

IOWA COUNTY, WISCONSIN

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended December 31, 2015

Johnson Block & Company, Inc.
Certified Public Accountants
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IOWA COUNTY, WISCONSIN
DECEMBER 31, 2015
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INDEPENDENT AUDITOR'S REPORT

To the County Board
County of Iowa, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Iowa County, Wisconsin ("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.

Auditor's 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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, the discretely presented component unit, 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 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 1 to the financial statements, effective January 1, 2015, the Iowa County adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. 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 management's discussion and analysis, the budgetary comparison information, and the Wisconsin Retirement System schedules on pages 4 through 17, 63 through 65 and page 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Iowa County, Wisconsin's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The per capita costs and daily rate schedules for Bloomfield Healthcare and Rehabilitation Center have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we will also issue a report on our consideration of Iowa County, Wisconsin'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 the 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 Iowa County, Wisconsin's internal control over financial reporting and compliance.

JOHNSON BLOCK AND COMPANY, INC.

Johnson Block & Company, Inc.

Mineral Point, WI
July 11, 2016

IOWA COUNTY, WISCONSIN
Management Discussion and Analysis
December 31, 2015

As management of Iowa County, we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2015. This section should be read in conjunction with the financial statements and the accompanying notes that follow. It should also be noted that the information contained herein will provide information on both the governmental operations and the business-type activities of the County. Comparison to prior year data has been provided for all key financial information.

Financial Highlights

- The assets of the County exceeded its liabilities as of December 31, 2015 by \$78,613,187 (net position). Of this amount, \$14,918,423 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$5,088,078. The following factors contributed to the overall increase:
 - Increase in Current Assets by \$2,355,351.
 - Decrease in capital assets by \$72,491 and an increase in accumulated depreciation of 1,691,435 for an overall decrease in noncurrent assets of \$1,763,926.
 - Decrease in current liabilities for payables, deferred revenue and current portion of long term debt by \$352,011 and a decrease in long-term liabilities of \$594,479.
 - The County return on investments held steady between 2015 and 2014 with an average interest rate of one quarter of a percent for the year.
 - Resources were used to purchase additional capital assets. The County replaced four vehicles in the sheriff's department, purchased software for the sheriff's department, replaced a water heater and air conditioning system at the Sheriff's Department, purchased a truck and trailer for the Emergency Management department, replaced the air conditioning unit in the Information Technology Department, upgraded the cameras for the security system, and continued with the architecture portion of the courthouse remodeling project.
- The property tax rate increased 1.83% for the year ended December 31, 2015 compared to the property tax rate for the year ended December 31, 2014. The 2015 property tax rate was \$5.738562 per \$1,000 of equalized valuation compared to the 2014 property tax rate of \$5.635431 per \$1,000 of equalized valuation. The actual levy increased \$85,668 or .85% over the prior year's levy. The actual operating levy increased \$78,222 and the debt payments increased \$7,446. The County's equalized value decreased \$17,224,200 or -.9627% from 2014. The combinations of these factors resulted in an increase to the property tax rate.
- As of December 31, 2015, the County's governmental funds reported combined ending fund balances of \$14,765,291, an increase of \$1,933,733 from the prior year.
- As of December 31, 2015, unassigned fund balance for the general fund was \$7,204,842, or approximately 83.0% of total general fund expenditures.

IOWA COUNTY, WISCONSIN
Management Discussion and Analysis
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Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Iowa County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Iowa County's finances, in a manner similar to a private-sector business.

The *statement of net positions* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Iowa County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., uncollected taxes and earned but unused managed time off or vacation leave.)

Both of the government-wide financial statements distinguish functions of Iowa County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government; public safety; transportation facilities; public works, health and human services; education and leisure; and conservation and development. The business-type activities of the County include the Highway operations and Bloomfield Healthcare and Rehabilitation Center.

The government-wide financial statements include not only Iowa County itself (known as the *primary government*), but also Cobb-Highland Recreation Commission a component unit of the County which the County is financially accountable. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 18-20 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Iowa County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

IOWA COUNTY, WISCONSIN
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It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Iowa County maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, social services fund, real estate reduction fund and capital projects fund, all of which are considered to be major funds. The special revenue fund including aging and disability resource center, child support, CDBG revolving loan, Drug Task Force, Iowa County airport, Tri-County airport, Unified Community Services, dog license, and Wisconsin River Rail Transit are considered non-major governmental funds and are reported together in other governmental funds column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances.

The County adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 21-24 of this report.

Proprietary funds. Iowa County maintains one type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for Bloomfield Healthcare and Rehabilitation Center, and Highway Department operations.

Proprietary funds provide the same type of information as the government-wide financial statements but in greater detail. The proprietary fund financial statements provide separate information for Bloomfield Healthcare and Rehabilitation Center, and Highway Department operations; all of which are considered to be major funds of the County.

The basic proprietary fund financial statements can be found on pages 25-29 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 31 – 62 of this report.

IOWA COUNTY, WISCONSIN
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Government-wide Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$78,613,187 at the close of 2015.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets	23,481,240	21,832,922	6,867,757	6,160,724	30,348,997	27,993,646
Restricted Assets			678,912	689,322	678,912	689,322
Unamortized Bond Issues Costs						
Loan due from other governmental units	4,047	5,396			4,047	5,396
Net Pension Asset	1,034,473		769,819		1,804,292	
Capital assets net of Accumulated Depreciation	55,694,086	57,321,181	4,997,118	5,133,949	60,691,204	62,455,130
Total assets	80,213,846	79,159,499	13,313,606	11,983,995	93,527,452	91,143,494
Deferred Pension Outflows	1,066,432		793,603		1,860,035	
Total Assets and Deferred Outflows of Resources	81,280,278	79,159,499	14,107,209	11,983,995	95,387,487	91,143,494
Current Liabilities	1,622,359	1,828,826	1,003,998	1,149,542	2,626,357	2,978,368
Long-term Liabilities outstanding	3,102,675	3,701,861	431,220	426,513	3,533,895	4,128,374
Total Liabilities	4,725,034	5,530,687	1,435,218	1,576,055	6,160,252	7,106,742
Deferred Inflows of Resources	7,756,323	7,880,714	2,857,725	2,630,929	10,614,048	10,511,643
Net Position:						
Invested in capital assets, net of related debt	52,550,621	53,560,206	4,997,118	5,133,949	57,547,739	58,694,155
Restricted	4,698,294	3,417,051	1,448,731	689,322	6,147,025	4,106,373
Unrestricted	11,550,006	8,770,841	3,368,417	1,953,740	14,918,423	10,724,581
Total Net Position	68,798,921	65,748,098	9,814,266	7,777,011	78,613,187	73,525,109
Total Liabilities, Deferred Inflows of Resources and Net Position	81,280,278	79,159,499	14,107,209	11,983,995	95,387,487	91,143,494

By far the largest portion of the County's net position (73.2%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

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An additional portion of the County's net position (7.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* in the amount of \$14,918,423 may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Iowa County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

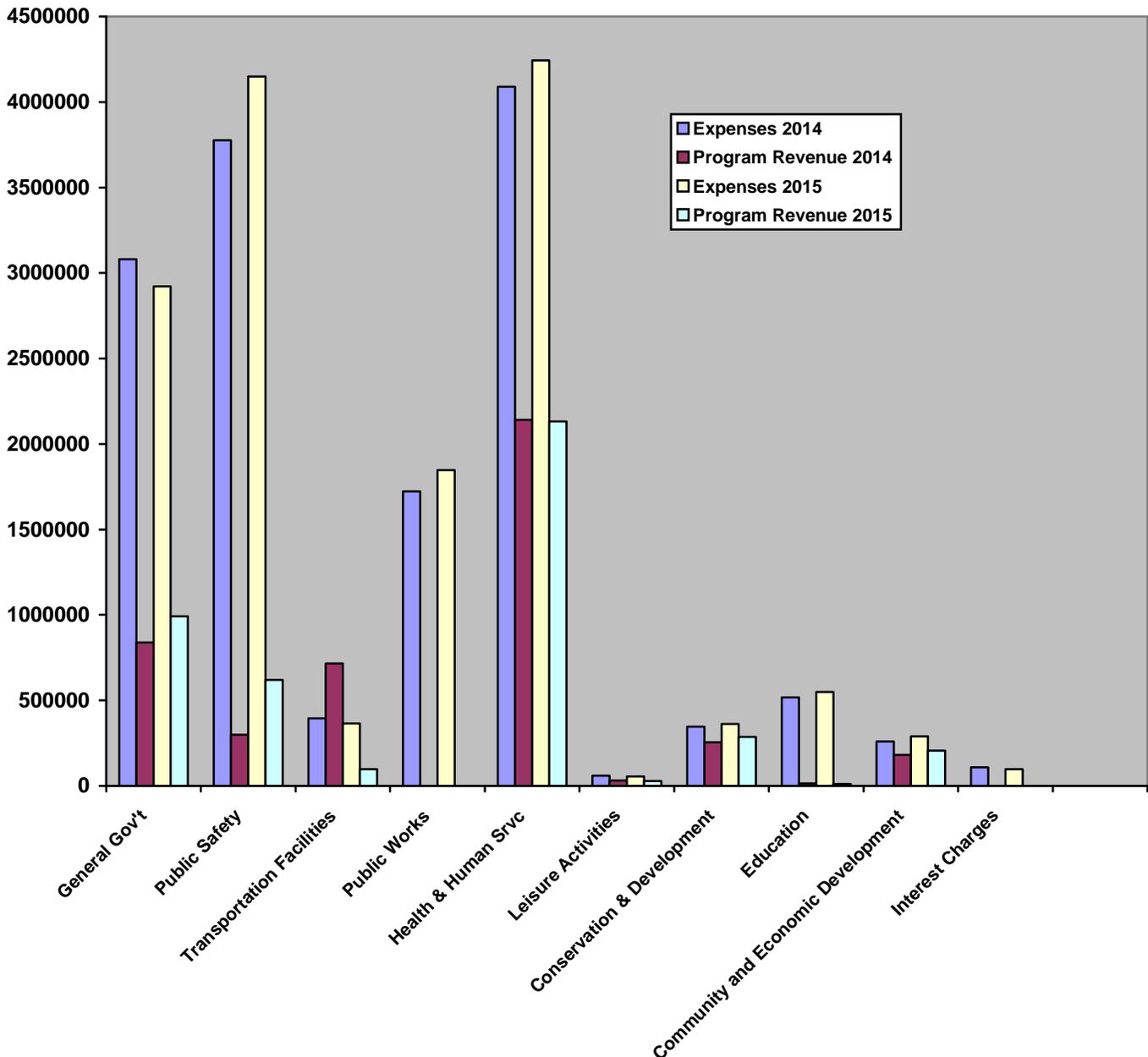
Iowa County's Change in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services and fees, fines and costs	1,178,335	1,081,911	7,967,620	8,113,823	9,145,955	9,195,734
Operating grants and contributions	3,178,297	2,765,756	1,772,982	1,742,474	4,951,279	4,508,230
Capital Grants and contributions	16,091	2,906,537			16,091	2,906,537
General revenues:						
Property taxes	7,866,551	7,809,409	2,630,929	2,557,202	10,497,480	10,366,611
Other Taxes	2,046,258	2,025,910	383,830		2,430,088	2,025,910
Grants and contributions not restricted to specific programs	453,006	382,840			453,006	382,840
Unrestricted Interest & Investment	45,649	41,208			45,649	41,208
Other	1,053,977	1,400,285	19,847	(521)	1,073,824	1,399,764
Total revenues	15,838,164	18,413,856	12,775,208	12,412,978	28,613,372	30,826,834
Expenses:						
General Government	2,922,455	3,079,991			2,922,455	3,079,991
Public Safety	4,149,903	3,776,428			4,149,903	3,776,428
Transportation facilities	364,301	394,215			364,301	394,215
Public Works	1,847,424	1,861,914			1,847,424	1,861,914
Health & Human services	4,244,148	4,089,623	5,744,932	5,876,584	9,989,080	9,966,207
Leisure activities	54,618	59,033			54,618	59,033
Conservation and development	361,738	346,583			361,738	346,583
Education	548,569	517,206			548,569	517,206
Community and economic dev.	289,369	259,888			289,369	259,888
Interest on long-term debt	96,912	108,442			96,912	108,442
Highway			6,549,887	6,839,868	6,549,887	6,839,868
Total Expenses	14,879,437	14,493,323	12,294,819	12,716,452	27,174,256	27,209,775
Increase (Decrease) in net position before transfers	958,727	3,920,533	480,389	(303,474)	1,439,116	3,617,059
Transfers		(2,041,696)		2,041,696		
Increase (Decrease) in net position	958,727	1,878,837	480,389	1,738,222	1,439,116	3,617,059
Net position–January 1, as previously stated	65,748,098	63,869,261	6,038,789	6,038,789	73,525,109	69,908,050
Prior Period Adjustment	2,092,096		1,556,866		3,648,962	
Net Position-January 1, restated	67,840,194	63,869,261	9,333,877	6,038,789	77,174,071	69,908,050
Net position – December 31	68,798,921	65,748,098	9,814,266	7,777,011	78,613,187	73,525,109

IOWA COUNTY, WISCONSIN
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Governmental Activities: Governmental activities increased the County’s net position by \$958,727 and the business type activities increased the County’s net position by \$480,389. This was prior to the restatement of the January 1, 2015 net position for the prior period adjustment for implementation of Governmental Accounting Standards Board (GASB) Statement no. 68 and 71. Key elements of this increase/ decrease are as follows:

