

**FLORENCE COUNTY, WISCONSIN**  
**ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 2015**

**FLORENCE COUNTY, WISCONSIN**  
December 31, 2015

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**FLORENCE COUNTY, WISCONSIN**  
December 31, 2015

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## INDEPENDENT AUDITORS' REPORT

To the County Board  
Florence County, 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 Florence County, Wisconsin ("the County") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the 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 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 of 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 auditors consider internal control relevant to the 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 the 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Human Services Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note D.6, the County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the modified approach to infrastructure assets information on page 39 and the schedules relating to pensions on pages 40 and 41 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are also not a required part of the basic financial statements.

The supplementary information and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, the schedules of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Report on Summarized Financial Information**

We have previously audited Florence County, Wisconsin's 2014 financial statements, and our report dated July 4, 2015, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Certified Public Accountants  
Green Bay, Wisconsin  
July 7, 2016

## **BASIC FINANCIAL STATEMENTS**

**FLORENCE COUNTY, WISCONSIN**  
Statement of Net Position  
December 31, 2015  
(With summarized financial information as of December 31, 2014)

	Governmental Activities	Business-type Activities	Totals	
			2015	2014
<b>ASSETS</b>				
Cash and investments	\$ 5,223,141	\$ 182,569	\$ 5,405,710	\$ 5,328,953
Restricted cash and investments	376,318	645,188	1,021,506	3,149,820
Receivables				
Taxes	3,663,631	434,000	4,097,631	4,068,207
Delinquent property taxes	651,685	-	651,685	640,069
Accounts	991,901	327	992,228	826,604
Interest	8,750	-	8,750	12,456
Loans, net of allowance	538,022	-	538,022	542,129
Due from other governments	2,244	228,593	230,837	202,953
Inventories and prepaid items	286,931	123,307	410,238	343,532
Net pension asset	529,394	69,500	598,894	-
Capital assets, nondepreciable				
Land	2,025,029	19,671	2,044,700	2,044,700
Construction in progress	29,965	-	29,965	73,406
Infrastructure	13,841,993	-	13,841,993	13,841,993
Capital assets, depreciable				
Land improvements	706,201	89,310	795,511	795,443
Buildings and improvements	5,298,765	633,761	5,932,526	5,730,128
Machinery and equipment	1,184,904	2,505,756	3,690,660	3,629,817
Less: Accumulated depreciation	(4,235,264)	(1,612,806)	(5,848,070)	(5,765,415)
<b>TOTAL ASSETS</b>	<b>31,123,610</b>	<b>3,319,176</b>	<b>34,442,786</b>	<b>35,464,795</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	569,538	73,210	642,748	-
<b>LIABILITIES</b>				
Accounts payable	518,466	19,644	538,110	632,900
Accrued and other current liabilities	504,097	24,350	528,447	552,288
Accrued interest payable	4,939	-	4,939	31,232
Unearned revenues	160,631	41,873	202,504	225,531
Long-term obligations				
Due within one year	235,189	40,126	275,315	190,068
Due in more than one year	2,521,489	19,393	2,540,882	2,836,078
<b>TOTAL LIABILITIES</b>	<b>3,944,811</b>	<b>145,386</b>	<b>4,090,197</b>	<b>4,468,097</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	3,663,631	434,000	4,097,631	4,068,207
<b>NET POSITION</b>				
Net investment in capital assets	18,817,500	1,605,566	20,423,066	20,245,536
Restricted for				
DOT transportation trust	89,415	-	89,415	93,415
COP risk reserve	21,354	-	21,354	21,305
Community development	25,993	-	25,993	56,642
Debt service	3,836	-	3,836	-
Capital improvements	-	645,188	645,188	478,458
Pension benefits	1,098,932	142,710	1,241,642	-
Unrestricted	4,027,676	419,536	4,447,212	6,033,135
<b>TOTAL NET POSITION</b>	<b>\$ 24,084,706</b>	<b>\$ 2,813,000</b>	<b>\$ 26,897,706</b>	<b>\$ 26,928,491</b>

The notes to the basic financial statements are an integral part of this statement.

**FLORENCE COUNTY, WISCONSIN**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**  
(With summarized financial information for the year ended December 31, 2014)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 1,652,775	\$ 154,797	\$ 40,581	\$ -
Public safety	2,119,012	9,487	75,080	-
Public works	2,722,727	5	78,997	352,089
Culture and recreation	738,743	135,802	329,618	-
Health and human services	2,215,599	182,138	1,810,647	-
Conservation and development	1,525,165	1,646,249	374,764	-
Interest on debt	55,581	-	-	-
<b>Total Governmental Activities</b>	<b>11,029,602</b>	<b>2,128,478</b>	<b>2,709,687</b>	<b>352,089</b>
<b>Business-type Activities</b>				
Highway	1,760,736	1,189,639	212,253	3,800
<b>Total</b>	<b>\$ 12,790,338</b>	<b>\$ 3,318,117</b>	<b>\$ 2,921,940</b>	<b>\$ 355,889</b>

General revenues  
Taxes  
  Property taxes  
  Sales tax  
  Other taxes  
Federal and state grants and other contributions  
  not restricted to specific functions  
Interest and investment earnings  
Miscellaneous  
Gain on sale of capital assets  
**Total general revenues**

Change in net position

Net position - January 1, as originally reported

Cumulative effect of change in accounting principle

Net position - January 1, restated

Net position - December 31

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Totals	
		2015	2014
\$ (1,457,397)	\$ -	\$ (1,457,397)	\$ (1,420,420)
(2,034,445)	-	(2,034,445)	(1,943,867)
(2,291,636)	-	(2,291,636)	75
(273,323)	-	(273,323)	(227,303)
(222,814)	-	(222,814)	(400,043)
495,848	-	495,848	(149,403)
(55,581)	-	(55,581)	(88,847)
<u>(5,839,348)</u>	<u>-</u>	<u>(5,839,348)</u>	<u>(4,229,808)</u>
-	(355,044)	(355,044)	(350,905)
<u>(5,839,348)</u>	<u>(355,044)</u>	<u>(6,194,392)</u>	<u>(4,580,713)</u>
3,633,374	434,833	4,068,207	3,828,777
243,320	-	243,320	238,587
226,003	-	226,003	212,407
154,395	-	154,395	161,011
132,594	1,076	133,670	140,395
82,887	-	82,887	45,615
1,000	28,272	29,272	23,663
<u>4,473,573</u>	<u>464,181</u>	<u>4,937,754</u>	<u>4,650,455</u>
<u>(1,365,775)</u>	<u>109,137</u>	<u>(1,256,638)</u>	<u>69,742</u>
24,389,017	2,539,474	26,928,491	26,858,749
<u>1,061,464</u>	<u>164,389</u>	<u>1,225,853</u>	<u>-</u>
<u>25,450,481</u>	<u>2,703,863</u>	<u>28,154,344</u>	<u>26,858,749</u>
<u>\$ 24,084,706</u>	<u>\$ 2,813,000</u>	<u>\$ 26,897,706</u>	<u>\$ 26,928,491</u>

**FLORENCE COUNTY, WISCONSIN**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2015**  
(With summarized financial information as of December 31, 2014)

	General Fund	Human Services	Capital Projects	Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 4,899,041	\$ 246,626	\$ -	\$ 77,474
Restricted cash and investments	115,478	21,354	213,493	25,993
Receivables				
Taxes	3,263,387	179,844	-	220,400
Delinquent property taxes	651,685	-	-	-
Accounts	639,468	352,427	-	6
Interest	8,750	-	-	-
Loans	-	-	-	538,022
Due from other funds	-	-	-	-
Advance to other funds	202,606	-	-	-
Due from other governments	2,244	-	-	-
Prepaid items	286,931	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 10,069,590</b>	<b>\$ 800,251</b>	<b>\$ 213,493</b>	<b>\$ 861,895</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 436,348	\$ 82,118	\$ -	\$ -
Due to other funds	-	-	-	-
Accrued and other current liabilities	463,552	-	-	-
Special deposits	40,545	-	-	-
Unearned revenues	160,631	-	-	-
Advance from other funds	-	-	-	202,606
<b>Total Liabilities</b>	<b>1,101,076</b>	<b>82,118</b>	<b>-</b>	<b>202,606</b>
<b>Deferred Inflows of Resources</b>				
Property taxes	3,263,387	179,844	-	220,400
Interest on delinquent property taxes	92,834	-	-	-
Loans	-	-	-	538,022
<b>Total Deferred Inflows of Resources</b>	<b>3,356,221</b>	<b>179,844</b>	<b>-</b>	<b>758,422</b>
<b>Fund Balances</b>				
<b>Nonspendable for</b>				
Prepaid items	286,931	-	-	-
Delinquent property taxes	479,017	-	-	-
Long term advance to other funds	202,606	-	-	-
<b>Restricted for</b>				
DOT transportation trust	89,415	-	-	-
COP risk reserve	-	21,354	-	-
Community development	-	-	-	25,993
Debt service	-	-	-	3,836
Capital improvement projects	-	-	213,493	-
<b>Committed for</b>				
Subsequent year's expenditures	368,168	307,243	-	73,644
<b>Assigned</b>				
Subsequent year's budget	349,027	209,692	-	-
<b>Unassigned, reported in</b>				
General fund	3,837,129	-	-	-
Capital project fund	-	-	-	(202,606)
<b>Total Fund Balances</b>	<b>5,612,293</b>	<b>538,289</b>	<b>213,493</b>	<b>(99,133)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 10,069,590</b>	<b>\$ 800,251</b>	<b>\$ 213,493</b>	<b>\$ 861,895</b>

(Continued)

Totals	
2015	2014

\$ 5,223,141	\$ 4,945,336
376,318	2,671,362
3,663,631	3,600,207
651,685	640,069
991,901	826,281
8,750	12,456
538,022	542,129
-	16,581
202,606	15,000
2,244	-
286,931	213,100
<u>\$ 11,945,229</u>	<u>\$ 13,482,521</u>

\$ 518,466	\$ 613,788
-	16,581
463,552	505,757
40,545	-
160,631	213,591
202,606	15,000
<u>1,385,800</u>	<u>1,364,717</u>

3,663,631	3,600,207
92,834	88,880
538,022	542,129
<u>4,294,487</u>	<u>4,231,216</u>

286,931	213,100
479,017	468,984
202,606	15,000

89,415	93,415
21,354	21,305
25,993	56,642
3,836	3,836
213,493	2,500,000

749,055	707,869
---------	---------

558,719	665,451
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3,837,129	3,172,567
(202,606)	(31,581)
<u>6,264,942</u>	<u>7,886,588</u>

<u>\$ 11,945,229</u>	<u>\$ 13,482,521</u>
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**FLORENCE COUNTY, WISCONSIN**

Balance Sheet (Continued)

Governmental Funds

December 31, 2015

(With summarized financial information as of December 31, 2014)

<u>Reconciliation to the Statement of Net Position</u>	2015	2014
Total Fund Balances as shown on previous page	\$ 6,264,942	\$ 7,886,588
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	18,851,593	18,828,503
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds or recorded only on government-wide financial statements.		
Loans receivable	538,022	542,129
Interest on delinquent taxes	92,834	88,880
The County's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements:		
Net pension asset	529,394	-
Deferred outflows of resources	569,538	-
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(2,375,000)	(2,528,497)
Premium on issued debt	(54,117)	(60,130)
Capital leases	(34,093)	(45,014)
Compensated absences	(293,468)	(292,210)
Accrued interest on long-term obligations	(4,939)	(31,232)
<b>Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 4)</b>	<b><u>\$ 24,084,706</u></b>	<b><u>\$ 24,389,017</u></b>

The notes to the basic financial statements are an integral part of this statement.

