

LAFAYETTE COUNTY

Darlington, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

LAFAYETTE COUNTY

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lafayette County, Wisconsin, as of and for the year ended December 31, 2019, 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 50 percent, 47 percent and 63 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, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit for the year ended December 31, 2019 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, 2019 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, 2019, 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, 2019.

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, 2018 (not presented herein), and have issued our report thereon dated September 4, 2019, 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, 2018 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 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 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, 2018.

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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lafayette County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lafayette County's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
July 22, 2020

LAFAYETTE COUNTY

STATEMENT OF NET POSITION
As of December 31, 2019

	Governmental Activities	Business- type Activities	Totals
ASSETS			
Cash and investments	\$ 6,755,737	\$ 4,163,090	\$ 10,918,827
Receivables (net of allowance for uncollectibles)			
Taxes	6,284,162	2,208,398	8,492,560
Delinquent taxes	477,636	-	477,636
Accounts	204,383	3,247,828	3,452,211
Other	-	114,284	114,284
Due from other governments	635,311	897,954	1,533,265
Amounts receivable to third-party reimbursement programs	-	308,218	308,218
Inventories	-	1,012,131	1,012,131
Prepaid items	503,150	377,515	880,665
Restricted Assets			
Cash and investments	29,746	58,647	88,393
Investment in unconsolidated affiliate	-	30,793	30,793
Capital Assets			
Land	188,615	179,836	368,451
Construction in progress	275,715	296,295	572,010
Other capital assets, net of accumulated depreciation	<u>13,474,312</u>	<u>11,108,007</u>	<u>24,582,319</u>
Total Assets	<u>28,828,767</u>	<u>24,002,996</u>	<u>52,831,763</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related amounts	42,010	64,944	106,954
Pension-related amounts	<u>3,828,171</u>	<u>5,691,812</u>	<u>9,519,983</u>
Total Deferred Outflows of Resources	<u>3,870,181</u>	<u>5,756,756</u>	<u>9,626,937</u>
LIABILITIES			
Accounts payable	344,686	577,078	921,764
Accrued liabilities	496,733	582,518	1,079,251
Due to other governments	132,882	-	132,882
Unearned revenue	-	18,981	18,981
Deposits	7,246	-	7,246
Liabilities payable from restricted assets	-	5,424	5,424
Noncurrent Liabilities			
Net pension liability	1,311,824	2,179,757	3,491,581
Other post employment benefits	386,577	597,564	984,141
Due within one year	1,453,757	827,835	2,281,592
Due in more than one year	<u>3,054,165</u>	<u>3,429,880</u>	<u>6,484,045</u>
Total Liabilities	<u>7,187,870</u>	<u>8,219,037</u>	<u>15,406,907</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	6,284,162	2,208,398	8,492,560
OPEB related amounts	14,010	21,658	35,668
Pension-related amounts	<u>1,928,293</u>	<u>2,895,357</u>	<u>4,823,650</u>
Total Deferred Inflows of Resources	<u>8,226,465</u>	<u>5,125,413</u>	<u>13,351,878</u>
NET POSITION			
Net investment in capital assets	10,801,258	8,809,814	19,611,072
Restricted			
Grant purposes	275,591	-	275,591
Jail improvement	101,047	-	101,047
Sheriff	37,418	-	37,418
Land information	28,516	-	28,516
Health department	6,020	-	6,020
UW-Extension	7,483	-	7,483
Fair	9,248	-	9,248
Revolving loans	18,221	-	18,221
Debt service	124,206	-	124,206
Unrestricted	<u>5,875,605</u>	<u>7,605,488</u>	<u>13,481,093</u>
TOTAL NET POSITION	<u>\$ 17,284,613</u>	<u>\$ 16,415,302</u>	<u>\$ 33,699,915</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities			
General government	\$ 3,117,518	\$ 605,222	\$ 323,393
Public safety	3,810,149	192,787	121,567
Public works	758,529	-	-
Health and human services	5,196,475	635,602	2,402,360
Culture, recreation and education	598,221	131,577	7,800
Conservation and economic development	1,043,831	54,589	280,515
Interest and fiscal charges	<u>70,444</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>14,595,167</u>	<u>1,619,777</u>	<u>3,135,635</u>
Business-type Activities			
Lafayette Manor	5,479,522	4,693,062	685,110
Memorial Hospital	21,273,403	21,858,805	61,793
Highway	<u>6,378,721</u>	<u>5,282,498</u>	<u>-</u>
Total Business-type Activities	<u>33,131,646</u>	<u>31,834,365</u>	<u>746,903</u>
 Total	 <u>\$ 47,726,813</u>	 <u>\$ 33,454,142</u>	 <u>\$ 3,882,538</u>

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

Change in Net Position

NET POSITION - Beginning

NET POSITION - ENDING

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Totals
\$ (2,188,903)	\$ -	\$ (2,188,903)
(3,495,795)	-	(3,495,795)
(758,529)	-	(758,529)
(2,158,513)	-	(2,158,513)
(458,844)	-	(458,844)
(708,727)	-	(708,727)
(70,444)	-	(70,444)
<u>(9,839,755)</u>	<u>-</u>	<u>(9,839,755)</u>
-	(101,350)	(101,350)
-	647,195	647,195
-	(1,096,223)	(1,096,223)
-	(550,378)	(550,378)
5,041,764	-	5,041,764
949,011	-	949,011
-	338,716	338,716
-	1,821,618	1,821,618
971,821	-	971,821
61,400	-	61,400
2,283,362	-	2,283,362
381,093	2,045	383,138
403,990	86,113	490,103
160,288	(160,288)	-
<u>10,252,729</u>	<u>2,088,204</u>	<u>12,340,933</u>
412,974	1,537,826	1,950,800
<u>16,871,639</u>	<u>14,877,476</u>	<u>31,749,115</u>
<u>\$ 17,284,613</u>	<u>\$ 16,415,302</u>	<u>\$ 33,699,915</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General	Human Services	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 6,589,987	\$ 21,745	\$ 124,206	\$ 19,799	\$ 6,755,737
Receivables (net of allowances for uncollectibles)					
Taxes	3,098,702	1,961,104	1,128,937	95,419	6,284,162
Delinquent taxes	477,636	-	-	-	477,636
Accounts	62,803	112,794	-	28,786	204,383
Due from other funds	145,844	-	-	-	145,844
Due from other governments	436,280	191,638	-	7,393	635,311
Prepaid items	460,723	38,606	-	3,821	503,150
Restricted Assets					
Cash and investments	-	7,246	-	22,500	29,746
TOTAL ASSETS	\$ 11,271,975	\$ 2,333,133	\$ 1,253,143	\$ 177,718	\$ 15,035,969
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 263,092	\$ 75,425	\$ -	\$ 6,169	\$ 344,686
Accrued liabilities	413,556	76,663	-	6,514	496,733
Due to other governments	107,513	25,369	-	-	132,882
Due to other funds	-	141,565	-	4,279	145,844
Deposits	-	7,246	-	-	7,246
Total Liabilities	<u>784,161</u>	<u>326,268</u>	<u>-</u>	<u>16,962</u>	<u>1,127,391</u>
Deferred Inflows of Resources					
Unearned revenue	3,098,702	1,961,104	1,128,937	95,419	6,284,162
Unavailable revenue	116,048	24,016	-	-	140,064
Total Deferred Inflows of Resources	<u>3,214,750</u>	<u>1,985,120</u>	<u>1,128,937</u>	<u>95,419</u>	<u>6,424,226</u>
Fund Balances					
Nonspendable	807,037	38,606	-	3,821	849,464
Restricted	422,028	-	124,206	61,516	607,750
Committed	750,000	-	-	-	750,000
Assigned	1,241,782	-	-	-	1,241,782
Unassigned (deficit)	4,052,217	(16,861)	-	-	4,035,356
Total Fund Balances	<u>7,273,064</u>	<u>21,745</u>	<u>124,206</u>	<u>65,337</u>	<u>7,484,352</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 11,271,975	\$ 2,333,133	\$ 1,253,143	\$ 177,718	\$ 15,035,969