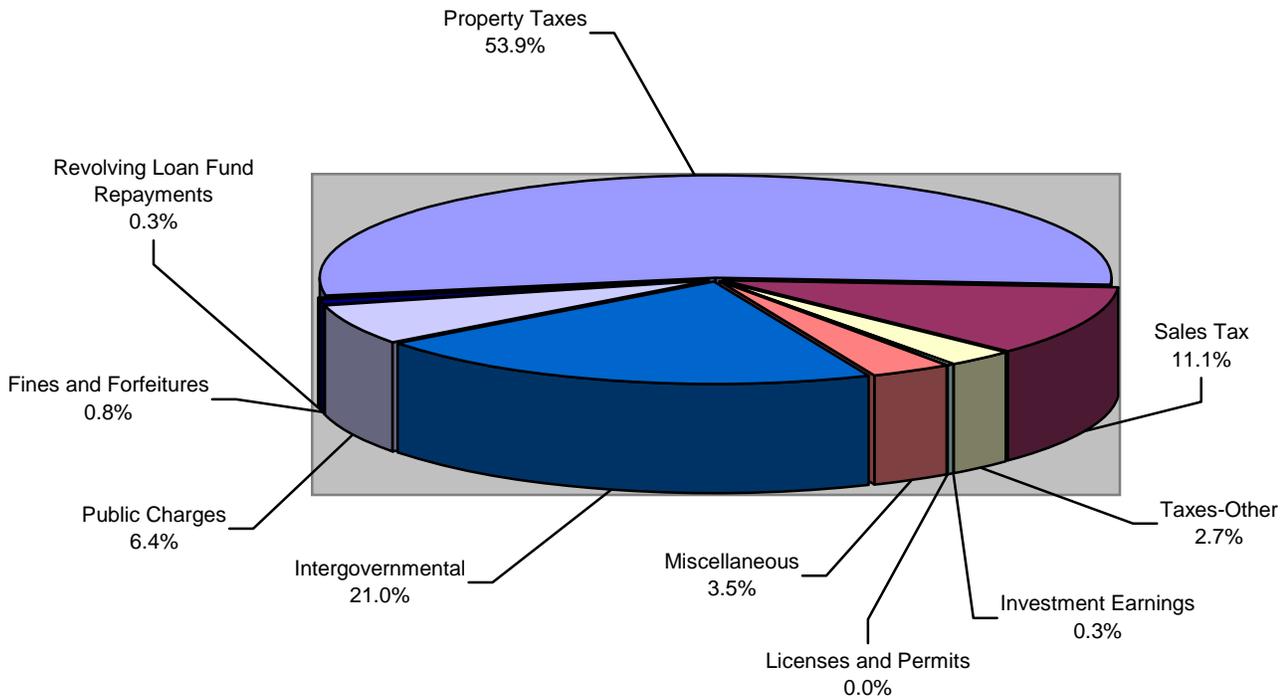
- Revenues in excess of Expenses in the Government activities.
- Decrease in cost in business type activities and increase in revenues.
- Increase in Health and Human Services program areas in the governmental activities.

Expenses and Program Revenues – Governmental Funds



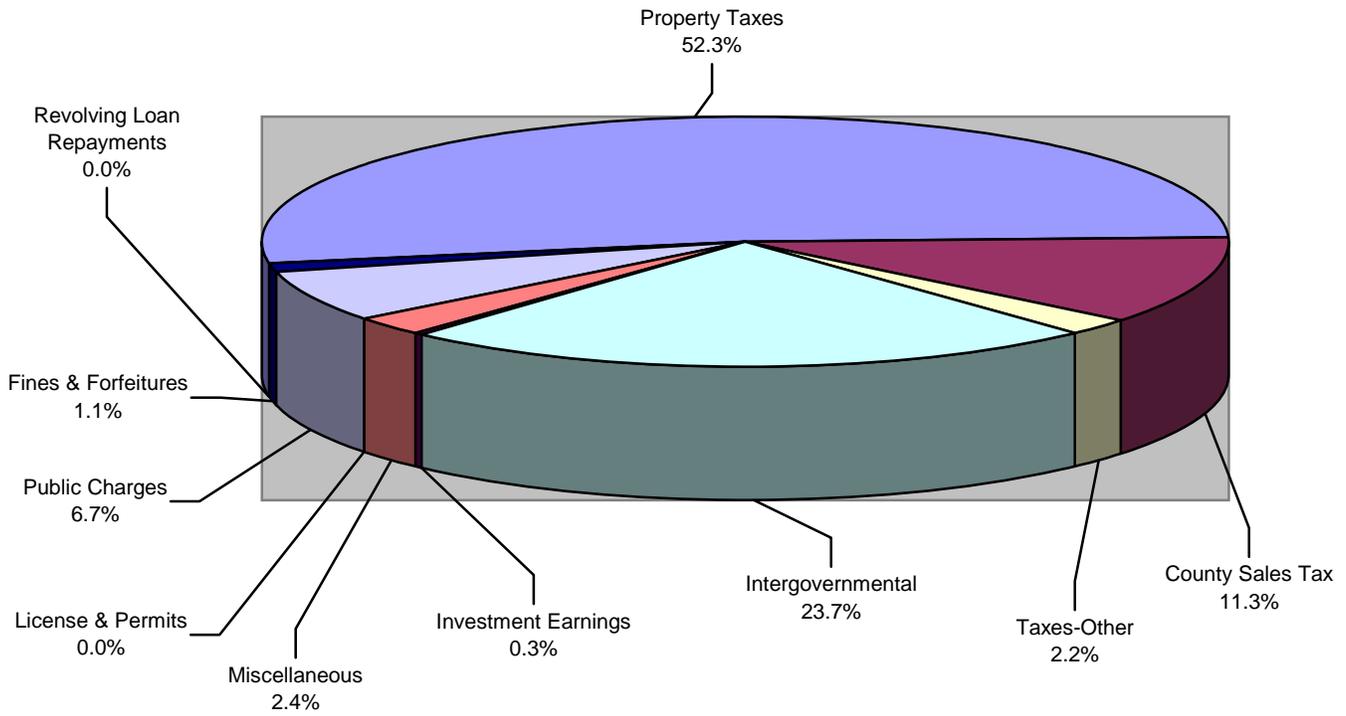
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2014 Revenues by Source-Governmental Funds



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2015 Revenues by Source-Governmental Funds

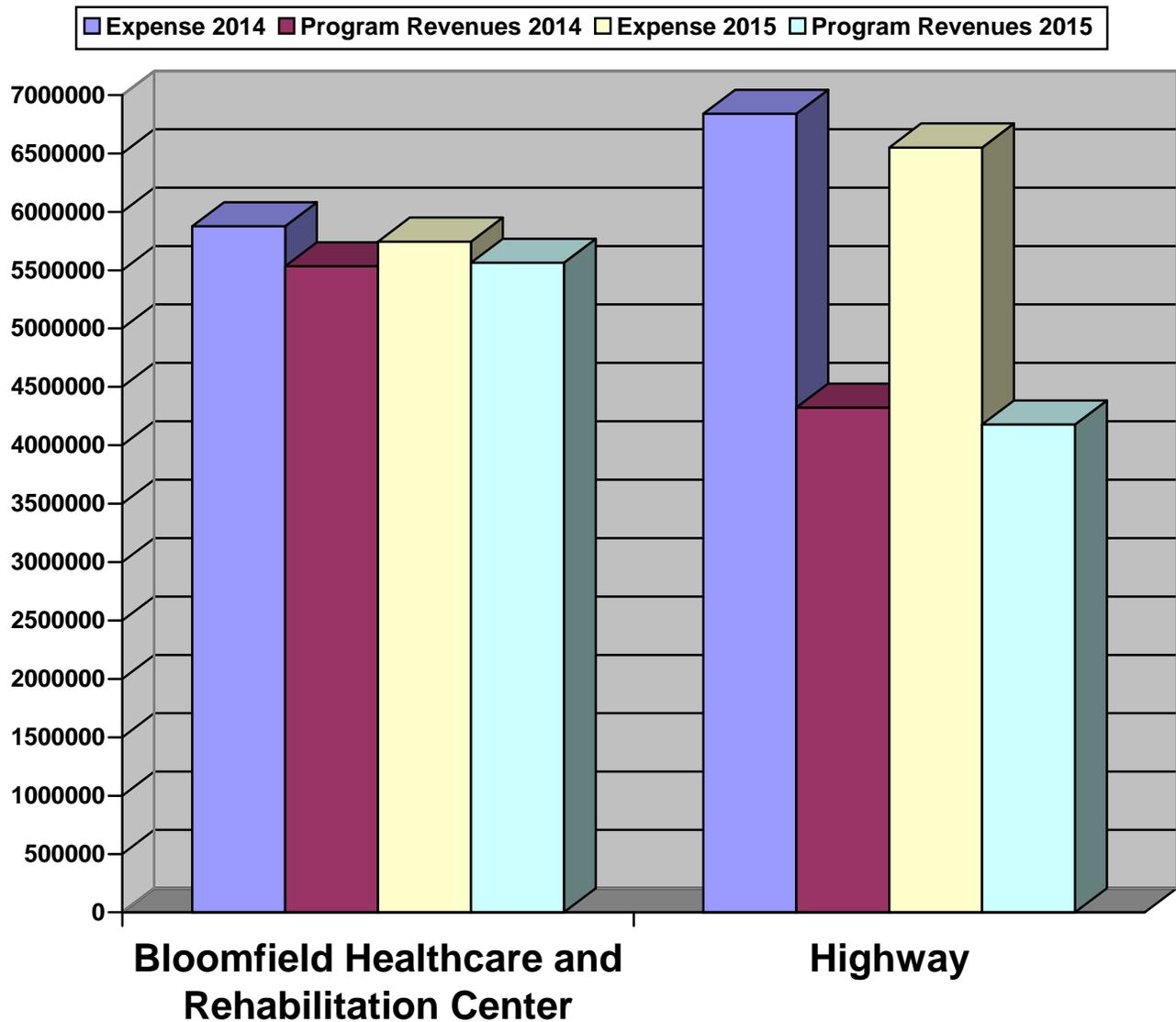


IOWA COUNTY, WISCONSIN
Management Discussion and Analysis
December 31, 2015

Business-type activities: Business-type activities increased Iowa County’s net position by \$480,389. Key elements of this increase are as follows:

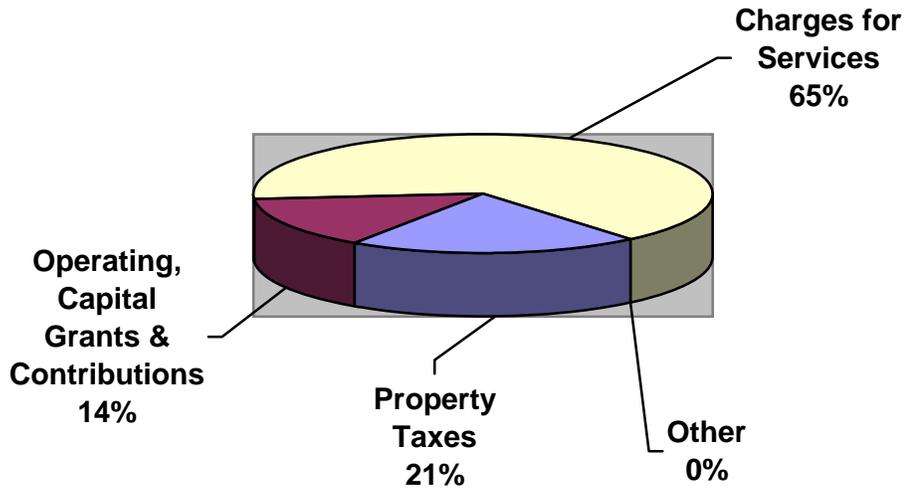
- Operating expenditures for the Highway Department decreased \$289,981.
- Operating expenditures for Bloomfield Healthcare and Rehabilitation Center decreased \$131,652.
- Operating revenues for the Highway Department decreased \$145,476.
- Operating revenues for Bloomfield Healthcare and Rehabilitation Center increased \$29,781.
- Property tax revenue for the business type activities increased \$73,727.

Expenses and Program Revenues – Business-type Activities

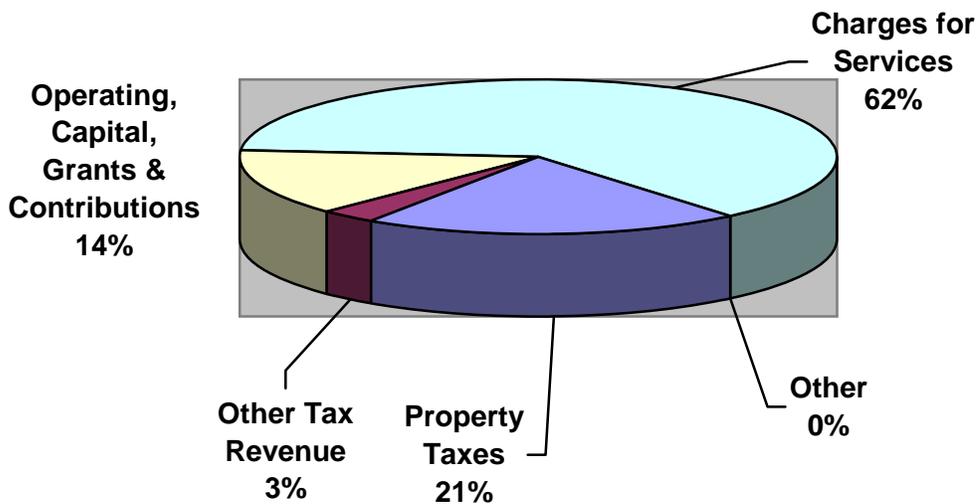


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**2014 Revenues by Source-
Business type Activites**



**2015 Revenues by Source-
Business type Activites**



IOWA COUNTY, WISCONSIN
Management Discussion and Analysis
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Financial Analysis of the Iowa County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Iowa County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of December 31, 2015, the County's governmental funds reported combined ending fund balances of \$14,765,291, an increase of \$1,933,733 from the prior year. Of the combined ending fund balance, \$7,204,842 or 49% constitutes *unassigned fund balance* that is available for spending at the County's discretion and \$2,278,360 or 15% constitutes *assigned fund balance* that reflects the government's intended use of resources. Of the combined ending fund balance, \$1,156,779 or 8% constitutes total *nonspendable* fund balance that is not available for new spending as it is set aside for delinquent taxes, prepaid items, and Iowa County Airport inventories. The remainder of fund balance \$4,125,310 or 28% is *restricted* to indicate that it is not available for new spending because it has already been committed for the following purposes: 1) County Clerk election grant \$2,293; 2) Register of Deeds – redaction project \$20,137; 3) Land Records retained fees \$74,110; 4) Land Records public access fees \$88,568; 5) Land records grant \$5,499; 6) Donations – D.A.R.E. program \$175 7) Bio-Terrorism grant \$21,315; 8) Medication Roundup Donations \$330; 9) Farm Safety Days \$991; 10) UW Extension pesticide program \$3,636; 11) UW Extension clean sweep grant \$628; 12) UW Extension corporate grant \$15,180; 13) Veterans Donations \$3,750; 14) Rezoning Conversion Fees \$4,508; 15) Land Conservation Donations \$2,020; 16) Social Services Fund \$392,430; 17) Social Services donor restricted \$7,408; 18) Capital Projects Fund for Jail Assessment \$79,084; 19) Aging Disability Resource Center \$98,958; 20) Child Support Fund \$73,557; 21) CDBG revolving loan funds \$359,628; 22) Real Estate Reduction Funds \$2,402,192; 23) Drug Task Force \$369,923; 24) Iowa County Airport \$8,710; 25) Unified Community Services \$89,280; and 26) dog license fees collected for the purpose of future related expenses in this area \$1,000. This information can be found on page 50 of the audit report.

