciated	27,778,882	1,330,692	134,141	28,975,433
Less: Accumulated depreciation for				
Buildings and improvements	(1,192,971)	(111,060)	-	(1,304,031)
Machinery and equipment	(1,321,785)	(269,058)	89,313	(1,501,530)
Infrastructure	(12,099,893)	(479,226)	29,049	(12,550,070)
Total Accumulated Depreciation	(14,614,649)	(859,344)	118,362	(15,355,631)
Net Capital Assets Being Depreciated	13,164,233	471,348	15,779	13,619,802
Total Governmental Activities Capital Assets, Net of Depreciation	\$ 13,775,087	\$ 510,835	\$ 162,303	\$ 14,123,619

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

F. CAPITAL ASSETS (cont.)

Governmental Activities (cont.)

Depreciation expense was charged to functions as follows:

General government	\$ 92,910
Public safety	247,327
Public works	479,226
Health and human services	27,280
Culture, recreation and education	10,384
Conservation and development	<u>2,217</u>
 Total Governmental Activities Depreciation Expense	 <u><u>\$ 859,344</u></u>

Business-type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Highway				
Capital assets not being depreciated				
Land	\$ 55,657	\$ -	\$ -	\$ 55,657
Construction in progress	<u>401,418</u>	<u>-</u>	<u>401,418</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>457,075</u>	<u>-</u>	<u>401,418</u>	<u>55,657</u>
Capital assets being depreciated				
Land improvements	137,413	-	-	137,413
Buildings and improvements	1,410,941	899,487	-	2,310,428
Machinery and equipment	<u>7,366,402</u>	<u>492,307</u>	<u>179,613</u>	<u>7,679,096</u>
Total Capital Assets Being Depreciated	<u>8,914,756</u>	<u>1,391,794</u>	<u>179,613</u>	<u>10,126,937</u>
Less: Accumulated depreciation for				
Land improvements	(86,784)	(4,906)	-	(91,690)
Buildings and improvements	(1,003,204)	(56,139)	-	(1,059,343)
Machinery and equipment	<u>(4,900,310)</u>	<u>(257,421)</u>	<u>78,632</u>	<u>(5,079,099)</u>
Total Accumulated Depreciation	<u>(5,990,298)</u>	<u>(318,466)</u>	<u>78,632</u>	<u>(6,230,132)</u>
 Net Capital Assets Being Depreciated	 <u>2,924,458</u>	 <u>1,073,328</u>	 <u>100,981</u>	 <u>3,896,805</u>
 Total Highway Capital Assets, Net of Depreciation	 <u><u>\$ 3,381,533</u></u>	 <u><u>\$ 1,073,328</u></u>	 <u><u>\$ 502,399</u></u>	 <u><u>\$ 3,952,462</u></u>

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

F. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Lafayette Manor				
Capital assets not being depreciated				
Land	\$ 18,020	\$ -	\$ -	\$ 18,020
Construction in progress	-	18,881	-	18,881
Total Capital Assets	-	18,881	-	18,881
Not Being Depreciated	18,020	18,881	-	36,901
Capital assets being depreciated				
Land improvements	52,815	-	-	52,815
Buildings and improvements	1,276,296	32,958	-	1,309,254
Machinery and equipment	1,287,232	43,497	11,687	1,319,042
Total Capital Assets	2,616,343	76,455	11,687	2,681,111
Being Depreciated	2,616,343	76,455	11,687	2,681,111
Less: Accumulated depreciation for				
Land improvements	(35,841)	(1,937)	-	(37,778)
Buildings and improvements	(975,579)	(33,720)	-	(1,009,299)
Machinery and equipment	(1,031,253)	(43,690)	11,687	(1,063,256)
Total Accumulated Depreciation	(2,042,673)	(79,347)	11,687	(2,110,333)
Net Capital Assets				
Being Depreciated	573,670	(2,892)	-	570,778
Total Manor Capital Assets, Net of Depreciation	\$ 591,690	\$ 15,989	\$ -	\$ 607,679

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

F. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Memorial Hospital				
Capital assets not being depreciated				
Land	\$ 79,999	\$ -	\$ -	\$ 79,999
	-	248,011	-	248,011
Total Capital Assets Not Being Depreciated	79,999	248,011	-	328,010
Capital assets being depreciated				
Land improvements	156,891	-	-	156,891
Buildings and improvements	8,846,065	29,859	-	8,875,924
Machinery and equipment	5,336,769	297,545	-	5,634,314
Intangible assets – computer software	968,125	-	-	968,125
Total Capital Assets Being Depreciated	15,307,850	327,404	-	15,635,254
Less: Accumulated depreciation for				
Land improvements	(81,717)	(3,888)	-	(85,605)
Buildings and improvements	(5,291,267)	(299,965)	-	(5,591,232)
Machinery and equipment	(3,790,159)	(360,745)	-	(4,150,904)
Intangible assets – computer software	(16,936)	(136,183)	-	153,119
Total Accumulated Depreciation	(9,180,079)	(800,781)	-	(9,980,860)
Net Capital Assets Being Depreciated	6,127,771	(473,377)	-	5,654,394
Total Hospital Capital Assets, Net of Depreciation	\$ 6,207,770	\$ (225,366)	\$ -	\$ 5,982,404
Total Business-type Capital Assets, Net of Depreciation	\$ 10,180,993	\$ 863,951	\$ 502,399	\$ 10,542,545

