

**EAU CLAIRE COUNTY, WISCONSIN**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2016**

**EAU CLAIRE COUNTY, WISCONSIN  
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## INDEPENDENT AUDITORS' REPORT

The County Board  
Eau Claire, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Eau Claire County, Wisconsin (the County) as of and for the year ended December 31, 2016, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 Eau Claire County, Wisconsin as of December 31, 2016, and the respective changes in the financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

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

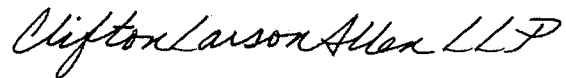
#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying detailed budgetary comparison schedules and combining financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Directors  
Eau Claire County

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2017 on our consideration of County's internal control over financial reporting and on our tests on its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
July 28, 2017

**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

As management of Eau Claire County, Wisconsin (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Eau Claire County for the year ended December 31, 2016. This section should be read in conjunction with the County's financial statements and the accompanying notes, which begin on page 16 following this narrative. It should also be noted that the information contained herein will provide information on both the governmental activities and the business-type activities of the County.

## **FINANCIAL HIGHLIGHTS**

### **Highlights for Government-Wide Financial Statements**

The government-wide financial statements report information about the County as a whole using the economic resources measurement focus and accrual basis of accounting.

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$141.5 million on a government-wide basis as of December 31, 2016 (net position). Of this amount, \$111.9 million represented the County's net investment in capital assets, \$3.9 million was held for restricted purposes, and \$25.7 million was unrestricted. The unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.
- During the fiscal year, the County's total net position increased by approximately \$300,000. Net position related to the governmental activities decreased by \$1.1 million and business-type activities of the County increased \$1.4 million, respectively.

### **Highlights for Fund Financial Statements**

The fund financial statements provide detailed information about the County's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$20.3 million, an increase of \$6.1 million in comparison to the prior year. The primary component of the increase was the operational results of the general fund and an increase in the capital projects fund. The County also received a \$1 million insurance settlement during 2016 that is recorded within the general fund.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$12.1 million or 36.0% of total general fund expenditures.
- The County's primary government issued General Obligation Promissory Notes, Series 2016A, in the amount of \$12.6 million and General Obligation Refunding Bonds, Series 2016B, in the amount of \$14.2 million. The increase in debt were offset by scheduled debt service payments and the advance refunding of a previous bond issue in order to achieve lower interest rates.
- The Highway Department finished 2016 with an increase in net position of \$2.1 million, indicating a favorable year. Implementation of state-of-the-art technology has allowed the county to construct more lane miles of road at a lower price than in previous years.
- Airport finished 2016 with a decrease in net position of \$900,000, which was primarily due to depreciation on capital assets at the airport.

**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the 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 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, which consist of two statements, are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business.

The first government-wide statement, *the statement of net position*, presents information on all of Eau Claire County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, resulting in the net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the County is improving or deteriorating.

The second government-wide statement, *the statement of activities*, presents information showing how the County's net position changed during 2016. 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 paid leave benefits).

Both of the government-wide financial statements distinguish functions of the 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 Eau Claire County include general government; public safety; public works; health and human services; culture, recreation and education; and conservation and development. The business-type activities of Eau Claire County include the Highway Department and Airport.

The government-wide financial statements can be found beginning on page 16 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. Eau Claire 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 a government's near-term financing requirements.



**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, 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 government'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.

Eau Claire County maintains eight 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, Human Services, Debt Service, and Capital Projects Funds, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The fund level financial statements can be found beginning on page 18 of this report.

**Proprietary Funds** – Services for which the County charges customers a fee to provide are reported in proprietary funds. Eau Claire County maintains two different types of proprietary funds: enterprise funds and internal services 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 the fiscal activities of the Highway Department and Airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Eau Claire County uses an internal service fund to account for its risk management activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Highway Department and Airport, both considered major funds of the County.

The internal service fund is included within the presentation of the proprietary fund financial statements. The basic proprietary fund financial statements can be found beginning on page 22 of this report.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held in trust for the benefit of parties outside the government or are custodial in nature. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds: the economic resources measurement focus and the accrual basis of accounting.

The basic fiduciary fund financial statement can be found on page 26 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements.

The notes can be found beginning on page 27 of this report.

**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information on the general fund and major special revenue fund budgets and pension schedules. Required supplementary information can be found beginning on page 58 of this report.

Following the basic government-wide and fund financial statements, accompanying notes, and required supplementary information, additional supplementary information has been provided as part of this report. The supplementary information includes combining statements for the nonmajor governmental funds, general fund budgetary comparison schedules, and an agency fund combining statement of net position. This other supplementary information section begins on page 63.

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

Net position may serve over time as a useful indicator of a government's financial position. In the case of Eau Claire County, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$141.5 million at the close of the fiscal year. The largest portion of Eau Claire County's net position (79%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), net of depreciation and 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. The following is a summary of the County's statement of net position:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 60,730,986	\$ 56,666,440	\$ 9,427,685	\$ 6,528,727	\$ 70,158,671	\$ 63,195,167
Capital Assets	154,742,713	152,023,897	38,335,809	36,532,153	193,078,522	188,556,050
Internal Balances	(291,278)	(185,711)	291,278	185,711	-	-
Total Assets	215,182,421	208,504,626	48,054,772	43,246,591	263,237,193	251,751,217
Deferred Outflows of Resources	15,794,091	4,464,414	2,061,587	430,055	17,855,678	4,894,469
Current Liabilities	8,749,525	8,805,343	2,154,105	777,621	10,903,630	9,582,964
Long Term Liabilities Due Within One Year	8,596,879	6,745,679	745,046	483,760	9,341,925	7,229,439
Long Term Liabilities	78,384,634	68,577,133	3,384,264	691,065	81,768,898	69,268,198
Total Liabilities	95,731,038	84,128,155	6,283,415	1,952,446	102,014,453	86,080,601
Deferred Inflows of Resources	34,645,860	27,191,253	2,947,793	2,192,169	37,593,653	29,383,422
Net Position:						
Net Investment in Capital Assets	76,263,186	81,383,755	35,603,477	35,746,694	111,866,663	117,130,449
Restricted	3,912,849	7,705,669	-	414,347	3,912,849	8,120,016
Unrestricted	20,423,579	12,560,208	5,281,674	3,370,990	25,705,253	15,931,198
Total Net Position	\$ 100,599,614	\$ 101,649,632	\$ 40,885,151	\$ 39,532,031	\$ 141,484,765	\$ 141,181,663

An additional portion of Eau Claire County's net position (3%) represents resources that are subject to other restrictions on how they may be used. The remaining \$26.1 million of total net position (18%) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of 2016, the County reported positive balances in all three categories of net position, for the government as a whole and for the governmental activities and business-type activities.

**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

The condensed statement of changes in net position as follows shows that the County's total net position increased by \$300,000 during the current fiscal year. The increase consisted of a decrease in net position related to governmental activities in the amount of \$1.1 million and an increase in net position related to business-type activities in the amount of \$1.4 million.

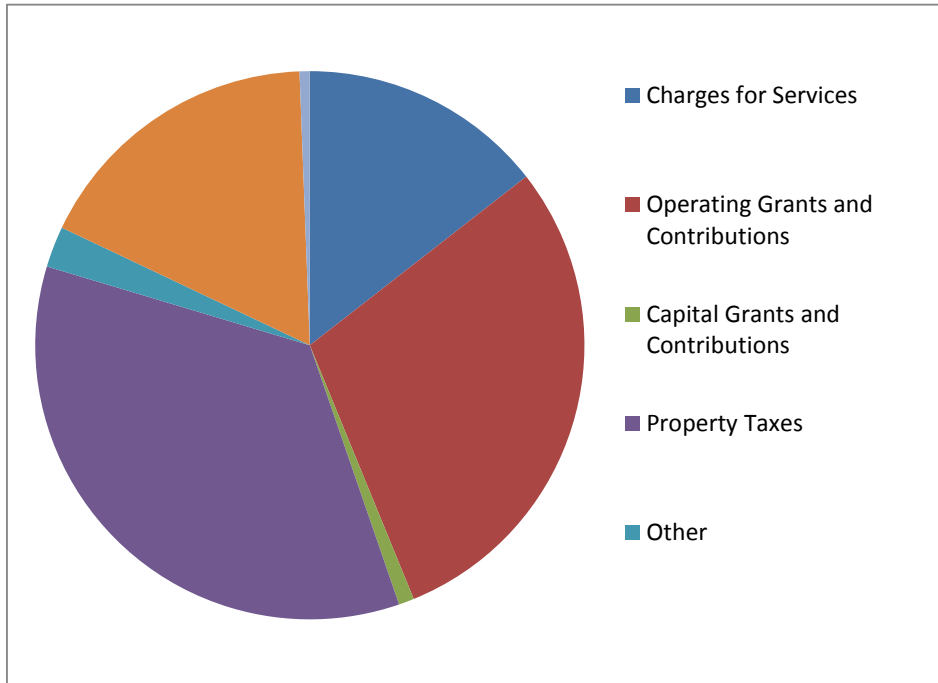
The following is a summary of the changes in the County's net position:

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 11,106,161	\$ 11,567,654	\$ 9,164,987	\$ 8,888,432	\$ 20,271,148	\$ 20,456,086
Operating Grants and Contributions	23,573,719	22,994,891	3,237,181	3,108,746	26,810,900	26,103,637
Capital Grants and Contributions	697,912	304,868	985,144	-	1,683,056	304,868
General Revenues:						
Property Taxes	26,832,082	27,858,179	2,182,974	2,179,062	29,015,056	30,037,241
Other Taxes	13,329,125	10,653,140	-	-	13,329,125	10,653,140
State and Federal Aids Not Restricted to Specific Programs	460,870	487,393	-	-	460,870	487,393
Other	857,923	649,425	18,140	22,639	876,063	672,064
Total Revenues	76,857,792	74,515,550	15,588,426	14,198,879	92,446,218	88,714,429
<b>Expenses:</b>						
General Government	15,479,223	13,561,101	-	-	15,479,223	13,561,101
Public Safety	15,854,290	14,246,306	-	-	15,854,290	14,246,306
Public Works	5,470,176	6,110,691	-	-	5,470,176	6,110,691
Health and Human Services	34,533,630	33,082,330	-	-	34,533,630	33,082,330
Culture, Recreation and Education	1,910,326	2,003,183	-	-	1,910,326	2,003,183
Conservation and Development	1,264,370	1,206,000	-	-	1,264,370	1,206,000
Interest and Fiscal Charges	2,429,939	2,298,365	-	-	2,429,939	2,298,365
Airport	-	-	2,461,789	2,468,708	2,461,789	2,468,708
Highway	-	-	12,739,373	12,646,720	12,739,373	12,646,720
Total Expenses	76,941,954	72,507,976	15,201,162	15,115,428	92,143,116	87,623,404
<b>Change in Net Position Before Transfers</b>	(84,162)	2,007,574	387,264	(916,549)	303,102	1,091,025
<b>Transfers</b>	(965,856)	-	965,856	-	-	-
<b>Change in Net Position</b>	\$ (1,050,018)	\$ 2,007,574	\$ 1,353,120	\$ (916,549)	\$ 303,102	\$ 1,091,025

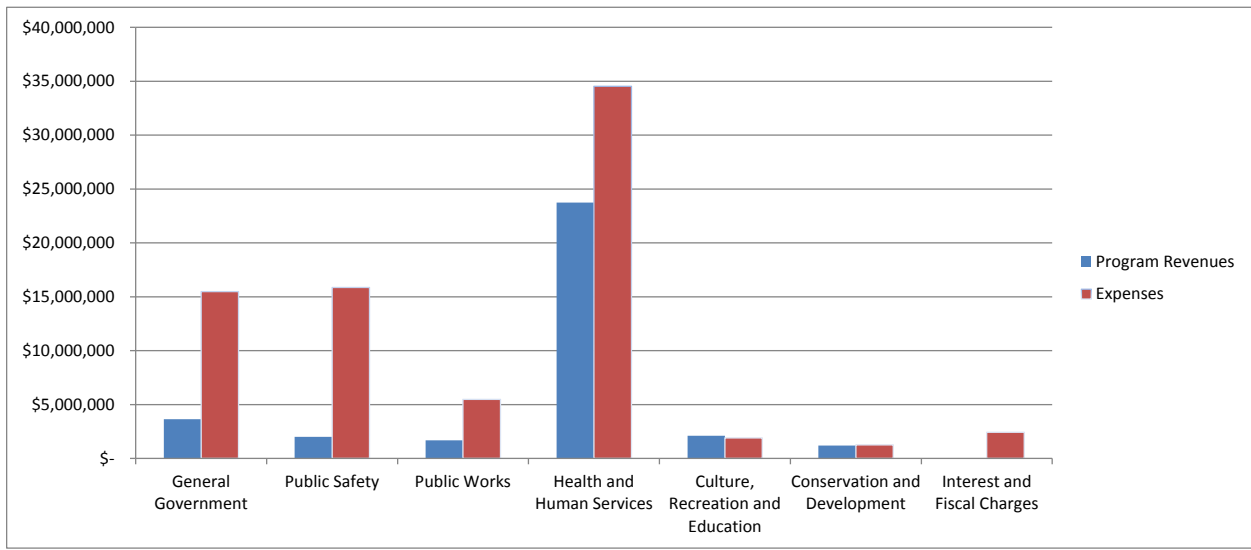
A review of the statement of activities can provide a concise picture of how the various functions/programs of the County are funded. The following charts draw data from the statement of activities. For governmental activities the County's main sources for funding governmental services are property taxes (34.9%), charges for services (14.5%), and operating grants/contributions (30.7%).

**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**Revenues by Source – Governmental Activities – 2016**



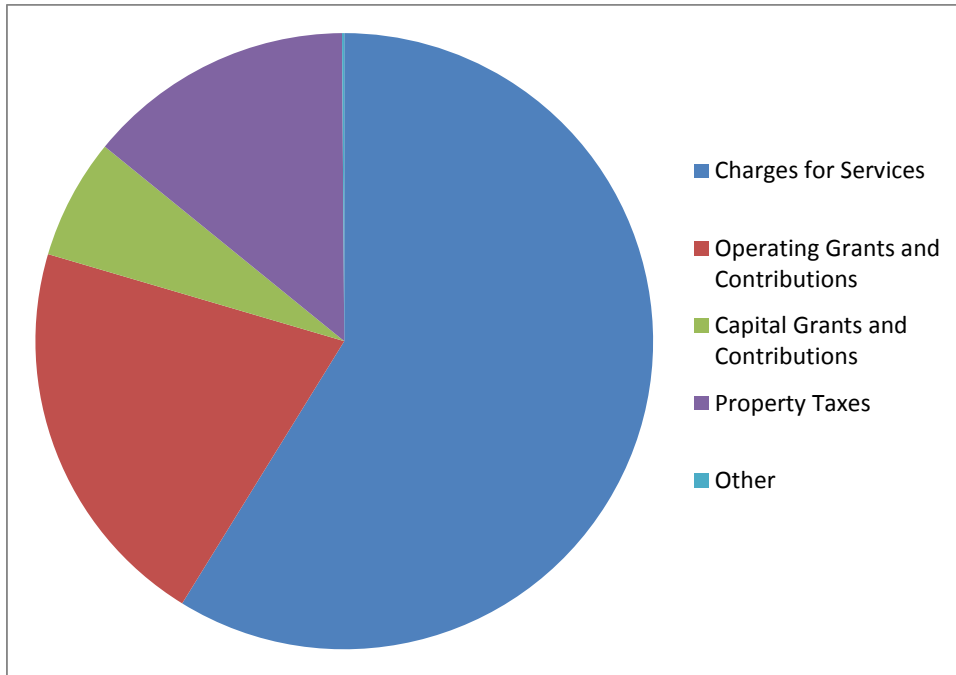
**Expenses and Program Revenues – Governmental Activities – 2016**



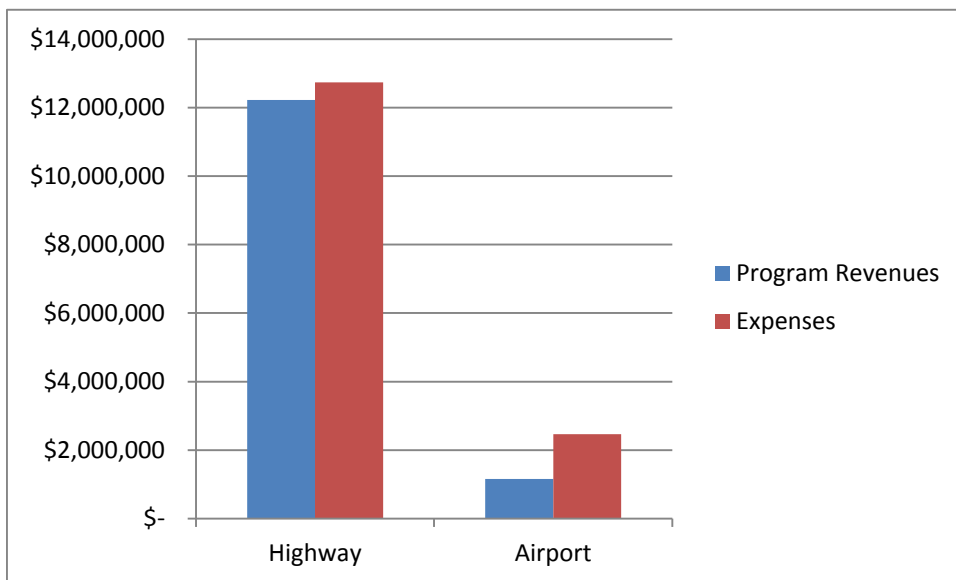
**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**Revenues by Source – Business-Type Activities – 2016**

In the case of business-type activities, the data shows a considerably different picture. Charges for services (58.8%) replace property taxes as the primary revenue.



**Expenses and Program Revenues – Business-Type Activities – 2016**



**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**FINANCIAL ANALYSIS OF THE COUNTY'S MAJOR FUNDS**

Eau Claire County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

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

As of December 31, 2016, the County's governmental funds reported combined ending fund balances of \$20.3 million, an increase of \$6.1 million in comparison to the prior year. The governmental funds comprising this balance are shown below:

	Fund Balance at December 31, 2016					Total	Change During Year
	Nonspendable	Restricted	Committed	Assigned	Unassigned		
Major Funds							
General Fund	\$ 2,166,338	\$ -	\$ -	\$ 633,110	\$ 12,140,216	\$ 14,939,664	\$ (123,962)
Human Services Fund	112,722	-	-	-	(112,722)	-	2,170,259
Debt Service Fund	-	3,843,701	-	-	-	3,843,701	311,136
Capital Project Funds	-	-	-	908,096	-	908,096	3,610,020
Nonmajor Funds:							
Special Revenue Funds	758	548,123	-	211,223	(134,831)	625,273	92,474
Total Fund Balances	<u>\$ 2,279,818</u>	<u>\$ 4,391,824</u>	<u>\$ -</u>	<u>\$ 1,752,429</u>	<u>\$ 11,892,663</u>	<u>\$ 20,316,734</u>	<u>\$ 6,059,927</u>

**Nonspendable** fund balance represents amounts that are inherently nonspendable or assets that will never be converted to cash or will not be converted to cash soon enough to affect the current period.

**Restricted** fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties.

**Assigned** fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the County Board.

**Unassigned** fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications.

*General Fund:* The general fund is the primary operating fund used to account for the governmental operations of Eau Claire County. As of December 31, 2016, the unassigned fund balance of the general fund was \$12.1 million, while total fund balance was \$14.9 million. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to measures of operating volume such as fund expenditures or fund revenues. Unassigned fund balance represented 36.0% of total general fund expenditures, while the total fund balance represented 44.3% of that same amount.