The general fund is the chief operating fund of the County. At the end of the current year, unassigned fund balance of the general fund was \$7,204,842 while total fund balance reached \$9,649,758. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 83% of total general fund expenditures (an increase of 13% from 2014), while total fund balance represents 119% of that same amount (an increase of 22% from 2014).

Proprietary funds. Iowa County's proprietary funds provide the same type of information found in the County's government-wide financial statements, but in more detail.

Unrestricted net position for Bloomfield Healthcare and Rehabilitation Center and Highway Department operations were \$1,116,343 and \$2,252,074 respectively. Total increase in unrestricted net position for Bloomfield Healthcare and Rehabilitation Center was \$468,044 and total increase in unrestricted net position for Highway operations was \$946,633.

Bloomfield Healthcare and Rehabilitation Center's operating revenues increased \$7,848 from 2014, or 0%. There was a decrease of 232 resident days for the year, and the daily average census for 2015 was unchanged from 2014. Per capita cost per day for 2015 was \$244.23 and for 2014 was \$254.18 which is a decrease of \$9.94 per day or 4%.

Operating expenses decreased by \$131,652 or 2%.

IOWA COUNTY, WISCONSIN
Management Discussion and Analysis
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Intergovernmental Transfer Program increased 5% or \$21,933 to \$502,433 in 2015 from \$480,500 in 2014.

Highway net position increased \$1,255,099 to \$6,136,913 including 2015 changes in net position \$601,059 and prior period of adjustment – implementation of GASB Statement No. 68 and GASB No. 71.

General Fund Budgetary Highlights

Differences between the original General Fund budget and the final amended General Fund budget amounted to a \$1,782,968 increase in appropriations or 21% increase over the original budget. Differences can be briefly summarized as follows:

- Carryovers from 2015 to use for 2016 expenditures listed as restricted in the amount of \$243,140. This amount consists of revenues generated for a specific purpose and have not yet been spent and were carried forward to 2016.
- Some of the significant restricted carryovers are Land Records grants and fees \$168,177, Register of Deeds redaction project \$20,137, bio-terrorism grant \$21,315 and UW Extension grants \$19,444.
- There was \$1,078,928 in assigned funds that were carryovers from 2015 to 2016. Some of the significant assigned fund carryovers were Contingency \$631,744, Sheriff's Department – out of county prisoner fund \$33,350, Information System funds \$87,772, and Public Property maintenance \$259,687.
- Transfer from the general fund departments to other funds in the amount of \$54,476
- Transfers to the general fund from other funds in the amount of \$2,249,212 and this amount include the \$1,480,000 transferred from the Real-Estate Tax Reduction Fund.

Please note that many of the carryovers continue for many years and are not fully expended the next year.

During the year, actual revenues exceeded revised budgeted revenues by \$406,090. The primary reasons for these variances are as follows:

- Intergovernmental exceeded budget by \$109,546
- Investment Earnings exceeded budget by \$11,421
- Other Taxes exceeded budget by \$20,435
- Charges for services exceeded budget by \$157,831
- Fines and forfeitures did not meet budget by \$58,317
- Miscellaneous revenue exceeded budget by \$41,925

Actual expenditures were less than the revised budgeted expenditures by \$1,644,787. As mentioned earlier, carryovers from 2014 to 2015 were not completely expended in 2015.

Capital Asset and Debt Administration

Capital Assets. Iowa County's investment in capital assets for its governmental and business-type activities as of December 31, 2015 amounts to \$60,691,204 (net of accumulated depreciation). This investment in capital assets including land, buildings, improvements, machinery and equipment, public domain infrastructure (highway and bridges), and construction in progress. The net decrease in the County's investment in capital assets for the current year was \$1,763,926 or 2.8% over last year.

Major capital asset events during the current fiscal year included the following:

Governmental activities:

- Replace computer equipment at the Sheriff's Department for a total cost of \$20,057.

IOWA COUNTY, WISCONSIN
Management Discussion and Analysis
December 31, 2015

- Replace an air conditioning unit in the Information Technology Department at the Courthouse for a total cost of \$8,414.
- Upgrade the security system cameras at the Courthouse for a total cost of \$6,255.
- Purchase a truck and trailer for the Emergency Management department for a total cost of \$38,644.
- Replace a water heater at the Sheriff’s Department for a total cost of 6,980.
- Replace air conditioning units at the Sheriff’s Department for a total cost of \$10,298.
- Install in car cameras and video system in a Sheriff’s Department vehicle for a total cost of \$5,596
- Purchased four vehicles for the Sheriff’s Department \$118,838.
- Architect fees paid for the Court Security remodeling project in the amount of \$10,740.

Business-type activities:

- The Highway Department and Bloomfield Healthcare and Rehabilitation Center purchased equipment and machinery in the amount of \$420,270.

Iowa County’s Capital Assets (net of accumulated depreciation)						
	Governmental activities		Business-type activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	1,337,065	1,317,888	46,557	46,557	1,383,622	1,364,445
Buildings & Improvements	10,955,193	11,476,020	1,551,665	1,691,738	12,506,858	13,167,758
Land Improvements			254,305	265,688	254,305	265,688
Machinery and Equipment	902,489	944,721	3,127,396	3,129,966	4,029,885	4,074,687
Infrastructure	42,414,641	42,267,067			42,414,641	42,267,067
Construction in progress	84,698	1,315,485	17,195		101,893	1,315,485
Total	55,694,086	57,321,181	4,997,118	5,133,949	60,691,204	62,455,130

Additional information on Iowa County’s capital assets can be found in Note (5) on pages 47-48 of this report.

Long-term debt: At the end of the current fiscal year, Iowa County had total general obligation debt outstanding of \$3,143,465 all of which was backed by the full faith of the County.

Iowa County’s Outstanding Debt General Obligation Debt						
	Governmental activities		Business-type activities		Total	
	2015	2014	2014	2012	2014	2014
General obligation debt:						
State Trust Fund Loan	258,465	350,975			258,465	350,975
General Obligation Bond Issue	2,885,000	3,410,000			2,885,000	3,410,000
Total	\$3,143,465	\$3,760,975	\$0.00	\$0.00	\$3,143,465	\$3,760,975

IOWA COUNTY, WISCONSIN
Management Discussion and Analysis
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During the fiscal year, Iowa County's general obligation debt decreased by \$617,510. The decrease was due to scheduled loan payments made during 2015.

The County did receive a rating of A3 by Moody's Investors Service in January 2010. In April 2015 Moody's performed a rate review and upgraded the County's rating to Aa3 from the A1. In 2013 Moody's rating Counties Rating Summary prepared by Public Financial Management, Milwaukee, Wisconsin list Iowa County's Moody's Rating as A1.

Additional information on Iowa County's long-term debt can be found in Note 4 on pages 45-46 of this report.

Economic Factors and Next Year's Budgets and Rates

- Iowa County's unemployment rate is 3.2% for May 2016 and 3.9% as of the end of 2015. This compares to the State of Wisconsin's average unemployment rate not seasonally adjusted of 4.4% for June 2016 and 4.2% as of the end of 2015. The State of Wisconsin's seasonally adjusted rate was 4.2% for July 2016 as compared to the national average of 4.9%. Iowa County's rate variations are due mainly to the seasonal nature of agriculture and Lands' End. Lands' End continues to be the largest employer in Iowa County. Lands' End employs people from Iowa County and the surrounding counties.
- Iowa County saw a slight decrease in the 2014 equalized valuation and overall there has been a decline in the growth of equalized valuation of property beginning in 2008 through 2014. Equalized valuation did increase in 2015.

All of these factors were considered in preparing the County's budget for the 2016 fiscal year.

Previously limits had been imposed on property tax levy rates for Wisconsin counties. There are separate limits for the operating levy and the debt service levy. The baseline for the limits is the actual 1992 tax rate adopted for the 1993 budget. The operating levy rate and the debt levy rate cannot exceed the baseline rates unless the County qualifies for one of the exceptions allowed under the statute. The statute establishes specific penalties for failure to meet the levy rate freeze requirements. Among the penalties for exceeding the limits is the reduction of state shared revenue and transportation aids. This limit was lifted by the State of Wisconsin for all municipalities beginning for 2012 and going forward. The State of Wisconsin also imposed a levy limit on all Counties and the increase to the levy is based on the net new construction growth percentage or 0.00% growth whichever is higher.

With the adoption of the budget for 2016, the County's operating rate of \$5.25 and the debt service levy was \$0.40. The County's operating and debt amount and rates for 2016 were at allowable amounts that could be levied.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the Iowa County's finances. Questions, concerning any of the information provided in this report or requests for additional information should be addressed to the Iowa County Finance Director, 222 North Iowa Street, Dodgeville, WI 53533.

A separate audit report is issued for the Cobb-Highland Recreation Commission (Blackhawk Lake Recreational Area) (component unit).

BASIC FINANCIAL STATEMENTS

Exhibit A-1
Iowa County, Wisconsin
Statement of Net Position
December 31, 2015

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 13,200,509	\$ 1,336,058	\$ 14,536,567	\$ 289,910
Receivables:				
Taxes receivable	8,762,014	2,857,725	11,619,739	
Accounts receivable	186,060	1,198,281	1,384,341	
Due from other governmental units	714,735	500,287	1,215,022	
Economic development loans	201,446		201,446	
Unbilled revenue		108,559	108,559	
Materials and supplies	33,931	853,467	887,398	
Prepaid expenses	382,545	13,380	395,925	
Total current assets	<u>23,481,240</u>	<u>6,867,757</u>	<u>30,348,997</u>	<u>289,910</u>
Noncurrent assets:				
Restricted assets:				
Cash and Investments		678,912	678,912	
Net pension asset	1,034,473	769,819	1,804,292	
Capital assets	130,421,616	17,658,593	148,080,209	1,088,311
Less: accumulated depreciation	(74,727,530)	(12,661,475)	(87,389,005)	(592,403)
Total noncurrent assets	<u>56,728,559</u>	<u>6,445,849</u>	<u>63,174,408</u>	<u>495,908</u>
Other assets:				
Loan due from other governmental units	4,047		4,047	
Total other assets	<u>4,047</u>		<u>4,047</u>	
Total assets	<u>80,213,846</u>	<u>13,313,606</u>	<u>93,527,452</u>	<u>785,818</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	<u>1,066,432</u>	<u>793,603</u>	<u>1,860,035</u>	
Total assets and deferred outflows of resources	<u>\$ 81,280,278</u>	<u>\$ 14,107,209</u>	<u>\$ 95,387,487</u>	<u>\$ 785,818</u>

Exhibit A-1 (Continued)
Iowa County, Wisconsin
Statement of Net Position
December 31, 2015

	Governmental Activities	Business-Type Activities	Total	Component Unit
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 178,793	\$ 356,475	\$ 535,268	\$ 172
Accrued payroll	98,472	111,499	209,971	
Accrued interest payable	48,587		48,587	
Due to other governments	293,127	162,854	455,981	2,251
Deposits	507		507	
Payroll liabilities				2,667
Unearned revenue	11,381	-	11,381	9,863
Current portion of compensated absences	356,604	373,170	729,774	
Current portion of long-term debt	634,888		634,888	
Total current liabilities	<u>1,622,359</u>	<u>1,003,998</u>	<u>2,626,357</u>	<u>14,953</u>
Noncurrent liabilities:				
Compensated absences	950,702	804,390	1,755,092	
General obligation debt	3,143,465		3,143,465	
Less: current portion	(991,492)	(373,170)	(1,364,662)	
Total noncurrent liabilities	<u>3,102,675</u>	<u>431,220</u>	<u>3,533,895</u>	
Total liabilities	<u>4,725,034</u>	<u>1,435,218</u>	<u>6,160,252</u>	<u>14,953</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	<u>7,756,323</u>	<u>2,857,725</u>	<u>10,614,048</u>	
Total deferred inflows of resources	<u>7,756,323</u>	<u>2,857,725</u>	<u>10,614,048</u>	
NET POSITION				
Net investment in capital assets	52,550,621	4,997,118	57,547,739	495,908
Restricted	4,698,294	1,448,731	6,147,025	
Unrestricted	11,550,006	3,368,417	14,918,423	274,957
Total net position	<u>68,798,921</u>	<u>9,814,266</u>	<u>78,613,187</u>	<u>770,865</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 81,280,278</u>	<u>\$ 14,107,209</u>	<u>\$ 95,387,487</u>	<u>\$ 785,818</u>

Exhibit A-2
Iowa County, Wisconsin
Statement of Activities
For the Year Ended December 31, 2015