Depreciation expense was charged to functions as follows:

Business-type Activities

Lafayette Manor	\$ 79,347
Memorial Hospital	800,781
Highway	318,466
Total Business-type Activities Depreciation Expense	\$ 1,198,594

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, 2018

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

G. INTERFUND TRANSFERS

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Human Services	General Fund	\$ 126,754	Lapsing fund
Highway	General Fund	1,100,000	Capital asset purchases
Lafayette Manor	General Fund	<u>17,607</u>	Lapsing fund
Sub-Total – Fund Financial Statements		1,244,361	
Governmental activities infrastructure paid by highway enterprise fund		(209,187)	
Less: Fund eliminations		<u>(126,754)</u>	
Total Transfers – Government-Wide Statement of Activities		<u>\$ 908,420</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Business-type Activities	Governmental Activities	<u>\$ 908,420</u>	
Total		<u>\$ 908,420</u>	

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

H. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 2,543,263	\$ 1,203,020	\$ 372,221	\$ 3,374,062	\$ 838,391
Other Liabilities					
Net pension liability	314,678	-	314,678	-	-
Vested compensated absences	804,859	401,402	311,225	895,036	379,380
Total Other Liabilities	1,119,537	401,402	625,903	895,036	379,380
Total Governmental Activities Long-Term Liabilities	\$ 3,662,800	\$ 1,604,422	\$ 998,124	\$ 4,269,098	\$ 1,217,771
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 2,364,160	\$ 810,417	\$ 272,342	\$ 2,902,235	\$ 306,285
Other Liabilities					
Net pension liability	418,159	-	418,159	-	-
Vested compensated absences	1,469,638	239,649	149,071	1,560,216	436,213
Capital leases	202,132	57,498	50,262	209,368	64,251
Total Other Liabilities	2,089,929	297,147	617,492	1,769,584	500,464
Total Business-type Activities Long-Term Liabilities	\$ 4,454,089	\$ 1,107,564	\$ 889,834	\$ 4,671,819	\$ 806,749

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, 2018, was \$57,110,735. Total general obligation debt outstanding at year-end was \$6,276,297.

See Note IV.A for details on the net pension liability (asset).

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

H. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12/31/18
Governmental Activities					
General Obligation Debt					
Promissory notes	4/8/2009	3/10/2019	2.80%	\$ 500,000	\$ -
Promissory notes	1/28/2015	1/15/2025	2.29%	550,000	352,718
Promissory notes	12/30/2015	12/30/2025	2.29%	2,400,000	1,818,324
Promissory notes	12/20/2018	12/18/2028	2.74%	681,020	681,020
Promissory notes	12/20/2018	1/18/2020	1.96%	522,000	522,000
Total Government Activities – General Obligation Debt					\$ 3,374,062
Business-type Activities					
General Obligation Debt					
Promissory note	9/15/2014	12/15/2024	2.49%	650,000 (1)	\$ 411,781
Promissory note	1/4/2017	1/4/2027	2.29%	1,400,000 (2)	1,256,659
Promissory note	1/4/2017	1/4/2027	2.29%	1,300,000 (3)	1,233,795
Total Business-type Activities – General Obligation Debt					\$ 2,902,235

- (1) Remaining funds to be advanced \$ 238,219
- (2) Remaining funds to be advanced \$ 143,341
- (3) Remaining funds to be advanced \$ 66,205

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2019	\$ 838,391	\$ 70,435	\$ 306,285	\$ 65,871
2020	405,816	56,190	337,517	56,631
2021	374,234	47,220	370,759	48,397
2022	383,186	38,267	386,253	39,590
2023	392,354	29,099	395,761	30,521
2024 – 2028	980,081	40,032	1,105,660	41,195
Totals	\$ 3,374,062	\$ 281,243	\$ 2,902,235	\$ 282,205

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

H. LONG-TERM OBLIGATIONS (cont.)

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.

Capital Leases

Refer to Note III.I.

I. LEASE DISCLOSURES

Lessee – Capital Leases

The future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2018, are as follows:

<u>Years</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 64,251	\$ 28,149
2020	60,417	19,718
2021	50,753	11,093
2022	33,947	1,959
Totals	<u>\$ 209,368</u>	<u>\$ 60,919</u>

Lessee – Operating Leases

The Hospital has entered into a number of operating lease agreements for equipment with unrelated parties. Rental expense totaled \$420,000 in 2018.