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, 2019

Total Fund Balances - Governmental funds	\$ 7,484,352
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	275,715
Other capital assets, net of accumulated depreciation	13,474,312
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.	140,064
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(1,311,824)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	3,828,171
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.	42,010
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,928,293)
Deferred inflows of resources related to other post employment liabilities do not relate to current financial resources and are not reported in the governmental funds.	(14,010)
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	(3,606,747)
Other post-employment benefit liability	(386,577)
Compensated absences	<u>(901,175)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 17,284,613</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
As of December 31, 2019

	General	Human Services	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 4,198,377	\$ 1,922,471	\$ 949,011	\$ 85,239	\$ 7,155,098
Intergovernmental	3,250,456	1,800,616	-	159,766	5,210,838
Licenses and permits	75,367	-	-	-	75,367
Fines, forfeitures and penalties	104,710	11,901	-	-	116,611
Public charges for services	739,765	878,671	-	31,628	1,650,064
Investment income	246,612	-	-	3,379	249,991
Miscellaneous	334,699	1,142	-	18,553	354,394
Total Revenues	<u>8,949,986</u>	<u>4,614,801</u>	<u>949,011</u>	<u>298,565</u>	<u>14,812,363</u>
EXPENDITURES					
Current					
General government	2,968,580	-	-	-	2,968,580
Public safety	3,510,966	-	-	-	3,510,966
Health and human services	629,854	4,131,285	-	306,997	5,068,136
Culture, recreation and education	583,541	-	-	-	583,541
Conservation and economic development	592,195	-	-	402,394	994,589
Debt Service					
Principal	-	-	838,383	-	838,383
Interest and fiscal charges	-	-	70,444	-	70,444
Total Expenditures	<u>8,285,136</u>	<u>4,131,285</u>	<u>908,827</u>	<u>709,391</u>	<u>14,034,639</u>
Excess (deficiency) of revenues over (under) expenditures	<u>664,850</u>	<u>483,516</u>	<u>40,184</u>	<u>(410,826)</u>	<u>777,724</u>
OTHER FINANCING SOURCES (USES)					
Debt issued	1,071,068	-	-	-	1,071,068
Sale of capital assets	20,272	-	-	-	20,272
Transfers in	798,815	-	-	12,500	811,315
Transfers out	(900,218)	(461,771)	-	-	(1,361,989)
Total Other Financing Sources (Uses)	<u>989,937</u>	<u>(461,771)</u>	<u>-</u>	<u>12,500</u>	<u>540,666</u>
Net Change in Fund Balance	1,654,787	21,745	40,184	(398,326)	1,318,390
FUND BALANCES - Beginning	<u>5,618,277</u>	<u>-</u>	<u>84,022</u>	<u>463,663</u>	<u>6,165,962</u>
FUND BALANCES - ENDING	<u>\$ 7,273,064</u>	<u>\$ 21,745</u>	<u>\$ 124,206</u>	<u>\$ 65,337</u>	<u>\$ 7,484,352</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, 2019

Net change in fund balances - total governmental funds	\$ 1,318,390
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital additions are reported as expenditures in the fund financial statements but are capitalized in the government-wide financial statements	234,592
Infrastructure financed by the highway fund	710,962
Depreciation is reported in the government-wide statements	(827,038)

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position.	(303,493)
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Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	15,218
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Debt and lease proceeds provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(1,071,068)
Principal repaid	838,383

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	(2,369,326)
Deferred outflows of resources related to pensions	1,808,040
Deferred inflows of resources related to pensions	70,674
Other post-employment benefit liability	8,731
Deferred outflows of resources related to post-employment benefit	(942)
Deferred inflows of resources related to post-employment benefit	(14,010)
Compensated absences	(6,139)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 412,974</u>
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See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2019

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Lafayette Manor</u>	<u>Memorial Hospital</u>	<u>Highway</u>	<u>Totals</u>
ASSETS				
Current Assets				
Cash and investments	\$ 369,941	\$ 1,896,821	\$ 1,896,328	\$ 4,163,090
Taxes receivable	387,200	-	1,821,198	2,208,398
Patient receivables, net of estimated uncollectibles	-	2,908,098	-	2,908,098
Resident receivables, net of estimated uncollectibles	339,730	-	-	339,730
Other receivables	-	114,284	-	114,284
Due from other governments	-	-	897,954	897,954
Amounts receivable from third-party reimbursement programs	-	308,218	-	308,218
Inventories	27,367	398,374	586,390	1,012,131
Prepaid items	56,864	280,016	40,635	377,515
Total Current Assets	<u>1,181,102</u>	<u>5,905,811</u>	<u>5,242,505</u>	<u>12,329,418</u>
Noncurrent Assets				
Restricted assets				
Resident trust funds	5,424	-	-	5,424
Restricted donation	53,223	-	-	53,223
Investment in unconsolidated affiliate	-	30,793	-	30,793
Capital assets				
Land	18,020	106,159	55,657	179,836
Construction in progress	-	296,295	-	296,295
Depreciable capital assets, net of accumulated depreciation	1,071,050	5,593,783	4,443,174	11,108,007
Total Noncurrent Assets	<u>1,147,717</u>	<u>6,027,030</u>	<u>4,498,831</u>	<u>11,673,578</u>
Total Assets	<u>2,328,819</u>	<u>11,932,841</u>	<u>9,741,336</u>	<u>24,002,996</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related amounts	14,299	40,913	9,732	64,944
Pension-related amounts	1,378,289	3,475,141	838,382	5,691,812
Total Deferred Outflows of Resources	<u>1,392,588</u>	<u>3,516,054</u>	<u>848,114</u>	<u>5,756,756</u>

Business-type Activities - Enterprise Funds

	Lafayette Manor	Memorial Hospital	Highway	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 83,215	\$ 358,791	\$ 135,072	\$ 577,078
Accrued payroll and fringe benefits	141,817	352,175	84,275	578,267
Accrued interest	-	4,251	-	4,251
Current portion of compensated absences	69,647	248,045	100,275	417,967
Current portion of capital leases payable	-	72,351	-	72,351
Current portion of long-term debt	-	337,517	-	337,517
Unearned revenue	-	-	18,981	18,981
Total Current Liabilities	<u>294,679</u>	<u>1,373,130</u>	<u>338,603</u>	<u>2,006,412</u>
Noncurrent Liabilities				
Resident trust funds	5,424	-	-	5,424
Compensated absences	246,346	461,887	357,191	1,065,424
Capital leases payable	-	104,922	-	104,922
Net pension liability	449,763	1,441,730	288,264	2,179,757
Other post employment benefits	131,571	376,442	89,551	597,564
Long-term debt	-	2,259,534	-	2,259,534
Total Noncurrent Liabilities	<u>833,104</u>	<u>4,644,515</u>	<u>735,006</u>	<u>6,212,625</u>
Total Liabilities	<u>1,127,783</u>	<u>6,017,645</u>	<u>1,073,609</u>	<u>8,219,037</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	387,200	-	1,821,198	2,208,398
OPEB related amounts	4,769	13,643	3,246	21,658
Pension related amounts	<u>723,172</u>	<u>1,746,432</u>	<u>425,753</u>	<u>2,895,357</u>
Total Deferred Inflows of Resources	<u>1,115,141</u>	<u>1,760,075</u>	<u>2,250,197</u>	<u>5,125,413</u>
NET POSITION				
Net investment in capital assets	1,089,070	3,221,913	4,498,831	8,809,814
Unrestricted	<u>389,413</u>	<u>4,449,262</u>	<u>2,766,813</u>	<u>7,605,488</u>
TOTAL NET POSITION	<u>\$ 1,478,483</u>	<u>\$ 7,671,175</u>	<u>\$ 7,265,644</u>	<u>\$ 16,415,302</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS As of December 31, 2019