The general fund's total fund balance decreased \$124,000 during the year and the unassigned portion of the fund increased \$78,000.

**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

*Human Services Fund:* The human services fund is a special revenue fund used to account for various health and human services programs provided by the County. This fund provides services in the area of mental health; developmental disabilities; alcoholism; drug abuse rehabilitation services to residents of the County and administers the various social services and income maintenance programs provided by and through the County. Fiscal year 2016 produced an operational loss of \$225,229 which was offset by transfers in from the general fund in the amount of \$2,395,488. The result of this activity brings the fund balance carried by the human services fund to zero as of December 31, 2016.

*Debt Service Fund:* The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs of governmental funds. As of December 31, 2016, the County's debt service fund had a balance of \$3.8 million.

*Capital Projects Fund:* The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. As of December 31, 2016, the County's capital projects fund had a balance of \$908,000 which is an increase from the prior year deficit of \$2,701,924. During 2016, the County issued \$12.6M of debt to pay for capital related projects. Remaining to be paid from those proceeds as of December 31, 2016 includes \$3.5 million related to the construction of the Confluence Community Arts Project. It is anticipated that remaining payments on this project will be made in 2017 once all requirements and contingencies are met and will result in the fund balance again being negative.

*Other Governmental Funds:* The aggregated other governmental funds column includes various special revenue funds. As of December 31, 2016, the accumulated balance of these funds was \$625,000, an increase of \$90,000 in comparison to the prior year.

### **Business-Type Activities - Enterprise Funds**

Eau Claire County's proprietary funds provide the same type of information found in the government-wide financial statements. As shown earlier, the total net position of the enterprise-type proprietary funds at the end of 2016 totaled \$40.6 million, an increase of \$1.2 million in comparison to the prior year.

*Highway Department:* The County uses the highway department fund to account for road maintenance and construction and related services provided to the County, the State of Wisconsin, and local governmental units. At the end of the current fiscal year, unrestricted net position of the highway was \$4.0 million, while total net position reached \$9.9 million. Total net position is an increase from the prior year of \$2.1 million. The increase is due to a capital contribution received from the state of \$1.0 million, as well as the implementation of state-of-the-art technology which has allowed the County to construct more lane miles of road at a lower price than in previous years.

*Airport:* The airport fund contains the operations of the County's airport. In 2016, the net position for the airport decreased \$900,000 to \$30.7 million. The decrease was primarily due to depreciation on capital assets at the airport.

### **Internal Service Funds**

*Internal Service Funds:* In 2016, the aggregate net position for the internal service fund increased \$404,000 to \$2.2 million.

**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The County adopts a budget for all funds at the department level of expenditure. Throughout the year, as additional information becomes available, such as the receipt of funds not originally budgeted or not receiving funds that were anticipated in the original budget, budget amendments can be made.

*General Fund:* The final actual revenues and other financing sources were \$35,388,920, which were \$1.8 million greater than the final budgeted revenue while the final actual expenditures were \$32,599,444, which was \$1.6 million greater than the final budgeted expenditures. The most significant items contributing to the variances include: \$746,000 related to taxes that was not included in the budget, and savings in expenditures for public safety of \$730,000 and general government of \$403,000. In addition, the general fund transferred \$2,395,488 to the human services fund for the purpose of eliminating the human services fund balance deficit.

The budgetary comparison schedules and additional information related to these schedules is reported in the required supplementary information (RSI) immediately following the notes to the financial statements.



**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**Capital Assets**

The County's net investment in capital assets for its governmental activities and business-type activities as of December 31, 2016 amounted to \$154.7 million and \$38.3 million, respectively, as shown below:

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Not Subject to Depreciation:						
Land and Land Rights	\$ 6,132,279	\$ 6,131,879	\$ 2,140,502	\$ 2,045,674	\$ 8,272,781	\$ 8,177,553
Construction Work in Progress	2,576,947	3,423,932	1,644,296	\$ 1,105,400	4,221,243	4,529,332
Subject to Depreciation:						
Land Improvements	3,146,144	2,658,799	8,320,713	8,864,764	11,466,857	11,523,563
Intangibles	1,670,345	1,794,229	-	-	1,670,345	1,794,229
Buildings and Improvements	62,486,726	63,672,493	18,847,932	18,809,389	81,334,658	82,481,882
Machinery and Equipment	1,975,826	1,165,319	7,382,366	5,706,926	9,358,192	6,872,245
Highway Infrastructure	76,754,446	73,177,246	-	-	76,754,446	73,177,246
Total	<u>\$ 154,742,713</u>	<u>\$ 152,023,897</u>	<u>\$ 38,335,809</u>	<u>\$ 36,532,153</u>	<u>\$ 193,078,522</u>	<u>\$ 188,556,050</u>

Additional information related to the County's capital assets is reported in Note 2.B. of the financial statements.

**Long-Term Obligations**

The County had \$88.0 million in general obligation bonds and notes and other long-term obligations outstanding as of December 31, 2016. \$84.4 million of this amount is for governmental activities. The remaining \$3.6 million relates primarily to a capital lease for highway operations.

In 2016, the County refunded \$13.8 million of general obligation debt for lower interest general obligation debt.

In accordance with Wisconsin State Statutes, total outstanding general obligation indebtedness of the County may not exceed 5 percent of the equalized value of all taxable property within the County's jurisdiction. The debt limit as of December 31, 2016 amounted to \$392,515,585 and indebtedness subject to the limitation totaled \$78,976,064.

More detailed debt information can be found in Note 2.D. Long-Term Obligations of the financial statements.

**EAU CLAIRE COUNTY, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**CURRENTLY KNOWN FACTS**

Limits have been imposed on the 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 revenues and transportation aids.

The State of Wisconsin has imposed further limits on the County's property tax levy beginning with the 2008 budget year levy. Essentially, the legislation restricts the growth in the County's property taxes (except for debt service, libraries, road and bridge aid, and tax increments) to the percentage increase in the County's equalized value due to new construction. The County approved a levy of \$29,015,350 for its 2016 budget, an increase of \$1.3 million (4.79%) from the 2015 budget levy of \$27,690,123.

**REQUESTS FOR FINANCIAL INFORMATION**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be directed to:

Eau Claire County  
Finance Department  
721 Oxford Avenue  
Eau Claire, WI 54703

**EAU CLAIRE COUNTY, WISCONSIN  
STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit
<b>ASSETS</b>				
Cash and Investments	\$ 19,913,839	\$ 5,235,968	\$ 25,149,807	\$ 1,410,817
Taxes Receivable	29,964,255	2,152,944	32,117,199	-
Accounts Receivable	2,845,418	52,086	2,897,504	194,779
Due from Other Governments	6,033,581	1,304,936	7,338,517	-
Prepaid Items	726,390	-	726,390	-
Inventories	35,245	681,751	716,996	12,257
Deposit in Insurance Pool	999,731	-	999,731	-
Internal Balances	(291,278)	291,278	-	-
Other Assets	-	-	-	66,502
Restricted Assets:				
Cash and Investments	212,527	-	212,527	-
Capital Assets:				
Capital Assets Not Being Depreciated	8,709,226	3,784,798	12,494,024	800,000
Capital Assets Being Depreciated	214,349,373	62,610,179	276,959,552	12,986
Accumulated Depreciation	(68,315,886)	(28,059,168)	(96,375,054)	(5,536)
Total Assets	<u>215,182,421</u>	<u>48,054,772</u>	<u>263,237,193</u>	<u>2,491,805</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Wisconsin Retirement System Pension Related	15,409,483	2,061,587	17,471,070	-
Deferred Charge on Refunding	384,608	-	384,608	-
Total Deferred Outflows of Resources	<u>15,794,091</u>	<u>2,061,587</u>	<u>17,855,678</u>	<u>-</u>
<b>LIABILITIES</b>				
Vouchers and Accounts Payable	2,540,740	548,225	3,088,965	41,346
Accrued Interest Payable	691,502	34,321	725,823	-
Accrued Liabilities	2,035,612	264,973	2,300,585	23,883
Due to Other Governments	3,037,566	1,095,097	4,132,663	-
Unearned Revenues	-	211,489	211,489	9,827
Special Deposits	444,105	-	444,105	-
Long-Term Liabilities:				
Amounts Due Within One Year	8,596,879	745,046	9,341,925	-
Amounts Due in More than One Year	75,757,809	2,871,713	78,629,522	-
Wisconsin Retirement System Pension Liability	2,626,825	512,551	3,139,376	-
Total Liabilities	<u>95,731,038</u>	<u>6,283,415</u>	<u>102,014,453</u>	<u>75,056</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Succeeding Years Property Taxes	28,704,702	2,152,944	30,857,646	-
Wisconsin Retirement System Pension Related	5,941,158	794,849	6,736,007	-
Total Deferred Inflows of Resources	<u>34,645,860</u>	<u>2,947,793</u>	<u>37,593,653</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	76,263,186	35,603,477	111,866,663	807,450
Restricted for:				
Insurance Escrow	212,527	-	212,527	-
ADRC Programs	117,685	-	117,685	-
Debt Service	3,152,199	-	3,152,199	-
Recycling	430,438	-	430,438	-
Friends of Beaver Creek Reserve, Inc.	-	-	-	764,880
Unrestricted	20,423,579	5,281,674	25,705,253	844,419
Total Net Position	<u>\$ 100,599,614</u>	<u>\$ 40,885,151</u>	<u>\$ 141,484,765</u>	<u>\$ 2,416,749</u>

See accompanying Notes to Basic Financial Statements.