**FLORENCE COUNTY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2015  
(With summarized financial information for the year ended December 31, 2014)

	General Fund	Human Services	Capital Projects	Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$ 3,701,067	\$ 179,844	\$ -	\$ 221,786
Intergovernmental	1,657,880	1,197,792	352,089	-
Licenses and permits	23,882	-	-	-
Fines and forfeits	2,517	-	-	-
Public charges for services	1,872,560	141,497	-	-
Intergovernmental charges for services	72,612	-	-	-
Miscellaneous	216,231	49	3,155	39,658
<b>Total Revenues</b>	<b>7,546,749</b>	<b>1,519,182</b>	<b>355,244</b>	<b>261,444</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,690,584	-	-	-
Public safety	2,130,826	-	-	-
Public works	78,997	-	-	-
Health and human services	972,111	1,311,890	-	-
Culture and recreation	740,106	-	-	-
Conservation and development	1,302,728	-	-	210,112
<b>Debt service</b>				
Principal	-	-	-	153,497
Interest and fiscal charges	-	-	-	87,887
Capital outlay	-	-	2,643,896	-
<b>Total Expenditures</b>	<b>6,915,352</b>	<b>1,311,890</b>	<b>2,643,896</b>	<b>451,496</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>631,397</b>	<b>207,292</b>	<b>(2,288,652)</b>	<b>(190,052)</b>
<b>Other Financing Sources (Uses)</b>				
Long-term debt issued	-	-	-	-
Debt premium	-	-	-	-
Capital lease issued	-	-	-	-
Sale of capital assets	18,369	-	-	-
Transfers in	372,663	-	-	-
Transfers out	-	(372,663)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>391,032</b>	<b>(372,663)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,022,429</b>	<b>(165,371)</b>	<b>(2,288,652)</b>	<b>(190,052)</b>
<b>Fund Balances - January 1</b>	<b>4,589,864</b>	<b>703,660</b>	<b>2,502,145</b>	<b>90,919</b>
<b>Fund Balances (Deficit) - December 31</b>	<b>\$ 5,612,293</b>	<b>\$ 538,289</b>	<b>\$ 213,493</b>	<b>\$ (99,133)</b>

(Continued)

Total Governmental Funds	
2015	2014

\$ 4,102,697	\$ 3,704,771
3,207,761	3,008,499
23,882	24,972
2,517	12,063
2,014,057	1,286,956
72,612	94,834
259,093	244,122
<u>9,682,619</u>	<u>8,376,217</u>

1,690,584	1,583,294
2,130,826	2,072,804
78,997	78,997
2,284,001	2,356,121
740,106	878,512
1,512,840	1,535,148

153,497	7,457
87,887	60,622
2,643,896	-

<u>11,322,634</u>	<u>8,572,955</u>
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<u>(1,640,015)</u>	<u>(196,738)</u>
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-	2,500,000
-	63,136
-	57,038

18,369	1,520
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372,663	300,558
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(372,663)	(300,558)
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<u>18,369</u>	<u>2,621,694</u>
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(1,621,646)	2,424,956
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<u>7,886,588</u>	<u>5,461,632</u>
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<u>\$ 6,264,942</u>	<u>\$ 7,886,588</u>
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**FLORENCE COUNTY, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
Governmental Funds  
For the Year Ended December 31, 2015  
(With summarized financial information for the year ended December 31, 2014)

<u>Reconciliation to the Statement of Activities</u>	2015	2014
Net Change in Fund Balances - Total Governmental Funds from previous page	\$ (1,621,646)	\$ 2,424,956
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital asset expenditures included in governmental fund statements	\$ 233,045	
Depreciation expense reported in the statement of activities	<u>(191,955)</u>	
Amount by which capital outlays are greater than depreciation	41,090	22,954
In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities, only the gain (or loss) on the disposal is reported. In addition, capital assets transferred to business-type activities are not recorded in the governmental funds. The book value of capital assets transfer or disposed of is:	(18,000)	(118,187)
Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. The accrual of these benefits (increased) decreased by:	(1,258)	38,388
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments is:	164,418	19,481
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid; in the statement of activities, interest is reported as it accrues.	26,293	(31,232)
Some capital assets acquired during the year were financed with debt. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:	-	(2,557,038)
Change in the net pension asset and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan	37,468	-
Debt premiums are reported in the governmental funds as an other financing source. In the statement of activities, bond premiums are capitalized and amortized over the life of the bonds.	6,013	(60,130)
The County administers a loan program. Loans issued are recorded as expenditures when made; in the statement of activities loans issued are not expensed but recorded as an asset. Accordingly, loan repayments are not recorded as revenue in the statement of activities but reduce the receivable.		
Loans issued	48,903	19,959
Loans repayments	(38,478)	(41,239)
Amounts written off during year	(14,532)	(19,427)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	<u>3,954</u>	<u>3,929</u>
Change in Net Position of Governmental Activities as Reported on the Statement of Activities (pages 5 - 6)	<u>\$ (1,365,775)</u>	<u>\$ (297,586)</u>

The notes to the basic financial statements are an integral part of this statement.

**FLORENCE COUNTY, WISCONSIN**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 3,560,807	\$ 3,645,244	\$ 3,701,067	\$ 55,823
Intergovernmental	1,477,246	1,611,392	1,657,880	46,488
Licenses and permits	18,475	18,640	23,882	5,242
Fines and forfeits	5,000	5,000	2,517	(2,483)
Public charges for services	966,849	1,065,059	1,872,560	807,501
Intergovernmental charges for services	106,501	106,501	72,612	(33,889)
Miscellaneous	150,000	180,000	216,231	36,231
<b>Total Revenues</b>	<b>6,284,878</b>	<b>6,631,836</b>	<b>7,546,749</b>	<b>914,913</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,820,364	1,892,230	1,690,584	201,646
Public safety	2,174,654	2,151,848	2,130,826	21,022
Public works	78,997	78,997	78,997	-
Health and human services	940,266	997,169	972,111	25,058
Culture and recreation	730,132	777,010	740,106	36,904
Conservation and development	1,155,916	1,335,921	1,302,728	33,193
Capital outlay	50,000	50,000	-	50,000
<b>Total Expenditures</b>	<b>6,950,329</b>	<b>7,283,175</b>	<b>6,915,352</b>	<b>367,823</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(665,451)</b>	<b>(651,339)</b>	<b>631,397</b>	<b>1,282,736</b>
<b>Other Financing Sources</b>				
Sale of capital assets	-	700	18,369	17,669
Transfers in	372,663	372,663	372,663	-
<b>Total Other Financing Sources</b>	<b>372,663</b>	<b>373,363</b>	<b>391,032</b>	<b>17,669</b>
<b>Net Change in Fund Balance</b>	<b>(292,788)</b>	<b>(277,976)</b>	<b>1,022,429</b>	<b>1,300,405</b>
<b>Fund Balance - January 1</b>	<b>4,589,864</b>	<b>4,589,864</b>	<b>4,589,864</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 4,297,076</b>	<b>\$ 4,311,888</b>	<b>\$ 5,612,293</b>	<b>\$ 1,300,405</b>

The notes to the basic financial statements are an integral part of this statement.

**FLORENCE COUNTY, WISCONSIN**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Human Services Special Revenue Fund**  
**For the Year Ended December 31, 2015**

	Original Budget	Final Budget	Actual Amounts	Variance Final Budget - Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 231,114	\$ 179,663	\$ 179,844	\$ 181
Intergovernmental	1,567,133	1,534,616	1,197,792	(336,824)
Public charges for services	46,743	46,743	141,497	94,754
Miscellaneous	-	-	49	49
<b>Total Revenues</b>	<u>1,844,990</u>	<u>1,761,022</u>	<u>1,519,182</u>	<u>(241,840)</u>
<b>Expenditures</b>				
Current				
Health and human services	<u>1,844,990</u>	<u>1,761,022</u>	<u>1,311,890</u>	<u>449,132</u>
<b>Excess of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>207,292</u>	<u>207,292</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(372,663)</u>	<u>(372,663)</u>	<u>(372,663)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>(372,663)</u>	<u>(372,663)</u>	<u>(165,371)</u>	<u>207,292</u>
<b>Fund Balance - January 1</b>	<u>703,660</u>	<u>703,660</u>	<u>703,660</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u><u>\$ 330,997</u></u>	<u><u>\$ 330,997</u></u>	<u><u>\$ 538,289</u></u>	<u><u>\$ 207,292</u></u>

The notes to the basic financial statements are an integral part of this statement.

**FLORENCE COUNTY, WISCONSIN**  
**Statement of Net Position**  
**Proprietary Fund**  
**December 31, 2015**  
(With summarized financial information as of December 31, 2014)

	Enterprise Fund - Highway	
	2015	2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and investments	\$ 182,569	\$ 383,617
Receivables		
Taxes	434,000	468,000
Accounts	327	323
Due from other governments	228,593	202,953
Inventories and prepaid items	123,307	130,432
<b>Total Current Assets</b>	<u>968,796</u>	<u>1,185,325</u>
<b>Noncurrent Assets</b>		
<b>Restricted assets</b>		
Cash and investments	645,188	478,458
Net pension asset	69,500	-
<b>Capital assets, nondepreciable</b>		
Land	19,671	19,671
Construction in progress	-	21,338
<b>Capital assets, depreciable</b>		
Land improvements	89,310	89,310
Buildings and improvements	633,761	431,363
Machinery and equipment	2,505,756	2,521,726
Less: Accumulated depreciation	(1,612,806)	(1,561,839)
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>1,635,692</u>	<u>1,521,569</u>
<b>Total Noncurrent Assets</b>	<u>2,350,380</u>	<u>2,000,027</u>
<b>TOTAL ASSETS</b>	<u>3,319,176</u>	<u>3,185,352</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	73,210	-
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	19,644	19,112
Accrued and other current liabilities	24,350	46,531
Unearned revenues	41,873	11,940
Compensated absences	10,000	10,982
Installment contract payable	30,126	29,397
<b>Total Current Liabilities</b>	<u>125,993</u>	<u>117,962</u>
<b>Noncurrent Liabilities</b>		
Installment contract payable	-	30,125
Compensated absences	19,393	29,791
<b>Total Noncurrent Liabilities</b>	<u>19,393</u>	<u>59,916</u>
<b>TOTAL LIABILITIES</b>	<u>145,386</u>	<u>177,878</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes	434,000	468,000
<b>NET POSITION</b>		
Net investment in capital assets	1,605,566	1,462,047
<b>Restricted for</b>		
Capital improvements	645,188	478,458
Pension benefits	142,710	-
Unrestricted	419,536	598,969
<b>TOTAL NET POSITION</b>	<u>\$ 2,813,000</u>	<u>\$ 2,539,474</u>

The notes to the basic financial statements are an integral part of this statement.

**FLORENCE COUNTY, WISCONSIN**  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the Year Ended December 31, 2015  
(With summarized financial information for the year ended December 31, 2014)

	Enterprise Fund - Highway	
	2015	2014
Operating Revenues		
Charges for services	\$ 1,183,423	\$ 1,187,242
Other	6,216	13,614
Total Operating Revenues	<u>1,189,639</u>	<u>1,200,856</u>
Operating Expenses		
Operation and maintenance	1,554,019	1,562,732
Depreciation	205,241	187,894
Total Operating Expenses	<u>1,759,260</u>	<u>1,750,626</u>
Operating Loss	<u>(569,621)</u>	<u>(549,770)</u>
Nonoperating Revenues (Expenses)		
Property taxes	434,833	575,000
Operating grants and aids	212,253	198,865
Interest income	1,076	1,383
Interest expense	(1,476)	-
Gain on sale of capital assets	28,272	23,162
Total Nonoperating Revenues (Expenses)	<u>674,958</u>	<u>798,410</u>
Net Income before Transfers	105,337	248,640
Transfer from governmental activities for capital assets - machinery and equipment	<u>3,800</u>	<u>118,688</u>
Change in Net Position	<u>109,137</u>	<u>367,328</u>
Net Position - January 1, as originally reported	2,539,474	2,172,146
Cumulative effect of change in accounting principle	<u>164,389</u>	<u>-</u>
Net Position - January 1, restated	<u>2,703,863</u>	<u>2,172,146</u>
Net Position - December 31	<u>\$ 2,813,000</u>	<u>\$ 2,539,474</u>

The notes to the basic financial statements are an integral part of this statement.