	Business-type Activities - Enterprise Funds			
	Lafayette Manor	Memorial Hospital	Highway	Totals
OPERATING REVENUES				
Charges for services	\$ 4,601,732	\$ 21,846,411	\$ 5,282,498	\$ 31,730,641
Other operating revenue	91,330	12,394	-	103,724
Total Operating Revenues	<u>4,693,062</u>	<u>21,858,805</u>	<u>5,282,498</u>	<u>31,834,365</u>
OPERATING EXPENSES				
Lafayette Manor expenses	5,382,121	-	-	5,382,121
Memorial Hospital expenses	-	20,360,362	-	20,360,362
Highway expenses	-	-	6,736,518	6,736,518
Depreciation	97,401	819,619	353,165	1,270,185
Total Operating Expenses	<u>5,479,522</u>	<u>21,179,981</u>	<u>7,089,683</u>	<u>33,749,186</u>
Operating Loss	<u>(786,460)</u>	<u>678,824</u>	<u>(1,807,185)</u>	<u>(1,914,821)</u>
NONOPERATING REVENUES (EXPENSES)				
General property taxes	338,716	-	1,821,618	2,160,334
Investment income	162	1,883	-	2,045
Interest expense	-	(93,422)	-	(93,422)
Equity in unconsolidated affiliate	-	30,793	-	30,793
Contributions and grants	-	31,000	-	31,000
Intergovernmental grants	667,946	-	-	667,946
Miscellaneous revenue	-	86,113	-	86,113
Donations and contributions	17,164	-	-	17,164
Total Nonoperating Revenues	<u>1,023,988</u>	<u>56,367</u>	<u>1,821,618</u>	<u>2,901,973</u>
Income (Loss) Before Transfers	<u>237,528</u>	<u>735,191</u>	<u>14,433</u>	<u>987,152</u>
TRANSFERS				
Transfers in	487,718	-	400,000	887,718
Transfers out	(287,044)	(50,000)	-	(337,044)
Total Transfers	<u>200,674</u>	<u>(50,000)</u>	<u>400,000</u>	<u>550,674</u>
Change in Net Position	<u>438,202</u>	<u>685,191</u>	<u>414,433</u>	<u>1,537,826</u>
NET POSITION - Beginning	<u>1,040,281</u>	<u>6,985,984</u>	<u>6,851,211</u>	<u>14,877,476</u>
NET POSITION - ENDING	<u>\$ 1,478,483</u>	<u>\$ 7,671,175</u>	<u>\$ 7,265,644</u>	<u>\$ 16,415,302</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 As of December 31, 2019

	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	\$ 4,808,681	\$ 22,401,692	\$ 5,212,046	\$ 32,422,419
Cash paid to suppliers and contractors for goods and services	(2,554,253)	(10,145,046)	(5,511,203)	(18,210,502)
Cash payments to employees for operating payroll	(2,628,178)	(9,731,184)	(1,420,021)	(13,779,383)
Net Cash Flows From Operating Activities	(373,750)	2,525,462	(1,719,178)	432,534
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	162	1,883	-	2,045
Net Cash Flows From Investing Activities	162	1,883	-	2,045
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
General property tax revenues	338,716	-	1,821,618	2,160,334
Transfers in - debt proceeds	487,718	-	400,000	887,718
Transfers out - lapsing fund	(287,044)	-	-	(287,044)
Transfers out - general fund	-	(50,000)	-	(50,000)
Intergovernmental grants and contributions	667,946	31,000	-	698,946
Nonoperating income	17,164	86,113	-	103,277
Net Cash Flows From Noncapital Financing Activities	1,224,500	67,113	2,221,618	3,513,231
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments on capital leases	-	(69,080)	-	(69,080)
Payments on long-term debt	-	(305,184)	-	(305,184)
Interest paid	-	(93,422)	-	(93,422)
Acquisition of capital assets	(578,792)	(864,956)	(899,534)	(2,343,282)
Net Cash Flows From Capital and Related Financing Activities	(578,792)	(1,332,642)	(899,534)	(2,810,968)
Net Increase (Decrease) in Cash and Cash Equivalents	272,120	1,261,816	(397,094)	1,136,842
CASH AND CASH EQUIVALENTS - Beginning of Year	156,468	635,005	2,293,422	3,084,895
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 428,588	\$ 1,896,821	\$ 1,896,328	\$ 4,221,737

	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)	\$ (786,460)	\$ 678,824	\$ (1,807,185)	\$ (1,914,821)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities				
Depreciation	97,401	819,619	353,165	1,270,185
Provision for bad debts	-	195,502	-	195,502
Change in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources				
Patient receivables, net	-	638,058	-	638,058
Resident receivables, net	116,289	-	-	116,289
Other receivable	-	33,047	29,187	62,234
Amounts receivable from third-party reimbursement programs	-	(128,218)	-	(128,218)
Inventories	7,450	(52,061)	(195,000)	(239,611)
Prepaid items	3,174	7,680	(2,495)	8,359
Accounts payable	(17,716)	(40,459)	(163,655)	(221,830)
Accrued payroll and fringe benefits	16,493	13,234	3,170	32,897
Due to/from other governments	-	-	(99,639)	(99,639)
Resident trust funds	(670)	-	-	(670)
Compensated absences	(24,291)	(97,476)	35,282	(86,485)
Pension-related amounts	217,552	451,656	112,434	781,642
Other post employment benefit items	(2,972)	6,056	(2,023)	1,061
Unearned revenue	-	-	17,581	17,581
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (373,750)	\$ 2,525,462	\$ (1,719,178)	\$ 432,534
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 369,941	\$ 1,896,821	\$ 1,896,328	\$ 4,163,090
Restricted assets - donations	53,223	-	-	53,223
Restricted assets - resident trust funds	5,424	-	-	5,424
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 428,588	\$ 1,896,821	\$ 1,896,328	\$ 4,221,737
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Equipment financed through capital leases	\$ -	\$ 36,985	\$ -	\$ 36,985

See accompanying notes to financial statements.

LAFAYETTE COUNTY

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 90,043
Due from other governments	<u>53,643</u>
TOTAL ASSETS	<u>\$ 143,686</u>
LIABILITIES	
Funds held for others	<u>\$ 143,686</u>
TOTAL LIABILITIES	<u>\$ 143,686</u>

See accompanying notes to financial statements.

LAFAYETTE COUNTY

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LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019

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, 2019

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, 2019

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, 2019, 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, 2019

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 – 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale – 2019 delinquent real estate taxes	October 2022

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, 2019, 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 \$346,314.

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, 2019

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, 2019, the county has accrued two months of subsequent year's collections as receivable.

Loans

In prior years, the county received federal grant funds for economic development and housing rehabilitation loan programs to assist businesses and individuals. The county returned these funds to the state in 2019 and began its own loan program with county funds.

Lafayette Manor

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

Resident accounts receivable includes amounts receivable for services rendered to residents under the Title XIX Wisconsin Medical Assistance Program (Medicaid). The Nursing Home reported revenues of approximately \$2,002,804 from the Title XIX residents in 2019. 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 \$1,191,912 from the Medicare Program in 2019. These revenues are subject to audit and retroactive adjustment by the Medicare Program. All receivables are considered to be collectable in the following year.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

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.

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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

7. 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, 2019 was \$2,384,564.

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, 2019 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.

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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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.
- 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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

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.

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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

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>
Aging	\$ 304,615	\$ 306,997	\$ 2,382
Revolving Loan	-	402,394	402,394
Human Service	4,372,110	4,593,056	220,946

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, 2019

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	\$ 10,880,107	\$ 11,697,438	Custodial credit
LGIP	44,657	44,657	Credit
Petty cash	1,450	-	N/A
Cash on hand	171,049	-	N/A
Total Cash and Investments	\$ 11,097,263	\$ 11,742,095	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 10,918,827		
Restricted cash and investments	88,393		
Per statement of assets and liabilities –			
Agency Funds	90,043		
Total Cash and Investments	\$ 11,097,263		

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, 2019, the banks had pledged various government securities of \$6,297,917 to secure the county's deposits.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019, \$4,499,305 of the county's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 4,499,305</u>
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Credit Risk

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

At December 31, 2019, 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 \$42,000 in 2019. 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 \$477,636 of delinquent taxes in the general fund.