**EAU CLAIRE COUNTY, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Primary Government	
<b>Primary Government:</b>								
Governmental Activities:								
General Government	\$ 15,479,223	\$ 3,127,937	\$ 1,517,514	\$ -	\$ (10,833,772)	\$ -	\$ (10,833,772)	\$ -
Public Safety	15,854,290	1,690,758	96,685	225,000	(13,841,847)	-	(13,841,847)	-
Public Works	5,470,176	1,201,796	476,223	-	(3,792,157)	-	(3,792,157)	-
Health and Human Services	34,533,630	2,918,445	20,831,788	-	(10,783,397)	-	(10,783,397)	-
Culture, Recreation and Education	1,910,326	1,526,784	98,567	472,912	187,937	-	187,937	-
Conservation and Development	1,264,370	640,441	552,942	-	(70,987)	-	(70,987)	-
Interest and Fiscal Charges	2,429,939	-	-	-	(2,429,939)	-	(2,429,939)	-
Total Governmental Activities	76,941,954	11,106,161	23,573,719	697,912	(41,564,162)	-	(41,564,162)	-
Business-Type Activities:								
Highway Department	12,739,373	8,195,349	3,047,174	985,144	-	(511,706)	(511,706)	-
Airport	2,461,789	969,638	190,007	-	-	(1,302,144)	(1,302,144)	-
Total Business-Type Activities	15,201,162	9,164,987	3,237,181	985,144	-	(1,813,850)	(1,813,850)	-
Total Primary Government	\$ 92,143,116	\$ 20,271,148	\$ 26,810,900	\$ 1,683,056	(41,564,162)	(1,813,850)	(43,378,012)	-
<b>Component Unit:</b>								
Friends of Beaver Creek Reserve, Inc	\$ 1,263,913	\$ 197,910	\$ 702,308	\$ -	-	-	-	(363,695)
General Revenues:								
Taxes:								
Property Taxes					26,832,082	2,182,974	29,015,056	-
Other Taxes					13,329,125	-	13,329,125	-
State and Federal Aids Not								
Restricted to Specific Programs					460,870	-	460,870	-
Interest and Investment Earnings					122,886	-	122,886	78,132
Miscellaneous					735,037	18,140	753,177	21,139
Transfers					(965,856)	965,856	-	-
Total General Revenues and Transfers					40,514,144	3,166,970	43,681,114	99,271
<b>Change in Net Position</b>					(1,050,018)	1,353,120	303,102	(264,424)
Net Position - Beginning of Year					101,649,632	39,532,031	141,181,663	2,681,173
<b>Net Position - End of Year</b>					\$ 100,599,614	\$ 40,885,151	\$ 141,484,765	\$ 2,416,749

See accompanying Notes to Financial Statements.

**EAU CLAIRE COUNTY, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	General Fund	Human Services	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Totals
<b>ASSETS</b>						
Treasurer's Cash and Investments	\$ 11,659,766	\$ 1,500	\$ 3,843,701	\$ 1,573,059	\$ 694,924	\$ 17,772,950
Taxes Receivable	13,825,792	7,897,538	7,866,870	42,500	331,555	29,964,255
Accounts Receivable, Net	1,908,708	727,648	-	-	117,523	2,753,879
Due from Other Funds	215,983	-	-	-	-	215,983
Due from Other Governments	2,562,279	3,043,795	-	-	427,507	6,033,581
Prepaid Items	614,480	111,152	-	-	758	726,390
Inventories	33,675	1,570	-	-	-	35,245
<b>Total Assets</b>	<b><u>\$ 30,820,683</u></b>	<b><u>\$ 11,783,203</u></b>	<b><u>\$ 11,710,571</u></b>	<b><u>\$ 1,615,559</u></b>	<b><u>\$ 1,572,267</u></b>	<b><u>\$ 57,502,283</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Vouchers and Accounts Payable	\$ 521,531	\$ 1,094,684	\$ -	\$ 664,963	\$ 219,783	\$ 2,500,961
Accrued Liabilities	1,457,206	481,231	-	-	92,687	2,031,124
Due to Other Governmental Units	788,643	2,248,923	-	-	-	3,037,566
Due to Other Funds	-	60,827	-	-	155,156	215,983
Special Deposits	444,105	-	-	-	-	444,105
<b>Total Liabilities</b>	<b><u>3,211,485</u></b>	<b><u>3,885,665</u></b>	<b><u>-</u></b>	<b><u>664,963</u></b>	<b><u>467,626</u></b>	<b><u>8,229,739</u></b>
<b>Deferred Inflows of Resources:</b>						
Succeeding Years Property Taxes	12,566,239	7,897,538	7,866,870	42,500	331,555	28,704,702
Unavailable Revenue	103,295	-	-	-	147,813	251,108
<b>Total Deferred Inflows of Resources</b>	<b><u>12,669,534</u></b>	<b><u>7,897,538</u></b>	<b><u>7,866,870</u></b>	<b><u>42,500</u></b>	<b><u>479,368</u></b>	<b><u>28,955,810</u></b>
<b>Fund Balances:</b>						
Nonspendable	2,166,338	112,722	-	-	758	2,279,818
Restricted	-	-	3,843,701	-	548,123	4,391,824
Assigned	633,110	-	-	908,096	211,223	1,752,429
Unassigned	12,140,216	(112,722)	-	-	(134,831)	11,892,663
<b>Total Fund Balances</b>	<b><u>14,939,664</u></b>	<b><u>-</u></b>	<b><u>3,843,701</u></b>	<b><u>908,096</u></b>	<b><u>625,273</u></b>	<b><u>20,316,734</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 30,820,683</u></b>	<b><u>\$ 11,783,203</u></b>	<b><u>\$ 11,710,571</u></b>	<b><u>\$ 1,615,559</u></b>	<b><u>\$ 1,572,267</u></b>	<b><u>\$ 57,502,283</u></b>

See accompanying Notes to Financial Statements.

**EAU CLAIRE COUNTY, WISCONSIN  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2016**

**Total Fund Balances - Governmental Funds** \$ 20,316,734

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. These assets consist of:

Land and Right of Way	\$	6,132,279	
Land Improvements		3,974,419	
Intangibles		2,059,999	
Buildings and Improvements		79,364,395	
Machinery and Equipment		5,883,814	
Infrastructure		123,066,746	
Construction Work in Progress		2,576,947	
Accumulated Depreciation		<u>(68,315,886)</u>	154,742,713

Net pension plan (asset) liability and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year-end are:

Wisconsin Retirement System Pension Plan:

Net Pension Plan Asset (Liability)		(2,626,825)	
Deferred Outflows of Resources - Pension Related		15,409,483	
Deferred Inflows of Resources - Pension Related		<u>(5,941,158)</u>	6,841,500

Some receivables are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue in the government-wide statements because they are unavailable 251,108

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Bonds Payable		78,285,000	
Accrued Interest Payable on Long-Term Debt		691,502	
Compensated Absences Payable		3,292,021	
Long-term Payable to the City of Eau Claire		<u>98,436</u>	(82,366,959)

Discounts and premiums are amortized over the life of the bonds rather than being recorded as revenues or expenditures

Unamortized Debt Premiums		1,487,231	(1,487,231)
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The difference in the carrying amount of refunded debt and its reacquisition price is amortized over the life of the debt 384,608

An internal service fund is used by County management to account for risk management operations. The assets and liabilities of the internal service fund are reported in governmental activities net of pension plan related items.

		<u>1,917,141</u>	
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<u><u>100,599,614</u></u>	

**EAU CLAIRE COUNTY, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2016**

	General Fund	Human Services	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Totals
<b>REVENUES</b>						
Taxes	\$ 22,754,604	\$ 8,032,738	\$ 6,696,165	\$ 42,500	\$ 332,993	\$ 37,859,000
Intergovernmental	5,405,654	18,507,321	-	255,856	2,556,733	26,725,564
Licenses and Permits	472,876	-	-	-	-	472,876
Fines and Forfeits	360,606	-	-	-	-	360,606
Public Charges for Services	4,885,287	1,028,332	-	-	1,018,492	6,932,111
Intergovernmental Charges for Services	589,388	822,267	-	166,552	61,848	1,640,055
Miscellaneous	732,485	193,009	-	94,930	241,359	1,261,783
Total Revenues	<u>35,200,900</u>	<u>28,583,667</u>	<u>6,696,165</u>	<u>559,838</u>	<u>4,211,425</u>	<u>75,251,995</u>
<b>EXPENDITURES</b>						
General Government	14,325,109	-	-	43,821	-	14,368,930
Public Safety	13,949,353	-	-	-	347,793	14,297,146
Public Works	-	-	-	-	1,226,827	1,226,827
Health and Human Services	2,671,734	28,808,896	-	-	2,431,914	33,912,544
Culture, Recreation and Education	1,689,966	-	-	-	-	1,689,966
Conservation and Development	1,113,763	-	-	-	112,417	1,226,180
Capital Outlay	-	-	-	2,856,997	-	2,856,997
Debt Service:						
Principal Retirement	-	-	4,645,679	-	-	4,645,679
Interest and Fiscal Charges	-	-	2,324,473	109,861	-	2,434,334
Debt Issuance Costs	-	-	159,710	-	-	159,710
Total Expenditures	<u>33,749,925</u>	<u>28,808,896</u>	<u>7,129,862</u>	<u>3,010,679</u>	<u>4,118,951</u>	<u>76,818,313</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,450,975	(225,229)	(433,697)	(2,450,841)	92,474	(1,566,318)
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-Term Debt Issued	-	-	14,235,000	12,630,000	-	26,865,000
Payment to Refunded Bond Escrow Agent	-	-	(14,330,334)	-	-	(14,330,334)
Premium on Debt Issued	-	-	840,167	105,861	-	946,028
Transfers In	-	2,395,488	-	-	-	2,395,488
Transfers Out	(2,574,937)	-	-	(6,675,000)	-	(9,249,937)
Insurance Recovery	1,000,000	-	-	-	-	1,000,000
Total Other Financing Sources (Uses)	<u>(1,574,937)</u>	<u>2,395,488</u>	<u>744,833</u>	<u>6,060,861</u>	<u>-</u>	<u>7,626,245</u>
<b>NET CHANGE IN FUND BALANCES</b>	(123,962)	2,170,259	311,136	3,610,020	92,474	6,059,927
Fund Balances, January 1	<u>15,063,626</u>	<u>(2,170,259)</u>	<u>3,532,565</u>	<u>(2,701,924)</u>	<u>532,799</u>	<u>14,256,807</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 14,939,664</u>	<u>\$ -</u>	<u>\$ 3,843,701</u>	<u>\$ 908,096</u>	<u>\$ 625,273</u>	<u>\$ 20,316,734</u>

See accompanying Notes to Financial Statements.