**FLORENCE COUNTY, WISCONSIN**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended December 31, 2015**  
(With summarized financial information for the year ended December 31, 2014)

	Enterprise Fund - Highway	
	2015	2014
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 1,187,711	\$ 1,167,242
Cash received from other revenues	6,216	13,614
Cash paid to suppliers	(485,756)	(513,747)
Cash paid to employees for wages and benefits	(1,072,488)	(1,100,095)
<b>Net Cash Used by Operating Activities</b>	<u>(364,317)</u>	<u>(432,986)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Property taxes	434,833	575,000
Operating grants and aids	212,253	198,865
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>647,086</u>	<u>773,865</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from the sale of capital assets	63,022	200,933
Acquisition of capital assets	(350,313)	(383,273)
Principal payments on long-term debt	(29,396)	-
Interest payments on long-term debt	(1,476)	-
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(318,163)</u>	<u>(182,340)</u>
<b>Cash Flows from Investing Activities</b>		
Interest income received	1,076	1,383
<b>Change in Cash and Cash Equivalents</b>	(34,318)	159,922
<b>Cash and Cash Equivalents - January 1</b>	862,075	702,153
<b>Cash and Cash Equivalents - December 31</b>	<u>\$ 827,757</u>	<u>\$ 862,075</u>
<b>Reconciliation of Cash and Cash Equivalents to Statement of Net Position</b>		
Cash and investments in current assets	\$ 182,569	\$ 383,617
Cash and investments in restricted assets	645,188	478,458
<b>Total Cash and Cash Equivalents - December 31</b>	<u>\$ 827,757</u>	<u>\$ 862,075</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>		
Operating loss	\$ (569,621)	\$ (549,770)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	205,241	187,894
Change in pension related assets and deferred outflows	21,679	-
Changes in assets and liabilities		
Accounts receivable	(4)	(312)
Due from other governments	(25,640)	(49,827)
Inventories and prepaid items	7,125	20,347
Accounts payable	532	(57,195)
Accrued and other current liabilities	(22,181)	(5,378)
Unearned revenues	29,932	30,139
Compensated absences	(11,380)	(8,884)
<b>Net Cash Used by Operating Activities</b>	<u>\$ (364,317)</u>	<u>\$ (432,986)</u>
<b>Noncash Investing, Capital and Financing Activities</b>		
Book value of equipment traded-in	\$ 472,311	\$ 251,938
Machinery and equipment transferred from County	3,800	118,688
Machinery and equipment financed by installment contract	-	59,522

The notes to the basic financial statements are an integral part of this statement.

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of Florence County, Wisconsin ("the County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described below:

1. Reporting Entity

Florence County is a municipal corporation governed by an elected 12-member board. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units that have a significant operational or financial relationship with the County. The County has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

2. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue and debt service funds. Proprietary funds include enterprise funds. The County has no internal service funds. 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**

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

**SPECIAL REVENUE FUND**

**HUMAN SERVICES**

This fund accounts for the resources accumulated and payment of services provided by the County's Human Services Department. Taxes and intergovernmental aids represent the significant revenues for this fund.

**CAPITAL PROJECTS FUND**

This fund accounts for debt proceeds received to finance highway improvement projects.

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The County reports the following major enterprise fund:

**HIGHWAY FUND**

This fund is used to account for costs of the highway department for the maintenance and construction of state, county, and local roads and bridges.

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

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

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

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

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

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

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

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.

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

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

d. Inventories

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

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

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

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

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The County has elected to use the modified approach to report infrastructure. Depreciation will not be recorded on infrastructure. With an up-to-date inventory, replicate conditions assessments, and annual costs to maintain and preserve the infrastructure, the County has agreed to provide a minimum condition level rating of 5.0 on the Paser scale.

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

	Governmental	Business-type
	Activities	Activities
	Years	
<u>Assets</u>		
Land improvements	10 - 30	10 - 30
Buildings and improvements	25 - 40	25 - 40
Machinery and equipment	4 - 15	5 - 15

**g. Compensated Absences**

Long-term liabilities are recorded for earned and unused sick leave for Sheriff Department employees covered under a bargaining unit agreement. Effective in 2013, there is no longer any carry-over or payout for unused sick leave at the end of the year for all other County employees. Long-term liabilities are recorded, however, for unused sick leave earned by these employees under prior County policies or prior bargaining unit agreements until used by the employee or paid out at retirement.

Unused vacation cannot be carried over to the following year except when extenuating circumstances exist. The value of any carried-over vacation is included as a long-term liability for compensated absences.

Liabilities for compensated absences are accrued and reported in the government-wide and proprietary fund financial statements. Liabilities are accrued and reported in governmental funds only if they have matured, for example, as a result of employee resignation or termination.

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category in the government-wide statement of net position. The item is related to the County's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied. The County also has an additional type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, interest on delinquent property taxes and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed in the current period.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Pensions

For purposes of measuring the net pension 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.

k. Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the County Board. These constraints can only be removed or changed by the County Board using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of County management. The County Board has authorized the Audit and Budget Committee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The County has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. The policy indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS**

Equity is classified as net position and displayed in three components:

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

**5. Use of Estimates**

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

**6. Summarized Comparative Information**

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

**NOTE B - STEWARDSHIP AND COMPLIANCE**

**1. Budgets and Budgetary Accounting**

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

- a. During October, County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by County Board action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the governmental funds.

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)**

- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the County. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the County Board.
- e. Encumbrance accounting is not used by the County to record commitments related to unperformed contracts for goods or services.

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2015.

2. Deficit Fund Balance

The following fund had deficit fund balance as of December 31, 2015:

Fund	Deficit Fund Balance
Tax Incremental District	\$ 202,606

The County anticipates funding the above deficit from future revenues of the fund.

**NOTE C - DETAILED NOTES ON ALL FUNDS**

1. Cash and Investments

The County maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

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

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

The carrying amount of the County's cash and investments totaled \$6,427,216 on December 31, 2015 as summarized below:

Petty cash funds	\$ 600
Deposits with financial institutions	1,217,242
Investments	
Wisconsin local government investment pool	209,374
	<u>\$ 6,427,216</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position	
Cash and investments	\$ 5,405,710
Restricted cash	1,021,506
	<u>\$ 6,427,216</u>

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the County's deposits and investments and the related risks.

Custodial Credit Risk

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

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, \$2,022,122 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits. \$2,000,000 was collateralized with securities held by the pledging financial institution or its agent.

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County does not have an additional custodial credit risk policy.

Investments

The County has investments in the Wisconsin local government investment pool of \$209,374 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2015, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The County does not have an additional credit risk policy.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County's investment policy limits investment maturities to no more than one year from the date of purchase. Reserve funds may be invested in securities exceeding one year if such investments are made to coincide with the expected use of funds.

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

2. Restricted Assets

Restricted assets on December 31, 2015 totaled \$1,021,506 and consisted of cash held for the following purposes:

Governmental Activities	
General Fund	
DOT transportation trust	\$ 74,933
Sheriff inmate trust	3,959
Clerk of courts trust	36,586
Human Services Special Revenue Fund	
COP risk reserve	21,354
Housing Authority Special Revenue Fund	
Community development	25,993
Capital Projects Fund	
Capital projects	<u>213,493</u>
Total Governmental Activities	<u>376,318</u>
Business-type Activities	
Highway Enterprise Fund	
Capital improvements	<u>645,188</u>
Total Restricted Cash and Investments	<u>\$ 1,021,506</u>

3. Property Tax Apportionments

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

Property taxes apportioned on December 31, 2015 for collection in 2016 are for the following:

State apportionment	\$ 105,881
County apportionment	<u>4,097,631</u>
Total	<u>\$ 4,203,512</u>

The above County apportionment of \$4,097,631 recorded as part of taxes receivable, is for financing 2016 operations and will be transferred in 2016 from deferred inflows of resources to current revenues of the County's governmental and proprietary funds.

**FLORENCE COUNTY, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2015**

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

4. Delinquent Property Taxes - General Fund

Delinquent property taxes of the general fund represent unpaid property taxes on real estate, including state and local government equities therein. Under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deeded properties.

On December 31, 2015 the County's general fund showed an investment of \$651,685 in delinquent taxes and interest as follows:

Tax certificates	\$	528,121
Tax deeds		15,866
Interest on delinquent property taxes		107,698
Total		\$ 651,685

An aging of the delinquent certificates of \$528,121 on December 31, 2015 follows:

Year Acquired	Tax Certificates
2008	\$ 2,878
2009	6,742
2010	7,155
2011	15,278
2012	67,066
2013	153,808
2014	275,194
	\$ 528,121

Of the total of \$528,121 for delinquent tax certificates, \$64,970 was collected by the County within 60 days after December 31, 2015. The remaining unpaid balance of \$463,151 as well as the \$15,866 of tax deeds is recorded as nonspendable fund balance for the general fund.

Of the \$107,698 due for interest on delinquent property taxes, \$14,864 was collected by the County within 60 days after December 31, 2015. The remaining unpaid balance of \$92,834 is recorded as a deferred inflows of resources in the general fund and recognized as income in the government-wide financial statements.

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

5. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,025,029	\$ -	\$ -	\$ 2,025,029
Construction in progress	52,068	29,965	52,068	29,965
Infrastructure	13,841,993	-	-	13,841,993
Total capital assets, not being depreciated	<u>15,919,090</u>	<u>29,965</u>	<u>52,068</u>	<u>15,896,987</u>
Capital assets, being depreciated:				
Land improvements	706,133	52,068	52,000	706,201
Buildings and improvements	5,298,765	-	-	5,298,765
Machinery and equipment	1,108,091	203,080	126,267	1,184,904
Subtotals	<u>7,112,989</u>	<u>255,148</u>	<u>178,267</u>	<u>7,189,870</u>
Less accumulated depreciation for:				
Land improvements	233,305	35,972	34,000	235,277
Buildings and improvements	3,092,480	83,167	-	3,175,647
Machinery and equipment	877,791	72,816	126,267	824,340
Subtotals	<u>4,203,576</u>	<u>191,955</u>	<u>160,267</u>	<u>4,235,264</u>
Total capital assets, being depreciated, net	<u>2,909,413</u>	<u>63,193</u>	<u>18,000</u>	<u>2,954,606</u>
Governmental activities capital assets, net	<u>\$18,828,503</u>	<u>\$ 93,158</u>	<u>\$ 70,068</u>	<u>18,851,593</u>
Less: Capital leases				<u>34,093</u>
Net investment in capital assets				<u>\$18,817,500</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 19,671	\$ -	\$ -	\$ 19,671
Construction in progress	21,338	90,315	111,653	-
Total capital assets, not being depreciated	<u>41,009</u>	<u>90,315</u>	<u>111,653</u>	<u>19,671</u>
Capital assets, being depreciated:				
Land improvements	89,310	-	-	89,310
Buildings and improvements	431,363	202,398	-	633,761
Machinery and equipment	2,521,726	173,154	189,124	2,505,756
Subtotals	<u>3,042,399</u>	<u>375,552</u>	<u>189,124</u>	<u>3,228,827</u>
Less accumulated depreciation for:				
Land improvements	25,896	2,642	-	28,538
Buildings and improvements	329,139	17,377	-	346,516
Machinery and equipment	1,206,804	185,222	154,274	1,237,752
Subtotals	<u>1,561,839</u>	<u>205,241</u>	<u>154,274</u>	<u>1,612,806</u>
Total capital assets, being depreciated, net	<u>1,480,560</u>	<u>170,311</u>	<u>34,850</u>	<u>1,616,021</u>
Business-type activities capital assets, net	<u>\$ 1,521,569</u>	<u>\$ 260,626</u>	<u>\$ 146,503</u>	<u>1,635,692</u>
Less related long-term debt outstanding				<u>30,126</u>
Net investment in capital assets				<u>\$ 1,605,566</u>