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

Human services – accounts receivable	\$ 114,827
Lafayette Manor Nursing Home – resident accounts receivable	46,124
Memorial Hospital of Lafayette County – allowance for uncollectible accounts	386,903
Memorial Hospital of Lafayette County – contractual adjustments	<u>2,321,000</u>
Total Uncollectibles – December 31, 2019	<u>\$ 2,868,854</u>

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	\$ 6,284,162	\$ -
Delinquent property taxes receivable	-	116,048
Other unavailable receivables	-	24,016
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 6,284,162	\$ 140,064

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, 2019, delinquent property taxes by year levied consists of the following:

Tax Certificates	
2018	\$ 297,434
2017	121,416
2016	41,860
2015	6,193
2014	3,284
2013	2,117
2012	1,539
2011	1,880
2010	1,515
2009	398
Total Delinquent Property Taxes Receivable	477,636
Less: January and February 2020 collections	(15,274)
Subtotal	462,362
County levied portion	(116,048)
County Purchased Portion	\$ 346,314

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	\$ 2,208,398
Transportation cost pools	<u>18,981</u>
Total Unearned Revenue for Enterprise Funds in Deferred Inflows	<u>\$ 2,227,379</u>
Unearned revenue included in deferred inflows	\$ 2,208,398
Unearned revenue in current liabilities	<u>18,981</u>
Total	<u>\$ 2,227,379</u>

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.

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.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. NET PATIENT SERVICE REVENUE (cont.)

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, 2017.

Net patient service revenue consisted of the following:

	2019
Gross patient revenue	
Inpatient services	\$ 8,470,486
Outpatient services	28,207,355
Other services	7,560,856
Total Gross Patient Service Revenue	44,238,697
Less:	
Contractual adjustments	22,196,784
Provision for bad debts	195,502
Net Patient Service Revenue	\$ 21,846,411

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, 2019:

Medicare and Medicare Advantage Plans	54%
Medicaid and Medicaid Health Maintenance Organization (HMO) Plans	8%
Other third-party payors	36%
Private pay	2%
Totals	100%

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

E. RESTRICTED ASSETS

Human Services has restricted assets in the amount of \$7,246. 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 \$58,647. \$5,424 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. \$53,223 represents a donation to the nursing home that can only be spent on specific items.

The Revolving Loan fund has restricted assets in the amount of \$22,500. This represents funds held for future loans.

F. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 188,615	\$ -	\$ -	\$ 188,615
Construction in process	315,202	-	39,487	275,715
Total Capital Assets Not Being Depreciated	503,817	-	39,487	464,330
Capital assets being depreciated				
Buildings and improvements	3,231,087	45,102	-	3,276,189
Machinery and equipment	2,287,243	228,977	182,042	2,334,177
Infrastructure	23,457,103	710,962	765,169	23,402,896
Total Capital Assets Being Depreciated	28,975,433	985,041	947,212	29,013,262
Less: Accumulated depreciation for				
Buildings and improvements	(1,304,031)	(91,802)	-	(1,395,833)
Machinery and equipment	(1,501,530)	(269,096)	170,939	(1,599,687)
Infrastructure	(12,550,070)	(466,140)	472,780	(12,543,430)
Total Accumulated Depreciation	(15,355,631)	(827,038)	643,719	(15,538,950)
Net Capital Assets Being Depreciated	13,619,802	158,003	303,493	13,474,312
Total Governmental Activities Capital Assets, Net of Depreciation	\$ 14,123,619	\$ 158,003	\$ 342,980	\$ 13,938,642

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	\$ 83,325
Public safety	230,587
Public works	466,140
Health and human services	32,668
Culture, recreation and education	9,884
Conservation and development	<u>4,434</u>
 Total Governmental Activities Depreciation Expense	 <u><u>\$ 827,038</u></u>

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Highway				
Capital assets not being depreciated				
Land	\$ 55,657	\$ -	\$ -	\$ 55,657
Total Capital Assets Not Being Depreciated	<u>55,657</u>	<u>-</u>	<u>-</u>	<u>55,657</u>
Capital assets being depreciated				
Land improvements	137,413	97,215	-	234,628
Buildings and improvements	2,310,428	6,686	-	2,317,114
Machinery and equipment	<u>7,679,096</u>	<u>866,607</u>	<u>277,128</u>	<u>8,268,575</u>
Total Capital Assets Being Depreciated	<u>10,126,937</u>	<u>970,508</u>	<u>277,128</u>	<u>10,820,317</u>
Less: Accumulated depreciation for				
Land improvements	(91,690)	(6,073)	-	(97,763)
Buildings and improvements	(1,059,343)	(71,397)	-	(1,130,740)
Machinery and equipment	<u>(5,079,099)</u>	<u>(275,695)</u>	<u>206,154</u>	<u>(5,148,640)</u>
Total Accumulated Depreciation	<u>(6,230,132)</u>	<u>(353,165)</u>	<u>206,154</u>	<u>(6,377,143)</u>
 Net Capital Assets Being Depreciated	 <u>3,896,805</u>	 <u>617,343</u>	 <u>70,974</u>	 <u>4,443,174</u>
 Total Highway Capital Assets, Net of Depreciation	 <u><u>\$ 3,952,462</u></u>	 <u><u>\$ 617,343</u></u>	 <u><u>\$ 70,974</u></u>	 <u><u>\$ 4,498,831</u></u>

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	36,901	-	18,881	18,020
Not Being Depreciated				
Capital assets being depreciated				
Land improvements	52,815	8,800	-	61,615
Buildings and improvements	1,309,254	441,679	-	1,750,933
Machinery and equipment	1,319,042	147,194	55,351	1,410,885
Total Capital Assets	2,681,111	597,673	55,351	3,223,433
Being Depreciated				
Less: Accumulated depreciation for				
Land improvements	(37,778)	(2,230)	-	(40,008)
Buildings and improvements	(1,009,299)	(37,355)	-	(1,046,654)
Machinery and equipment	(1,063,256)	(57,816)	(55,351)	(1,065,721)
Total Accumulated Depreciation	(2,110,333)	(97,401)	(55,351)	(2,152,383)
Net Capital Assets				
Being Depreciated	570,778	500,272	-	1,071,050
Total Manor Capital Assets, Net of Depreciation	\$ 607,679	\$ 500,272	\$ 18,881	\$ 1,089,070

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	\$ 26,160	\$ -	\$ 106,159
	248,011	453,284	405,000	296,295
Total Capital Assets Not Being Depreciated	328,010	479,444	405,000	402,454
Capital assets being depreciated				
Land improvements	156,891	-	-	156,891
Buildings and improvements	8,875,924	458,024	-	9,333,948
Machinery and equipment	5,634,314	290,491	-	5,924,805
Intangible assets – computer software	968,125	10,493	-	978,618
Total Capital Assets Being Depreciated	15,635,254	759,008	-	16,394,262
Less: Accumulated depreciation for				
Land improvements	(85,605)	(3,888)	-	(89,493)
Buildings and improvements	(5,591,232)	(309,732)	-	(5,900,964)
Machinery and equipment	(4,150,904)	(367,717)	-	(4,518,621)
Intangible assets – computer software	(153,119)	(138,282)	-	(291,401)
Total Accumulated Depreciation	(9,980,860)	(819,619)	-	(10,800,479)
Net Capital Assets Being Depreciated	5,654,394	(60,611)	-	5,593,783
Total Hospital Capital Assets, Net of Depreciation	\$ 5,982,404	\$ 418,833	\$ 405,000	\$ 5,996,237
Total Business-type Capital Assets, Net of Depreciation	\$ 10,542,545	\$ 1,536,448	\$ 494,855	\$ 11,584,138

Depreciation expense was charged to functions as follows:

Business-type Activities

Lafayette Manor	\$ 97,401
Memorial Hospital	819,619
Highway	353,165
Total Business-type Activities Depreciation Expense	\$ 1,270,185