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			Component Unit Cobb-Highland Recreation Commission
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
Governmental activities:								
General government	\$ 2,922,455	\$ 549,648	\$ 441,832	\$	\$ (1,930,975)		\$ (1,930,975)	
Public safety	4,149,903	226,683	377,265	16,091	(3,529,864)		(3,529,864)	
Transportation facilities	364,301	97,009			(267,292)		(267,292)	
Public works	1,847,424				(1,847,424)		(1,847,424)	
Health and human services	4,244,148	93,147	2,038,880		(2,112,121)		(2,112,121)	
Leisure activities	54,618		27,719		(26,899)		(26,899)	
Conservation of natural resources	361,738	186	286,787		(74,765)		(74,765)	
Education	548,569	5,424	5,814		(537,331)		(537,331)	
Community and economic development	289,369	206,238			(83,131)		(83,131)	
Interest and fiscal charges	96,912				(96,912)		(96,912)	
Total governmental activities	\$ 14,879,437	\$ 1,178,335	\$ 3,178,297	\$ 16,091	\$ (10,506,714)		\$ (10,506,714)	
Business-type activities:								
Bloomfield Health Care and Rehabilitation Center	5,744,932	5,060,651	502,433			(181,848)	(181,848)	
Highway	6,549,887	2,906,969	1,270,549			(2,372,369)	(2,372,369)	
Total business-type activities	12,294,819	7,967,620	1,772,982			(2,554,217)	(2,554,217)	
Total primary government	\$ 27,174,256	\$ 9,145,955	\$ 4,951,279	\$ 16,091	(10,506,714)	(2,554,217)	(13,060,931)	
Component Unit:								
Cobb-Highland Recreation Commission	368,663	417,650						48,987
Total component unit	368,663	417,650						48,987
General revenues:								
Property taxes					7,866,551	2,630,929	10,497,480	
Sales taxes					1,709,798		1,709,798	
Other taxes					336,460	383,830	720,290	
State aid not restricted for specific purposes					453,006		453,006	
Interest and investment earnings					45,649	3,559	49,208	591
Gain (loss) on sale of capital assets					14,286	7,210	21,496	
Grant proceeds								
Other revenue					267,043	9,078	276,121	98
Capitalized infrastructure costs					772,648		772,648	
Total general revenues					11,465,441	3,034,606	14,500,047	689
Changes in net position					958,727	480,389	1,439,116	49,676
Net position - beginning , as previously reported					65,748,098	7,777,011	73,525,109	721,189
Prior period adjustment - implementation of GASB Statement No. 68 and GASB Statement No. 71					2,092,096	1,556,866	3,648,962	
Net position - beginning, as restated					67,840,194	9,333,877	77,174,071	721,189
Net position - ending	\$	\$	\$	\$	68,798,921	9,814,266	78,613,187	\$ 770,865

Exhibit A-3
Iowa County, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2015

	General	Social Services	Real Estate Tax Reduction	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 8,392,066	\$ 399,720	\$ 2,144,366	\$ 1,279,268	\$ 985,089	\$ 13,200,509
Receivables (net of allowances)						
Current property taxes	4,600,059	1,691,021		916,476	548,767	7,756,323
Accounts	45,157	132,058			8,845	186,060
Due from other governmental units	397,432		257,826		59,477	714,735
Delinquent property taxes	950,751					950,751
Tax deed	54,940					54,940
Economic development loans					201,446	201,446
Prepaid items	382,545					382,545
Inventories					33,931	33,931
Loan due from other governmental units	4,047					4,047
	<hr/>					
Total assets	\$ 14,826,997	\$ 2,222,799	\$ 2,402,192	\$ 2,195,744	\$ 1,837,555	\$ 23,485,287
LIABILITIES						
Accounts payable	\$ 84,132	\$ 74,320	\$	\$ 752	\$ 19,589	\$ 178,793
Accrued payroll	72,785	17,999			7,688	98,472
Due to other governments	239,809	34,556			18,762	293,127
Deposits	507					507
Unearned revenue		5,065			6,316	11,381
	<hr/>					
Total liabilities	397,233	131,940		752	52,355	582,280
DEFERRED INFLOWS OF RESOURCES						
Deferred property tax revenue-current	4,600,059	1,691,021		916,476	548,767	7,756,323
Deferred property tax revenue-delinquent	179,947					179,947
Deferred revenue-other					201,446	201,446
	<hr/>					
Total deferred inflows of resources	4,780,006	1,691,021		916,476	750,213	8,137,716
FUND BALANCES						
Nonspendable	1,122,848				33,931	1,156,779
Restricted	243,140	399,838	2,402,192	79,084	1,001,056	4,125,310
Assigned	1,078,928			1,199,432		2,278,360
Unassigned	7,204,842					7,204,842
	<hr/>					
Total fund balances	9,649,758	399,838	2,402,192	1,278,516	1,034,987	14,765,291
	<hr/>					
Total liabilities, deferred inflows of resources and net position	\$ 14,826,997	\$ 2,222,799	\$ 2,402,192	\$ 2,195,744	\$ 1,837,555	\$ 23,485,287

Exhibit A-4
Iowa County, Wisconsin
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds:	\$	14,765,291
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
Infrastructure & Right of way assets	110,562,331	
Accumulated depreciation	(67,224,092)	43,338,239
Other governmental capital assets	19,859,285	
Accumulated depreciation	<u>(7,503,438)</u>	12,355,847
The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements		1,034,473
Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.		
Deferred outflows of resources		1,066,432
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Delinquent property taxes	179,947	
Long term development loans	201,446	
		381,393
Long term liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements:		
General obligation bonds and notes	3,143,465	
Accrued interest	48,587	
Compensated absences	<u>950,702</u>	(4,142,754)
Total net position - governmental activities	\$	<u><u>68,798,921</u></u>

Exhibit A-5
Iowa County, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Social Services	Real Estate Tax Reduction	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes						
Property	\$ 4,753,322	\$ 1,679,035		\$ 912,025	\$ 532,516	\$ 7,876,898
Sales			1,697,684			1,697,684
Other	336,075					336,075
Intergovernmental	1,660,477	1,213,730			697,572	3,571,779
Charges for services	795,041	52,266			160,734	1,008,041
Fines and forfeitures	163,317					163,317
Investment earnings	41,771				3,878	45,649
Revolving loan repayments					2,172	2,172
Miscellaneous	234,017	1,252		37,629	87,287	360,185
Total revenues	7,984,020	2,946,283	1,697,684	949,654	1,484,159	15,061,800
EXPENDITURES						
Current:						
General government	2,841,377					2,841,377
Public safety	3,843,703				46,882	3,890,585
Transportation facilities					169,281	169,281
Health and human services	707,305	2,247,242			1,063,189	4,017,736
Leisure activities	54,618					54,618
Conservation of natural resources	361,566					361,566
Education	548,784					548,784
Community and Economic development	253,799				89,109	342,908
Capital outlay	30,551			233,352		263,903
Debt service:						
Principal				617,510		617,510
Interest				104,370		104,370
Total expenditures	8,641,703	2,247,242		955,232	1,368,461	13,212,638
Excess (deficiency) of revenues over expenditures	(657,683)	699,041	1,697,684	(5,578)	115,698	1,849,162
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets				84,570		84,570
Transfers in	2,249,212			54,476		2,303,688
Transfers (out)	(54,476)	(667,759)	(1,480,000)		(101,452)	(2,303,687)
Net change in fund balances	1,537,053	31,282	217,684	133,468	14,246	1,933,733
Fund balance-beginning of year	8,112,705	368,556	2,184,508	1,145,048	1,020,741	12,831,558
Fund balance-end of year	\$ 9,649,758	\$ 399,838	\$ 2,402,192	\$ 1,278,516	\$ 1,034,987	\$ 14,765,291

Exhibit A-6
Iowa County, Wisconsin
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Net change in fund balances-total governmental funds	\$	1,933,733
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.		
Capital outlay reported in governmental fund statements	225,822	
Capitalized infrastructure costs	772,648	
Depreciation expenses reported in the statement of activities	<u>(2,553,492)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		(1,555,022)
The county sold property resulting in a reduction of capital assets and recapture of prior year depreciation expense and has no affect on the governmental funds balance sheet.		
The value of capital assets disposed of during the year was:	(1,243,875)	
The amount of depreciation recapture for the year was:	<u>1,171,803</u>	
The difference in the value of assets net of recaptured depreciation		(72,072)
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		
		617,510
Compensated absences are reported in the governmental funds when amounts are paid. The statement of activities reports the amount earned during the year.		
The difference between the amount paid and earned was:		(33,103)
Repayment of CDBG economic development loans is reflected as revenues in governmental funds, but is reported as a reduction of CDBG economic development loans receivable in the statement of net position and does not affect the statement of activities		
		(2,171)
Additional CDBG economic development loans are reflected as expenditures in governmental funds, but are reported as additions to CDBG economic development loans receivable in the statement of net position and does not affect the statement of activities		
		60,200
In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
The amount of interest paid during the current period	110,959	
The amount of interest accrued during the current period	<u>(103,500)</u>	
Interest paid is greater (less) than interest accrued by		7,459
Revenues that provided current financial resources in the statement of activities in prior years but are reported as revenues in the governmental funds when available		
Change in Deferred Property Tax - Delinquent		(6,615)
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan.		
Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments.		
Difference between the required contributions into the defined benefit plan and the actuarially determined change in net pension asset between years, with adjustments.		<u>8,808</u>
Change in net position-governmental activities	\$	<u>958,727</u>

Exhibit A-7
Iowa County, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2015

	Enterprise Funds		
	Bloomfield		
	Health Care and Rehabilitation Center	Highway	Total
ASSETS			
Current assets:			
Cash	\$ 478,528	\$ 857,530	\$ 1,336,058
Receivables (net of allowance)			
Taxes-current	97,503	2,760,222	2,857,725
Accounts	730,830	467,451	1,198,281
Due from other governments	4,651	495,636	500,287
Unbilled revenue		108,559	108,559
Materials and supplies	51,524	801,943	853,467
Prepaid expenses		13,380	13,380
Total current assets	1,363,036	5,504,721	6,867,757
Restricted cash:			
Cash and investments	678,912		678,912
Net pension asset	446,418	323,401	769,819
Total restricted cash	1,125,330	323,401	1,448,731
Noncurrent assets:			
Capital assets:			
Property and plant	5,584,622	12,073,971	17,658,593
Less: accumulated depreciation	(4,148,942)	(8,512,533)	(12,661,475)
Net capital assets	1,435,680	3,561,438	4,997,118
Total assets	3,924,046	9,389,560	13,313,606
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	460,210	333,393	793,603
Total assets and deferred outflows of resources	\$ 4,384,256	\$ 9,722,953	\$ 14,107,209

Exhibit A-7 (Continued)
Iowa County, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2015

	Enterprise Funds		
	Bloomfield		
	Health Care and Rehabilitation Center	Highway	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 96,754	\$ 259,721	\$ 356,475
Due to other governments	94,089	68,765	162,854
Accrued payroll	39,883	71,616	111,499
Current portion of compensated absences	180,801	192,369	373,170
Total current liabilities	411,527	592,471	1,003,998
Noncurrent liabilities:			
Compensated absences	378,674	425,716	804,390
Less: current portion of compensated absences	(180,801)	(192,369)	(373,170)
Total noncurrent liabilities	197,873	233,347	431,220
Total liabilities	609,400	825,818	1,435,218
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	97,503	2,760,222	2,857,725
Total deferred inflows of resources	97,503	2,760,222	2,857,725
NET POSITION			
Net investment in capital assets	1,435,680	3,561,438	4,997,118
Restricted	1,125,330	323,401	1,448,731
Unrestricted	1,116,343	2,252,074	3,368,417
Total net position	3,677,353	6,136,913	9,814,266
Total liabilities, deferred inflows of resources and net position	\$ 4,384,256	\$ 9,722,953	\$ 14,107,209

Exhibit A-8
Iowa County, Wisconsin
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Enterprise Funds		
	Bloomfield Health Care and Rehabilitation Center	Highway	Total
OPERATING REVENUES			
Charges for services	4,545,153	\$ 2,857,293	\$ 7,402,446
Other	515,498	49,676	565,174
Total operating revenues	<u>5,060,651</u>	<u>2,906,969</u>	<u>7,967,620</u>
OPERATING EXPENSES			
Health care	5,573,661		5,573,661
Highway		6,179,695	6,179,695
Depreciation	171,271	370,192	541,463
Total operating expenses	<u>5,744,932</u>	<u>6,549,887</u>	<u>12,294,819</u>
Operating (loss)	<u>(684,281)</u>	<u>(3,642,918)</u>	<u>(4,327,199)</u>
NONOPERATING REVENUES (EXPENSES)			
Property tax revenue	48,482	2,582,447	2,630,929
Other tax revenue		383,830	383,830
Intergovernmental grants	502,433	1,270,549	1,772,982
Investment earnings	3,559		3,559
Gain (loss) on sale of fixed assets	59	7,151	7,210
Contributions	9,078		9,078
Total nonoperating revenues (expenses)	<u>563,611</u>	<u>4,243,977</u>	<u>4,807,588</u>
Changes in net position	<u>(120,670)</u>	<u>601,059</u>	<u>480,389</u>
Net position - beginning , as previously reported	2,895,197	4,881,814	7,777,011
Prior period adjustment - implementation of GASB Statement No. 68 and GASB Statement No. 71	902,826	654,040	1,556,866
Net position - beginning, as restated	<u>3,798,023</u>	<u>5,535,854</u>	<u>9,333,877</u>
Net position - ending	<u>\$ 3,677,353</u>	<u>\$ 6,136,913</u>	<u>\$ 9,814,266</u>

Exhibit A-9
Iowa County, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Enterprise Funds		
	Bloomfield		
	Health Care and Rehabilitation Center	Highway	Totals
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES			
Receipts from customers	\$ 5,373,550	\$ 2,522,896	\$ 7,896,446
Payments to employees	(2,885,304)	(1,824,396)	(4,709,700)
Payment for employee benefits	(1,228,275)	(865,201)	(2,093,476)
Payments to suppliers and contractors	(1,607,986)	(3,163,915)	(4,771,901)
Net cash (used by) operating activities	(348,015)	(3,330,616)	(3,678,631)
CASH FLOWS FROM (USED BY) NON-CAPITAL FINANCING ACTIVITIES			
Property tax levy	48,482	2,966,277	3,014,759
Grants	502,433	1,270,549	1,772,982
Net cash from non-capital financing activities	550,915	4,236,826	4,787,741
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(49,375)	(398,330)	(447,705)
Receipts from sale of fixed assets	59	50,224	50,283
Contributions	9,078		9,078
Payment for major repairs			-
Net cash (used by) capital and related financing	(40,238)	(348,106)	(388,344)
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES			
Receipt of interest	3,559		3,559
Purchase of investments	(625,000)		(625,000)
Receipt of investments maturing	675,000		675,000
Net cash from investing activities	53,559		53,559
Net increase (decrease) in cash and cash equivalents	216,221	558,104	774,325
Cash and cash equivalents-Beginning of year	316,219	299,426	615,645
Cash and cash equivalents-End of year	\$ 532,440	\$ 857,530	\$ 1,389,970
Reconciliation of Cash and Cash Equivalents to Balance Sheet:			
Cash	\$ 478,528	\$ 857,530	\$ 1,336,058
Cash and investments (restricted)	678,912		678,912
Total	1,157,440	857,530	2,014,970
Less: long-term investments(restricted)	(625,000)		(625,000)
Total	\$ 532,440	\$ 857,530	\$ 1,389,970