**EAU CLAIRE COUNTY, WISCONSIN  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016**

**Net Change in Fund Balances - Total Governmental Funds** \$ 6,059,927

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlays Reported in Governmental Fund Statements	\$ 1,780,451	
Capital Outlays through contributions from others	442,056	
Contribution from Business-Type Activity - Highway Infrastructure	5,888,593	
Depreciation Expense Reported in the Statement of Activities	<u>(4,970,939)</u>	3,140,161

In the statement of activities, only the gain or loss on the disposal of capital assets is reported whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the depreciated cost of the capital assets sold. (421,345)

Wisconsin Retirement System Pension Plan:

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension asset and the related deferred inflows and outflows of resources. (1,821,782)

Receivables not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements 163,741

Long-term debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in long-term liabilities in the statement of net position and does not affect the statement of activities. The amount of long-term debt incurred in the current year is (26,865,000)

Discounts, and premiums are reported as other financing sources and other financing uses in governmental funds but are amortized over the life of the related debt in the government wide statements. (946,028)

Deferred charge on refunding is recorded in the government wide statements and amortized over the life of the related debt 384,608

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Bond Principal Retirement	18,410,000	
Long-Term Payable to the City of Eau Claire	<u>5,679</u>	18,415,679

An internal service fund is used by County management to account for risk management operations. The change in net position of this internal service fund is allocated to governmental activities 298,656

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Amortization of Debt Premium	268,939	
Net Change in Accrued Interest Payable	70,892	
Net Change in Compensated Absences Payable	<u>201,534</u>	<u>541,365</u>

**Change in Net Position of Governmental Activities** \$ (1,050,018)

See accompanying Notes to Financial Statements.



**EAU CLAIRE COUNTY, WISCONSIN  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2016**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Highway Department	Airport	Totals	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Investments	\$ 4,276,836	\$ 959,132	\$ 5,235,968	\$ 2,140,889
Taxes Receivable	1,757,865	395,079	2,152,944	-
Accounts Receivable	14,651	37,435	52,086	91,539
Due from Other Governmental Units	1,299,970	4,966	1,304,936	-
Inventories	681,751	-	681,751	-
Total Current Assets	<u>8,031,073</u>	<u>1,396,612</u>	<u>9,427,685</u>	<u>2,232,428</u>
<b>Restricted Assets:</b>				
Escrow accounts	-	-	-	212,527
<b>Noncurrent Assets:</b>				
Capital Assets	16,322,842	48,427,839	64,750,681	-
Less Accumulated Depreciation	(8,906,882)	(19,152,286)	(28,059,168)	-
Net Capital Assets in Service	<u>7,415,960</u>	<u>29,275,553</u>	<u>36,691,513</u>	<u>-</u>
Construction Work in Progress	523,791	1,120,505	1,644,296	-
Total Capital Assets	<u>7,939,751</u>	<u>30,396,058</u>	<u>38,335,809</u>	<u>-</u>
Deposit in Insurance Pool	-	-	-	999,731
Total Noncurrent Assets	<u>7,939,751</u>	<u>30,396,058</u>	<u>38,335,809</u>	<u>999,731</u>
Total Assets	<u>15,970,824</u>	<u>31,792,670</u>	<u>47,763,494</u>	<u>3,444,686</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Wisconsin Retirement System Pension Related	<u>1,886,876</u>	<u>174,711</u>	<u>2,061,587</u>	<u>52,413</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	509,959	38,266	548,225	39,779
Accrued Liabilities	240,790	24,183	264,973	4,488
Accrued Interest Payable	13,805	20,516	34,321	-
Due to Other Governments	1,095,097	-	1,095,097	-
Unearned Revenues	206,640	4,849	211,489	-
<b>Current Portion of Long-Term Liabilities:</b>				
General Obligation Notes	-	98,014	98,014	-
Capital Lease Payable	409,525	-	409,525	-
Claims Payable	-	-	-	581,000
Accrued Employee Leave	217,180	20,327	237,507	-
Total Current Liabilities	<u>2,692,996</u>	<u>206,155</u>	<u>2,899,151</u>	<u>625,267</u>
<b>Long-Term Liabilities (Net of Current Portion):</b>				
General Obligation Notes	-	593,050	593,050	-
Capital Lease Payable	2,120,325	-	2,120,325	-
Claims Payable	-	-	-	611,000
Accrued Employee Leave	144,787	13,551	158,338	-
Wisconsin Retirement System Pension Liability	470,601	41,950	512,551	8,154
Total Long-Term Liabilities	<u>2,735,713</u>	<u>648,551</u>	<u>3,384,264</u>	<u>619,154</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Succeeding Year's Property Taxes	1,757,865	395,079	2,152,944	-
Wisconsin Retirement System Pension Related	727,489	67,360	794,849	20,208
Total Deferred Inflows of Resources	<u>2,485,354</u>	<u>462,439</u>	<u>2,947,793</u>	<u>20,208</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	5,898,483	29,704,994	35,603,477	-
<b>Restricted:</b>				
Insurance Escrow	-	-	-	212,527
Unrestricted	4,045,154	945,242	4,990,396	2,019,943
Total Net Position	<u>\$ 9,943,637</u>	<u>\$ 30,650,236</u>	<u>40,593,873</u>	<u>\$ 2,232,470</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>291,278</u>	
Total Net Position of Business-Type Activities			<u>\$ 40,885,151</u>	

See accompanying Notes to Financial Statements.

**EAU CLAIRE COUNTY, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2016**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Highway Department	Airport	Totals	
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 8,195,349	\$ 969,638	\$ 9,164,987	\$ 1,287,165
Miscellaneous	-	18,140	18,140	-
Total Operating Revenues	8,195,349	987,778	9,183,127	1,287,165
<b>OPERATING EXPENSES</b>				
Operation and Maintenance	12,254,047	1,056,956	13,311,003	560,828
Depreciation	560,703	1,391,560	1,952,263	-
Claims	-	-	-	403,772
Total Operating Expenses	12,814,750	2,448,516	15,263,266	964,600
<b>OPERATING INCOME (LOSS)</b>	(4,619,401)	(1,460,738)	(6,080,139)	322,565
<b>NONOPERATING REVENUES (EXPENSES)</b>				
General Property Taxes	1,787,895	395,079	2,182,974	-
Intergovernmental Grants	3,047,174	190,007	3,237,181	-
Investment Income	-	-	-	37,610
Miscellaneous Nonoperating Revenues	-	-	-	44,048
Interest Expense	(16,730)	(26,733)	(43,463)	-
Total Nonoperating Revenues (Expenses)	4,818,339	558,353	5,376,692	81,658
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	198,938	(902,385)	(703,447)	404,223
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>				
Transfers In	6,854,449	-	6,854,449	-
Capital Contributions to Governmental Activities	(5,888,593)	-	(5,888,593)	-
Capital Grants	985,144	-	985,144	-
<b>CHANGE IN NET POSITION</b>	2,149,938	(902,385)	1,247,553	404,223
Net Position, January 1	7,793,699	31,552,621	39,346,320	1,828,247
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 9,943,637</u>	<u>\$ 30,650,236</u>	<u>\$ 40,593,873</u>	<u>\$ 2,232,470</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			105,567	
Change in Net Position of Business-Type Activities			<u>\$ 1,353,120</u>	

See accompanying Notes to Financial Statements.

**EAU CLAIRE COUNTY, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2016**

	Business-Type Activities - Enterprise Funds			Governmental
	Highway			Activities -
	Department	Airport	Totals	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 8,469,849	\$ 1,118,675	\$ 9,588,524	\$ 1,296,368
Cash Paid to Suppliers for Goods and Services	(5,880,714)	(633,762)	(6,514,476)	(390,696)
Claims Paid	-	-	-	(296,772)
Cash Paid for Employee Services	(6,314,048)	(434,523)	(6,748,571)	(131,958)
Net Cash Provided by (Used for) Operating Activities	(3,724,913)	50,390	(3,674,523)	476,942
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
General Property Taxes	1,787,895	395,079	2,182,974	-
Cash Received as Transfer from General Fund	179,449	-	179,449	-
Operating Grants and Miscellaneous Revenue Received	3,047,174	190,007	3,237,181	44,048
Net Cash Provided by (Used for) Noncapital Financing Activities	5,014,518	585,086	5,599,604	44,048
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Cash Received from Sale/Loss of Capital Assets	32,500	-	32,500	-
Transfers from Other Funds for Construction	6,675,000	-	6,675,000	-
Cash Payments for Capital Assets	(2,932,374)	(104,296)	(3,036,670)	-
Long-term Debt Proceeds	2,428,283	-	2,428,283	-
Cash Payments for Principal on Debt	(448,969)	(94,395)	(543,364)	-
Cash Payments for Interest on Debt	(2,925)	(29,535)	(32,460)	-
Capital Grant Proceeds	985,144	-	985,144	-
Infrastructure Construction Expense for Governmental Activities	(4,793,496)	-	(4,793,496)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	1,943,163	(228,226)	1,714,937	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	-	-	-	37,610
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	3,232,768	407,250	3,640,018	558,600
Cash and Cash Equivalents, January 1	1,044,068	551,882	1,595,950	1,794,816
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 4,276,836</b>	<b>\$ 959,132</b>	<b>\$ 5,235,968</b>	<b>\$ 2,353,416</b>

See accompanying Notes to Financial Statements.