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, 2019

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

G. INTERFUND TRANSFERS

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Human Services	\$ 461,771	Lapsing fund
Highway	General Fund	400,000	Capital asset purchases
General Fund	Lafayette Manor	287,044	Lapsing fund
Revolving Loan	General Fund	12,500	Fund loan operations
General Fund	Memorial Hospital	50,000	Fund county operations
Lafayette Manor	General Fund	<u>487,718</u>	Capital asset purchases
Sub-Total – Fund Financial Statements		1,699,033	
Governmental activities infrastructure paid by highway enterprise fund		710,962	
Less: GASB 34 eliminations		(1,775,436)	
Less: Fund eliminations		<u>(474,271)</u>	
Total Transfers – Government-Wide Statement of Activities		<u>\$ 160,288</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 1,048,006	
Business-type Activities	Governmental Activities	<u>(887,718)</u>	
Total		<u>\$ 160,288</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, 2019

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

H. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 3,374,062	\$ 1,071,068	\$ 838,383	\$ 3,606,747	\$ 1,051,580
Other Liabilities					
Vested compensated absences	895,036	385,519	379,380	901,175	402,177
Total Other Liabilities	895,036	386,058	379,380	901,175	402,177
Total Governmental Activities Long-Term Liabilities	\$ 4,269,098	\$ 1,457,126	\$ 1,217,763	\$ 4,507,922	\$ 1,453,757
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 2,902,235	\$ -	\$ 305,184	\$ 2,597,051	\$ 337,517
Other Liabilities					
Vested compensated absences	1,560,216	199,463	276,288	1,483,391	417,967
Capital leases	209,368	36,985	69,080	177,273	72,351
Total Other Liabilities	1,769,584	236,448	345,368	1,660,664	490,318
Total Business-type Activities Long-Term Liabilities	\$ 4,671,819	\$ 236,448	\$ 650,552	\$ 4,257,715	\$ 827,835

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, 2019, was \$61,262,125. Total general obligation debt outstanding at year-end was \$6,203,798.

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

See Note IV.D for details on the net post-employment liability.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 12/31/19
Governmental Activities					
General Obligation Debt					
Promissory notes	1/28/2015	1/15/2025	2.29%	\$ 550,000	\$ 298,013
Promissory notes	12/30/2015	12/30/2025	2.29%	2,400,000	1,576,281
Promissory notes	12/20/2018	12/18/2028	2.74%	681,020	620,891
Promissory notes	12/20/2018	1/18/2020	1.96%	522,000	40,494
Promissory notes	12/13/2019	12/13/2029	1.64%	258,000	249,768
Promissory notes	12/13/2019	12/13/2029	1.64%	400,000	400,000
Promissory notes	12/13/2019	12/13/2029	1.96%	421,300	421,300
Total Government Activities – General Obligation Debt					\$ 3,606,747
Business-type Activities					
General Obligation Debt					
Promissory note	9/15/2014	12/15/2024	2.49%	\$ 650,000	\$ 347,344
Promissory note	1/4/2017	1/4/2027	2.29%	1,400,000	1,111,638
Promissory note	1/4/2017	1/4/2027	2.29%	1,300,000	1,138,069
Promissory note	12/10/2019	12/10/2029	2.12%	1,300,000 (1)	-
Total Business-type Activities – General Obligation Debt					\$ 2,597,051

(1) Remaining funds to be advanced \$ 1,300,000 (see Note IV.J., Subsequent Events, for further discussion)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2020	\$ 1,051,580	\$ 70,073	\$ 337,517	\$ 56,631
2021	456,106	54,428	370,759	48,398
2022	423,241	44,639	386,253	39,581
2023	433,201	34,679	395,561	30,501
2024	443,319	24,562	405,060	21,201
2025 – 2029	799,300	31,438	701,901	17,194
Totals	\$ 3,606,747	\$ 259,819	\$ 2,597,051	\$ 213,516

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019, are as follows:

<u>Years</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 72,351	\$ 20,937
2021	63,205	11,794
2022	41,717	2,132
Totals	<u>\$ 177,273</u>	<u>\$ 34,863</u>

Lessee – Operating Leases

The Hospital has entered into a number of operating lease agreements for equipment with unrelated parties. Rental expense totaled \$419,500 in 2019.

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, 2019

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, 2019 includes the following:

Governmental Activities

Net investment in capital assets		
Land	\$	188,615
Construction in process		275,715
Other capital assets, net of accumulated depreciation		13,474,312
Less: Long-term debt outstanding		(3,606,747)
Plus: Noncapital debt outstanding		<u>469,363</u>
Total Net Investment in Capital Assets	<u>\$</u>	<u>10,801,258</u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2019 include the following:

Fund Balances	General Fund	Human Services	Debt Service	Nonmajor Funds	Totals
Nonspendable:					
Delinquent taxes receivable	\$ 346,314	\$ -	\$ -	\$ -	\$ 346,314
Prepaid items	460,723	38,606	-	3,821	503,150
Restricted:					
Grant purposes	232,296	-	-	43,295	275,591
Jail improvement	101,047	-	-	-	101,047
Sheriff	37,418	-	-	-	37,418
Health department	6,020	-	-	-	6,020
UW Extension	7,483	-	-	-	7,483
Land information	28,516	-	-	-	28,516
Fair	9,248	-	-	-	9,248
Revolving loans	-	-	-	18,221	18,221
Debt service	-	-	124,206	-	124,206
Committed:					
Stabilization fund	750,000	-	-	-	750,000
Assigned:					
Carryforward appropriations	911,045	-	-	-	911,045
Fund balance applied to the 2020 budget	308,573	-	-	-	308,573
Vested benefits	22,164	-	-	-	22,164
Unassigned (deficit)	<u>4,052,217</u>	<u>(16,861)</u>	<u>-</u>	<u>-</u>	<u>4,035,356</u>
Total Fund Balances	<u>\$ 7,273,064</u>	<u>\$ 21,745</u>	<u>\$ 124,206</u>	<u>\$ 65,337</u>	<u>\$ 7,484,352</u>

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

J. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net investment in capital assets	
Land	\$ 179,836
Construction in process	296,295
Other capital assets, net of accumulated depreciation	11,108,007
Less: Related long-term debt and capital leases outstanding	<u>(2,774,324)</u>
Total Net Investment in Capital Assets	8,809,814
Unrestricted	<u>7,605,488</u>
Total Business-type Activities Net Position	<u><u>\$ 16,415,302</u></u>

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 executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings, and creditable service.

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

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, 2019

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
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

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 \$1,066,249 in contributions from the county.

Contribution rates as of December 31, 2019 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.0%	14.9%

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

At December 31, 2019, the county reported a liability (asset) of \$3,491,581 for its proportionate share of the net pension liability. The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The county's proportion of the net pension liability was based on the county's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the county's proportion was 0.09814190%, which was an increase of 0.00511677% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the county recognized pension expense of \$2,333,775.

At December 31, 2019, 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	\$ 2,719,413	\$ 4,806,944
Changes of actuarial assumptions	588,553	-
Net differences between projected and actual earnings on pension plan investments	5,099,214	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,862	16,706
Employer contributions subsequent to the measurement date	1,095,941	-
Totals	\$ 9,519,983	\$ 4,823,650

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$1,095,941 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2020	\$ 1,304,930
2021	330,687
2022	571,094
2023	1,393,681

Actuarial assumptions. The total pension asset in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

** 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
<u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

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 7.00% 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 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 1.9% 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, 2019

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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
County's proportionate share of the net pension (asset) liability	\$ 13,875,909	\$ 3,491,581	\$ (4,229,972)

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, 2019, 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 renewable annually and has been renewed by the insurance carrier for the annual period extending to July 1, 2021.

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, 2019 can be obtained directly from WCMIC's offices.

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.

The Highway has \$594,314 encumbrance at year-end, relating to capital projects.

The Hospital construction in progress relates to the Argyle Clinic remodeling project. The Hospital has estimated additional costs to complete this project in 2020 of approximately \$972,000 to be funded using operating cash.

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 \$667,946 in 2019 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, 2019

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, 2019, 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	<u>314</u>
	<u><u>334</u></u>

TOTAL OPEB LIABILITY

Lafayette County's total OPEB liability of \$984,141 was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2019, and rolled back to December 31, 2018.

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, 2019

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, 2018.