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, 2018

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

J. NET POSITION/FUND BALANCES

Governmental activities net position reported on the government-wide statement of net position at December 31, 2018 includes the following:

Governmental Activities

Net investment in capital assets	
Land	\$ 188,615
Construction in process	315,202
Other capital assets, net of accumulated depreciation	13,619,802
Less: Long-term debt outstanding	(3,374,062)
Plus: Noncapital debt proceeds	<u>352,718</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 11,102,275</u></u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2018 include the following:

Fund Balances	General Fund	Human Services	Debt Service	Nonmajor Funds	Totals
Nonspendable:					
Delinquent taxes receivable	\$ 327,647	\$ -	\$ -	\$ -	\$ 327,647
Prepaid items	129,602	36,175	-	3,589	169,366
Restricted:					
Grant purposes	152,078	-	-	55,338	207,416
Jail improvement	84,858	-	-	-	84,858
Sheriff	35,410	-	-	-	35,410
Health department	6,520	-	-	-	6,520
UW Extension	8,763	-	-	-	8,763
Land information	45,830	-	-	-	45,830
Fair	9,247	-	-	-	9,247
Revolving loans	-	-	-	404,736	404,736
Debt service	-	-	84,022	-	84,022
Committed:					
Stabilization fund	750,000	-	-	-	750,000
Assigned:					
Carryforward appropriations	700,572	-	-	-	700,572
Fund balance applied to the 2019 budget	93,988	-	-	-	93,988
Vested benefits	739	-	-	-	739
Unassigned (deficit)	<u>3,273,023</u>	<u>(36,175)</u>	<u>-</u>	<u>-</u>	<u>3,236,848</u>
 Total Fund Balances	 <u><u>\$ 5,618,277</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 84,022</u></u>	 <u><u>\$ 463,663</u></u>	 <u><u>\$ 6,165,962</u></u>

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

J. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net investment in capital assets		
Land	\$	153,676
Construction in process		266,892
Other capital assets, net of accumulated depreciation		10,121,977
Less: Related long-term debt and capital leases outstanding		<u>(3,111,603)</u>
Total Net Investment in Capital Assets		7,430,942
Restricted for pension		1,704,524
Unrestricted		<u>5,772,934</u>
Total Business-type Activities Net Position	\$	<u><u>14,908,400</u></u>

K. RESTATEMENT OF NET POSITION

Net position has been restated in the statement of net position to account for the implementation of GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For the governmental activities, this restatement only affects the government-wide financial statements, which use a full accrual basis approach. For the business-type activities, the government-wide and fund statements for the enterprise funds are affected by this restatement, as both statements follow the full accrual basis approach.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position – December 31, 2017 (as reported)	\$ 17,238,166	\$ 13,814,339
Subtract beginning OPEB liability	(382,149)	(590,722)
Add deferred outflows of resources – contributions after the measurement date	<u>36,138</u>	<u>55,862</u>
Net Position – December 31, 2017 (as restated)	<u><u>\$ 16,892,155</u></u>	<u><u>\$ 13,279,479</u></u>

	<u>Lafayette Manor</u>	<u>Memorial Hospital</u>	<u>Highway</u>
Net position – December 31, 2017 (as reported)	\$ 1,021,750	\$ 7,409,602	\$ 5,382,987
Subtract beginning OPEB liability	(130,066)	(372,131)	(88,525)
Add deferred outflows of resources – contributions after the measurement date	<u>12,300</u>	<u>35,191</u>	<u>8,371</u>
Net Position – December 31, 2017 (as restated)	<u><u>\$ 903,984</u></u>	<u><u>\$ 7,072,662</u></u>	<u><u>\$ 5,302,833</u></u>

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before December 31, 2016) 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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4.0

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,035,005 in contributions from the county.

Contribution rates as of December 31, 2018 are:

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

At December 31, 2018, the county reported an asset of \$2,762,026 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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, 2017, the county's proportion was 0.093202513%, which was an increase of 0.00411431% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the county recognized pension expense of \$1,304,283.

At December 31, 2018, the county reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,509,223	\$ 1,641,498
Changes of actuarial assumptions	545,722	-
Net differences between projected and actual earnings on pension plan investments	-	3,796,149
Changes in proportion and differences between employer contributions and proportionate share of contributions	24,861	5,806
Employer contributions subsequent to the measurement date	1,070,074	-
Totals	\$ 5,149,880	\$ 5,443,453

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$1,070,074 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, 2018. Other amounts reported as deferred outflows of resources and deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2019	\$ 302,633
2020	(17,897)
2021	(941,378)
2022	(713,654)
2023	6,649
Thereafter	-

Actuarial assumptions. The total pension asset in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the asset calculated from the December 31, 2016 actuarial valuation.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.24	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

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

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 3.31%. 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, 2018

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
County's proportionate share of the net pension (asset) liability	\$ 7,146,305	\$ (2,762,026)	\$ (10,292,665)

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

At December 31, 2018, the county reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

The Hospital has professional liability insurance coverage to provide protection for professional liability losses on an occurrence basis subject to a limit of \$1,000,000 per claim and an annual aggregate limit of \$3,000,000. Should the occurrence policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured. The insurance policy is for the period July 1, 2018 to July 1, 2019.

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, 2018 can be obtained directly from WCMIC's offices.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

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

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

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

Nursing Home

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

The Nursing Home recorded revenues of approximately \$581,100 in 2018 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.

Hospital

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan description. The county's defined benefit OPEB plan provides coverage to active employees and retirees (or other qualified terminated employees). The county's plan is a single employer defined benefit OPEB plan administered by the county. Continuous health insurance coverage is provided at the blended employee rate to all eligible retirees, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under Lafayette County's retirement plan (see Note IV.A). Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree is no longer eligible to participate in the plan, but can purchase a Medicare supplement plan from Lafayette County's insurance provider. There are no assets accumulated in a GASB compliant trust. A separate report is not issued.