**EAU CLAIRE COUNTY, WISCONSIN  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2016**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Highway Department	Airport	Totals	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ (4,619,401)	\$ (1,460,738)	\$ (6,080,139)	\$ 322,565
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	560,703	1,391,560	1,952,263	-
Change in WRS (Asset) Liability	848,347	78,551	926,898	23,565
Change in WRS Deferred Outflow	(1,494,809)	(136,723)	(1,631,532)	(36,417)
Change in WRS Deferred Inflow	719,106	66,548	785,654	19,866
(Increase) Decrease in Assets:				
Accounts Receivable	(651)	107,617	106,966	9,203
Due from Other Governments	67,860	18,431	86,291	-
Prepayments	1,579	-	1,579	-
Inventories	115,847	-	115,847	-
Increase (Decrease) in Liabilities:				
Accounts Payable	(112,289)	(41,221)	(153,510)	30,996
Claims Payable	-	-	-	107,000
Accrued Liabilities	(5,894)	3,086	(2,808)	164
Unearned Revenue	206,640	4,849	211,489	-
Accrued Employee Leave	(11,951)	18,430	6,479	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ (3,724,913)</u>	<u>\$ 50,390</u>	<u>\$ (3,674,523)</u>	<u>\$ 476,942</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>				
Cash and Cash Equivalents Per Statement of Net Position:				
Current Assets - Cash and Investments	4,276,836	959,132	5,235,968	2,140,889
Escrow account	-	-	-	212,527
<b>CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS</b>	<u>\$ 4,276,836</u>	<u>\$ 959,132</u>	<u>\$ 5,235,968</u>	<u>\$ 2,353,416</u>
<b>NONCASH DISCLOSURE</b>				
Capital assets purchased through issuance of long term debt	<u>\$ 550,536</u>	<u>\$ -</u>	<u>\$ 550,536</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**EAU CLAIRE COUNTY, WISCONSIN  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2016**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Treasurer's Cash and Investments	\$ 13,133,576
Taxes Receivable	<u>1,534,202</u>
Total Assets	<u>\$ 14,667,778</u>
<b>LIABILITIES</b>	
Due Other Governmental Units	\$ 13,581,153
Special Deposits	<u>1,086,625</u>
Total Liabilities	<u>\$ 14,667,778</u>

See accompanying Notes to Financial Statements.

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

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

**A. Reporting Entity**

Eau Claire County is governed by a board of supervisors consisting of twenty-nine elected members.

The financial reporting of the County is defined by the GASB to consist of (a) the 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 the exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a 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.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report includes the following component unit:

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

**Discretely Presented Component Unit**

The government-wide financial statements include the Friends of Beaver Creek Reserve, Inc. (Beaver Creek) as a component unit. Beaver Creek is a legally separate organization. Beaver Creek is led by an elected board of directors. The County is not legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to Beaver Creek. As a component unit, Beaver Creek's financial statements have been presented as a discrete column in the financial statements. It is reported in a separate column to emphasize that it is legally separate from the County. The information presented is for the fiscal year ended December 31, 2016. Separately issued financial statements of Beaver Creek may be obtained from the Beaver Creek's office at S1 County Road K, Fall Creek, Wisconsin.

**B. Government-Wide and Fund Financial Statements**

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds) as described below:

**Government-Wide Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government. For the most part, the effect of 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 or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**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, deferred outflows of resources, liabilities, deferred inflows of resources, net position, fund equity, revenues, and expenditures/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.

The County reports the following major governmental funds:

**General Fund** – The General Fund is the operating fund of the County. It is used to account for all financial resources of the County, except those required to be accounted for in another fund.

**Health and Human Services Fund** – The Health and Human Services Fund, a special revenue fund, is used to account for various County health and human services programs funded by restricted and committed sources. Through the human services programs, the County provides mental health, developmental disabilities and alcoholism and drug abuse rehabilitation services to residents of the County and administers the various social services and income maintenance programs provided by and through the County.

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs of governmental funds. For report purposes, the County's individual debt service funds are combined into one fund.

**Capital Projects Fund** – The Capital Project Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets

The County reports the following major enterprise funds:

**Highway Department** – The Highway Department accounts for operations of the county road network.

**Airport** – The Airport accounts for operations of the airport.



**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Fund Financial Statements (Continued)**

The county reports the following nonmajor governmental funds:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Watershed  
Recycling  
Anti-drug  
Aging and Disability Resource Center

In addition, the county reports the following fund types:

Internal service funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the county, or to other governmental units, on a cost –reimbursement basis.

Risk Management

Agency funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units.

Tax agency  
Sunshine  
District Attorney  
Clerk of Courts  
West Central Drug  
Lower Chippewa River Basin  
Sheriff

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

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Agency funds do not have a measurement focus.

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

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

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within sixty days after the end of the current fiscal period except for aging and disability resource center and human services reimbursable grants, for which available is defined as 180 days. Client billings for the human services programs are recognized when received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, miscellaneous taxes, public charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are generally considered to be measurable and available only when cash is received by the government.

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity**

**1. Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**1. Deposits and Investments (Continued)**

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

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

The county has adopted an investment policy. That policy states that authorized investments shall conform to Wisconsin Statutes. It further states that deposits with banking institutions in excess of \$500,000 must be collateralized with pledged bank securities or secured by insurance or a deposit guarantee bond up to the total deposit in excess of the \$500,000.

The investment policy does not address concentration of credit risk, or interest rate risk.

Investments are stated at amortized cost or fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. Adjustments necessary to record investments at fair value are recorded in the operating statement as increase or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

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 Statutes Chapter 25. The SIF reports the 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, 2016, the value of the county's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**2. Receivables and Payables**

**Property Taxes.** Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach an enforceable lien as of January 1. In addition to property taxes for the County, taxes are also collected for and remitted to the State. Taxes billed for the State are recorded as receivables and due other governmental units in the agency fund balance sheet. Since County property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows in the funds budgeted therefore.

The County also collects taxes for the City of Eau Claire, the City of Altoona and the Town of Ludington at which time unpaid taxes are assigned to the County and appropriate receivables and payables are recorded. Tax collections become the responsibility of the County and taxes receivable include unpaid taxes for all taxing entities within the county. The County makes restitution to local districts in August for payables recorded at the settlement date without regard to collected funds. A lien is placed on all properties for which a portion of the current tax levy remains unpaid as of September 1. A portion of the general fund's equity balance is nonspendable for the County's investment in delinquent taxes.

**Accounts Receivable.** Accounts receivable are shown at net of an allowance for uncollectible accounts of \$221,771.

**Interfund Balances.** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**3. Inventories and Prepaid Items**

All inventories are valued at cost using the average cost method for the highway department. Inventories of governmental funds, if material, are recorded as expenditures when consumed rather than when purchased.

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

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**4. Restricted Assets**

Mandatory segregations of assets, if any, are presented as restricted assets. Such segregations may be required by bond agreements and other external parties. Funds on deposit with Wisconsin Municipal Mutual Insurance Company for payment of insurance claims are combined with other participating governments. The county's deposit at year end was \$212,527. This amount is recorded as restricted assets in the government-wide financial statements and the internal service fund.

**5. Capital Assets**

**Government-Wide Statements.** Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with initial, individual costs as shown below and an estimated useful life of one year or greater. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current year.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 5,000	N/A	N/A
Land Improvements	5,000	Straight-line	15 Years
Buildings and Improvements	5,000	Straight-line	50 Years
Machinery and Equipment	5,000	Straight-line	3-20 Years
Infrastructure	25,000	Straight-line	25-50 Years
Intangibles	5,000	Straight-line	10 Years

Capital assets not being depreciated include land and construction in progress.

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**5. Capital Assets (Continued)**

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

**6. Deferred Outflows of Resources**

The County reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. During the current year the County reports deferred outflows of resources in its government-wide and proprietary fund financial statements for the Wisconsin Retirement System Pension Plan related items. The County also reports a deferred charge on refunding which reflects the difference in the carrying value of refunded debt and its reacquisition price on the government-wide financial statement.

**7. Deferred Inflows of Resources**

The County's governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has two types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available under the modified accrual basis of accounting. The County also reports a deferred inflow of resources in its government-wide and proprietary fund financial statements for the Wisconsin Retirement System Pension Plan related items in the current year.

**8. Compensated Absences**

It is the County's policy to permit employees to accumulate paid leave benefits. Liabilities for accumulated employee leave benefits are not accrued in the County's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide and proprietary fund financial statements when earned. The County's policies and estimated liabilities at year end are further discussed in Note 3.A.

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**9. Wisconsin Retirement System Pension Plan Benefits**

For purposes of measuring the net pension asset, liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**10. Long-Term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**11. Defining Operating Revenues and Expenses**

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 highway department and airport are charges to customers for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**EAU CLAIRE COUNTY, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity (Continued)**

**12. Use of Restricted Resources**

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.

**13. Equity Classifications**

Fund equity, representing the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources, is classified as follows in the County's financial statements:

**Government-Wide Statements.** Fund equity is classified as net position in the government-wide financial statements and is displayed in three components. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is displayed as unrestricted.

**Fund Financial Statements.** In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that will never be converted to cash or will not be converted to cash soon enough to affect the current period. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Any changes to the constraints imposed require the same formal action of the county board that originally created the commitment. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the Board. Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. When restricted and unrestricted fund balance is available for expenditure, it is the County's practice to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for expenditure, it is the County's practice to use committed, assigned and finally unassigned fund balance.