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balance at December 31, 2018	\$ 1,006,369
Changes for the year:	
Service cost	74,740
Interest	35,621
Changes in assumptions	(40,589)
Benefit payments	(92,000)
Net changes	(22,228)
Balance at December 31, 2019	\$ 984,141

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	\$ 1,046,406	\$ 984,141	\$ 926,448

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	\$ 901,572	\$ 984,141	\$ 1,082,452

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

For the year ended December 31, 2019, Lafayette County recognized OPEB expense of \$108,147. At December 31, 2019, Lafayette County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in actuarial assumptions	\$ 14,954	\$ 35,668
Employer contributions – subsequent to the measurement date	92,000	-
Totals	\$ 106,954	\$ 35,668

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, 2019

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:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2020	\$ 2,527
2021	2,527
2022	2,527
2023	2,527
2024	2,527
Thereafter	8,079

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, 2019 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 2019, approximately 69% 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, 2019

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>2019</u>
Medicare and Medicare Advantage Plans	42 %
Medicaid and Medicaid HMO Plans	9
Other third-party payors	36
Private pay	<u>13</u>
Total	<u><u>100%</u></u>

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

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

- > *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. 91, Conduit Debt Obligations*
- > *Statement No. 92, Omnibus*
- > *Statement No. 93, Replacement of Interbank Offered Rates*
- > *Statement No. 94, Public-Private and Public-Public Partnerships and Availability*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

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

LAFAYETTE COUNTY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV – OTHER INFORMATION (cont.)

J. SUBSEQUENT EVENTS

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act created and funded the Small Business Administration (SBA) Paycheck Protection Program (PPP) to provide loans designed to help small businesses cover their near-term operating expenses and to provide a strong Incentive to retain their employees during the COVID-19 crisis. The Hospital applied for and was approved for a loan of approximately \$1.9 million that may be partially or fully forgiven based on the level of employee retention and if utilized for the following stated purposes: 60% for payroll costs over a specified time period, interest on mortgage obligations, rent, or utilities. The portion of the loan that is not forgiven, if any, has a maturity of two years at an interest rate of 1%.

In April 2020, the Hospital began receiving CARES funding from the Public Health and Social Services Emergency Fund (the "Relief Fund") to reimburse healthcare providers for healthcare-related expenses or lost revenues that are attributable to COVID-19. If the Hospital is unable to support that the additional expenses were incurred or revenue lost, this funding may have to be paid back to the Department of Health and Human Services. If the Hospital is able to support the additional expenses or lost revenue, the Hospital will be able to retain this funding. As of the audit report date, total funds received approximate \$4.4 million.

In May 2020, the Argyle Clinic remodeling project was completed. The cost of the project was to be financed through a \$1.3 million promissory note that was entered into on December 10, 2019 as discussed in note III.H. Subsequent to year-end, the Hospital determined they had the available funds to finance the project from operations and, as a result, did not incur the additional indebtedness as previously intended.

REQUIRED SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 As of December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
General property taxes	\$ 2,547,988	\$ 3,036,278	\$ 3,034,054	\$ (2,224)
Interest on taxes	3,000	3,000	131,102	128,102
Real estate transfer	-	-	52,846	52,846
Forest cropland	1,000	1,000	1,049	49
Payment in lieu of taxes	11,000	11,000	-	(11,000)
County sales tax	840,000	840,000	971,944	131,944
Land use penalty	-	-	7,382	7,382
Total Taxes	<u>3,402,988</u>	<u>3,891,278</u>	<u>4,198,377</u>	<u>307,099</u>
INTERGOVERNMENTAL				
Shared taxes from state	1,951,825	1,951,825	2,206,494	254,669
Exempt computer aid	2,975	2,975	3,002	27
Personal Property Aid	73,836	73,836	73,836	-
Circuit court	68,075	68,075	73,911	5,836
DWD state grant	151,000	151,000	158,950	7,950
Land info board grant	124,048	124,048	196,042	71,994
State fair grants	6,000	6,000	6,113	113
DNR trails	16,000	16,000	31,781	15,781
Other DNR	68,750	68,750	82,519	13,769
Veterans service	20,500	20,500	10,848	(9,652)
DATCP - LWRM	-	-	193,371	193,371
DOJ training reimbursement	-	-	5,280	5,280
DOJ crime victim witness	22,120	22,120	20,175	(1,945)
Other DOJ grants	-	-	52,950	52,950
Department of military affairs	30,000	30,000	46,282	16,282
Interpreter reimbursement	2,264	2,264	8,505	6,241
Health grants	62,000	62,000	68,654	6,654
Other miscellaneous grants	134,833	134,833	11,743	(123,090)
Total Intergovernmental	<u>2,734,226</u>	<u>2,734,226</u>	<u>3,250,456</u>	<u>516,230</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
LICENSES AND PERMITS				
Marriage licenses and divorce mediation	\$ 2,000	\$ 2,000	\$ 4,525	\$ 2,525
License plates	-	-	5,669	5,669
Sanitary permits	-	-	15,175	15,175
Conditional use/rezoning permits	25,000	25,000	14,155	(10,845)
Mine reclamation	5,470	5,470	5,470	-
Other licenses and permits	9,718	9,718	30,373	20,655
Total Licenses and Permits	<u>42,188</u>	<u>42,188</u>	<u>75,367</u>	<u>33,179</u>
FINES, FORFEITURES AND PENALTIES				
County ordinances, forfeitures and defaults	88,559	88,559	65,407	(23,152)
County share of state fines	-	-	39,303	39,303
Total Fines, Forfeitures and Penalties	<u>88,559</u>	<u>88,559</u>	<u>104,710</u>	<u>16,151</u>
PUBLIC CHARGES FOR SERVICES				
General government	7,810	7,810	4,064	(3,746)
Child support	2,030	2,030	2,399	369
Circuit court	64,658	64,658	51,423	(13,235)
Clerk of courts	36,316	36,316	44,917	8,601
Coroner	4,500	4,500	4,300	(200)
County clerk	16,650	16,650	18,148	1,498
Sheriff and jail fees	146,000	146,000	190,889	44,889
District attorney	1,500	1,500	7,456	5,956
Fair	121,000	121,000	141,730	20,730
Land conservation	8,000	8,000	14,853	6,853
Land information fees	29,652	29,652	31,924	2,272
Parks and trails	2,200	2,200	2,200	-
Planning and zoning	13,000	13,000	500	(12,500)
Public health	150,900	150,900	126,232	(24,668)
Register of deeds	130,000	130,000	92,000	(38,000)
Treasurer	600	600	450	(150)
UW extension	14,235	14,235	6,200	(8,035)
Veterans	100	100	80	(20)
Total Public Charges for Services	<u>749,151</u>	<u>749,151</u>	<u>739,765</u>	<u>(9,386)</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final		
INVESTMENT INCOME				
Investment income	\$ 179,088	\$ 179,088	\$ 246,612	\$ 67,524
MISCELLANEOUS				
Rent on buildings	60,114	60,114	60,683	569
Rent on other property	10,619	10,619	12,128	1,509
Insurance recoveries	3,200	3,200	5,406	2,206
Fair donations	-	-	1,401	1,401
Other donations	30,465	30,465	19,599	(10,866)
WCMIC dividend	30,960	30,960	76,997	46,037
Sale of property/assets	15,000	15,000	37,736	22,736
Workman's compensation discount	299,600	299,600	119,959	(179,641)
Miscellaneous	4,200	4,200	790	(3,410)
Total Miscellaneous	454,158	454,158	334,699	(119,459)
TOTAL REVENUES	7,650,358	8,138,648	8,949,986	811,338