Exhibit A-9 (Continued)
Iowa County, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Enterprise Funds		
	Bloomfield Health Care and Rehabilitation Center	Highway	Total
Reconciliation of operating (loss) to net cash provided (used) by operating activities:			
Operating (loss)	\$ (684,281)	\$ (3,642,918)	\$ (4,327,199)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	171,271	370,192	541,463
Pension expense	(3,802)	(2,754)	(6,556)
Changes in assets and liabilities:			
Receivables	77,471	(384,073)	(306,602)
Due from other governments	235,428	223,980	459,408
Unbilled revenue		(43,697)	(43,697)
Inventories	(207)	149,384	149,177
Prepaid expenses		(3,788)	(3,788)
Accounts payable	(67,701)	(36,315)	(104,016)
Accrued liabilities	(109,585)	(18,706)	(128,291)
Due to other governments	38,472	29,589	68,061
Vested fringe benefits	(5,081)	28,490	23,409
Net cash (used by) operating activities	\$ (348,015)	\$ (3,330,616)	\$ (3,678,631)

Exhibit A-10
Iowa County, Wisconsin
Statement of Net Position
Fiduciary Funds
December 31, 2015

	Agency Fund
ASSETS	
Cash:	
Manor resident cash	\$ 12,490
Burial trust	1,400
Sheriff	85,927
Clerk of courts	172,437
County Treasurer	99,502
District attorney	224
Total cash	371,980
Receivables:	
Current property taxes	320,248
Total assets	\$692,228
 LIABILITIES	
Due to other governments	419,750
Funds held for others	272,478
Total liabilities	\$ 692,228

NOTES TO THE BASIC FINANCIAL STATEMENTS

Iowa County, Wisconsin
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December 31, 2015

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Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Iowa County is governed by a twenty-one member county board of supervisors. The County provides many functions and services to citizens including law enforcement, administration of the courts, circuit court, health and human services, recreation and cultural activities, planning and zoning, education and general administrative services. Other activities include the operations of a highway department, a nursing home, and a senior citizens program.

Financial statements presented in this report conform to requirements of U.S. generally accepted accounting principles.

Significant accounting policies of Iowa County are summarized below:

A. Reporting Entity

This report includes all of the funds and account groups of Iowa County, Wisconsin. The reporting entity for the County consists of the (a) primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financial accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Included in the Reporting Entity

The County has determined that the Blackhawk Lake Recreation Facility is a component unit of the County. The State of Wisconsin acquired approximately 380 acres of park land from the Cobb-Highland Recreation Commission in 1977 in exchange for payment of FHA revenue bond indebtedness of \$450,000. Under this agreement, Iowa County agreed to assume full operational responsibility and control of the Blackhawk Lake Recreation Area. Should the County ever fail to continue to operate the facility, the County would have to repay all State and Federal monies expended for land acquisition and development of the facility. The County also assumed responsibility for maintenance of the dam.

Through an operations agreement, the day-to-day operation and management of the facility is being performed by the Cobb-Highland Recreation Commission who is required to file an annual report with the County indicating the status of operations at the facility. The Commission charges user fees to the general public and expends these as necessary and appropriate for maintaining the facility. The Commission requires County approval for any expenditure in excess of \$5,000.

Financial statements for the Blackhawk Lake Recreation Facility can be obtained at the office of the Cobb-Highland Recreation Commission.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Excluded From the Reporting Entity

Iowa County is a participating member of the Grant/Iowa Unified Board (Unified Community Services). The board provides services to citizens of the two counties in the areas of mental health, developmental disabilities, alcoholism and drug abuse under the provisions of Statute 51.42/.437. The board operates outpatient clinics in various locations in the two county area and contracts with various agencies for other client services.

The board is composed of eleven members who are appointed by the County board chairmen of Grant and Iowa Counties. Six members are appointed by the Grant County board chairman and five members by the Iowa County board chairman. The Board is funded through state grant-in-aid, federal grants, fees for services rendered and County appropriations. County appropriations are based on population. The amount and percentage share of each County's appropriations for 2015 follows:

Grant County	70%
Iowa County	30%

Grant County acts as host county for the recording of financial transactions and for the deposit of receipts and payment of disbursements. For this reason, and because Grant County appoints a majority of the Board, this entity is not considered a component unit of Iowa County.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (Exhibits A-1 and A-2) report information on all of the nonfiduciary activities of the County. The effect of most interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 for services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the requirements of a particular function. Taxes and other items not included in program revenues are reported as general revenues.

Fund Financial Statements

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

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

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

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

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

The County reports the following major governmental funds:

General Fund - The general fund is used to account for all revenues and expenditures which are not required to be accounted for in other funds.

Social Services Special Revenue Fund – Accounts for programs of the County’s Department of Social Services. Substantial financing for this fund is provided by federal and state grants.

Real Estate Reduction Fund – Accounts for the county-wide sales tax which, by statute, must be used to reduce property taxes.

Capital Improvements Capital Projects Fund – accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

The County reports the following major proprietary funds:

Enterprise Funds – Bloomfield Healthcare and Rehabilitation Center Fund accounts for the operation of a long-term health care facility. The Highway fund accounts for activities of the County’s Highway Department which include maintenance of county, state and local roads.

The County reports the following non-major governmental funds:

Non-Major Governmental Funds

Special Revenue Funds – accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- Aging Disability Resource Center
- Child Support
- Iowa County Airport
- Drug Task Force
- CDBG Revolving Loan
- Tri-County Airport
- Unified Community Services
- Dog License
- Wisconsin River Rail Transit

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The County also reports the following fiduciary funds:

Agency Funds – The County accounts for assets held as an agent for burial funds, manor residents trust, clerk of courts, sheriff, district attorney, unclaimed funds and other governmental units.

C. 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 recognized 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 when all eligibility requirements 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 when both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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, pensions and claims and judgments, are recorded when payment is due.

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 by the highway department and health department to 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, 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.

Intergovernmental aids and grants are recognized as revenues in the period the County is entitled the resources and the amounts are available. Amounts owed to the County which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

The County reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the County has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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 patient charges for the nursing home and charges to the state and local governments for roadwork by the highway department. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation. 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.

Revenues and expenditures arising from non-exchange transactions, such as property and sales taxes, fines, and grants are recorded according to the Governmental Accounting Standards.

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

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Taxes Receivable

Property taxes are recorded in the year levied as a receivable and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are provided. The tax calendar is as follows:

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

Under Wisconsin Statutes the County treasurer is responsible for the collection of all delinquent property taxes except delinquent personal property taxes which may be retained for collection by the local municipal district as is the case in Iowa County. On December 31, 2015 delinquent property taxes totaling \$950,751 were due Iowa County. The above amounts include not only the delinquent taxes for levies by Iowa County, but also the delinquent taxes for levies by state and other local governmental units (cities, villages, towns, school districts, special districts) within the County. As provided in the Statutes, Iowa County has paid the state and local governmental units for their equities in delinquent property taxes. Delinquent property taxes are aged as follow at December 31, 2015:

Tax Certificates	
2015 Sale	\$ 516,859
2014 Sale	280,189
2013 Sale	97,077
2012 Sale	30,362
2011 Sale	16,228
2010 Sale	5,891
2009 Sale	1,464
2008 Sale	829
2007 Sale	804
2006 Sale	547
2005 Sale	501
Total delinquent taxes	<u>950,751</u>
County purchased - nonspendable fund balance	<u>(740,303)</u>
County levied	<u><u>\$ 210,448</u></u>

Deferred inflows of resources at December 31, 2015 include tax certificates and tax deeds not "available" at that date as follows:

County portion of tax certificates and deeds 12/31/15	\$ 210,448
Less: tax certificates/deeds collected January and February 2016	<u>(30,501)</u>
Deferred inflows of resources 12/31/15 - tax certificates and deeds	<u><u>\$ 179,947</u></u>

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Compensated Absences

Managed time off, vacation and sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. The liability for sick leave is the estimated amount that will be paid as a result of employee illness or retirement. The County does not accrue accumulated managed time off, vacation or sick leave in governmental fund financial statements unless they have matured due to employee resignations or retirements.

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 generally defined by the County as assets with an initial, individual cost of \$5,000 or higher and a useful life of 2 years or more. Infrastructure assets have a cost of \$25,000 or higher for culverts and \$100,000 or higher for roads and bridges. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 assets lives are not capitalized. Net interest costs during construction are capitalized.

Depreciation on all capital assets is charged to operations over the estimated service life of assets using the straight-line method as shown below:

<u>Governmental Activities:</u>	<u>Years</u>
Buildings	10-40
Equipment and improvements	3-10
Infrastructure	25-50
 <u>Business-Type Activities:</u>	
<u>Bloomfield Manor</u>	
Land improvements	5-30
Buildings	15-40
Equipment	5-25
Vehicles	4
 <u>Highway</u>	
Land improvements	25
Buildings	25
Machinery and equipment	5-30
Other fixed assets	10

Interest is charged to expense as incurred except for interest expense from borrowings used for construction projects, which is capitalized to the extent that proceeds are used for construction purposes.

Assets acquired or constructed for general governmental services are reported as expenditures in the government fund financial statements.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund Equity

Government-wide financial statements

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

- a. Net investment in capital assets - amount of capital assets less accumulated depreciation and outstanding debt related to purchase, construction or improvement of assets.
- b. Restricted net position - amount of net position subject to restrictions that are imposed by external groups or law.
- c. Unrestricted net position - net position that is neither classified as restricted or net investment in capital assets.

Fund financial statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-Spendable – includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed – includes amounts constrained to specific purposes by the County Board, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the County Board takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts the County Board intends to use for a specific purpose; intent can be expressed by the County Board or by an official or body to which the County Board delegates the authority.
- Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of the Board. Commitments of fund balance, once made, can only be modified by the Board.

The County has established a minimum fund balance policy of between 20.0 and 25.0 percent of total budgeted expenditures. In the event that the balance drops below the established minimum level, the Board will develop a plan in the next fiscal year to replenish the fund balance to the established minimum level.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the County to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the County that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Client Revenues

The major portion of the Bloomfield Healthcare and Rehabilitation Center's revenues for patient care are funded pursuant to federal and state medical assistance programs. The continuation of these revenues is dependent upon governmental policies. Revenues received under these programs are based upon cost reimbursement principles which are subject to audits. It is not known what effect, if any, audit adjustments may have on the recorded revenue and receivables arising from services rendered under the Medicare and Medicaid programs.

Medicare is billed at actual rates established by the Federal Government. Any adjustments or write-offs are recorded using the direct write-off method.

I Allowance for Bad Debts

Bloomfield resident receivables are reported net of the allowance for bad debts of \$15,010 for 2015 and \$16,660 for 2014.

J. Inventories

Inventories of proprietary fund types are valued at the lower of cost or market using the first-in, first-out method and are charged as expenses or are capitalized when used.

K. Cash and Cash Equivalents/Investments

For purposes of the statement of cash flows, the County considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

The County has pooled the cash resources of some funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the County's individual major funds, and in the aggregate for non-major and agency funds.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

L. Restricted Assets

Restricted assets of Bloomfield Healthcare and Rehabilitation Center are as follows:

Cash and Investments

Represents money donated to Bloomfield Healthcare and Rehabilitation Center to be used for client entertainment.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions, 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 for WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

N. Change in Accounting Principle

Effective January 1, 2015, the County adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Implementation of GASB Statement No. 68 and 71 required net position in the governmental activities and business-type activities to be increased. The increase in net position was to reflect the January 1, 2014 beginning net pension asset and beginning deferred outflows of resources for County contributions to the WRS after the December 31, 2013 measurement date through December 31, 2014.

A prior period adjustment has been recorded effective January 1, 2015 as follows:

	Governmental Activities	Business-Type Activities
Net position – beginning, as previously reported	\$ 65,748,098	\$ 7,777,011
Implementation of GASB Statement No. 68		
Net pension asset as of January 1, 2015	1,686,406	1,254,965
Deferred outflows as of January 1, 2015	405,690	301,901
Net position – beginning, as restated	\$ 67,840,194	\$ 9,333,877

O. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expenditure) until then. The County has one item that qualifies for reporting in this category. The deferred outflows of resources are for the WRS pension system.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resource (revenue) until then. The County has one item that qualifies for reporting in the category. The deferred inflows of resources are related to deferred property tax revenue.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS
AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and government-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

NOTE 3 CASH AND INVESTMENTS

At December 31, 2015, cash and investments included the following:

Petty cash/cash on hand	\$ 1,222
Wisconsin Local Government Investment Pool	597,785
Deposits with financial institutions	14,988,450
Total cash	<u>\$ 15,587,457</u>

Cash and investments as of December 31, 2015 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 14,536,565
Restricted cash and investments	678,912
Exhibit A-10:	
Cash and investments	371,980
Total cash and investments	<u>\$ 15,587,457</u>

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

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

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

Interest Rate Risk

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 is to match investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the County will not directly invest in securities maturing more than three years from the date of purchase.

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

Investment Type	Amount	Remaining Maturity (in months)			
		12 months or less	13 months to 24 months	25 months to 36 months	37 months to 48 months
Certificate of deposit	\$ 892,055	\$ 175,000	\$ 417,055	\$ 200,000	\$ 100,000
Local Government Investment Pool	597,785	597,785			
Total	\$ 1,489,840	\$ 772,785	\$ 417,055	\$ 200,000	\$ 100,000

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. As of December 31, 2015, the County's investments were rated as follows:

	<u>Amount</u>	<u>Rating</u>
Wisconsin Local Government Investment Pool	\$ 597,785	Not Rated

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County would 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 risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the County would not be able to recover the value of its investment of collateral securities that are in possession of another party.