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

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

<b>Governmental activities</b>	
General government	\$ 65,881
Public safety	32,911
Health and human services	9,096
Conservation and development	84,067
Total depreciation expense - governmental activities	<u>\$ 191,955</u>
 <b>Business-type activities</b>	
Highway	<u>\$ 205,241</u>

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

Interfund receivables and payables at December 31, 2015 were as follows:

	Interfund Receivables	Interfund Payables
<b>Long-term Advance</b>		
General Fund	\$ 202,606	\$ -
Tax Incremental District	-	202,606
Totals	<u>\$ 202,606</u>	<u>\$ 202,606</u>

Interfund transfers for the year ended December 31, 2015 were as follows:

	Transfer to:
	General Fund
<b>Transfers from:</b>	
Special Revenue Fund	
Human services	<u>\$ 372,663</u>

The purpose of the transfer was to return excess tax levy from prior years to the general fund based on the budget.

During 2015, the County's forestry department transferred equipment with a net book value of \$3,800 to the County's highway department.

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2015:

	Outstanding 01/01/15	Issued	Retired	Outstanding 12/31/15	Due Within One Year
<b>Governmental activities:</b>					
<b>General Obligation Debt</b>					
Notes	\$ 2,528,497	\$ -	\$ 153,497	\$ 2,375,000	\$ 150,000
Capital lease	45,014	-	10,921	34,093	11,189
Debt premium	60,130	-	6,013	54,117	-
Compensated absences	292,210	1,258	-	293,468	74,000
<b>Governmental activities long-term obligations</b>	<b>\$ 2,925,851</b>	<b>\$ 1,258</b>	<b>\$ 170,431</b>	<b>\$ 2,756,678</b>	<b>\$ 235,189</b>
<b>Business-type activities:</b>					
Installment contract payable	\$ 59,522	\$ -	\$ 29,396	\$ 30,126	\$ 30,126
Compensated absences	40,773	-	11,380	29,393	10,000
<b>Business-type activities Long-term obligations</b>	<b>\$ 100,295</b>	<b>\$ -</b>	<b>\$ 40,776</b>	<b>\$ 59,519</b>	<b>\$ 40,126</b>

Total interest paid during the year on long-term debt totaled \$89,363.

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

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Notes Payable

\$2,500,000 issued 7/1/14; \$150,000 to \$1,075,000 due annually through 2024;  
interest 1.25% to 3.00%

\$ 2,375,000

Annual principal and interest maturities of the outstanding general obligation debt of \$2,375,000 on December 31, 2015 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2016	\$ 150,000	\$ 59,125	\$ 209,125
2017	150,000	56,875	206,875
2018	150,000	54,250	204,250
2019	150,000	51,250	201,250
2020	175,000	47,781	222,781
2021-2024	1,600,000	133,656	1,733,656
	<u>\$ 2,375,000</u>	<u>\$ 402,937</u>	<u>\$ 2,777,937</u>

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt December 31, 2015 was \$28,824,131 as follows:

Equalized valuation of the County		\$ 623,905,900
Statutory limitation percentage		<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		31,195,295
Total outstanding general obligation debt applicable to debt limitation	\$ 2,375,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>3,836</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>2,371,164</u>
Legal Margin for New Debt		<u>\$ 28,824,131</u>

Capital Leases

The County is obligated under a lease accounted for as a capital lease that was used to finance the acquisition of machinery. The cost of capital assets acquired by capital leases totals \$57,038 as of December 31, 2015. Presented below is a schedule of future minimum lease payments as of December 31, 2015:

Year Ending	Amount
2016	\$ 12,024
2017	12,024
2018	<u>11,722</u>
Total payments	35,770
Less: Amount representing interest	<u>1,677</u>
Principal amount outstanding	<u>\$ 34,093</u>

Installment Contract Payable

The County financed a portion of highway department equipment by issuing an installment contracts payable. The cost of capital assets acquired totaled \$259,395. Presented below is a schedule of future installment contract payments due as of December 31, 2015:

Year Ending	Amount
2016	\$ 30,873
Less: Amount representing interest	<u>747</u>
Principal amount outstanding	<u>\$ 30,126</u>

**8. Pension Plan**

a. Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

**FLORENCE COUNTY, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2015**

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

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.

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

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

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

The WRS also provides death and disability benefits for employees.

**b. Post-Retirement Adjustments**

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

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

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

c. Contributions

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

During the reporting period, the WRS recognized \$237,246 in contributions from the County.

Contribution rates as of December 31, 2015 are:

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

d. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions

At December 31, 2015, the County reported an asset of \$598,894 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the County's proportion was 0.02438223%, which was a decrease of 0.00061158% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the County recognized pension expense of \$239,312.

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 86,821
Net differences between projected and actual earnings on pension plan investments	290,014
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,832
Employer contributions subsequent to the measurement date	247,081
Total	<u>\$ 642,748</u>

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

The \$247,081 reported as deferred outflows related to pension resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30,	Deferred Outflow of Resources
2015	\$ 90,207
2016	90,207
2017	90,207
2018	90,207
2019	34,839

e. Actuarial Assumption

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

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Asset:	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

**FLORENCE COUNTY, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2015**

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

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

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

*Single Discount Rate.* A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
County's proportionate share of the net pension asset (liability)	\$ (1,689,584)	\$ 598,894	\$ 2,406,242

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

f. Payable to the WRS

At December 31, 2015 the County reported a payable of \$30,199 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2015.

**FLORENCE COUNTY, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2015**

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

9. Minimum Fund Balance Policy

The County has also adopted a minimum fund balance policy of 15% to 25% of actual current year general fund expenditures for the general fund. These funds are to be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Actual 2015 General Fund Expenditures	\$6,915,352	
Minimum Fund Balance %	(x) 15%	(x) 25%
Minimum Fund Balance Amount	\$ 1,037,303	\$ 1,728,838

The County's unassigned general fund balance totaled \$3,837,129 on December 31, 2015 of which the County has internally segregated \$478,440 for various contingencies and \$1,400,000 for working capital or future capital needs.

10. Fund Equity

In the fund financial statements, portions of governmental fund balances have been committed to represent tentative management plans that are subject to change. At December 31, 2015, governmental fund balance committed totaled \$749,055 as follows:

Committed for:

General Fund

Capital expenditure fund	\$ 50,000
Sick leave payouts - general government	76,911
Sick leave payouts - human services	49,804
ROD redaction fees	21,409
DARE program	814
Resource Center operations	15,783
Veterans service officer	1,454
Aging	11,480
Project Lifesaver	6,073
Boat landing fees	4,248
Extension - CRD programs	26,957
Tree planting	1,658
Land conservation timber bridge	375
Land conservation	8,517
Wildlife management	21,384
Dispatch 911 system	40,000
State aid - Library	30,620
Household hazard	681
Total General Fund	368,168

Human services special revenue fund

Human services	307,243
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Housing authority special revenue fund

Community development	73,644
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Total Committed for Subsequent Year's Expenditures	\$ 749,055
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In the fund financial statements, portions of governmental fund balances totaling \$558,719 as of December 31, 2015 have been assigned as part of the County's 2016 budget.

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE D - OTHER INFORMATION**

1. Tax Incremental District

The County has established a separate capital project fund for a Tax Incremental District created by the County in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the District was created, the property tax base within each District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. TID No. 1 was created on May 1, 2013.

Since creation of the Districts, the County has provided various financing sources and has also recorded eligible TID project costs in other funds of the County. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the County from any future excess tax increment revenues. As of December 31, 2015, unreimbursed project costs of TID No. 1 of \$202,607 were recoverable from future excess tax increment revenues of the District.

2. Risk Management

The County is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; employee health and accident claims; or acts of God. The County has chosen to retain a portion of the risks through a self-insurance program and has also purchased insurance to transfer other risks to outside parties.

3. Property and Liability Insurance

During 1994, the County became a member of the Wisconsin County Mutual Insurance Corporation (WCMIC). WCMIC was created by several governmental units within the State of Wisconsin to provide liability insurance services to its members. The County pays premiums to WCMIC for its liability insurance coverage. The actuary for WCMIC determines charges to its members for the expected losses and loss adjustment expenses on which premiums are based. Premium charges for WCMIC are recorded as expenditures or expenses in various funds of the County.

The County also purchases commercial insurance policies for various property and other liability risks. Payments of premiums for these policies are also recorded as expenditures or expenses in various funds of the County.

4. Contingencies

- a. The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines* have been conducted but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.
- b. From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and Corporation Counsel 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.

**FLORENCE COUNTY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2015

**NOTE D - OTHER INFORMATION (Continued)**

5. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2015 and 2016 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the County's January 1 equalized value as a result of net new construction. The actual limit for County for the 2015 budget was 0.72%. The actual limit for the County for the 2016 budget was 0.83%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

6. Cumulative Effect of Change in Accounting Principles

The County has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, which revised and established new financial reporting requirements for governments that provide their employees with pension benefits. The new standards recognize pension costs as employment services are provided, rather than when the pensions are funded. The cumulative effect of this change is summarized below:

	Governmental Activities	Business-type Activities	Total
Net Pension Asset	\$ 848,060	\$ 137,321	\$ 985,381
Deferred Outflows of Resources	213,404	27,068	240,472
<b>Total Cumulative Effect of Change in Accounting Principle</b>	<b>\$ 1,061,464</b>	<b>\$ 164,389</b>	<b>\$ 1,225,853</b>

7. Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*. Statement No. 72 requires measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also requires disclosures about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

**REQUIRED SUPPLEMENTARY INFORMATION**

**FLORENCE COUNTY, WISCONSIN**  
 Required Supplementary Information  
 December 31, 2015

**Modified Approach to Infrastructure Assets**

County road condition assessments per Paser System:

Year	Average Rating
2010	6.7
2011	6.5
2012	7.3
2013	7.6
2014	7.6
2015	7.7

Actual amount of expenses to preserve County road infrastructure assets:

Year	General Maintenance	Improvements
2011	\$ 241,715	-
2012	278,250	-
2013	284,428	258,104
2014	206,292	80,180
2015	404,939	2,643,896
Total	<u>\$ 1,415,624</u>	<u>\$ 2,982,180</u>
Five Year Average	<u>\$ 283,125</u>	<u>\$ 596,436</u>

The County uses the Paser system administrated by the Wisconsin Department of Transportation for all Wisconsin counties.

The County intends to maintain an average condition level of 5.0 per the Paser system.

**FLORENCE COUNTY, WISCONSIN**  
 Schedule of Proportionate Share of the Net Pension Asset  
 Wisconsin Retirement System  
 Last 10 Fiscal Years\*

	2015
Proportion of the net pension asset	0.02438223%
Proportionate share of the net pension asset	\$ 598,894
Covered-employee payroll	\$ 3,073,165
Plan fiduciary net position as a percentage of the total pension asset	102.74%

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

See Notes to Required Supplementary Information.