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, 2019

EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
County board	\$ 95,520	\$ 95,520	\$ 91,863	\$ 3,657
District attorney	85,496	85,496	81,076	4,420
Family court commissioner	13,141	13,141	13,135	6
Circuit court	216,895	216,895	192,546	24,349
Clerk of court	214,033	214,033	194,536	19,497
Other court	123,950	123,950	140,229	(16,279)
County buildings-operations and maintenance	348,068	324,568	315,882	8,686
Child support	178,182	178,182	180,243	(2,061)
County clerk	169,297	169,297	163,275	6,022
County treasurer	121,637	121,637	219,643	(98,006)
Coroner	38,190	38,190	35,759	2,431
County website	4,100	4,100	3,565	535
Elections	22,428	22,428	10,374	12,054
Finance	274,747	274,747	299,734	(24,987)
Indirect cost plan	4,390	4,390	4,390	-
Labor relations	68,188	68,188	13,334	54,854
Land information	250,113	250,113	256,241	(6,128)
Land use value penalty	1,500	1,500	5,088	(3,588)
Maps and plats	3,000	3,000	1,950	1,050
County fleet	1,450	1,450	(2,537)	3,987
County K building	28,130	28,130	52,221	(24,091)
Network administration	340,576	340,576	297,760	42,816
Personnel	119,576	119,576	153,240	(33,664)
Postage	4,662	4,662	1,326	3,336
Property and liability insurance	25,502	25,502	40,892	(15,390)
Register of deeds	155,937	155,937	157,663	(1,726)
Special accounting and auditing	38,000	38,000	26,087	11,913
Telephone	19,042	19,042	11,265	7,777
Health insurance	-	-	3,150	(3,150)
Retiree insurance incentive	1,000	1,000	4,860	(3,860)
Other benefits	279,600	279,600	(210)	279,810
Miscellaneous	1,100	1,100	-	1,100
Total General Government	3,247,450	3,223,950	2,968,580	255,370

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC SAFETY				
Crime victim/witness	\$ 45,749	\$ 45,749	\$ 44,628	\$ 1,121
Sheriff administration	2,043,358	2,043,358	2,018,238	25,120
Jail	1,272,233	1,272,233	1,327,219	(54,986)
EMS	16,836	16,836	16,836	-
Emergency government	88,852	88,852	90,698	(1,846)
SARA	18,860	18,860	9,450	9,410
Jail improvement	1,900	1,900	3,897	(1,997)
Total Public Safety	<u>3,487,788</u>	<u>3,487,788</u>	<u>3,510,966</u>	<u>(23,178)</u>
HEALTH AND HUMAN SERVICES				
County nurse	510,603	534,103	554,224	(20,121)
Public health	-	-	50	(50)
Veterans' service	83,269	83,269	64,164	19,105
Veterans' relief and care of veterans' graves	2,500	2,500	1,749	751
Veterans' service grant	10,250	10,250	9,667	583
Total Health and Social Services	<u>606,622</u>	<u>630,122</u>	<u>629,854</u>	<u>268</u>
CULTURE, RECREATION AND EDUCATION				
County extension programs	69,794	69,794	74,694	(4,900)
Workshops	1,250	1,250	2,410	(1,160)
Agriculture agent	49,006	49,006	48,601	405
Library	163,380	163,380	163,380	-
Family living agent	18,461	18,461	8,053	10,408
Fairs and exhibits	200,220	200,220	218,143	(17,923)
4-H agent	46,350	46,350	43,798	2,552
Snowmobile trails	19,192	19,192	21,520	(2,328)
ATV	1,003	1,003	2,362	(1,359)
Sunshine fund	300	300	580	(280)
Total Culture, Recreation and Education	<u>568,956</u>	<u>568,956</u>	<u>583,541</u>	<u>(14,585)</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CONSERVATION AND ECONOMIC DEVELOPMENT				
Land conservation	\$ 297,702	\$ 297,702	\$ 302,903	\$ (5,201)
Land conservation-cost share	15,000	15,000	21,091	(6,091)
Land conservation-LWRM cost share	68,750	68,750	95,944	(27,194)
Fish and game habitat	5,430	5,430	3,930	1,500
Wildlife damage program	-	-	12,538	(12,538)
Economic development	1,500	1,500	44,963	(43,463)
Lafayette development corp	69,514	69,514	22,917	46,597
Regional planning	16,245	16,245	16,243	2
Planning and zoning	71,300	71,300	71,666	(366)
Water testing	9,850	9,850	-	9,850
Total Conservation and Economic Development	<u>555,291</u>	<u>555,291</u>	<u>592,195</u>	<u>(36,904)</u>
 Total Expenditures	 <u>8,466,107</u>	 <u>8,466,107</u>	 <u>8,285,136</u>	 <u>180,971</u>
 Excess (deficiency) of revenues over expenditures	 <u>(815,749)</u>	 <u>(327,459)</u>	 <u>664,850</u>	 <u>992,309</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	183,350	183,350	1,071,068	887,718
Sale of capital assets	-	-	20,272	20,272
Transfers in	-	-	798,815	798,815
Transfers out	-	-	(900,218)	(900,218)
Total Other Financing Sources (Uses)	<u>183,350</u>	<u>183,350</u>	<u>989,937</u>	<u>806,587</u>
 Net change in fund balance	 (632,399)	 (144,109)	 1,654,787	 1,798,896
 FUND BALANCE - Beginning of Year	 <u>5,618,277</u>	 <u>5,618,277</u>	 <u>5,618,277</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 4,985,878</u>	 <u>\$ 5,474,168</u>	 <u>\$ 7,273,064</u>	 <u>\$ 1,798,896</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,922,471	\$ 1,922,471	\$ 1,922,471	\$ -
Intergovernmental	1,649,539	1,649,539	1,800,616	151,077
Fines, forfeitures and penalties	-	-	11,901	11,901
Public charges for services	798,400	798,400	878,671	80,271
Miscellaneous	1,700	1,700	1,142	(558)
Total Revenues	<u>4,372,110</u>	<u>4,372,110</u>	<u>4,614,801</u>	<u>242,691</u>
EXPENDITURES				
Health and human services	<u>4,372,110</u>	<u>4,372,110</u>	<u>4,131,285</u>	<u>240,825</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>483,516</u>	<u>483,516</u>
OTHER FINANCING USES				
Transfer out	<u>-</u>	<u>-</u>	<u>(461,771)</u>	<u>(461,771)</u>
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(461,771)</u>	<u>(461,771)</u>
Net change in fund balance	-	-	21,745	21,745
FUND BALANCE - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,745</u>	<u>\$ 21,745</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

Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
12/31/19	0.09814190%	3,491,581	14,921,093	23.40%	96.45%

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

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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%
12/31/19	1,095,941	1,095,941	-	15,625,168	7.01%

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

LAFAYETTE COUNTY

SCHEDULE OF CHANGES IN EMPLOYER'S TOTAL OPEB LIABILITY AND RELATED RATIOS
HEALTH INSURANCE
December 31, 2019

	2018	2019
Measurement Date	12/31/2017	12/31/2018
Total OPEB Liability		
Service cost	\$ 68,127	\$ 74,740
Interest	37,627	35,621
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	19,743	(40,589)
Benefit payments	<u>(92,000)</u>	<u>(92,000)</u>
Net Change in Total OPEB Liability	33,497	(22,228)
Total OPEB Liability - Beginning	<u>972,872</u>	<u>1,006,369</u>
Total OPEB Liability - Ending	<u>\$ 1,006,369</u>	<u>\$ 984,141</u>
 Covered-employee payroll	 \$ 14,064,014	 \$ 15,625,168
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 7.16%	 6.30%

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

Methods and assumptions used to determine the total OPEB liability:

Actuarial cost method	Entry age normal
Amortization method	Average remaining member service life
Amortization period	9 years
Asset valuation method	Market Value
Inflation	2.5 percent
Healthcare cost trend rates	"Long Term Healthcare Costs Trend Resource Model" created for the Society of Actuaries by Professor Thomas E. Getzen of Temple University.
Salary increases	then decreasing by 0.1% per year to 5.0% and level thereafter 3.0% per year inflationary
Investment rate of return	N/A
Retirement age	Based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2015-2017.
Mortality	Based on the Wisconsin 2018 mortality table in conjunction with the 2015-2017 Experience Study performed by the actuary for the Wisconsin Retirement System.