FDIC Insurance

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

Collateralization of Public Unit Deposits

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the unlikely event of the failure of an insured bank.

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2015, the fair value of the County's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the County.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government investment pool as of December 31, 2015 was: 96.54% in U.S. Government Securities, 0.35% in Bankers' Acceptances and 3.11% in commercial papers and corporate notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

The County's investment policy is to maintain all cash and investments, which includes authorized investment vehicles that are insured or registered or which are collateralized by or evidenced by securities held by the County, in the County's name. Mortgage backed securities, derivatives and mutual funds are not permitted. Collateralization shall cover those deposits in excess of \$500,000. Deposits and investments shall be secured by pledging as collateral, U.S. Treasury bills, notes, bonds, U.S. Government agencies or State of Wisconsin general obligation bonds. A bank deposit guaranty bond would also be considered.

As of December 31, 2015, \$1,087,956 was insured by FDIC insurance, \$14,548,296 was insured by collateral and \$42,055 of the County's deposits with financial institutions in excess of federal depository insurance limits were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 42,055</u>
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All of this amount would be insured by the State of Wisconsin Guarantee Fund, providing funds are available at the time of any potential loss.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding uninsured amounts at the balance sheet date.

Concentration of Credit Risk

The County places no limit on the amount the County may invest in any one issuer.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 4

LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due within One Year
<u>Governmental Activities</u>					
Bonds and notes payable:					
General obligation debt	\$ 3,760,975	\$	\$ (617,510)	\$ 3,143,465	\$ 634,888
Other liabilities:					
Compensated absences	917,599	33,103		950,702	356,604
Total governmental activities long-term liabilities	\$ 4,678,574	\$ 33,103	\$ (617,510)	\$ 4,094,167	\$ 991,492
<u>Business-Type Activities</u>					
Other liabilities:					
Compensated absences	\$ 780,981	\$ 23,409	\$	\$ 804,390	\$ 373,170
Total business-type activities long-term liabilities	\$ 780,981	\$ 23,409	\$	\$ 804,390	\$ 373,170

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed five percent of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2015 was \$94,353,890. Total general obligation debt outstanding at year-end was \$3,143,465.

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2015
<u>Governmental Activities</u>					
General obligation debt					
State trust note	3/19/10	3/15/19	4.50%	789,000	\$ 258,465
Bonds	4/1/10	8/1/20	2.40 - 3.30%	5,310,000	2,885,000
Total government activities - general obligation debt					\$ 3,143,465

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 4

LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements to maturity are as follows:

Years	General Obligation Debt		
	Governmental Activities		
	Principal	Interest	Total
2016	\$ 634,888	\$ 91,463	\$ 726,351
2017	657,353	75,995	733,348
2018	641,224	58,322	699,546
2019	595,000	39,335	634,335
2020	615,000	20,295	635,295
Totals	\$ 3,143,465	\$ 285,410	\$ 3,428,875

Other Debt Information

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

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 5

CAPITAL ASSETS

Total cost and accumulated depreciation of fixed assets at December 31, 2015 are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 469,933	\$	\$	\$ 469,933
Right of way	847,955	19,177		867,132
Construction work in progress:				
Buildings	17,492	10,740		28,232
Roads		46,479		46,479
Bridges	1,297,993	9,987	(1,297,993)	9,987
Total capital assets not being depreciated:	2,633,373	86,383	(1,297,993)	1,421,763
Capital assets, being depreciated				
Infrastructure	107,643,735	1,994,998		109,638,733
Buildings and improvements	16,267,524		(182,305)	16,085,219
Machinery and equipment	4,122,389	215,082	(1,061,570)	3,275,901
Total	128,033,648	2,210,080	(1,243,875)	128,999,853
Less accumulated depreciation for:				
Infrastructure	65,376,668	1,847,424		67,224,092
Buildings and improvements	4,791,504	447,057	(108,535)	5,130,026
Machinery and equipment	3,177,668	259,011	(1,063,267)	2,373,412
Total accumulated depreciation	73,345,840	2,553,492	(1,171,802)	74,727,530
Net other capital assets	54,687,808	(343,412)	(72,073)	54,272,323
Total net capital assets	\$ 57,321,181	\$ (257,029)	\$ (1,370,066)	\$ 55,694,086

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 98,767
Public safety	190,123
Public works, which includes the depreciation of infrastructure	2,029,037
Health and social services	235,565
Total governmental activities depreciation expense	\$ 2,553,492

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 5

CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Removals	Ending Balance
<u>Business-Type Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 46,557	\$	\$	\$ 46,557
Construction work in progress		17,195		17,195
Total capital assets not being depreciated	46,557	17,195		63,752
Capital assets being depreciated:				
Land improvements	681,946			681,946
Buildings	5,432,476	10,240		5,442,716
Machinery and equipment	11,324,700	420,270	(274,791)	11,470,179
Total capital assets being depreciated	17,439,122	430,510	(274,791)	17,594,841
Less: accumulated depreciation for:				
Land improvements	416,258	11,383		427,641
Buildings	3,740,738	150,313		3,891,051
Machinery and equipment	8,194,734	379,767	(231,718)	8,342,783
Total accumulated depreciation	12,351,730	541,463	(231,718)	12,661,475
Net capital assets being depreciated	5,087,392	(110,953)	(43,073)	4,933,366
Total net capital assets	\$ 5,133,949	\$ (93,758)	\$ (43,073)	\$ 4,997,118

Depreciation expense was charged to the following function:

Business-Type Activities:

Bloomfield Healthcare and Rehabilitation Center	\$ 171,271
Highway	370,192
Total business-type activities (exhibit A-8)	\$ 541,463

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 6

GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

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

GOVERNMENTAL ACTIVITIES

Net Investment in Capital Assets	
Land and right-of-ways	\$ 1,337,065
Construction work-in-progress	84,698
Other capital assets, net of accumulated depreciation	54,272,323
Less: related long-term debt outstanding	<u>(3,143,465)</u>
Total net investment in capital assets	<u>52,550,621</u>
Restricted:	
Employee pension plan	1,034,473
Real estate reduction	2,402,192
Donor restricted	29,854
CDBG revolving loan	561,074
Grant restricted	29,735
Restricted by statute	<u>640,966</u>
Total restricted	<u>4,698,294</u>
Unrestricted	<u>11,550,006</u>
Total governmental activities net position	<u><u>\$ 68,798,921</u></u>

GOVERNMENTAL FUND BALANCES

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

Nonspendable fund balance as of December 31, 2015 includes the following items:

Major Funds:	
General Fund:	
Delinquent taxes	\$ 740,303
Prepaid items	382,545
Non-Major Funds:	
Iowa County Airport:	
Inventories	33,931
Total nonspendable	<u><u>\$ 1,156,779</u></u>

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 6

GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONTINUED)

Restricted fund balances as of December 31, 2015 includes the following items:

Restricted

Major Funds:

General Fund:

County Clerk election grant	\$ 2,293
Register of deeds-Redaction Project	20,137
Land records-retained fees	74,110
Land records-public access fees	88,568
Land records-grants	5,499
Donations – D.A.R.E program	175
Bio-Terrorism grant	21,315
Medication Roundup donations	330
Farm Safety Days donations	991
UW Extension Pesticide program	3,636
UW Extension Clean Sweep grant	628
UW Extension Corporate grant	15,180
Veterans donations	3,750
Rezoning conversion fees	4,508
Land conservation donations	2,020
Total – General Fund	243,140

Special Revenue:

Social services	392,430
Donor restricted	7,408
Total – Special Revenue Fund	399,838

Real-Estate Tax Reduction	2,402,192
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Capital Projects:

Jail assessment	79,084
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Non-Major Funds:

Aging Disability Resource Center	98,958
Child support	73,557
CDBG revolving loan	359,628
Drug task force	369,923
Iowa county airport	8,710
Unified community services	89,280
Dog license	1,000
Total restricted	\$ 4,125,310

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 6 GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONTINUED)

Assigned fund balance as of December 31, 2015 includes the following items:

Major Funds	
General Fund:	
Assigned for:	
Contingency	\$ 631,744
Veterans relief	4,000
Land conservation – forestry	12,054
Sheriff – out of county prisoners	33,350
Finance department	14,691
Supervision program	2,169
Information systems	87,772
Emergency management department	811
Register of deeds-record storage	3,288
Public property maintenance	259,687
Land conservation – CRP/CREP	7,396
District Attorney	11,300
County Coroner	10,666
Capital Projects Fund	<u>1,199,432</u>
Total assigned	<u>\$ 2,278,360</u>

NOTE 7 BUSINESS-TYPE ACTIVITIES NET POSITION

Net position of the enterprise funds have been restricted for the following uses:

Employee Pension Plan	\$ 769,819
Bequest for client entertainment	<u>678,912</u>
Total restricted	<u>\$ 1,448,731</u>

The following calculation supports the proprietary net position net investment in capital assets:

Plant in service	\$ 17,658,593
Accumulated depreciation	<u>(12,661,475)</u>
Total net position net investment in capital assets	<u>\$ 4,997,118</u>

NOTE 8 DEFINED BENEFIT PENSION PLAN

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

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 8

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

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

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 8

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 \$706,478 in contributions from the employer.

Contribution rates as of December 31, 2015 are:

	2015	
	Employee	Employer
General (including teachers)	6.80%	6.80%
Executive & elected officials	7.70%	7.70%
Protective with social security	6.80%	9.50%
Protective without social security	6.80%	13.10%

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

At December 31, 2015, the County reported an asset of \$1,804,292 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 0.07345647%, which was a decrease of 0.00115031% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the County recognized pension expense of \$714,373.

Pension amounts have been allocated to the proprietary funds and business-type activities. Allocations were based on the proportionate share of current year contributions to the pension plan made by the proprietary funds and business-type activities relative to the total contributions made by the County.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 8

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 261,566
Net differences between projected and actual earnings on pension plan investments	873,725
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,774
Employer contributions subsequent to the measurement date	696,970
Total	\$ 1,860,035

\$696,969 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflows of Resources
2016	\$ 228,464
2017	228,464
2018	228,464
2019	228,464
2020	228,464
Thereafter	20,745
Total	\$ 1,163,065

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

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

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 8

DEFINED BENEFIT PENSION PLAN (CONTINUED)

* 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.

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.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 8

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
County's proportionate share of the net pension liability (asset)	\$5,090,218	(\$1,804,292)	(\$7,249,297)

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.

NOTE 9

JOINT VENTURE

Iowa County has entered into an agreement with the Village of Muscoda, Richland County and Grant County to establish and utilize an incinerator for the recovery of resources from solid waste. The Muscoda Waste to Energy Facility ("the Facility") is a facility constructed for the purpose of disposal of solid waste by incineration and capture of the energy there from in the form of steam. A separate recycling center was also constructed.

The Facility was operated by the Muscoda Solid Waste Commission. The commission was established pursuant to the Agreement on Solid Waste Disposal and Section 66.30 of the Wisconsin Statutes, and includes members from Grant, Richland, and Iowa Counties and the Village of Muscoda. The purpose of the commission was to direct, supervise, control, operate, maintain and otherwise manage the Facility.

A study of the Facility by independent consultants raised doubts as to the safety and ability of the Facility to operate as an incinerator. The study indicated improvements in excess of \$8 million would be needed to allow the Facility to operate as intended. On November 1, 1995, the Facility ceased operations.

In prior years, Iowa County expended funds to finance its portion of the additional working capital needed by the Facility. The funds were put into an escrow account to be disbursed to the Facility as needed, with approval of the Counties involved. At December 31, 2015, the balance in the escrow account was \$3,818. This escrow account was closed in January 2016.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 10

DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The County also defers inflow recognition in connection with taxes levied for future periods. The various components of deferred inflow reported at December 31, 2015 were as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Taxes levied for 2015	\$ 7,756,323	\$ 2,857,725
Delinquent property taxes	179,947	
Economic development loans	201,446	
Total	\$ 8,137,716	\$ 2,857,725

The economic development loans receivable of \$201,446 consist of loans made to business entities from the proceeds of Community Development Block grants. These are to be repaid, together with interest, to the County out of the revenue of the entities. These repayments are then being reloaned to entities based on pre-established criteria. Repayment of principal and interest on the loans is recorded as revenue when received in the funds statements.

NOTE 11

RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; employee health and accident insurance coverage; and natural disasters. These risks (except for collision coverage on vehicles) are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

NOTE 12

COMPENSATED ABSENCES

Compensated absences consists an accrual for time earned under the County's managed (paid) time off (MTO) plan, which became effective January 1, 2013, an accrual for sick leave accumulated prior to the implementation of the MTO plan, and an accrual for sick leave accumulated by employees covered under the union contract with the sheriff's department.

Under the Teamsters Union Local No. 695 contract covering sheriff department employees, full-time employees earn eight hours of sick leave per month with a maximum accumulation of 960 hours. All employees covered under the contract who retire and are eligible for the Wisconsin Retirement Fund annuity and/or social security benefits, or who die while in employ of the County (in case of death, their estates shall be entitled) shall be allowed to convert their accumulated sick leave to purchase continuing group health insurance and dental insurance under the County employees' insurance plan, or shall receive a cash payment for their accumulated sick leave based on their final base wage rate.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 12

COMPENSATED ABSENCES (CONTINUED)

MTO accrual commences on an employee's initial date of employment on a prorated basis. The maximum amount of annual MTO that an employee can accumulate is calculated from the employee's anniversary date of initial employment. The maximum annual MTO accrual is as follows:

Accrual Periods	Maximum Annual Accrual for Employees Working 40 Hours per Week
0-1.99 year	136 hours
2-5 years	176 hours
6-10 years	208 hours
11-15 years	248 hours
16-20 years	288 hours
21 or more years	312 hours

On an employee's anniversary date, if the employee's accrued MTO hours exceed the maximum set forth in the accrual schedule, the excess hours are transferred to the employee's medical leave bank in the subsequent pay period. If the employee's medical leave bank accrual balance is at the maximum level at the time excess MTO hours are to be transferred, the excess MTO hours are deemed forfeited. MTO hours transferred to an employee's medical leave bank cannot be returned to the employee's MTO account. The medical leave bank is to provide additional medical leave to employees that have reached the maximum MTO accrual. Upon termination of employment, the employee's accrued MTO is paid out at the employee's current wage rate. The medical leave bank is not paid to an employee upon retirement or termination.