**FLORENCE COUNTY, WISCONSIN**  
**Schedule of Contributions**  
**Wisconsin Retirement System**  
**Last 10 Fiscal Years\***

	2015
Contractually required contributions	\$ 237,246
Contributions in relation to the contractually required contributions	\$ 237,246
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 3,073,165
Contributions as a percentage of covered-employee payroll	7.72%

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

See Notes to Required Supplementary Information.

**FLORENCE COUNTY, WISCONSIN**  
Notes to Required Supplementary Information  
December 31, 2015

**NOTE A - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 68 AND 71**

The County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* for the fiscal year ended December 31, 2015. Information for prior years is not available.

**NOTE B - WISCONSIN RETIREMENT SYSTEM**

There were no changes of benefit terms or assumptions for any participating employer in WRS.

## **SUPPLEMENTARY INFORMATION**

**FLORENCE COUNTY, WISCONSIN**  
**General Fund**  
**Detailed Comparison of Budgeted and Actual Revenues**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Taxes</b>				
General property	\$ 3,147,307	\$ 3,231,744	\$ 3,231,744	\$ -
Forest crop	26,500	26,500	33,016	6,516
Payment in lieu of taxes	170,000	170,000	179,536	9,536
County sales tax	210,000	210,000	243,320	33,320
Real estate transfer tax	7,000	7,000	13,451	6,451
<b>Total Taxes</b>	<b>3,560,807</b>	<b>3,645,244</b>	<b>3,701,067</b>	<b>55,823</b>
<b>Intergovernmental</b>				
State shared taxes	158,436	158,436	153,830	(4,606)
Tax exempt computer aid	-	-	565	565
Judicial grant	18,894	18,894	19,208	314
Victim witness aid	15,000	11,877	17,235	5,358
Guardian ad litem	3,288	3,288	4,138	850
Public health aid	91,042	108,242	119,725	11,483
Aging	326,080	326,080	333,399	7,319
Land use planning grant	48,700	48,700	73,148	24,448
Law enforcement	8,600	10,500	34,071	23,571
Ski hill grants	6,094	6,094	-	(6,094)
Emergency government	34,500	34,219	38,959	4,740
Child support	93,613	92,635	78,173	(14,462)
Veterans service	500	500	500	-
Snowmobile/ATV trail maintenance	311,878	322,378	322,810	432
National forest income	-	-	20,345	20,345
Park development aids	27,100	27,100	7,783	(19,317)
Recycling	78,997	78,997	78,997	-
Library	-	-	575	575
Forestry	88,767	147,895	159,782	11,887
Land conservation	147,422	195,422	178,996	(16,426)
Wildlife grants	18,335	20,135	15,641	(4,494)
<b>Total Intergovernmental</b>	<b>1,477,246</b>	<b>1,611,392</b>	<b>1,657,880</b>	<b>46,488</b>
<b>Licenses and Permits</b>				
Zoning fees	13,000	13,000	18,242	5,242
Non-metallic mine permit	5,475	5,640	5,640	-
<b>Total Licenses and Permits</b>	<b>18,475</b>	<b>18,640</b>	<b>23,882</b>	<b>5,242</b>
<b>Fines and Forfeits</b>				
County ordinance forfeitures	5,000	5,000	2,517	(2,483)

(Continued)

**FLORENCE COUNTY, WISCONSIN**  
**General Fund**  
**Detailed Comparison of Budgeted and Actual Revenues (Continued)**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Public Charges for Services</b>				
Register of deeds fees	26,000	26,000	31,149	5,149
County clerk fees	400	400	385	(15)
Court treasurer fees	1,200	1,200	1,824	624
Circuit court fees and costs	40,000	40,000	48,998	8,998
Guardian ad litem fees	17,000	17,000	14,258	(2,742)
Zoning fees	2,550	4,550	6,065	1,515
Drug enforcement	400	-	300	300
Public health	24,800	24,800	19,943	(4,857)
Plat book sales	2,500	3,350	3,355	5
District attorney	1,000	1,000	1,546	546
Coroner	12,000	18,300	18,300	-
Sheriff fees	9,464	9,464	4,879	(4,585)
Aging	44,600	44,600	38,408	(6,192)
Child support	-	-	82	82
Forest crop stumpage	720,000	760,173	1,539,986	779,813
Forestry charges	24,200	73,487	77,648	4,161
U.W. Extension	1,196	1,196	23,089	21,893
Park fees	22,000	22,000	32,436	10,436
Recreation fees	15,350	15,350	9,909	(5,441)
Land conservation fees	2,189	2,189	-	(2,189)
<b>Total Public Charges for Services</b>	<b>966,849</b>	<b>1,065,059</b>	<b>1,872,560</b>	<b>807,501</b>
<b>Intergovernmental Charges for Services</b>				
Service contract	6,089	6,089	2,665	(3,424)
Central duplication revenue	3,500	3,500	5,307	1,807
Resource center reimbursement	89,350	89,350	57,770	(31,580)
Agriculture agent	2,562	2,562	2,562	-
Housing of prisoners	5,000	5,000	4,308	(692)
<b>Total Intergovernmental Charges for Services</b>	<b>106,501</b>	<b>106,501</b>	<b>72,612</b>	<b>(33,889)</b>
<b>Miscellaneous</b>				
Interest on investments	36,000	36,000	36,278	278
Interest on taxes	92,000	92,000	94,872	2,872
Insurance recoveries	-	40,000	54,375	14,375
Rent of County offices and buildings	21,500	9,500	25,265	15,765
Donations	-	-	2,981	2,981
Other	500	2,500	2,460	(40)
<b>Total Miscellaneous</b>	<b>150,000</b>	<b>180,000</b>	<b>216,231</b>	<b>36,231</b>
<b>Total Revenues</b>	<b>\$ 6,284,878</b>	<b>\$ 6,631,836</b>	<b>\$ 7,546,749</b>	<b>\$ 914,913</b>

**FLORENCE COUNTY, WISCONSIN**  
**General Fund**  
**Detailed Comparison of Budgeted and Actual Expenditures**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>General Government</b>				
County board	\$ 88,081	\$ 87,443	\$ 75,753	\$ 11,690
Legislative committee	4,000	4,000	3,792	208
County newsletter	4,700	4,700	2,962	1,738
Circuit court	192,759	186,799	165,463	21,336
Family court commissioner	6,000	6,000	2,506	3,494
Law library	5,000	5,000	1,402	3,598
Guardian ad litem	40,000	40,000	30,471	9,529
District attorney	78,860	73,181	71,095	2,086
County coroner	46,056	52,419	52,369	50
County clerk	286,365	277,561	277,429	132
Maps and plat books	-	4,450	4,433	17
Elections	7,500	7,500	4,826	2,674
Copier	4,200	4,200	3,488	712
Auditing and accounting	27,500	27,500	25,380	2,120
County treasurer	106,391	110,063	109,950	113
Buildings and grounds	224,891	310,495	310,454	41
Technology	54,385	60,795	60,773	22
Register of deeds	162,061	147,329	147,238	91
Land information grant	57,700	115,000	113,938	1,062
Tax foreclosure fees	3,340	5,340	5,198	142
Property description office	31,900	34,581	30,684	3,897
Land sale costs	500	1,200	1,190	10
Property and liability	90,000	130,000	128,715	1,285
Employee bonds	3,500	3,500	3,269	231
Workers' compensation	54,000	54,000	36,818	17,182
Unemployment	15,000	15,000	514	14,486
Sick leave	25,000	25,000	12,679	12,321
Retirement	1,675	1,133	-	1,133
Contingency	198,000	94,141	3,948	90,193
Other	1,000	3,900	3,847	53
<b>Total General Government</b>	<b>1,820,364</b>	<b>1,892,230</b>	<b>1,690,584</b>	<b>201,646</b>
<b>Public Safety</b>				
Sheriff department	1,154,320	1,147,331	1,147,305	26
Jail	868,455	851,950	831,914	20,036
Drug enforcement	-	300	281	19
Highway safety committee	15,178	15,888	15,885	3
Rescue squad	36,000	36,000	36,000	-
Fire suppression	1,000	1,000	115	885
Emergency government	99,701	99,379	99,326	53
<b>Total Public Safety</b>	<b>2,174,654</b>	<b>2,151,848</b>	<b>2,130,826</b>	<b>21,022</b>
<b>Public Works</b>				
Recycling	78,997	78,997	78,997	-

(Continued)

**FLORENCE COUNTY, WISCONSIN**  
**General Fund**  
**Detailed Comparison of Budgeted and Actual Expenditures (Continued)**  
**For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Health and Human Services</b>				
County nurse	273,558	296,367	296,291	76
Aging	524,220	550,720	534,951	15,769
Child support	120,774	119,314	111,799	7,515
Veteran's service officer	17,464	26,518	24,920	1,598
Indirect cost study	4,250	4,250	4,150	100
<b>Total Health and Human Services</b>	<b>940,266</b>	<b>997,169</b>	<b>972,111</b>	<b>25,058</b>
<b>Culture and Recreation</b>				
County library	111,752	122,352	121,979	373
U.W. extension	157,553	180,831	174,391	6,440
Parks	103,800	106,300	86,108	20,192
County ski hill	38,500	38,500	33,171	5,329
Snowmobile trails	100,300	110,800	107,738	3,062
ATV trails	213,227	213,227	211,719	1,508
County fair and exhibits	5,000	5,000	5,000	-
<b>Total Culture and Recreation</b>	<b>730,132</b>	<b>777,010</b>	<b>740,106</b>	<b>36,904</b>
<b>Conservation and Development</b>				
Promotions	5,000	5,000	4,773	227
Land conservation	166,052	215,152	198,121	17,031
Forestry department	585,511	659,112	658,309	803
USFS projects	-	22,800	22,734	66
Forest roads	34,000	60,500	60,450	50
Visitor resource center	34,120	34,120	34,120	-
Resource center operations	79,600	89,600	84,085	5,515
Wildlife management	16,785	16,785	11,927	4,858
Wildlife abatement	12,000	13,800	13,032	768
Non-metallic mining	4,977	4,975	4,937	38
Zoning	162,570	158,776	158,415	361
Uniform addressing	1,525	1,525	32	1,493
Economic development	53,776	53,776	51,793	1,983
<b>Total Conservation and Development</b>	<b>1,155,916</b>	<b>1,335,921</b>	<b>1,302,728</b>	<b>33,193</b>
<b>Capital Outlay</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>
<b>Total Expenditures</b>	<b>\$ 6,950,329</b>	<b>\$ 7,283,175</b>	<b>\$ 6,915,352</b>	<b>\$ 367,823</b>

**FLORENCE COUNTY, WISCONSIN**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2015

	Housing Authority	Debt Service	Tax Incremental District	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 73,638	\$ 3,836	\$ -	\$ 77,474
Restricted cash and investments	25,993	-	-	25,993
Receivables				
Taxes	11,275	209,125	-	220,400
Accounts	6	-	-	6
Loans	538,022	-	-	538,022
<b>TOTAL ASSETS</b>	<b>\$ 648,934</b>	<b>\$ 212,961</b>	<b>\$ -</b>	<b>\$ 861,895</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>				
<b>Liabilities</b>				
Advance from other funds	\$ -	\$ -	\$ 202,606	\$ 202,606
<b>Deferred Inflows of Resources</b>				
Property taxes	11,275	209,125	-	220,400
Loans	538,022	-	-	538,022
<b>Total Deferred Inflows of Resources</b>	<b>549,297</b>	<b>209,125</b>	<b>-</b>	<b>758,422</b>
<b>Fund Balances (Deficit)</b>				
<b>Restricted for</b>				
Community development	25,993	-	-	25,993
Debt service	-	3,836	-	3,836
<b>Committed for</b>				
Community development	73,644	-	-	73,644
<b>Unassigned, reported in</b>				
Capital projects fund	-	-	(202,606)	(202,606)
<b>Total Fund Balances (Deficit)</b>	<b>99,637</b>	<b>3,836</b>	<b>(202,606)</b>	<b>(99,133)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>	<b>\$ 648,934</b>	<b>\$ 212,961</b>	<b>\$ -</b>	<b>\$ 861,895</b>