**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The County's cash and investments balances at December 31, 2016 as shown in the financial statements are as follows:

Governmental Activities	\$ 20,126,366	
Business-Type Activities	5,235,968	
Fiduciary Funds	13,133,576	
Total	\$ 38,495,910	

The cash and investments balances consisted of the following:

Treasurer's Cash and Investments:		
Deposits in Financial Institutions	\$ 26,900,555	
Deposits in State Local-Government Pooled-Investment Fund	3,427,755	
Repurchase Agreements	6,025,012	
Investment in Money Market Fund	548,798	
Investment in Debt Securities	1,377,723	\$ 38,279,843
Cash held by Fiscal Agent		
Deposits with WMMIC		212,527
Petty Cash Funds		3,540
Total Cash and Investments at December 31, 2016		\$ 38,495,910

**Deposits at Financial Institutions**

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 (which were permitted after July 21, 2011). 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.

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Deposits at Financial Institutions (Continued)**

The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the County to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund. Custodial credit risk for deposits is the risk that, in the event of failure, the County's deposits may not be returned.

Custodial credit risk for deposits is the risk that in event of bank failure, the County's deposits may not be returned. At December 31, 2016 the deposits were fully collateralized.

**Investments**

The County's investments at December 31, 2016 consisted of deposits in the State of Wisconsin Local Government Investment Pool (an external investment pool), repurchase agreements, US government agencies and instrumentalities, obligations, and a money market mutual fund.

**Deposits in State Local Government Pooled-Investment Fund.** The State of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local governmental unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP's investments (subject to certain limitations). The average monthly weighted average maturity of the State Investment Fund's investments for 2016 was 70 days.

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Investments (Continued)**

**U.S. Government Agencies and Instrumentalities Obligations.** The County's investments in these obligations at December 31, 2016 are summarized as follows:

Description	Investment Maturities (in years)			
	Totals	<1	1 to 5	6 to 27
Money Market Fund	\$ 548,798	\$ 548,798	\$ -	\$ -
Debt Instrument				
Freddie Mac	199,851	-	199,851	-
FHLMC	605,683	-	-	605,683
FNMA	99,870	-	99,870	-
Small Business Administration	472,319	-	-	472,319
Total	<u>\$ 1,926,521</u>	<u>\$ 548,798</u>	<u>\$ 299,721</u>	<u>\$ 1,078,002</u>

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The County's policy is to invest its funds in accordance with provisions of the Wisconsin Statutes previously discussed in Note 1.D.1.

As of December 31, 2016 the County's investments were rated as follows:

Type	Credit Quality Rating	Amount
Money Market Fund	Not Rated	\$ 548,798
Freddie Mac	AA+	199,851
FHLMC	AA+	605,683
FNMA	AA+	99,870
Small Business	AA+	472,319
LGIP	Not rated	3,427,755
Repurchase Agreements	Not Rated	6,025,012

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with maturity dates farther into the future are more sensitive to changes in market interest rates.

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

The County measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The County may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds that the County has the ability to access as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect the County's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

The following table presents the fair value hierarchy for the balances of the assets and liabilities of the County measured at fair value on a recurring basis as of December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Fund	\$ 548,798	-	-	\$ 548,798
Debt Instruments	1,377,723	-	-	1,377,723
	<u>\$ 1,926,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,926,521</u>
Investments measured at amortized cost:				
LGIP				3,427,755
Repurchase Agreement				6,025,012
Total Investments				<u>\$ 11,379,288</u>

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2016 was as follows:

**Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,887,670	\$ -	\$ -	\$ 3,887,670
Right of way	2,244,209	29,900	29,500	2,244,609
Construction Work in Progress	3,423,932	1,915,789	2,762,774	2,576,947
Total Capital Assets Not Being Depreciated	<u>9,555,811</u>	<u>1,945,689</u>	<u>2,792,274</u>	<u>8,709,226</u>
Capital Assets Being Depreciated:				
Land Improvements	3,406,220	568,199	-	3,974,419
Intangibles	2,059,999	-	-	2,059,999
Buildings	78,922,339	442,056	-	79,364,395
Machinery and equipment	5,344,192	1,205,481	665,859	5,883,814
Roads	111,864,302	6,486,116	2,504,849	115,845,569
Culverts	2,112,986	-	-	2,112,986
Traffic signals	85,300	-	-	85,300
Bridges	4,824,458	226,333	27,900	5,022,891
Total Capital Assets Being Depreciated	<u>208,619,796</u>	<u>8,928,185</u>	<u>3,198,608</u>	<u>214,349,373</u>
Accumulated Depreciation:				
Land Improvements	747,421	80,854	-	828,275
Intangibles	265,770	123,884	-	389,654
Buildings	15,249,846	1,627,823	-	16,877,669
Machinery and equipment	4,178,873	391,878	662,763	3,907,988
Roads	42,855,200	2,625,700	2,116,100	43,364,800
Culverts	403,200	40,100	-	443,300
Traffic signals	68,000	3,400	-	71,400
Bridges	2,383,400	77,300	27,900	2,432,800
Total Accumulated Depreciation	<u>66,151,710</u>	<u>4,970,939</u>	<u>2,806,763</u>	<u>68,315,886</u>
Capital Assets Net of Depreciation	<u>\$ 152,023,897</u>	<u>\$ 5,902,935</u>	<u>\$ 3,184,119</u>	<u>\$ 154,742,713</u>

Depreciation was charged to governmental functions as follows:

	Depreciation Expense
<b>General County Assets:</b>	
General Government	\$ 770,310
Public Safety	1,121,690
Public Works	2,746,500
Health and Human Services	88,947
Culture, Recreation and Education	224,837
Conservation and Development	18,655
	<u>\$ 4,970,939</u>

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Capital Assets (Continued)**

**Business-Type Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 2,045,674	\$ 94,828	\$ -	\$ 2,140,502
Construction Work in Progress	1,105,400	538,896	-	1,644,296
Total Capital Assets Not Being Depreciated	3,151,074	633,724	-	3,784,798
Capital Assets Being Depreciated:				
Land Improvements	17,970,869	-	5,000	17,965,869
Buildings and Improvements	28,245,145	870,319	5,000	29,110,464
Machinery and Equipment	13,913,226	2,418,243	797,623	15,533,846
Total Capital Assets Being Depreciated	60,129,240	3,288,562	807,623	62,610,179
Accumulated Depreciation:				
Land Improvements	9,106,105	539,051	-	9,645,156
Buildings and Improvements	9,435,756	826,776	-	10,262,532
Machinery and Equipment	8,206,300	586,436	641,256	8,151,480
Total Accumulated Depreciation	26,748,161	1,952,263	641,256	28,059,168
Net Capital Assets - Business type Activities	\$ 36,532,153	\$ 1,970,023	\$ 166,367	\$ 38,335,809

Depreciation was charged to business-type activities as follows:

Highway Department	\$ 560,703
Airport	1,391,560

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

The composition of interfund balances as of December 31, 2016 was as follows:

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Human Services	\$ 60,827
General Fund	Anti-Drug	155,156
		<u>\$ 215,983</u>

The above interfund balances were for temporary financing of operating expenditures and are expected to be repaid in 2017. Interfund balances owed within the governmental activities are eliminated in the statement of net position.

Within the government-wide statement of net position the County reports an internal balance of \$291,278 which reflects the interfund receivable/payable created with the internal service fund elimination for the statement.

**Interfund Transfers**

Interfund transfers during the year consisted of the following:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Highway Department	General Fund	\$ 179,449
Highway Department	Capital Projects	6,675,000
Human Services Fund	General Fund	2,395,488
		<u>\$ 9,249,937</u>

Generally, transfers are used to move revenues from the fund that collects them to the fund that the budget requires to expend them, and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations**

**Changes in Long-Term Obligations**

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2016:

	Balances 1/1/16	Additions	Reductions	Balances 12/31/16	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 69,830,000	\$ 26,865,000	\$ 18,410,000	\$ 78,285,000	\$ 6,035,000
Premiums	810,142	946,028	268,939	1,487,231	-
Subtotal	<u>70,640,142</u>	<u>27,811,028</u>	<u>18,678,939</u>	<u>79,772,231</u>	<u>6,035,000</u>
Other Liabilities					
Vested Compensated Absences	3,493,555	-	201,534	3,292,021	1,975,200
Unpaid Self-Insurance Claims	1,085,000	107,000	-	1,192,000	581,000
Long-Term Payable to City of Eau Claire	104,115	-	5,679	98,436	5,679
Total Other Liabilities	<u>\$ 4,682,670</u>	<u>\$ 107,000</u>	<u>\$ 207,213</u>	<u>\$ 4,582,457</u>	<u>\$ 2,561,879</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 75,322,812</u>	<u>\$ 27,918,028</u>	<u>\$ 18,886,152</u>	<u>\$ 84,354,688</u>	<u>\$ 8,596,879</u>
<b>Business-Type Activities</b>					
Bonds and Notes Payable					
General Obligation Debt	\$ 785,459	\$ -	\$ 94,395	\$ 691,064	\$ 98,014
Other Liabilities					
Capital Lease Payable	-	2,978,819	448,969	2,529,850	409,525
Vested Compensated Absences	389,366	6,479	-	395,845	237,507
Total Other Liabilities	<u>\$ 389,366</u>	<u>\$ 2,985,298</u>	<u>\$ 448,969</u>	<u>\$ 2,925,695</u>	<u>\$ 647,032</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 1,174,825</u>	<u>\$ 2,985,298</u>	<u>\$ 543,364</u>	<u>\$ 3,616,759</u>	<u>\$ 745,046</u>

The County's estimated liability for vested compensation absences is discussed in Note 3.A.

**General Obligation Debt Limitation.** Section 67.03 of the Wisconsin Statutes restricts county general obligation debt to 5% of the equalized value of all property in the county. At December 31, 2016, the County's debt limit amounted to \$392,515,585 and indebtedness subject to the limitation totaled \$78,976,064.

**Debt Defeasance.** During 2016 the County issued \$14,235,000 in General Obligation Refunding Bonds. Net proceeds of these bonds were used to purchase U.S. Treasury securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments on the Series 2008B bonds. As a result, \$13,770,000 of the Series 2008B bonds are considered defeased and the liability for those bonds has been removed from the governmental activities column of the statement of net position. The advance refunding was undertaken to reduce total debt service payments over the next 11 years by \$2,490,695 and resulted in an economic gain (difference between the present values of the old and net debt service payments) of \$2,275,244.