Any accumulated sick leave accrued prior to January 1, 2013 is locked in a personal sick leave bank and used for qualifying events due to illness and medical appointments or qualified State or Federal FMLA leave. Sick leave is not earned after January 1, 2013. Any remaining balance in the personal sick leave bank at the time of retirement of employment is paid out at the employee's current wage rate.

Compensated absences as of December 31, 2015 consist of the following:

	Sick Leave	MTO	Total
General county employees	\$ 594,098	\$ 356,604	\$ 950,702
Bloomfield Healthcare and Rehabilitation Center employees	197,873	180,801	378,674
Highway department employees	233,347	192,369	425,716
Total	\$ 1,025,318	\$ 729,774	\$ 1,755,092

NOTE 13

CONTINGENCIES

An action was filed against the City of Dodgeville, Wisconsin by a taxpayer requesting a refund of property taxes based on an incorrect assessment value. The taxpayer is seeking refunds of \$738,319 for 2007 and 2009, approximately \$1,175,000 for 2008, \$1,229,601 for 2011, \$988,008 for 2012 and approximately \$990,000 for 2013. The City is contesting the claims. The County's portion of any potential refund is not determinable.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 13

CONTINGENCIES (CONTINUED)

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants.

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

NOTE 14

TRANSFERS

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

<u>Fund Transfer to</u>	<u>Fund Transfer From</u>	<u>Amount</u>
Government Funds:		
General	Social services	\$ 667,759
Capital projects	General	54,476
General	Real estate tax reduction	1,480,000
General	Aging Disability Resource Center	101,452
	Total	<u>\$ 2,303,687</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move fund balances whose designated purpose has been removed.

NOTE 15

ECONOMIC DEPENDENCY

Bloomfield Healthcare and Rehabilitation Center receives reimbursement of its costs for the care of certain patients from different agencies of the federal government. During 2015, these reimbursements amounted to \$3,807,974 or 75% of total operating revenue.

NOTE 16

BLOOMFIELD RESIDENT ACCOUNTS RECEIVABLE

Bloomfield accounts receivable at December 31 consisted of the following amounts:

	<u>2015</u>	<u>2014</u>
Private	\$ 94,500	\$ 156,680
Medical Assistance	166,735	152,762
Medicare	202,519	250,350
Veterans Affairs	27,572	339
Insurance	160,738	186,238
Family Care	93,776	78,592
Allowance for Doubtful Accounts	(15,010)	(16,660)
Total	<u>\$ 730,830</u>	<u>\$ 808,301</u>

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 17

WISCONSIN COUNTY MUTUAL INSURANCE CORPORATION

Iowa County participates with other counties in the Wisconsin County Mutual Insurance Corporation. This joint venture began operation January 1, 1988 and provides liability insurance coverage to the counties. The creation of the mutual insurance corporation required the establishment of capital reserves. Each participating county deposited a portion of the required reserves. Iowa County's share of the capital reserves have been reported in the financial statements as an expenditure in the year of payment.

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

Summary financial information as of, and for the year ended December 31, 2015 are available at the Corporation's offices in Madison, Wisconsin.

NOTE 18

TRI-COUNTY AIRPORT

Iowa County, Wisconsin is a participating member of the Tri-County Airport. Other members are Richland and Sauk Counties. The airport is operated under the supervision of a three member commission composed of one member from each county. Funding for the airport is provided by rentals and county appropriations which are shared equally by the three counties.

Financial transactions of the Tri-County Airport fund are handled as a separate fund by Sauk County.

NOTE 19 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has approved GASB Statement No. 72, *Fair Value Measure and Application*, Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and Statement No. 79, *Certain External Investment Pools and Pool Participants*. When they become effective, application of these standards may restate portions of these financial statements.

NOTE 20

OPERATING LEASE

The County entered into an operating lease for copiers on February 6, 2012. The lease requires 60 monthly payments of \$3,529. During the year ending December 31, 2015, the County paid \$42,348 in lease payments. Future payments are as follows:

2016	\$42,348
2017	\$ 7,058

NOTE 21

TAX LEVY LIMIT

Wisconsin law limits the County's future tax levies. Generally, the County is limited to its prior tax levy dollar amount, increased by the greater of the percentage change in the County's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The County is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2014 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 22

COMPONENT UNIT

This report contains the Cobb-Highland Recreation Commission, which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities. Audited financial statements of the Commission are available at the Commission's office.

In addition to the basic financial statements and the preceding notes to the financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

A. Summary of Significant Accounting Policies

1. Fixed Assets

Fixed assets are capitalized at cost (or fair market value at date of contribution). Depreciation is recorded using the straight-line method over the estimated lives (3-25 years).

Total cost and accumulated depreciation of fixed assets on December 31 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Construction work in progress	\$	\$ 32,847	\$	\$ 32,847
Capital assets being depreciated:				
Buildings	607,050	7,214	(1,000)	613,264
Equipment & furnishings	185,893	3,128	(1,099)	187,922
Land improvements	245,193	9,085		254,278
Total capital assets	1,038,136	19,427	(2,099)	1,055,464
Less: accumulated depreciation:				
Buildings	337,055	21,162	(1,000)	357,217
Equipment & furnishings	102,445	26,416	(1,099)	127,762
Land improvements	92,184	15,240		107,424
Total accumulated depreciation	531,684	62,818	(2,099)	592,403
Net capital assets being depreciated	506,452	(43,391)		463,061
Total net capital assets	\$ 506,452	\$ (10,544)	\$	\$ 495,908

2. Income Tax

The Commission is exempt from income taxes and therefore no income tax liability is recorded.

3. Cash

The cash accounts of the Cobb-Highland Recreation Commission (Blackhawk Lake Recreation Area) are deposited in banks and are fully insured by FDIC insurance.

4. Compensated Absences

Payments for vacation will be made at rates in effect when benefits are used. Vacation does not vest and employees do not earn any sick leave.

Iowa County, Wisconsin
Notes to the Financial Statements
December 31, 2015

NOTE 22

COMPONENT UNIT (CONTINUED)

B. Net Position

The following calculation supports the Commission's net position net investment in capital assets at December 31, 2015:

Plant in service	\$ 1,088,311
Accumulated depreciation	<u>(592,403)</u>
Total net position net investment in capital assets	<u>\$ 495,908</u>

C. Employee Retirement Plan

The Commission contributed to individual retirement accounts for two full-time employees during the year. Contributions are 10% of the Park Manager's current year salary and 6% of the Assistant Manager's current year salary. For the year ended December 31, 2015, employer contributions were \$7,156. There were no employee contributions.

D. Subsequent Event

The commission approved various construction projects subsequent to December 31, 2015 totaling approximately \$220,000 and the purchase of a mower for \$21,000.

Required Supplementary Information

Schedule 1
Required Supplementary Information
Iowa County, Wisconsin
Budgetary Comparison Schedule for the General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance	Variance
	Original	Final		With Original Budget	With Final Budget
REVENUES					
Taxes:					
Property	4,746,707	4,746,707	\$ 4,753,322	\$ 6,615	\$ 6,615
Other	315,640	315,640	336,075	20,435	20,435
Intergovernmental	996,523	1,550,931	1,660,477	663,954	109,546
Charges for services	637,210	637,210	795,041	157,831	157,831
Fines and forfeitures	105,000	105,000	163,317	58,317	58,317
Investment earnings	30,350	30,350	41,771	11,421	11,421
Miscellaneous	192,092	192,092	234,017	41,925	41,925
Total revenues	<u>7,023,522</u>	<u>7,577,930</u>	<u>7,984,020</u>	<u>960,498</u>	<u>406,090</u>
EXPENDITURES					
Current:					
General government	3,201,327	4,281,728	2,841,377	359,950	1,440,351
Public safety	3,599,947	3,864,123	3,843,703	(243,756)	20,420
Health and human services	465,137	799,513	707,305	(242,168)	92,208
Leisure activities	54,782	54,782	54,618	164	164
Conservation of natural resources	366,213	387,728	361,566	4,647	26,162
Education	538,084	565,323	548,784	(10,700)	16,539
Community and economic development	278,032	287,732	253,799	24,233	33,933
Capital outlay		45,561	30,551	(30,551)	15,010
Total expenditures	<u>8,503,522</u>	<u>10,286,490</u>	<u>8,641,703</u>	<u>(138,181)</u>	<u>1,644,787</u>
Excess (deficiency) of revenues over expenditures	<u>(1,480,000)</u>	<u>(2,708,560)</u>	<u>(657,683)</u>	<u>822,317</u>	<u>2,050,877</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,480,000	1,480,000	2,249,212	769,212	769,212
Transfers out		(25,084)	(54,476)	(54,476)	(29,392)
Total other financing sources (uses)	<u>1,480,000</u>	<u>1,454,916</u>	<u>2,194,736</u>	<u>714,736</u>	<u>739,820</u>
Net change in fund balances		(1,253,644)	1,537,053	1,537,053	2,790,697
Fund balance-beginning of year	8,112,705	8,112,705	8,112,705		
Fund balance-end of year	<u>\$ 8,112,705</u>	<u>\$ 6,859,061</u>	<u>\$ 9,649,758</u>	<u>\$ 1,537,053</u>	<u>\$ 2,790,697</u>

Schedule 2
Required Supplementary Information
Iowa County, Wisconsin
Budgetary Comparison Schedule for the Social Services Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance With Original Budget	Variance With Final Budget
	Original	Final			
Revenues:					
Property taxes	1,679,035	1,679,035	\$ 1,679,035		
Intergovernmental	1,218,591	1,218,591	1,213,730	(4,861)	(4,861)
Charges for services	87,068	87,068	52,266	(34,802)	(34,802)
Miscellaneous			1,252	1,252	1,252
Total revenues	2,984,694	2,984,694	2,946,283	(38,411)	(38,411)
Expenditures:					
Current:					
Health and human services	2,984,694	2,994,636	2,247,242	737,452	747,394
Total expenditures	2,984,694	2,994,636	2,247,242	737,452	747,394
Excess (deficiency) of revenues over expenditures		(9,942)	699,041	699,041	708,983
Other Financing Sources (Uses):					
Transfers (out)			(667,759)	(667,759)	(667,759)
Net change in fund balance		(9,942)	31,282	31,282	41,224
Fund balance-beginning of year	368,556	368,556	368,556		
Fund balance-end of year	\$ 368,556	\$ 358,614	\$ 399,838	\$ 31,282	\$ 41,224

Iowa County, Wisconsin
Notes to Required Supplementary Information
December 31, 2015

NOTE 1

EXCESS EXPENDITURES OVER APPROPRIATIONS

The County budget is adopted in accordance with state law. Budget amounts include appropriations authorized in the original budget resolution, subsequent revisions authorized by the County board of supervisors, and appropriations of prior year designated funds to expenditure accounts.

Such revisions are required by a statutory provision which states that no expenditure can be made from an expired appropriation. This requirement applies at the department level for the County. The statutes also require publication of these budget revisions. Revisions require a two-thirds majority of the County Board.

The County does not utilize encumbrances in its budget process but does take into consideration certain appropriations, which do not lapse on an annual basis.

The following expenditures exceeded budget appropriations in the general fund for the year ended December 31, 2015:

<u>Expenditure</u>	<u>Excess Expenditure</u>
General Fund:	
Transfers out	\$ (29,392)
Social Services Fund	
Transfers out	\$ (667,759)

Schedule 3
Iowa County, Wisconsin
Wisconsin Retirement System Schedules
December 31, 2015

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years*

	2015
County's proportion of the net pension liability (asset)	(0.07345647%)
County's proportionate share of the net pension liability (asset)	(\$1,804,292)
County's covered-employee payroll	\$9,310,865
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(19.38%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

*The proportionate share of the net pension liability (asset) and other amounts presented above for each year were determined as of the calendar year-end that occurred 12 months prior to the financial reporting period.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years**

	2015
Contractually required contributions	\$720,154
Contributions in relation to the contractually required contributions	(\$720,154)
Contribution deficiency (excess)	\$ -
County's covered-employee payroll	\$9,785,834
Contributions as a percentage of covered-employee payroll	7.4%

**The contribution and other amounts presented above for each calendar year are based on information that occurred during that year.

The County implemented Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 9 preceding years.

Notes to Wisconsin Retirement System Schedules
for the Year Ended December 31, 2015

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

Changes of assumptions. There were no changes in the assumptions.