**FLORENCE COUNTY, WISCONSIN**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2015

	Housing Authority	Debt Service	Tax Incremental District	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$ 10,000	\$ 211,786	\$ -	\$ 221,786
Miscellaneous	10,060	29,598	-	39,658
<b>Total Revenues</b>	<u>20,060</u>	<u>241,384</u>	<u>-</u>	<u>261,444</u>
<b>Expenditures</b>				
<b>Current</b>				
Conservation and development	39,087	-	171,025	210,112
<b>Debt service</b>				
Principal	-	153,497	-	153,497
Interest and fiscal charges	-	87,887	-	87,887
<b>Total Expenditures</b>	<u>39,087</u>	<u>241,384</u>	<u>171,025</u>	<u>451,496</u>
<b>Net Change in Fund Balances</b>	(19,027)	-	(171,025)	(190,052)
<b>Fund Balances (Deficit) - January 1</b>	<u>118,664</u>	<u>3,836</u>	<u>(31,581)</u>	<u>90,919</u>
<b>Fund Balances (Deficit) - December 31</b>	<u>\$ 99,637</u>	<u>\$ 3,836</u>	<u>\$ (202,606)</u>	<u>\$ (99,133)</u>

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

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

To the County Board  
Florence County, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Florence County, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Florence County, Wisconsin's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated July 7, 2016.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, and 2014-003 that we consider to be significant deficiencies.

## **Compliance and Other Matters**

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

## **Florence County, Wisconsin's Response to Findings**

Florence County, Wisconsin's response to the findings identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. Florence County, Wisconsin's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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



Certified Public Accountants  
Green Bay, Wisconsin  
July 7, 2016

## **FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES**

To the County Board  
Florence County, Wisconsin

**Report on Compliance for Each Major Federal and State Program**

We have audited Florence County, Wisconsin's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of Florence County, Wisconsin's major federal and state programs for the year ended December 31, 2015. Florence County, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Florence County, Wisconsin's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Florence County, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Florence County, Wisconsin's compliance.

### **Opinion on Each Major Federal and State Program**

In our opinion, Florence County, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2015.

### **Report on Internal Control Over Compliance**

Management of Florence County, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Florence County, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Florence County, Wisconsin's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-004 and 2015-001, that we consider to be significant deficiencies.

Florence County Wisconsin's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. Florence County Wisconsin's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
July 7, 2016

**FLORENCE COUNTY, WISCONSIN**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2015

Grantor Agency/Pass-through Agency/Grant Title	Pass-through Agency	Federal CFDA Number
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>		
Special Supplemental Nutrition Program for Women, Infants, and Children	WI Department of Health Services	10.557
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Wood County	10.561
Total U.S. Department of Agriculture		
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>		
Recreational Trails Program	WI Department of Natural Resources	20.219
Recreational Trails Program	Michigan Department of Natural Resources	20.219
Total Recreational Trails Program		
State and Community Highway Safety	WI Department of Transportation	20.600
Interagency Hazardous Materials Public Sector Training and Planning Grants	WI Department of Military Affairs	20.703
Total U.S. Department of Transportation		
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>		
State Indoor Radon Grants	WI Department of Health Services	66.032
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>		
Special Education-Grants for Infants and Families	WI Department of Health Services	84.181
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>		
Aging Cluster		
Grants for Supportive Services and Senior Centers (Title III-B)	GWAAR*	93.044
Nutrition Services (Title III C-1)		93.045
Congregate Meal Program (Title III C-1)	GWAAR*	
Home Delivered Meals (Title III C-2)	GWAAR*	
Subtotal - Nutrition Services (Title III C-1)		
Nutrition Services Incentive Program	GWAAR*	93.053
Total Aging Cluster		
National Family Caregiver Support (Title III-E)	GWAAR*	93.052
Environmental Public Health and Emergency Response Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	WI Department of Health Services	93.070
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	GWAAR*	93.779
Immunization Cluster		
Immunization Cooperative Agreements	WI Department of Health Services	93.074
PPHF National Public Health Improvement Initiative	WI Department of Health Services	93.268
		93.507

\* Greater Wisconsin Agency on Aging Resources

(Continued)

Revenues				
(Accrued) or Deferred Revenue 1/1/15	Cash Received	Accrued or (Deferred) Revenue 12/31/15	Total Revenues	Total Expenditures
\$ (10,304)	\$ 28,905	\$ 5,143	\$ 23,744	\$ 23,744
(4,975)	18,820	3,344	17,189	17,189
(15,279)	47,725	8,487	40,933	40,933
(113,497)	-	136,473	22,976	22,976
(74,888)	84,937	-	10,049	10,049
(188,385)	84,937	136,473	33,025	33,025
-	18,720	-	18,720	18,720
-	2,070	-	2,070	2,070
(188,385)	105,727	136,473	53,815	53,815
-	2,500	1,000	3,500	3,500
(980)	8,363	-	7,383	7,383
(4,368)	14,314	4,239	14,185	14,185
(4,747)	18,560	4,241	18,054	18,054
(401)	4,620	1,210	5,429	5,429
(5,148)	23,180	5,451	23,483	23,483
(4,983)	7,526	3,398	5,941	5,941
(14,499)	45,020	13,088	43,609	43,609
(1,601)	2,071	3,455	3,925	3,925
-	-	1,100	1,100	1,100
(3,332)	5,001	2,038	3,707	3,707
(8,492)	31,600	9,744	32,852	32,852
(940)	3,955	814	3,829	3,829
-	8,950	-	8,950	8,950

**FLORENCE COUNTY, WISCONSIN**  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended December 31, 2015

Grantor Agency/Pass-through Agency/Grant Title	Pass-through Agency	Federal CFDA Number
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u></b>		
Promoting Safe and Stable Families	WI Department of Children and Families	93.556
Temporary Assistance for Needy Families (TANF)	WI Department of Health Services	93.558
Temporary Assistance for Needy Families (TANF)	Wood County	93.558
Temporary Assistance for Needy Families (TANF)	WI Department of Children and Families	93.558
Total Temporary Assistance for Needy Families		
Child Support Enforcement	WI Department of Children and Families	93.563
Low-Income Home Energy Assistance		
2014-15	WI Department of Administration	93.568
2015-16	WI Department of Administration	93.568
Total Low Income Energy Assistance Program		
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	WI Department of Children and Families	93.596
Stephanie Tubbs Jones Child Welfare Services Program	WI Department of Children and Families	93.645
Stephanie Tubbs Jones Child Welfare Services Program	WI Department of Corrections	93.645
Total Child Welfare Services - State Grants		
Foster Care (Title IV-E)	WI Department of Children and Families	93.658
Foster Care (Title IV-E)	WI Department of Corrections	93.658
Total Foster Care (Title-IV-E)		
Social Services Block Grant	GWAAR*	93.667
Social Services Block Grant	WI Department of Children and Families	93.667
Social Services Block Grant	WI Department of Health Services	93.667
Total Social Services Block Grant		
Chafee Foster Care Independence Program	WI Department of Children and Families	93.674
Preventive Health and Health Services Block Grant	WI Department of Health Services	93.758
Children's Health Insurance Program	Wood County	93.767
Medical Assistance Program		
Human Services	WI Department of Health Services	93.778
Human Services	Wood County	93.778
Total Medical Assistance		
Block Grants for Community Mental Health Services	WI Department of Health Services	93.958
Block Grants for Prevention and Treatment of Substance Abuse	WI Department of Health Services	93.959
Maternal and Child Health Services Block Grant to the States	WI Department of Health Services	93.994
Total U.S. Department of Health and Human Services		
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>		
Emergency Management Performance Grants	WI Department of Military Affairs	97.042
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Revenues				Total Expenditures
(Accrued) or Deferred Revenue 1/1/15	Cash Received	Accrued or (Deferred) Revenue 12/31/15	Total Revenues	
(13,189)	46,499	-	33,310	33,310
(3,871)	17,359	3,512	17,000	17,000
(40)	40	-	-	-
-	16,988	2,993	19,981	19,981
(3,911)	34,387	6,505	36,981	36,981
(17,452)	66,222	24,312	73,082	73,082
(4,891)	11,439	-	6,548	6,548
-	3,113	4,229	7,342	7,342
(4,891)	14,552	4,229	13,890	13,890
(764)	764	-	-	-
-	7,480	1,200	8,680	8,680
(172)	611	1	440	440
(172)	8,091	1,201	9,120	9,120
-	46,339	7,437	53,776	53,776
(241)	973	1	733	733
(241)	47,312	7,438	54,509	54,509
(296)	384	107	195	195
-	20,471	3,285	23,756	23,756
(7,003)	32,018	6,557	31,572	31,572
(7,299)	52,873	9,949	55,523	55,523
(252)	1,082	16	846	846
-	3,522	-	3,522	3,522
(650)	2,361	414	2,125	2,125
(74,979)	256,936	86,743	268,700	268,700
(5,080)	21,396	3,941	20,257	20,257
(80,059)	278,332	90,684	288,957	288,957
(16)	5,575	7,494	13,053	13,053
(1,727)	3,170	4,141	5,584	5,584
(1,526)	4,603	909	3,986	3,986
(161,013)	665,942	187,531	692,460	692,460
(10,591)	25,932	10,615	25,956	25,956
\$ (376,248)	\$ 856,189	\$ 344,106	\$ 824,047	\$ 824,047

**FLORENCE COUNTY, WISCONSIN**  
Schedule of State Financial Assistance  
For the Year Ended December 31, 2015

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
<b><u>DEPARTMENT OF AGRICULTURE, TRADE, AND CONSUMER PROTECTION</u></b>		
Basic Annual Staffing Grants	Direct Program	115.15
Land and Water Resource Management	Direct Program	115.40
Farmland Preservation	Direct Program	115.708
Total Department of Agriculture, Trade, and Consumer Protection		
<b><u>DEPARTMENT OF NATURAL RESOURCES</u></b>		
Motorized Stewardship	Direct Program	370.512
Recreation Aids - UTV		370.547
Grant No. UTV - 15008	Direct Program	
Grant No. UTV - 16009	Direct Program	
Total Recreation Aids - UTV		
All Terrain Enforcement	Direct Program	370.551
Snowmobiling Enforcement Aid	Direct Program	370.552
Wildlife Claims and Abatement	Direct Program	370.553
County Forest Administrator Grants	Direct Program	370.572
Sustainable Forestry Grant	Direct Program	370.572
County Conservation Aids	Direct Program	370.563
Recreation Aids - Snowmobile Trails		370.574 &
Project No. S - 4264	Direct Program	370.575
Project No. S - 4337	Direct Program	
Project No. S - 4225	Direct Program	
Project No. S - 4384	Direct Program	
Project No. S - 4385	Direct Program	
Project No. S - 4431	Direct Program	
Total Recreation Aids - Snowmobile Trails		
Recreation Aids - All Terrain Vehicles		370.576 &
Project No. 3131	Direct Program	370.577
Project No. 3132	Direct Program	
Project No. 3171	Direct Program	
Project No. 3030	Direct Program	
Project No. 3032	Direct Program	
Project No. 3190	Direct Program	
Project No. 3225	Direct Program	
Project No. 3214	Direct Program	
Project No. 3266	Direct Program	
Project No. 3267	Direct Program	
Project No. 3194	Direct Program	
Project No. 3373	Direct Program	
Project No. 3327T	Direct Program	
Project No. 3363	Direct Program	
Project No. 3308	Direct Program	
Total Recreation Aids - All Terrain Vehicles		
Boating Projects	Direct Program	
RBF-1445.1	Direct Program	370.573
RBF-1469	Direct Program	370.573
Total Boating Projects		