Benefits provided. Retirees who have at least five years of continuous full-time service and have reached retirement age may participate in Lafayette County health and dental insurance plan. The cost to the retiree for this coverage shall be 100% of Lafayette County's cost. The cost to retirees who are eligible for Medicare shall be at a rate as determined by Lafayette County for Medicare eligible recipients.

Employees covered by benefit terms. At December 30, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	20
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	314
	334

TOTAL OPEB LIABILITY

Lafayette County's total OPEB liability of \$1,006,369 was measured as of December 31, 2017, and was determined by an actuarial valuation as of December 31, 2018, and rolled back to December 31, 2017.

There have been no changes of assumptions or other inputs and no changes of benefit terms that affected measurement of the total OPEB liability since the prior measurement date. There have been no changes that are expected to have a significant effect on the total OPEB liability since the measurement date. The total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases:	
Inflation	3.0%
Merit	0.5% - 4.8%

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (cont.)

TOTAL OPEB LIABILITY (cont.)

Health and dental cost

	Annual Pre Medicare Trend Rate	
	Medical	Dental
2019	8.30%	5.00%
2020	5.40	5.00
2021	5.00	5.00
2022	4.90	4.90
2023	4.90	4.90
2030	4.70	4.70
2040	5.60	5.00
2050	5.10	5.00
2060	4.90	4.90
2070	4.30	4.30
2080	4.30	4.30
Ultimate (2091)	3.90	3.90

Discount rate	3.44%
Mortality	Wisconsin 2018 Mortality Table
Actuarial assumptions	Based on an experience study using WRS experience from 2015-2017
Retirees' share of benefit – related costs	100%

The 3.44% discount rate used to measure the total OPEB liability was determined by the actuary at Bond Buyer 20-Bond Go index for a 20-year AA municipal bond as of December 31, 2017.

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at December 31, 2017	\$ 972,872
Changes for the year:	
Service cost	68,127
Interest	37,627
Changes in assumptions	19,743
Benefit payments	(92,000)
Net changes	33,497
Balance at December 31, 2018	\$ 1,006,369

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (cont.)

CHANGES IN THE TOTAL OPEB LIABILITY (cont.)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability Lafayette County, as well as what the Lafayette County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 1,066,895	\$ 1,006,369	\$ 949,569

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of Lafayette County, as well as what Lafayette County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates (7.5% decreasing to 5.0%):

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 931,237	\$ 1,006,369	\$ 1,095,307

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2018, Lafayette County recognized OPEB expense of \$108,147. At December 31, 2018, Lafayette County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Change in actuarial assumptions	\$ 17,350
Employer contributions – subsequent to the measurement date	92,000
Totals	\$ 109,350

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$92,000, will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2019.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (cont.)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (cont.)

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

2019	\$	2,393
2020		2,393
2021		2,393
2022		2,393
2023		2,393
Thereafter		5,385

E. 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, 2018 is available directly from the commission’s office.

F. 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.

G. ECONOMIC DEPENDENCY

In 2018, approximately 68% 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, 2018

NOTE IV – OTHER INFORMATION (cont.)

H. CONCENTRATION OF CREDIT RISK

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

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

	<u>2018</u>
Medicare and Medicare Advantage Plans	41 %
Medicaid and Medicaid HMO Plans	11
Other third-party payors	41
Private pay	<u>7</u>
Total	<u><u>100%</u></u>

I. SUBSEQUENT EVENTS

In 2019, the County will be returning \$402,395 to the Department of Administration to end the Community Block Grant Program.