Supplementary Information

Exhibit B-1
Iowa County, Wisconsin
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Special Revenue Funds									Total Nonmajor Governmental Funds
	Aging Disability Resource Center	Child Support	C.D.B.G Revolving Loan	Drug Task Force	Iowa County Airport	Tri-County Airport	Unified Community Services	Dog License	Wisconsin River Rail Transit	
ASSETS										
Cash and investments	\$ 99,512	\$ 42,046	\$ 360,477	\$ 367,395	\$ 13,966	\$	\$ 89,280	\$ 12,413	\$	\$ 985,089
Receivables:										
Current property taxes	225,817	9,385			71,275	15,665	198,625		28,000	548,767
Other		238		4,113	4,494					8,845
Economic development loans			201,446							201,446
Due from other governments	22,485	36,992								59,477
Inventories					33,931					33,931
Total assets	\$ 347,814	\$ 88,661	\$ 561,923	\$ 371,508	\$ 123,666	\$ 15,665	\$ 287,905	\$ 12,413	\$ 28,000	\$ 1,837,555
LIABILITIES										
Accounts payable	\$ 4,841	\$ 1,510	\$ 849	\$ 561	\$ 1,053	\$	\$	\$ 10,775	\$	\$ 19,589
Accrued payroll	5,679	1,326			683					7,688
Due to other governments	12,519	2,883		1,024	1,698			638		18,762
Unearned revenue					6,316					6,316
Total liabilities	23,039	5,719	849	1,585	9,750			11,413		52,355
DEFERRED INFLOWS OF RESOURCES										
Deferred property tax revenue-current	225,817	9,385			71,275	15,665	198,625		28,000	548,767
Deferred revenue-other			201,446							201,446
Total deferred inflows of resources	225,817	9,385	201,446		71,275	15,665	198,625		28,000	750,213
FUND BALANCES										
Nonspendable					33,931					33,931
Restricted	98,958	73,557	359,628	369,923	8,710		89,280	1,000		1,001,056
Total fund balances	98,958	73,557	359,628	369,923	42,641		89,280	1,000		1,034,987
Total liabilities, deferred inflows of resources and fund balances	\$ 347,814	\$ 88,661	\$ 561,923	\$ 371,508	\$ 123,666	\$ 15,665	\$ 287,905	\$ 12,413	\$ 28,000	\$ 1,837,555

Exhibit B-2
Iowa County, Wisconsin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds									Total Nonmajor Governmental Funds
	Aging Disability Resource Center	Child Support	C.D.B.G Revolving Loan	Drug Task Force	Iowa County Airport	Tri-County Airport	Unified Community Services	Dog License	Wisconsin River Rail Transit	
REVENUES										
Taxes:										
Property taxes	\$ 220,604	\$ 3,731	\$	\$	\$ 69,751	\$ 16,805	\$ 193,625	\$	\$ 28,000	\$ 532,516
Intergovernmental	505,855	168,293		23,424						697,572
Public charges for services				50,966	97,009			12,759		160,734
Interest income	393		3,016	469						3,878
Revolving loan repayments			2,172							2,172
Miscellaneous income	85,366			1,921						87,287
Total revenues	812,218	172,024	5,188	76,780	166,760	16,805	193,625	12,759	28,000	1,484,159
EXPENDITURES										
Current:										
Transportation facilities					152,476	16,805				169,281
Public safety				34,123				12,759		46,882
Health and human services	714,881	154,684					193,624			1,063,189
Community and Economic development			61,109						28,000	89,109
Total expenditures	714,881	154,684	61,109	34,123	152,476	16,805	193,624	12,759	28,000	1,368,461
Excess (deficiency) of revenues over expenditures	97,337	17,340	(55,921)	42,657	14,284		1			115,698
OTHER FINANCING SOURCES (USES)										
Transfers (out)	(101,452)									(101,452)
Net change in fund balances	(4,115)	17,340	(55,921)	42,657	14,284		1			14,246
Fund balances-beginning of year	103,073	56,217	415,549	327,266	28,357		89,279	1,000		1,020,741
Fund balances-end of year	\$ 98,958	\$ 73,557	\$ 359,628	\$ 369,923	\$ 42,641	\$	\$ 89,280	\$ 1,000	\$	\$ 1,034,987

Bloomfield Healthcare and Rehabilitation Center
Per Capita Costs
For the year then ended December 31, 2015

Per Capita Cost

The daily average per capita cost of maintaining residents at Bloomfield Healthcare and Rehabilitation Center for the period January 1, 2015 to December 31, 2015 is computed below:

Expenses (Exhibit A-8)	\$ 5,744,932
<u>Other (Income) Expenses</u>	
Other Operating Revenue	<u>(515,129)</u>
Net Cost of Maintaining Residents	<u>\$ 5,229,803</u>
Resident Days	<u>21,413</u>
Per Capita Cost Per Day	<u>\$ 244.23</u>

Bloomfield Healthcare and Rehabilitation Center
Daily Rates
For the year then ended December 31, 2015

Amounts charged for daily care during 2015 are given below:

	Residential	Personal	Skilled	DD-1A	DD-1B	DD2	DD3
<u>Private:</u> 01/1/15-12/31/15			240.00				
<u>Medical Assistance:</u>							
01/1/15-03/31/15	154.25	154.25	154.25	251.86	251.86	210.30	167.77
04/1/15-06/30/15	153.03	153.03	153.03	251.86	251.86	210.30	167.77
07/1/15-09/30/15	153.47	153.47	153.47	249.26	249.26	208.00	165.77
10/1/15-12/31/15	155.16	155.16	155.16	249.26	249.26	208.00	165.77
<u>VA:</u> 01/1/15-12/31/15			176.17				
<u>Medicare:</u> 01/1/15-12/31/15			240.00				

The amount actually reimbursed by Medicare varied depending on various categories which patients were placed.



Certified Public Accountants

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Communication of Significant Deficiencies and Material Weaknesses

The County Board of Supervisors
Iowa County, Wisconsin
Dodgeville, Wisconsin

In planning and performing our audit of the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Iowa County, Wisconsin as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered Iowa County, Wisconsin's internal control over financial reporting (internal control) as a basis for designing 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 Iowa County, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of Iowa County, Wisconsin's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in Iowa County's internal control to be a significant deficiency



Johnson ▲ Block AND COMPANY, INC.

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Preparation of Financial Statements

County staff does not prepare the financial statements and accompanying notes. The County has designated an individual responsible for reviewing and accepting the financial statements and related notes.

This communication is intended solely for the information and use of the audit committee, management, and others within the administration, the County Board and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Johnson Block and Company, Inc.

Johnson Block & Company, Inc.

July 11, 2016
Mineral Point, Wisconsin



Certified Public Accountants

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To the Executive Committee
Iowa County
Dodgeville, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Iowa County, Wisconsin for the year ended December 31, 2015 and have issued our report thereon dated July 11, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and government auditing standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you. Professional standards require that we provide you with the following information related to your audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, Government Auditing Standards, the Uniform Guidance, and the State Single Audit Guidelines.

As stated in our engagement letter dated December 23, 2014, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Iowa County, Wisconsin's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Guidelines.

As part of obtaining reasonable assurance about whether Iowa County, Wisconsin's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance and the State Single Audit Guidelines, we will examine, on a test basis, evidence about Iowa 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 applicable to each of its major federal and state programs for the purpose of expressing an opinion on Iowa County, Wisconsin's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on Iowa County, Wisconsin's compliance with those requirements.

Significant Audit Findings

Qualitative Aspects of Accounting

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Iowa County are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the County changed accounting policies related to pensions by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date for the year ended in December 31, 2015. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- 1.) Management's estimate of the allowance for doubtful accounts is based on an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.
- 2.) The County's accrued liability for vested sick leave and managed time off was based on the age of the person and the probability that they would be working for the County until retirement. We are not aware of any other particularly sensitive accounting estimate utilized by management.
- 3.) Management's estimate of the pension asset and deferred outflows and inflows of resources are based on various factors. These estimates were computed by the pension plan administrator. We evaluated the key factors and assumptions used to develop these amounts in determining that they are reasonable in relation to the financial statements.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The following material misstatements detected as a result of audit procedures were corrected by management:

- Record accounts receivable
- Remove highway unearned revenue

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 11, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statement or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison schedules and the Wisconsin Retirement System schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express or provide any assurance on the RSI.

We were engaged to report on the combining statements, and the daily room rates for Bloomfield Healthcare and Rehabilitation Center, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying records used to prepare the financial statements and to the financial statements themselves.

Attached are recommendations and informational points to management that are not material weaknesses or significant deficiencies.

Restriction on Use

This information is intended solely for the information and use of the Administrative Services Committee and management of the County of Iowa, Wisconsin and is not intended to be, and should not be, used by anyone other than those specified parties.

Very truly yours,

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.

July 11, 2016
Mineral Point, WI

RECOMMENDATIONS AND INFORMATIONAL POINTS TO MANAGEMENT
THAT ARE NOT MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES

Prior Year Items

A. Use of Federal I.D. Number

There is one employee group that is using the County's federal I.D. number on its bank accounts. The use of the County's federal I.D. number should be limited to County operations only. Any funds not belonging to the County should be reported under their own federal I.D. number.

2015 Update

This still applies and relates to account maintained by the Iowa County Law Enforcement Association.

B. Grant Procedures

Each department in the County files its own grant applications and subsequent grant reports. As such, there is no way for management to control the grants being applied for, nor to know the status of grants.

We recommend that the County consider a grant administration policy to address this issue. Part of this policy may be designating one individual responsibility for monitoring the status of grants within the County to include the initial application, approval, reporting, reimbursement and completion of grants.

2015 Update

The County now has a grant policy and departments are required to notify the finance department and obtain approval by the County Board for any matching funds.

C. Sheriff Cash

- 1) At December 31, 2013, the bank reconciliation for the sheriff's canteen account included several outstanding checks from 2001 through 2013 totaling \$3,290. These items should be turned over to the County Treasurer as unclaimed funds. By State Statute, this is to be done every other year.

2015 Update

This still applies. As of December 31, 2015, outstanding checks from 2001-2014 totaled \$3,625.

- 2) The canteen account is being used to hold inmate deposits (Huber accounts) and to deposit receipts from various sheriff department activities such as the vending machines. Purchases for the sheriff's department are also being made from this account. The balance of this account at December 31, 2014 was approximately \$83,752.

We recommend that this account only be used for inmate accounts and reconciled to individual inmate balances on a monthly basis. Other sheriff revenues and expenditures should follow existing County procedures for cash receipts and disbursements. If the account is maintained as is, the activity should be recorded on the County general ledger monthly and a reconciliation performed between inmate balances and County funds. Purchases from the account representing County funds should still follow regular County procedures for cash disbursements.

2015 Update

This still applies and the balance at December 31, 2015 was \$85,927.

D. Fund Balance Policy

The County has an adopted policy on the establishment and maintenance of a designation for working capital. The policy was adopted before the issuance of GASB Statement No. 54. As such, the terminology does not correspond to current financial statement standards. We recommend the County revise their policy to incorporate current terms and definitions as described in GASB Statement No. 54.

2015 Update

The County updated the fund balance policy in 2015.

E. Bank Collateral

At December 31, 2014, the County had uninsured and uncollateralized deposits of \$3,920,427. \$413,617 of this amount would be insured by the State of Wisconsin Guarantee Fund, provided funds are available at the time of any potential loss. In order to minimize this risk, the County should investigate either obtaining additional collateral or other form of insurance from banks.

2015 Update

At December 31, 2015, \$15,678,307 of County deposits were insured or collateralized, uninsured and uncollateralized deposits were \$42,055. The State of Wisconsin Guarantee Fund would provide additional insurance for all of the uninsured and uncollateralized deposits.

F. Review and Approval of Journal Entries

Journal entries made by departments within the County are not reviewed or approved by another responsible individual. The Finance department should review and approve journal entries posted by the Highway Department, Bloomfield Healthcare & Rehabilitation Center, and Social Services. Journal entries posted by the Finance department should be reviewed and approved by Administration.

2015 Update

This still applies for 2015.

G. Infrastructure Capital Asset Schedule

The Infrastructure capital asset schedule maintained by the Hwy Department has had several errors in tracking asset cost and accumulated depreciation. This has delayed the issuance of the audit report. We recommend that the Hwy Department look into procedures to make sure that the assets are tracked correctly from year to year and the information is available in a timely manner for review by the county finance director. The county may want to consider purchasing a fixed asset program or hiring an outside service to maintain the depreciation schedule.

2015 Update

The schedule was updated and provided timely for the 2015 audit.

2015 Items

H. Credit Cards

Counties are exempt from paying sales tax on purchases. We noted sales tax being charged on a number of credit card purchases. The County should implement procedures to provide various vendors with tax exempt documentation to avoid these additional charges.

I. Bloomfield Manor CD

Bloomfield Manor has a \$100,000 certificate of deposit with a maturity more than 36 months. Per Wisconsin State Statutes, time deposits are restricted to those with maturities of 36 months or less. The County should monitor maturities and not renew certificates of deposits for any period longer than 36 months.

J. Highway Bituminous Inventory

A large adjustment was recorded by the highway department to lower inventory by \$79,000 for 2015. We understand that measuring or estimating this type of inventory can be difficult at times. We recommend that the highway review procedures for estimating the year-end inventory to ensure that they are adequate and also review procedures for charging costs to projects to ensure amounts are expensed as necessary.

Client: **IOWACTY - Iowa County, Wisconsin**
 Engagement: **Iowa County 2015 Audit**
 Period Ending: **12/31/2015**
 Trial Balance: **TB**
 Workpaper: **PJE**

Account	Description	Debit	Credit
Proposed JE # 6001			
Entry to adjust inventory to actual.			
710-70-53328-00000-370	MATERIALS	12,024.00	
710-00-16111-00000-000	CONST & MAINT MATERIALS & SUP		12,024.00
Total		<u>12,024.00</u>	<u>12,024.00</u>

Client: **IOWACTY - Iowa County, Wisconsin**
 Engagement: **Iowa County 2015 Audit**
 Period Ending: **12/31/2015**
 Trial Balance: **Trial Balance - Bloomfield**
 Workpaper: **BM - PJE**

Account	Description	Debit	Credit
Proposed JE # 6001			
To record accrued interest on CDs			
610-00-11115-00000-000	FSB-C.D.'S-INVESTMENTS	1,289.00	
610-54-48111-00000-000	INT INCOME-FSB-C.D'S & SAVGS		1,289.00
Total		<u>1,289.00</u>	<u>1,289.00</u>

Client: **BLACKHAWKLA - Cobb-Highland Recreation Commission**
 Engagement: **Blackhawk Lake 12/31/15 Audit**
 Period Ending: **12/31/2015**
 Trial Balance: **TB**
 Workpaper: **Proposed JE Report - 2**

Account	Description	Debit	Credit
Proposed JE # 6001			
Record revenue received in December 2014 for 2015 services			
3110.00	Retained Earnings	37,028.28	
6100.00	Boat Mooring		9,625.00
6200.00	Boat Rentals		380.00
6300.00	Cabin Rental		6,770.00
6410.00	Camping: Regular Campsite Rental		13,154.18
6420.00	Camping: Group Site Rental		800.00
6430.00	Camping: Electricity Charges		6,209.10
6800.00	Shelter Rental		90.00
Total		<u>37,028.28</u>	<u>37,028.28</u>
Proposed JE # 6002			
Record revenue received in December 2015 for 2016 services			
6100.00	Boat Mooring	6,000.00	
6200.00	Boat Rentals	189.57	
6300.00	Cabin Rental	4,591.03	
6410.00	Camping: Regular Campsite Rental	15,105.84	
6420.00	Camping: Group Site Rental	1,304.24	
6430.00	Camping: Electricity Charges	7,852.48	
2316.00	Deferred Revenue - camping		35,043.16
Total		<u>35,043.16</u>	<u>35,043.16</u>