(Continued)

Revenues				
(Accrued) or Deferred Revenue 1/1/15	Cash Received	Accrued or (Deferred) Revenue 12/31/15	Total Revenues	Total Expenditures
\$ (41,373)	\$ 41,373	\$ 83,522	\$ 83,522	\$ 83,522
(1,552)	1,552	27,127	27,127	27,127
-	-	11,241	11,241	11,241
(42,925)	42,925	121,890	121,890	121,890
3,286	-	3,612	6,898	6,898
1,977	3,760	-	5,737	5,737
-	2,920	2,878	5,798	5,798
1,977	6,680	2,878	11,535	11,535
-	4,822	-	4,822	4,822
-	7,083	-	7,083	7,083
(15,296)	15,296	13,924	13,924	13,924
-	44,891	-	44,891	44,891
-	56,260	-	56,260	56,260
-	1,717	-	1,717	1,717
(5,343)	5,343	-	-	-
16,488	40,865	22,084	79,437	79,437
3,005	-	-	3,005	3,005
17,055	-	(17,055)	-	-
29,689	-	(3,542)	26,147	26,147
-	18,863	(17,184)	1,679	1,679
60,894	65,071	(15,697)	110,268	110,268
11,419	22,122	-	33,541	33,541
-	825	-	825	825
3,598	3,579	-	7,177	7,177
(34,970)	-	44,736	9,766	9,766
-	4,445	-	4,445	4,445
22,677	-	(22,677)	-	-
2,538	2,538	-	5,076	5,076
79,121	-	(30,873)	48,248	48,248
-	18,180	(6,580)	11,600	11,600
-	686	(686)	-	-
8,314	-	3,624	11,938	11,938
-	24,563	(24,419)	144	144
-	2,592	1,879	4,471	4,471
-	20,144	6,714	26,858	26,858
-	3,610	(3,610)	-	-
92,697	103,284	(31,892)	164,089	164,089
(27,317)	33,550	-	6,233	6,233
(6,520)	6,520	-	-	-
(33,837)	40,070	-	6,233	6,233

**FLORENCE COUNTY, WISCONSIN**  
Schedule of State Financial Assistance (Continued)  
For the Year Ended December 31, 2015

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
<b><u>DEPARTMENT OF NATURAL RESOURCES (Continued)</u></b>		
Aquatic Invasive Species Control	Direct Program	370.678
Recycling grants to responsible units	Direct Program	370.670
Recycling Consolidation Grants	Direct Program	370.673
Total Department of Natural Resources		
<b><u>DEPARTMENT OF TRANSPORTATION</u></b>		
Elderly and Handicapped Transportation Aids	Direct Program	395.101
County Forest Roads Aid	Direct Program	NA
Total Department of Transportation		
<b><u>DEPARTMENT OF CORRECTIONS</u></b>		
Community Intervention	Direct Program	410.302
Community Youth and Family Aids	Direct Program	410.313
Total Department of Corrections		
<b><u>DEPARTMENT OF HEALTH SERVICES</u></b>		
IMAA State Share	Wood County	435.283
IMAA Federal Share	Wood County	435.284
IMAA State Share ACA	Wood County	435.297
IMAA State Share ACA	Wood County	435.298
Community Options Program	Direct Program	435.367
Medical Assistance Programs		
CIP II Community Relocation	Direct Program	435.369
COP W Program	Direct Program	435.338
CIP II Program	Direct Program	435.348
CIP II Diversions	Direct Program	435.375
ICFMR	Direct Program	435.407
CIP 1B Program	Direct Program	435.564
CIP 1A Program	Direct Program	435.580
Coordinated Services County	Direct Program	435.515
Non-Resident - 997	Direct Program	435.531
Infants and Toddlers with Disabilities	Direct Program	435.550
Aging and Disability Resource Center	Direct Program	435.560100
Nutrition Revitalization	Direct Program	435.560351
Basic County Allocation	Direct Program	435.561
Family Support Program	Direct Program	435.577
Comm. Service and Mental Health Service	Direct Program	435.681
TPA CLTS DD AUTISM GPR	Direct Program	435.802
TPA CLTS DD OTHER GPR	Direct Program	435.805
Fluoride Supplement	Direct Program	435.151734
WIC Program	Direct Program	435.154720
WWWP-GPR SS.255.06(2)	Direct Program	435.157000
Wisconsin Well Woman Program	Direct Program	435.157010
Lead Poisoning	Direct Program	435.157720
Maternal & Child Health Service Block Grant	Direct Program	435.159320
Elderly Benefit Specialists	GWAAR*	435.560320
EBS OCI Replacement	GWAAR*	435.560327

(Continued)

Revenues				Total Expenditures
(Accrued) or Deferred Revenue 1/1/15	Cash Received	Accrued or (Deferred) Revenue 12/31/15	Total Revenues	
-	11,000	50,831	61,831	61,831
-	77,836	-	77,836	77,836
-	1,161	-	1,161	1,161
109,721	435,171	23,656	568,548	568,548
-	68,117	-	68,117	68,117
-	10,348	-	10,348	10,348
-	78,465	-	78,465	78,465
-	2,317	-	2,317	-
(16,774)	64,402	89	47,717	47,717
(16,774)	66,719	89	50,034	47,717
(6,283)	38,332	7,740	39,789	39,789
-	176	43	219	219
(4,491)	4,491	-	-	-
(28)	28	-	-	-
(4,751)	11,535	16,798	23,582	23,582
(470)	470	-	-	-
(12,500)	42,564	14,011	44,075	44,075
(5,607)	19,960	7,108	21,461	21,461
(2,341)	8,980	2,934	9,573	9,573
(10,716)	20,693	5,729	15,706	15,706
(7,599)	28,887	8,743	30,031	30,031
-	19,067	(6,416)	12,651	12,651
-	36,017	12,245	48,262	48,262
(16,026)	16,026	-	-	-
(959)	8,050	-	7,091	7,091
(48,190)	96,747	25,051	73,608	73,608
-	12,995	-	12,995	12,995
(43,496)	188,924	37,864	183,292	183,292
(3,679)	8,982	2,031	7,334	7,334
(24,144)	24,144	18,200	18,200	18,200
-	2,503	-	2,503	2,503
-	2,117	-	2,117	2,117
(519)	1,545	346	1,372	1,372
(263)	676	93	506	506
(3,171)	3,171	-	-	-
-	3,570	-	3,570	3,570
(312)	915	197	800	800
(93)	264	51	222	222
(6,009)	31,151	14,001	39,143	39,143
(1,038)	5,512	-	4,474	4,474

**FLORENCE COUNTY, WISCONSIN**  
Schedule of State Financial Assistance (Continued)  
For the Year Ended December 31, 2015

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number
<u>DEPARTMENT OF HEALTH SERVICES (Continued)</u>		
Senior Community Services	GWAAR*	435.560330
Congregate Meals Program (Title III-C-1)	GWAAR*	435.560350
Home Delivered Meals (Title III-C-2)	GWAAR*	435.560360
Alzheimer Family Support	GWAAR*	435.560381
Elder Abuse	GWAAR*	435.56049
Total Department of Health Services		
* Greater Wisconsin Agency on Aging Resources		
<u>DEPARTMENT OF CHILDREN AND FAMILIES</u>		
Basic County Allocation	Direct Program	437.3561
State County Match	Direct Program	437.3681
Child Support Activities	Direct Program	437.7502
Total Department of Children and Families		
<u>DEPARTMENT OF ADMINISTRATION</u>		
Land Information Board		
Planning Grant	Direct Program	505.110
Planning Grant	Direct Program	505.118
Public Benefits - LIHEAP	Direct Program	505.971
Total Department of Administration		
<u>DEPARTMENT OF JUSTICE</u>		
Reimbursement for Victim Witness Services Cluster	Direct Program	455.503 & 455.532
DNA Sample Reimbursement	Direct Program	455.221
Total Department of Justice		
<u>DEPARTMENT OF MILITARY AFFAIRS</u>		
Emergency Planning Grant Program	Direct Program	465.337
EPCRA Computer and Hazmat Equipment Grant	Direct Program	465.367
Total Department of Military Affairs		
<b>TOTAL STATE PROGRAMS</b>		

The notes to the schedule of state financial assistance are an integral part of this schedule.

Revenues				Total Expenditures
(Accrued) or Deferred Revenue 1/1/15	Cash Received	Accrued or (Deferred) Revenue 12/31/15	Total Revenues	
(1,210)	3,500	1,780	4,070	4,070
(4,382)	17,133	3,915	16,666	16,666
(50)	501	129	580	580
(1,160)	2,941	2,195	3,976	3,976
(442)	1,391	3,535	4,484	4,484
<u>(209,929)</u>	<u>663,958</u>	<u>178,323</u>	<u>632,352</u>	<u>632,352</u>
-	73,996	11,876	85,872	85,872
(7,215)	7,215	15,034	15,034	15,034
-	5,043	-	5,043	5,043
<u>(7,215)</u>	<u>86,254</u>	<u>26,910</u>	<u>105,949</u>	<u>105,949</u>
-	90,416	(18,268)	72,148	72,148
-	1,000	-	1,000	1,000
(3,157)	7,459	742	5,044	5,044
<u>(3,157)</u>	<u>98,875</u>	<u>(17,526)</u>	<u>78,192</u>	<u>78,192</u>
(8,444)	16,999	8,580	17,135	17,135
-	200	-	200	200
<u>(8,444)</u>	<u>17,199</u>	<u>8,580</u>	<u>17,335</u>	<u>17,335</u>
(1,816)	3,515	1,699	3,398	3,398
-	7,535	-	7,535	7,535
<u>(1,816)</u>	<u>11,050</u>	<u>1,699</u>	<u>10,933</u>	<u>10,933</u>
<u>\$ (180,539)</u>	<u>\$ 1,500,616</u>	<u>\$ 343,621</u>	<u>\$ 1,663,698</u>	<u>\$ 1,661,381</u>

**FLORENCE COUNTY, WISCONSIN**  
Notes to the Schedule of Expenditures of Federal Awards and the  
Schedule of State Financial Assistance  
For the Year Ended December 31, 2015

**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance for Florence County, Wisconsin, are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the "State Single Audit Guidelines" issued by the Wisconsin Department of Administration.

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the County's 2015 basic financial statements. Accrued revenue at year-end consists of program expenditures scheduled for reimbursement to the County in the succeeding year while deferred revenue represents advances for programs that exceed recorded County expenditures.

Major federal and state financial assistance programs are identified in the Schedule of Findings and Questioned Costs. Additional information on each category is presented below:

**Federal Programs:** Florence County, Wisconsin, qualifies as a low risk auditee in accordance with the Uniform Guidance. Therefore major programs represent those with combined expenditures exceeding 20% of total federal awards that also were deemed major programs based on the auditors' risk assessment. All other federal programs are considered non-major programs.

**State Programs:** Florence County, Wisconsin, qualifies as a low risk auditee in accordance with the *State Single Audit Guidelines*. Therefore major programs represent those with combined expenditures exceeding 20% of total state financial assistance that also were deemed major programs based on the auditors' risk assessment. In addition, certain state financial assistance programs were designated state major by the state granting agency and therefore considered state major. All other state financial assistance programs are considered non-major programs.