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

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

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

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
As of December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
General property taxes	\$ 3,143,788	\$ 3,632,078	\$ 3,623,742	\$ (8,336)
Interest on taxes	123,120	123,120	100,779	(22,341)
Real estate transfer	-	-	47,271	47,271
Forest cropland	1,000	1,000	252	(748)
Payment in lieu of taxes	11,000	11,000	9,540	(1,460)
County sales tax	830,000	830,000	942,546	112,546
Land use penalty	-	-	29,929	29,929
Total Taxes	<u>4,108,908</u>	<u>4,597,198</u>	<u>4,754,059</u>	<u>156,861</u>
INTERGOVERNMENTAL				
Shared taxes from state	1,675,661	1,675,661	1,726,612	50,951
Exempt computer aid	2,931	2,931	2,931	-
FEMA disaster assistance	-	-	11,738	11,738
Circuit court	68,075	68,075	69,267	1,192
DWD state grant	151,000	151,000	162,475	11,475
Land info board grant	121,760	121,760	121,760	-
State fair grants	5,300	5,300	8,972	3,672
Private sewer grant	-	-	50	50
DNR trails	15,500	15,500	35,390	19,890
Other DNR	102,438	102,438	31,437	(71,001)
Veterans service	30,750	30,750	8,500	(22,250)
DATCP - LWRM	69,121	69,121	163,789	94,668
DOJ training reimbursement	-	-	5,120	5,120
DOJ crime victim witness	16,100	16,100	18,575	2,475
Other DOJ grants	-	-	8,480	8,480
Department of military affairs	30,000	30,000	43,372	13,372
Interpreter reimbursement	4,000	4,000	6,714	2,714
Health grants	61,863	61,863	60,317	(1,546)
Other miscellaneous grants	29,234	29,234	8,724	(20,510)
Total Intergovernmental	<u>2,383,733</u>	<u>2,383,733</u>	<u>2,494,223</u>	<u>110,490</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
As of December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
LICENSES AND PERMITS				
Marriage licenses and divorce mediation	\$ 3,000	\$ 3,000	\$ 4,275	\$ 1,275
License plates	-	-	7,132	7,132
Sanitary permits	-	-	14,850	14,850
Conditional use/rezoning permits	21,000	21,000	17,764	(3,236)
Mine reclamation	5,600	5,600	5,470	(130)
Other licenses and permits	22,550	22,550	30,367	7,817
Total Licenses and Permits	<u>52,150</u>	<u>52,150</u>	<u>79,858</u>	<u>27,708</u>
FINES, FORFEITURES AND PENALTIES				
County ordinances, forfeitures and defaults	72,418	72,418	70,588	(1,830)
County share of state fines	-	-	29,775	29,775
Total Fines, Forfeitures and Penalties	<u>72,418</u>	<u>72,418</u>	<u>100,363</u>	<u>27,945</u>
PUBLIC CHARGES FOR SERVICES				
General government	9,420	9,420	4,815	(4,605)
Child support	1,750	1,750	2,153	403
Circuit court	42,620	42,620	57,653	15,033
Clerk of courts	30,874	30,874	40,512	9,638
Coroner	4,000	4,000	4,500	500
County clerk	15,002	15,002	17,587	2,585
Sheriff and jail fees	132,400	132,400	172,559	40,159
District attorney	1,500	1,500	33,065	31,565
Fair	121,000	121,000	105,507	(15,493)
Land conservation	10,000	10,000	14,159	4,159
Land information fees	32,740	32,740	27,598	(5,142)
Parks and trails	2,200	2,200	2,200	-
Planning and zoning	23,000	23,000	1,300	(21,700)
Public health	141,255	141,255	132,521	(8,734)
Register of deeds	125,000	125,000	87,493	(37,507)
Treasurer	700	700	777	77
UW extension	14,235	14,235	5,314	(8,921)
Veterans	100	100	50	(50)
Total Public Charges for Services	<u>707,796</u>	<u>707,796</u>	<u>709,763</u>	<u>1,967</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
As of December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
INVESTMENT INCOME				
Investment income	\$ 43,150	\$ 43,150	\$ 125,415	\$ 82,265
MISCELLANEOUS				
Rent on buildings	62,274	62,274	60,489	(1,785)
Rent on other property	9,620	9,620	4,758	(4,862)
Insurance recoveries	4,100	4,100	12,371	8,271
Fair donations	-	-	1,182	1,182
Other donations	17,000	17,000	46,800	29,800
WCMIC dividend	34,170	34,170	31,824	(2,346)
Sale of property/assets	16,000	16,000	36,184	20,184
Workman's compensation discount	20,000	20,000	21,216	1,216
Miscellaneous	1,600	1,600	24,444	22,844
Total Miscellaneous	164,764	164,764	239,268	74,504
TOTAL REVENUES	<u>7,532,919</u>	<u>8,021,209</u>	<u>8,502,949</u>	<u>481,740</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
 As of December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
County board	\$ 90,090	\$ 90,090	\$ 94,457	\$ (4,367)
District attorney	71,645	71,645	70,858	787
Family court commissioner	13,041	13,041	12,578	463
Circuit court	255,730	255,730	227,126	28,604
Clerk of court	157,006	157,006	157,127	(121)
Other court	76,450	76,450	108,616	(32,166)
Copy machines	(100)	(100)	273	(373)
County buildings-operations and maintenance	333,214	309,714	300,226	9,488
Child support	178,331	178,331	179,067	(736)
County clerk	180,095	180,095	179,902	193
County treasurer	227,007	227,007	224,408	2,599
Coroner	36,790	36,790	40,223	(3,433)
County website	10,780	10,780	12,929	(2,149)
Elections	50,730	50,730	56,963	(6,233)
Finance	289,922	289,922	288,271	1,651
Indirect cost plan	4,390	4,390	4,390	-