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, 2019

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 \$911,045 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. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

SUPPLEMENTARY INFORMATION

LAFAYETTE COUNTY

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2019

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Aging Fund	Revolving Loan	
ASSETS			
Cash and investments	\$ 19,799	\$ -	\$ 19,799
Taxes receivable	95,419	-	95,419
Accounts receivable	28,786	-	28,786
Due from other governments	7,393	-	7,393
Prepaid items	3,821	-	3,821
Restricted Assets			
Cash and investments	-	22,500	22,500
TOTAL ASSETS	\$ 155,218	\$ 22,500	\$ 177,718
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 6,169	\$ -	\$ 6,169
Accrued liabilities	6,514	-	6,514
Due to other funds	-	4,279	4,279
Total Liabilities	12,683	4,279	16,962
Deferred Inflows of Resources			
Unearned revenue	95,419	-	95,419
Fund Balances			
Nonspendable	3,821	-	3,821
Restricted	43,295	18,221	61,516
Total Fund Balances	47,116	18,221	65,337
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 155,218	\$ 22,500	\$ 177,718

LAFAYETTE COUNTY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Aging Fund	Revolving Loan	
REVENUES			
Taxes	\$ 85,239	\$ -	\$ 85,239
Intergovernmental	159,766	-	159,766
Public charges for services	31,628	-	31,628
Investment income	-	3,379	3,379
Miscellaneous	18,553	-	18,553
Total Revenues	295,186	3,379	298,565
EXPENDITURES			
Current			
Health and human services	306,997	-	306,997
Conservation and economic development	-	402,394	402,394
Total Expenditures	306,997	402,394	709,391
Excess (deficiency) of revenues over expenditures	(11,811)	(399,015)	(410,826)
OTHER FINANCING SOURCES			
Transfers in	-	12,500	12,500
Total Other Financing Sources	-	12,500	12,500
Excess (deficiency) of revenues over (under) expenditures	(11,811)	(386,515)	(398,326)
FUND BALANCES - Beginning of Year	58,927	404,736	463,663
FUND BALANCES - END OF YEAR	\$ 47,116	\$ 18,221	\$ 65,337

LAFAYETTE COUNTY

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 As of December 31, 2019

	Sheriff Commissary	Clerk of Court	DMV Vehicle Service	Bond Trust	Project DARE	Tri-County Trails Commission	Totals
ASSETS							
Cash and investments	\$ 27,039	\$ 55,243	\$ 3,387	\$ 2	\$ 2,130	\$ 2,242	\$ 90,043
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,643</u>	<u>53,643</u>
TOTAL ASSETS	<u>\$ 27,039</u>	<u>\$ 55,243</u>	<u>\$ 3,387</u>	<u>\$ 2</u>	<u>\$ 2,130</u>	<u>\$ 55,885</u>	<u>\$ 143,686</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Funds held for others	<u>27,039</u>	<u>55,243</u>	<u>3,387</u>	<u>2</u>	<u>2,130</u>	<u>55,885</u>	<u>143,686</u>
TOTAL LIABILITIES	<u>\$ 27,039</u>	<u>\$ 55,243</u>	<u>\$ 3,387</u>	<u>\$ 2</u>	<u>\$ 2,130</u>	<u>\$ 55,885</u>	<u>\$ 143,686</u>

LAFAYETTE MANOR NURSING HOME OF LAFAYETTE COUNTY

STATEMENTS OF NET POSITION
As of December 31, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and investments	\$ 369,941	\$ 19,289
Taxes receivable	387,200	338,716
Resident receivables, net of estimated uncollectibles	339,730	456,019
Inventories	27,367	34,817
Prepaid items	<u>56,864</u>	<u>60,038</u>
Total Current Assets	<u>1,181,102</u>	<u>908,879</u>
Noncurrent Assets		
Restricted Assets		
Resident trust funds	5,424	6,094
Restricted donation	53,223	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>1,071,050</u>	<u>570,778</u>
Total Noncurrent Assets	<u>1,147,717</u>	<u>1,142,315</u>
Total Assets	<u>2,328,819</u>	<u>2,051,194</u>
DEFERRED OUTFLOWS OF RESOURCES		
OPEB - related amounts	14,299	14,619
Pension-related amounts	<u>1,378,289</u>	<u>756,887</u>
Total Deferred Outflows of Resources	<u>1,392,588</u>	<u>771,506</u>
LIABILITIES		
Current Liabilities		
Accounts payable	83,215	100,931
Accrued payroll and fringe benefits	141,817	125,324
Current portion compensated absences	<u>69,647</u>	<u>90,172</u>
Total Current Liabilities	<u>294,679</u>	<u>316,427</u>
Noncurrent Liabilities		
Resident trust funds	5,424	6,094
Compensated absences	246,346	250,112
Other post-employment benefits	131,571	134,543
Net pension liability	<u>449,763</u>	<u>-</u>
Total Noncurrent Liabilities	<u>833,104</u>	<u>390,749</u>
Total Liabilities	<u>1,127,783</u>	<u>707,176</u>
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue	387,200	338,716
OPEB related amounts	4,769	-
Pension-related amounts	<u>723,172</u>	<u>736,527</u>
Total Deferred Inflows of Resources	<u>1,115,141</u>	<u>1,075,243</u>
NET POSITION		
Net investment in capital assets	1,089,070	607,679
Restricted for pension	-	397,457
Unrestricted	<u>389,413</u>	<u>35,145</u>
TOTAL NET POSITION	<u>\$ 1,478,483</u>	<u>\$ 1,040,281</u>

LAFAYETTE MANOR NURSING HOME OF LAFAYETTE COUNTY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the Years Ended December 31, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Daily resident service revenue, net	\$ 4,601,732	\$ 4,320,519
Other operating revenue	91,330	96,596
Total Operating Revenues	4,693,062	4,417,115
OPERATING EXPENSES		
Daily patient services	2,702,023	2,801,735
Support and special services	590,643	535,318
General services	1,265,606	1,315,967
Administrative services	823,849	649,235
Depreciation	97,401	79,347
Total Operating Expenses	5,479,522	5,381,602
Operating Loss	(786,460)	(964,487)
NONOPERATING REVENUES		
General property taxes	338,716	327,334
Intergovernmental grants	667,946	581,100
Investment income	162	99
Donations	17,164	174,644
Total Nonoperating Revenues	1,023,988	1,083,177
Income (Loss) Before Transfers	237,528	118,690
TRANSFERS		
Transfers in	487,718	17,607
Transfers out	(287,044)	-
Total Transfers	200,674	48,929
Change in Net Position	438,202	136,297
NET POSITION - Beginning of Year	1,040,281	903,984
NET POSITION - END OF YEAR	\$ 1,478,483	\$ 1,040,281

LAFAYETTE MANOR NURSING HOME OF LAFAYETTE COUNTY

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from and on behalf of residents	\$ 4,808,681	\$ 4,339,937
Cash paid to suppliers and contractors for goods and services	(2,554,253)	(2,535,804)
Cash payments to employees for operating payroll	(2,628,178)	(2,696,159)
Net Cash Flows From Operating Activities	(373,750)	(892,026)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	162	99
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
General property tax revenues	338,716	327,334
Intergovernmental grants	667,946	581,100
Nonoperating income	17,164	174,644
Transfers in	487,718	17,607
Transfers out	(287,044)	-
Net Cash Flows From Noncapital Financing Activities	1,224,500	1,100,685
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(578,792)	(95,337)
Net Cash Flows From Capital and Related Financing Activities	(578,792)	(95,337)
Net Change in Cash and Cash Equivalents	272,120	113,421
CASH AND CASH EQUIVALENTS - Beginning of Year	156,468	43,047
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 428,588	\$ 156,468

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	\$ (786,460)	\$ (964,487)
Nonoperating income	-	-
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities		
Depreciation	97,401	79,347
Change in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources		
Resident receivables, net	116,289	(76,555)
Inventories	7,450	-
Prepaid items	3,174	2,527
Accounts payable	(17,716)	41,545
Accrued payroll and fringe benefits	16,493	7,449
Resident trust funds	(670)	(623)
Pension-related amounts	217,552	(98,353)
OPEB related amounts	(2,972)	134,544
Compensated absences	<u>(24,291)</u>	<u>(17,420)</u>
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ (373,750)</u>	 <u>\$ (892,026)</u>

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

Cash and investments	\$ 369,941	\$ 19,289
Restricted assets - donations	53,223	131,085
Restricted assets - resident trust funds	<u>5,424</u>	<u>6,094</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 428,588</u>	 <u>\$ 156,468</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

None