Certain programs administered by the Wisconsin Department of Natural Resources may have been included in the Schedule of State Financial Assistance for presentation purposes only and are not subject to audit as major programs by the *State Single Audit Guidelines*.

**NOTE C - OVERSIGHT AGENCIES**

The federal and state oversight agencies for the County are as follows:

Federal - U.S. Department of Health and Human Services  
State - Wisconsin Department of Health Services

**NOTE D - TITLE 19 MEDICAL ASSISTANCE PAYMENTS**

The Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance do not include recorded payments of \$157,138 received by the County's Human Services and Health Departments for Title 19 Medical Assistance programs. The payments are considered a contract for services between the State and the County and therefore are not reported as federal awards or state financial assistance.

**FLORENCE COUNTY, WISCONSIN**  
Notes to the Schedule of Expenditures of Federal Awards and the  
Schedule of State Financial Assistance (Continued)  
For the Year Ended December 31, 2015

**NOTE E - STATE DIRECT PAYMENTS**

Payments made directly to recipients and vendors by the State of Wisconsin under the FoodShare Wisconsin program on behalf of the County are not included in the Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance.

**NOTE F - STATE OF WISCONSIN REPORTING SYSTEMS**

The Wisconsin Department of Children and Families (DCF), Health Services (DHS) and Workforce Development (DWD) utilize the Community Aids Reporting System (CARS) and the Central Office Reporting System (CORe) for reimbursing the County for various federal and state program expenditures. The expenditures reported on the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance for various DCF, DHFS and DWD programs agree with the expenditures reported on the May 1, 2016 CARS for the Human Services Department and the December 31, 2015 CORE for Child Support, W-2 Programs, and various Human Service programs.

**FLORENCE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2015

**Section I - Summary of Auditors' Results**

**Basic Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Noncompliance material to basic financial statements noted?	No

**Federal Awards and State Financial Assistance**

Internal control over major programs:	
• Material weakness(es) identified	No
• Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	Yes
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	Yes

Identification of major federal and state programs:

CFDA Number	Name of Federal Program
93.778	Medical Assistance Program

Identification of major state programs:

State ID Number	Name of State Programs
115.15	County Staff and Support
115.40	Land and Water Resources Management
	Medical Assistance Programs
435.338	COP W Program
435.348	CIP II Program
435.375	CIP II Diversions
435.407	ICFMR
435.564	CIP 1B Program
435.580	CIP 1A Program
435.367	Community Options Program
435.283	IMAA State Share
435.284	IMAA Federal Share
435.561	Basic County Allocation
437.3561	Basic County Allocation
NA	Personal Care
NA	WIMCR

Audit threshold used to determine between Type A and Type B programs:

Federal Awards	\$750,000
State Financial Assistance	\$250,000

Auditee qualified as low-risk auditee Yes

**FLORENCE COUNTY, WISCONSIN**  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended December 31, 2015

**Section II - Financial Statement Findings**

Finding No.	Control Deficiencies
<b>2014-001</b>	<b>Preparation of Annual Financial Report</b>
Condition:	Current County staff maintains accounting records which reflect the County's financial transactions; however, preparing the County's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The County contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reasons, the County contracts with us to compile the Wisconsin Municipal Financial Report Form A.
Criteria:	The preparation and review of the annual financial report and municipal financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.
Cause:	County management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the County may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the County continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the County is necessary to obtain a complete and adequate understanding of the County's annual financial report and municipal financial report.
<b>2014-002</b>	<b>Adjustments to the County's Financial Records</b>
Condition:	As part of our 2015 audit, we proposed adjusting journal entries that were material to the County's financial statements, although the magnitude of material journal entries was reduced during 2015 as a result of efforts by County staff.
Criteria:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Cause:	While County staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year end adjusting and closing entries would entail additional staff time to develop.
Effect:	Year-end financial records prepared by the County may contain material misstatements.
Recommendation:	We recommend the County continue reconciling Highway Department transactions from their CHEMS system to the County's general ledger while also understanding the nature of adjusting entries proposed and related procedures to identify and post prior to the audit. We are available to assist the County in implementing this recommendation.

**FLORENCE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2015

**Section II - Financial Statement Findings (Continued)**

Finding No.	Control Deficiencies
<b>2014-003</b>	<b>Capital Asset Additions</b>
Condition:	County staff provides us with the current year asset additions and disposals, the method and rate of depreciation and the salvage value of the assets. From this information, we assist the County in recording the capital asset additions and disposals and calculating the annual depreciation expense. During our 2015 audit, we assisted county personnel in the current year additions and deletions.
Criteria:	A material adjustment to the underlying accounting records is considered to be an internal control deficiency.
Cause:	The County current procedures to identify asset additions and deletions relies on reviewing capital outlay transactions after year end rather than throughout the year, increasing the potential that asset additions or deletions may occur and not be detected during this review.
Effect:	The County could have capital assets transactions which are not reflected in the detailed capital records and the annual financial report.
Recommendation:	We recommend the County develop a system to identify capital asset additions and disposals throughout the year. We believe this recommendation could be incorporated in the County's development of its capital improvement plan, where capital asset additions are planned for the next five years, and incorporated into the County's annual budget. Once a capital asset addition is approved and included in the capital improvement plan, the related supporting documentation (CIP Project Request Form) contains the appropriate information to allow the County to capture asset additions and disposals at the time of purchase rather than at year end. While actual capital asset additions may vary from the capital improvement plan because of unforeseen or emergency replacements, the CIP Project Request Form could still be used by the department in requesting approval for the purchase and by the County for capturing additions and deletions.

**FLORENCE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2015

**Section III - Federal Award and State Financial Assistance Findings and Questioned Costs**

Finding No.	Uniform Guidance and <i>State Single Audit Guidelines</i> Finding
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**2014-004      Financial Reporting for Federal and State Financial Assistance**

*Federal CFDA – All*  
*State IDs - All*

**Condition:** Uniform Guidance and the *State Single Audit Guidelines* require the County to prepare appropriate financial statements, including the schedules of expenditures of federal awards and state financial assistance. While the current staff of the County maintains financial records supporting amounts reported in the schedules of expenditures of federal awards and state financial assistance, the County contracts with Schenck to compile the data from these records and to assist in the preparation of the single audit report for the County.

**Criteria:** Having staff with expertise in federal and state financial reporting prepare the County's single audit report is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal awards and state financial assistance, or accompanying notes to the schedule.

**Cause:** Certain programs managed within the human services area are funded using co-mingled federal and state awards, requiring an allocation of revenues and expenditures by individual program into multiple federal and state sources. The County has traditionally relied on Schenck to prepare the mathematical allocation based on State of Wisconsin supplied funding splits.

**Effect:** The County's Schedules of Expenditures of Federal Awards and State Financial Assistance may be incomplete or inaccurate if the County receives federal/state awards that are not included in the schedules.

**Recommendation:** We recommend County personnel continue reviewing the County's single audit report. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the County is necessary to ensure all federal and state financial assistance programs are properly reported in the County's single audit report.

**FLORENCE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2015

**Section III - Federal Award and State Financial Assistance Findings and Questioned Costs (Continued)**

Finding No.	Uniform Guidance Finding
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**2015-001      Uniform Grant Guidance Implementation**

*Federal CFDA – All*

**Condition:** The County has various policies and procedures in place to safeguard its assets and establish related controls over receipts, disbursements, payroll transactions and general ledger maintenance. Federal awards received and disbursed by the County are managed through these county-wide policies and procedures; however, the policies and procedures have not been evaluated to ensure compliance with the requirements of Uniform Guidance.

**Criteria:** Uniform Guidance requires the County to maintain certain polices related to cash management, cost allowability, procurement, and conflict of interest provisions, along with appropriate financial management systems and internal controls over federal awards to safeguard federal funds.

**Cause:** The County has not finalized an assessment of its financial management system and related internal controls over federal awards, along with an evaluation of existing policies for compliance with Uniform Guidance by year end.

**Effect:** The County could become noncompliant with requirements of Uniform Guidance, resulting in future findings and questioned costs related to federal awards administered by the County. The County's 2015 audit in accordance with the requirements of Uniform Guidance did not identify any instances of noncompliance with respect to direct and material compliance requirements of its major federal award program.

**Recommendation:** We recommend the County finalize the assessment of its financial management system and related internal controls over federal awards during the 2016 fiscal year. This assessment should include evaluate existing policies and procedures to determine where additional enhancements should be made or new policies created, a plan to communicate these policies to County employees, and procedures to periodically review and update, as considered necessary.

**FLORENCE COUNTY, WISCONSIN**  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2015

**Section IV - Other Issues**

- |    |   |   |
|----|---|---|
| 1. | Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?   | No  |
| 2. | Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : |   |
|    | Department of Agriculture, Trade and Consumer Protection  | Yes   |
|    | Department of Natural Resources   | Yes   |
|    | Department of Transportation  | Yes   |
|    | Department of Corrections   | Yes   |
|    | Department of Health Services   | Yes   |
|    | Department of Children and Families   | Yes   |
|    | Department of Justice   | Yes   |
|    | Department of Military Affairs  | Yes   |
|    | Department of Administration  | Yes   |
| 3. | Was a Management Letter or other document conveying audit comments issued as a result of this audit?  | Yes   |
| 4. | Name and signature of partner   | <br><hr style="width: 20%; margin-left: auto; margin-right: 0;"/> David Maccoux, CPA |
| 5. | Date of report  | July 7, 2016  |

**FLORENCE COUNTY, WISCONSIN**  
 Schedule of Prior Year Audit Findings and Corrective Action Plan  
 For the Year Ended December 31, 2015

**Prior Year Audit Findings**

Findings 2014-001, 2014-002, 2014-003, and 2014-004 were repeated in 2015 because the County relies on Schenck to assist in the preparation of the Financial Statements and the Schedules of Federal Awards and State Financial Assistance. The County continued to assist in preparing and approves the Schedules of Federal Awards and State Financial Assistance before issuance.

**Corrective Action Plan**

Finding No.	Corrective Action Plan
<b>2014-001</b>	<p><b>Preparation of Annual Financial Report</b></p> <p>While we do not believe it is realistic or practical for us to assume the responsibility for fully preparing the report, we do acknowledge the need for us to become more activity involved in both preparation and review of the report. Over the course of the next year, we plan to work with our auditors to identify areas where we can prepare portions of the report and/or be more actively involved in reviewing the report.</p>
<b>2014-002</b>	<p><b>Adjustments to the County's Financial Records</b></p> <p>We have met with our auditors to identify areas of particular concern that have led to this finding. They point primarily to one area: our Highway Department. While this area has no direct impact on programs funded by federal dollars, our goal is to eliminate this finding by 2016 or 2017.</p>
<b>2014-003</b>	<p><b>Capital Asset Additions</b></p> <p>The County Financial Manager will complete a listing of capital asset additions and disposals throughout the year to assist the accounting for capital assets.</p>
<b>2014-004</b>	<p><b>Financial Reporting for Federal and State Financial Assistance</b></p> <p>We have prioritized our efforts toward eliminating Finding 2014-002 "Adjustments to the County's Financial Records" which magnifies the significance of this finding. During 2016, we intend to assign responsibility for specific portions of the SEFSA and to begin the training process. Our goal is to fully assume responsibility for preparation for the 2017 audit year.</p>
<b>2015-001</b>	<p><b>Uniform Grant Guidance Implementation</b></p> <p>We have met with our auditors and have formed a team that will liaise with departments which receive federal funding. We plan to begin developing grant management policies and related financial policies in 2016. Policies and procedures will be used to train affected departments and ensure compliance.</p>