Labor relations	1,210	1,210	11,853	(10,643)
Land information	259,692	259,692	249,857	9,835
Land use value penalty	2,000	2,000	14,965	(12,965)
Maps and plats	3,870	3,870	1,335	2,535
County fleet	(4,500)	(4,500)	(13,830)	9,330
County K building	4,050	4,050	(3,060)	7,110
Network administration	274,766	274,766	280,769	(6,003)
Personnel	93,181	93,181	66,661	26,520
Postage	4,662	4,662	9,669	(5,007)
Property and liability insurance	23,611	23,611	22,872	739
Register of deeds	155,374	155,374	158,062	(2,688)
Special accounting and auditing	25,000	25,000	26,740	(1,740)
Telephone	19,463	19,463	15,850	3,613
Health insurance	-	-	6,280	(6,280)
Retiree insurance incentive	6,240	6,240	5,180	1,060
Miscellaneous	(7,400)	(7,400)	411	(7,811)
Total General Government	<u>2,836,340</u>	<u>2,812,840</u>	<u>2,811,028</u>	<u>1,812</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
 As of December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC SAFETY				
Crime victim/witness	\$ 32,168	\$ 32,168	\$ 46,743	\$ (14,575)
Sheriff administration	1,985,207	1,985,207	1,958,773	26,434
Jail	1,257,090	1,257,090	1,231,056	26,034
EMS	16,836	16,836	16,836	-
Emergency government	89,528	89,528	93,945	(4,417)
SARA	27,860	27,860	6,405	21,455
Jail improvement	16,900	16,900	8,086	8,814
K-9 Unit	-	-	20,112	(20,112)
Total Public Safety	<u>3,425,589</u>	<u>3,425,589</u>	<u>3,381,956</u>	<u>43,633</u>
HEALTH AND HUMAN SERVICES				
County nurse	505,377	528,877	467,787	61,090
Public health	10,525	10,525	-	10,525
Veterans' service	83,840	83,840	70,603	13,237
Veterans' relief and care of veterans' graves	3,000	3,000	2,364	636
Veterans' service grant	10,750	10,750	9,522	1,228
Total Health and Social Services	<u>613,492</u>	<u>636,992</u>	<u>550,276</u>	<u>86,716</u>
CULTURE, RECREATION AND EDUCATION				
County extension programs	71,199	71,199	76,937	(5,738)
Workshops	1,250	1,250	1,445	(195)
Agriculture agent	48,706	48,706	5,440	43,266
Library	144,097	144,097	144,097	-
Family living agent	18,461	18,461	12,108	6,353
Fairs and exhibits	194,220	194,220	210,285	(16,065)
4-H agent	46,450	46,450	39,400	7,050
Snowmobile trails	14,202	14,202	19,343	(5,141)
ATV	3,003	3,003	759	2,244
Sunshine fund	300	300	722	(422)
Total Culture, Recreation and Education	<u>541,888</u>	<u>541,888</u>	<u>510,536</u>	<u>31,352</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
As of December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CONSERVATION AND ECONOMIC DEVELOPMENT				
Land conservation	\$ 222,314	\$ 222,314	\$ 249,340	\$ (27,026)
Land conservation-cost share	15,000	15,000	8,909	6,091
Land conservation-LWRM cost share	97,328	97,328	63,945	33,383
Fish and game habitat	5,430	5,430	500	4,930
Wildlife damage program	-	-	9,659	(9,659)
Economic development	40,000	40,000	37,072	2,928
Lafayette development corp	1,010	1,010	2,216	(1,206)
Tourism	26,936	26,936	25,635	1,301
Regional planning	15,726	15,726	15,725	1
Planning and zoning	62,399	62,399	80,914	(18,515)
Water testing	9,850	9,850	-	9,850
FPP-technical assist	70,391	70,391	61,825	8,566
Total Conservation and Economic Development	<u>566,384</u>	<u>566,384</u>	<u>555,740</u>	<u>10,644</u>
DEBT SERVICE				
Principal	-	485,000	-	485,000
Interest	-	3,290	2,947	343
Total Capital Outlay	<u>-</u>	<u>488,290</u>	<u>2,947</u>	<u>485,343</u>
Total Expenditures	<u>7,983,693</u>	<u>8,471,983</u>	<u>7,812,483</u>	<u>659,500</u>
Excess (deficiency) of revenues over expenditures	<u>(450,774)</u>	<u>(450,774)</u>	<u>690,466</u>	<u>1,141,240</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	129,000	129,000	1,203,020	1,074,020
Sale of capital assets	-	-	15,199	15,199
Transfers out	-	-	(1,244,361)	(1,244,361)
Total Other Financing Sources (Uses)	<u>129,000</u>	<u>129,000</u>	<u>(26,142)</u>	<u>(155,142)</u>
Net change in fund balance	(321,774)	(321,774)	664,324	986,098
FUND BALANCE - Beginning of Year	<u>4,953,953</u>	<u>4,953,953</u>	<u>4,953,953</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,632,179</u>	<u>\$ 4,632,179</u>	<u>\$ 5,618,277</u>	<u>\$ 986,098</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
 As of December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,782,153	\$ 1,782,153	\$ 1,782,153	\$ -
Intergovernmental	1,873,744	1,873,744	1,729,555	(144,189)
Fines, forfeitures and penalties	-	-	12,886	12,886
Public charges for services	568,000	568,000	853,385	285,385
Miscellaneous	400	400	2,618	2,218
Total Revenues	<u>4,224,297</u>	<u>4,224,297</u>	<u>4,380,597</u>	<u>156,300</u>
EXPENDITURES				
Health and human services	<u>4,224,297</u>	<u>4,224,297</u>	<u>4,507,351</u>	<u>(283,054)</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(126,754)</u>	<u>(126,754)</u>
OTHER FINANCING USES				
Transfer in	<u>-</u>	<u>-</u>	<u>126,754</u>	<u>126,754</u>
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>126,754</u>	<u>126,754</u>
Net change in fund balance	-	-	-	-
FUND BALANCE - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

LAFAYETTE COUNTY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2018

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension (Asset) Liability</u>	<u>Proportionate Share of the Net Pension (Asset) Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/15	0.09041769%	\$ (2,220,906)	\$ 12,001,154	-18.51%	102.74%
12/31/16	0.08972445%	1,458,005	11,935,302	12.22%	98.20%
12/31/17	0.08891082%	732,837	12,029,374	6.09%	99.12%
12/31/18	0.09302513%	(2,762,026)	14,309,142	-19.30%	102.93%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2018

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 854,910	\$ 854,910	\$ -	\$ 11,935,302	7.16%
12/31/16	837,752	837,752	-	12,023,064	6.97%
12/31/17	1,038,141	1,038,141	-	14,309,142	7.26%
12/31/18	1,070,074	1,070,074	-	14,921,094	7.17%

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

LAFAYETTE

SCHEDULE OF CHANGES IN EMPLOYER'S TOTAL OPEB LIABILITY AND RELATED RATIOS HEALTH INSURANCE December 31, 2018

	<u>2018</u>
Measurement Date	12/31/2017
Total OPEB Liability	
Service cost	\$ 68,127
Interest	37,627
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	19,743
Benefit payments	<u>(92,000)</u>
Net Change in Total OPEB Liability	33,497
Total OPEB Liability - Beginning	<u>972,872</u>
Total OPEB Liability - Ending	<u>\$ 1,006,369</u>
Covered-employee payroll	\$ 14,064,014
Total OPEB Liability as a Percentage of Covered- Employee Payroll	7.16%

Notes to Schedule:

Benefit changes. There were no changes to the benefits.

Changes in assumptions. Changes in assumptions were not material to these financial statements.

Funding: No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75

Valuation date:

December 31, 2018

Other Information:

The county implemented GASB Statement No. 75 in 2018. Information prior to 2018 is not available.

Note: This schedule is to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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, 2018

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 \$700,572 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, 2018

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Aging Fund	Revolving Loan	
ASSETS			
Cash and investments	\$ 11,304	\$ -	\$ 11,304
Taxes receivable	85,239	-	85,239
Accounts receivable	27,775	-	27,775
Loans receivable (net of allowances for uncollectibles)	-	71,158	71,158
Due from other governments	25,547	-	25,547
Prepaid items	3,589	-	3,589
Restricted Assets			
Cash and investments	-	333,578	333,578
TOTAL ASSETS	<u>\$ 153,454</u>	<u>\$ 404,736</u>	<u>\$ 558,190</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 3,660	\$ -	\$ 3,660
Accrued liabilities	5,628	-	5,628
Total Liabilities	<u>9,288</u>	<u>-</u>	<u>9,288</u>
Deferred Inflows of Resources			
Unearned revenue	85,239	-	85,239
Fund Balances			
Nonspendable	3,589	-	3,589
Restricted	55,338	404,736	460,074
Total Fund Balances	<u>58,927</u>	<u>404,736</u>	<u>463,663</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 153,454</u>	<u>\$ 404,736</u>	<u>\$ 558,190</u>

LAFAYETTE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2018

	Special Revenue Funds		Total Nonmajor
	Aging Fund	Revolving Loan	Governmental Funds
REVENUES			
Taxes	\$ 37,223	\$ -	\$ 37,223
Intergovernmental	164,946	-	164,946
Public charges for services	30,274	-	30,274
Investment income	-	5,496	5,496
Miscellaneous	20,024	10,000	30,024
Total Revenues	252,467	15,496	267,963
EXPENDITURES			
Current			
Health and human services	299,206	-	299,206
Conservation and economic development	-	330	330
Total Expenditures	299,206	330	299,536
Excess (deficiency) of revenues over (under) expenditures	(46,739)	15,166	(31,573)
FUND BALANCES - Beginning of Year	105,666	389,570	495,236
FUND BALANCES - END OF YEAR	\$ 58,927	\$ 404,736	\$ 463,663

LAFAYETTE COUNTY

COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2018

	Sheriff Commissary	Clerk of Court	DMV Vehicle Service	Bond Trust	Project DARE	Tri-County Trails Commission	Totals
ASSETS							
Cash and investments	\$ 21,245	\$ 85,326	\$ 3,131	\$ 2	\$ 2,130	\$ 29,717	\$ 141,551
Due from other governments	-	-	-	-	-	1,425	1,425
TOTAL ASSETS	<u>\$ 21,245</u>	<u>\$ 85,326</u>	<u>\$ 3,131</u>	<u>\$ 2</u>	<u>\$ 2,130</u>	<u>\$ 31,142</u>	<u>\$ 142,976</u>
LIABILITIES							
Accounts payable	-	-	-	-	-	-	-
Funds held for others	21,245	85,326	3,131	2	2,130	31,142	142,976
TOTAL LIABILITIES	<u>\$ 21,245</u>	<u>\$ 85,326</u>	<u>\$ 3,131</u>	<u>\$ 2</u>	<u>\$ 2,130</u>	<u>\$ 31,142</u>	<u>\$ 142,976</u>

LAFAYETTE MANOR NURSING HOME OF LAFAYETTE COUNTY

STATEMENTS OF NET POSITION
As of December 31, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and investments	\$ 19,289	\$ 36,330
Taxes receivable	338,716	327,334
Resident receivables, net of estimated uncollectibles	456,019	379,464
Inventories	34,817	34,817
Prepaid items	<u>60,038</u>	<u>62,565</u>
Total Current Assets	<u>908,879</u>	<u>840,510</u>
Noncurrent Assets		
Restricted Assets		
Resident trust funds	6,094	6,717
Restricted donation	131,085	-
Net pension asset	397,457	-
Capital Assets		
Land	18,020	18,020
Construction in progress	18,881	-
Depreciable capital assets, net of accumulated depreciation	<u>570,778</u>	<u>573,670</u>
Total Noncurrent Assets	<u>1,142,315</u>	<u>598,407</u>
Total Assets	<u>2,051,194</u>	<u>1,438,917</u>
DEFERRED OUTFLOWS OF RESOURCES		
OPEB - related amounts	14,619	-
Pension-related amounts	<u>756,887</u>	<u>983,175</u>
Total Deferred Outflows of Resources	<u>771,506</u>	<u>983,175</u>
LIABILITIES		
Current Liabilities		
Accounts payable	100,931	59,386
Accrued payroll and fringe benefits	125,324	117,875
Current portion compensated absences	<u>90,172</u>	<u>82,566</u>
Total Current Liabilities	<u>316,427</u>	<u>259,827</u>
Noncurrent Liabilities		
Resident trust funds	6,094	6,717
Compensated absences	250,112	275,138
Other post-employment benefits	134,543	-
Net pension liability	<u>-</u>	<u>121,270</u>
Total Noncurrent Liabilities	<u>390,749</u>	<u>403,125</u>
Total Liabilities	<u>707,176</u>	<u>662,952</u>
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue	338,716	327,334
Pension-related amounts	<u>736,527</u>	<u>410,056</u>
Total Deferred Inflows of Resources	<u>1,075,243</u>	<u>737,390</u>
NET POSITION		
Net investment in capital assets	607,679	591,690
Restricted for pension	397,457	-
Unrestricted	<u>35,145</u>	<u>430,060</u>
TOTAL NET POSITION	<u>\$ 1,040,281</u>	<u>\$ 1,021,750</u>

LAFAYETTE MANOR NURSING HOME OF LAFAYETTE COUNTY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Daily resident service revenue, net	\$ 4,320,519	\$ 3,758,848
Other operating revenue	96,596	87,013
Total Operating Revenues	4,417,115	3,845,861
OPERATING EXPENSES		
Daily patient services	2,801,735	2,791,393
Support and special services	535,318	356,800
General services	1,315,967	1,198,575
Administrative services	649,235	721,807
Depreciation	79,347	75,403
Total Operating Expenses	5,381,602	5,143,978
Operating Loss	(964,487)	(1,298,117)
NONOPERATING REVENUES		
General property taxes	327,334	291,796
Intergovernmental grants	581,100	535,000
Investment income	99	455
Donations	174,644	137
Total Nonoperating Revenues	1,083,177	827,388
Income (Loss) Before Transfers	118,690	(470,729)
TRANSFERS		
Transfers in	17,607	321,959
Change in Net Position	136,297	(148,770)
NET POSITION - Beginning of Year (as restated)	903,984	1,170,520
NET POSITION - END OF YEAR	\$ 1,040,281	\$ 1,021,750

LAFAYETTE MANOR NURSING HOME OF LAFAYETTE COUNTY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from and on behalf of residents	\$ 4,339,937	\$ 3,797,996
Cash paid to suppliers and contractors for goods and services	(2,535,804)	(2,263,368)
Cash payments to employees for operating payroll	(2,696,159)	(2,686,065)
Net Cash Flows From Operating Activities	(892,026)	(1,151,437)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	99	455
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
General property tax revenues	327,334	291,796
Intergovernmental grants	581,100	535,000
Nonoperating income	174,644	-
Transfers in	17,607	321,959
Net Cash Flows From Noncapital Financing Activities	1,100,685	1,148,755
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(95,337)	(11,617)
Net Cash Flows From Capital and Related Financing Activities	(95,337)	(11,617)
Net Change in Cash and Cash Equivalents	113,421	(13,844)
CASH AND CASH EQUIVALENTS - Beginning of Year	43,047	56,891
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 156,468	\$ 43,047

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (964,487)	\$ (1,298,117)
Nonoperating income	-	137
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities		
Depreciation	79,347	75,403
Change in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources		
Resident receivables, net	(76,555)	(48,578)
Prepaid items	2,527	6,486
Accounts payable	41,545	(684)
Accrued payroll and fringe benefits	7,449	5,764
Resident trust funds	(623)	575
Pension-related amounts	(98,353)	148,771
OPEB related amounts	134,544	-
Compensated absences	(17,420)	(41,194)
	<u>(17,420)</u>	<u>(41,194)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (892,026)</u>	<u>\$ (1,151,437)</u>

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

Cash and investments	\$ 19,289	\$ 36,330
Restricted assets - donations	131,085	-
Restricted assets - resident trust funds	<u>6,094</u>	<u>6,717</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 156,468</u>	<u>\$ 43,047</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

None