**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

**General Obligation Long-Term Debt**

**Annual Requirements for Retirement.** Long-term general obligation debt issues outstanding at December 31, 2016 and annual requirements for their retirement were as follows:

<u>Governmental Activities</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Description</u>				
General Obligation				
Bond Series 2008B, \$25,000,000 dated 4/8/2008, due 9/01/2027 interest rate 3.25% to 5.00% (2017 interest defeased)	2017	\$ 1,100,000	\$ -	\$ 1,100,000
General Obligation				
Bond Series 2010A, \$5,080,000 dated 9/21/2010, due 9/01/2020 interest rate 2.00% to 3.00%	2017	385,000	42,150	427,150
	2018	395,000	33,488	428,488
	2019	405,000	24,600	429,600
	2020	415,000	12,450	427,450
		<u>1,600,000</u>	<u>112,688</u>	<u>1,712,688</u>
General Obligation				
Bond Series 2010B, \$9,190,000 dated 11/9/2010, due 9/1/2030 interest rate 3.70% to 5.10%	2017	-	441,128	441,128
	2018	-	441,128	441,128
	2019	-	441,128	441,128
	2020	-	441,128	441,128
	2021	245,000	441,128	686,128
	2022-2030	8,945,000	3,068,647	12,013,647
		<u>9,190,000</u>	<u>5,274,285</u>	<u>14,464,285</u>
General Obligation				
Bond Series 2011B, \$18,000,000 dated 12/22/2011, due 9/1/2031 interest rate 3.00% to 4.00%	2017	660,000	588,963	1,248,963
	2018	675,000	569,163	1,244,163
	2019	690,000	548,913	1,238,913
	2020	710,000	528,213	1,238,213
	2021	925,000	506,913	1,431,913
	2022-2031	13,700,000	3,307,987	17,007,987
		<u>17,360,000</u>	<u>6,050,150</u>	<u>23,410,150</u>
General Obligation				
Bond Series 2013A, \$7,600,000 dated 10/22/2013, due 9/1/2023 interest rate 2.00% to 2.50%	2017	730,000	115,038	845,038
	2018	740,000	100,438	840,438
	2019	755,000	85,638	840,638
	2020	770,000	70,538	840,538
	2021	790,000	55,138	845,138
	2022-2023	1,655,000	60,337	1,715,337
		<u>5,440,000</u>	<u>487,125</u>	<u>5,927,125</u>

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

**General Obligation Long-Term Debt (Continued)**

**Annual Requirements for Retirement (Continued)**

<u>Governmental Activities</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Description</u>				
General Obligation				
Bond Series 2014A, \$10,000,000	2017	\$ 950,000	\$ 165,425	\$ 1,115,425
dated 10/02/2014, due 9/1/2024	2018	965,000	146,425	1,111,425
interest rate 1.00% to 2.25%	2019	985,000	127,125	1,112,125
	2020	1,005,000	105,425	1,110,425
	2021	1,025,000	87,325	1,112,325
	2022-2024	3,205,000	137,275	3,342,275
		8,135,000	769,000	8,904,000
General Obligation				
Bond Series 2015A, \$9,500,000	2017	900,000	174,475	1,074,475
dated 10/17/2015, due 9/1/2025	2018	905,000	156,475	1,061,475
interest rate 2.00% to 2.25%	2019	920,000	138,375	1,058,375
	2020	935,000	119,975	1,054,975
	2021	950,000	101,275	1,051,275
	2022-2025	3,985,000	211,700	4,196,700
		8,595,000	902,275	9,497,275
General Obligation				
Promissory Notes Series, 2016A,	2017	1,135,000	297,803	1,432,803
\$12,630,000 dated 9/7/2016, due 9/1/2026	2018	1,155,000	280,150	1,435,150
interest rate 2.00% to 3.0%	2019	1,180,000	257,050	1,437,050
	2020	1,200,000	233,450	1,433,450
	2021	1,235,000	197,450	1,432,450
	2022-2026	6,725,000	449,050	7,174,050
		12,630,000	1,714,953	14,344,953
General Obligation				
Refunding Bonds. Series 2016B \$14,235,000	2017	175,000	249,523	424,523
dated 9/7/16, due 9/1/2027	2018	1,315,000	250,253	1,565,253
interest rate 1.25% to 2.0%	2019	1,345,000	223,953	1,568,953
	2020	1,370,000	197,053	1,567,053
	2021	1,385,000	169,652	1,554,652
	2022-2027	8,645,000	513,082	9,158,082
		14,235,000	1,603,516	15,838,516

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

**General Obligation Long-Term Debt (Continued)**

**Annual Requirements for Retirement (Continued)**

<u>Business-Type Activities</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General Obligation				
State Trust Fund, \$522,802	2017	\$ 61,890	\$ 15,297	\$ 77,188
dated 1/31/2014, due 3/15/2022	2018	64,211	12,976	77,188
interest rate 3.75%	2019	66,619	10,568	77,188
	2020	69,095	8,092	77,188
	2021	71,709	5,479	77,188
	2022	74,397	2,790	77,187
		<u>407,922</u>	<u>55,203</u>	<u>463,125</u>
 General Obligation				
State Trust Fund, \$350,000	2017	36,124	10,618	46,742
dated 1/31/2014, due 3/15/2023	2018	37,479	9,263	46,742
interest rate 3.75%	2019	38,884	7,858	46,742
	2020	40,325	6,417	46,742
	2021	41,854	4,887	46,741
	2022-2023	88,476	5,007	93,483
		<u>283,142</u>	<u>44,050</u>	<u>327,192</u>
 Total Business-type Activities		<u>\$ 691,064</u>	<u>\$ 99,253</u>	<u>\$ 790,317</u>

**Capital leases**

The County has entered into leases for the purchase of vehicles and equipment within the Highway fund. The assets acquired through capital leases included in the previous capital asset schedule (Note 2 B) a total of \$2,018,797 in cost and have accumulated depreciation totaling \$51,000 for a net book value of \$1,967,797 as of December 31, 2016.

Minimum lease payments over the term of the lease are as follows:

<u>Year</u>	<u>Business-Type Funds</u>
2017	\$ 458,898
2018	462,399
2019	462,399
2020	462,399
2021	434,396
Future	420,383
Subtotal	<u>\$ 2,700,874</u>
Less: Interest	171,024
Total	<u>\$ 2,529,850</u>

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Lease Disclosures**

The County has entered into a 20 year lease commencing January 1, 2014 and continuing through December 31, 2033 to allow the City of Eau Claire to operate a Joint Law Enforcement Center within the Eau Claire Courthouse. The lease may be extended for up to two additional ten-year terms at the option of the city. The monthly rental rate is adjusted annually based on actual operational costs. The total rental payments received by the county were \$298,761. The cost and accumulated depreciation of the leased portion of the courthouse has not been determined.

**F. Governmental Fund Balances**

The governmental fund balances reported on the fund financial statements at December 31, 2016 consisted of the following:

	General Fund	Human Services	Debt Service	Capital Projects	Nonmajor Funds	Total
<b>FUND BALANCES</b>						
Nonspendable						
Delinquent Taxes	\$ 1,462,808	\$ -	\$ -	\$ -	\$ -	\$ 1,462,808
Tax Deeds	55,375	-	-	-	-	55,375
Inventories	33,675	1,570	-	-	-	35,245
Prepaid Items	614,480	111,152	-	-	758	726,390
Restricted for						
Future Debt Service Payments	-	-	3,843,701	-	-	3,843,701
Recycling	-	-	-	-	430,438	430,438
Specialized Transportation Program	-	-	-	-	117,685	117,685
Assigned to						
Subsequent Year Budget	633,110	-	-	-	-	633,110
Future Watershed Expenditures	-	-	-	-	33,572	33,572
Future Capital Projects	-	-	-	908,096	-	908,096
Future ADRC Expenditures	-	-	-	-	177,651	177,651
Unassigned (deficit)	12,140,216	(112,722)	-	-	(134,831)	11,892,663
Total Fund Balances	<u>\$ 14,939,664</u>	<u>\$ -</u>	<u>\$ 3,843,701</u>	<u>\$ 908,096</u>	<u>\$ 625,273</u>	<u>\$ 20,316,734</u>

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 OTHER INFORMATION**

**A. Employee Leave Liability**

Employees earn paid time off (PTO) at varying rates based on length of service which includes maximum accrual hours as stated in the County's policy. Upon separation of service from the County based on years of service and date hired the County will notify the separated employee of the method of pay out. The payout is based on the current rate of pay. At December 31, 2016, vested PTO earned and not taken was approximately \$3,292,021 in the governmental funds and \$395,845 in the business-type activities determined on the basis of current wage and salary rates.

**B. Wisconsin Retirement System (WRS) Pension Plan Benefits**

**General Information about the Pension Plan**

*Plan Description.* The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

*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.

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**B. Wisconsin Retirement System Pension Plan Benefits (Continued)**

**General Information about the 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 fiscal reporting period January 1, 2016 through December 31, 2016, the WRS recognized \$1,890,030 in contributions from the employer.

Contribution rates as of December 31, 2016 are:

	<u>Employee</u>	<u>Employer</u>	<u>Duty Disability</u>
General	6.60%	6.60%	-
Executives and Elected Officials	6.60%	6.60%	-
Protective with Social Security	6.60%	9.40%	0.960%
Protective without Social Security	6.60%	13.20%	0.960%

*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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2006	0.80%	3.00%
2007	3.0	10.0
2008	6.6	-
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**B. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

At December 31, 2016, the County reported a liability of \$3,139,376 for its proportionate share of the net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2015, the County's proportion was 0.19319466%, which was an increase of 0.00120922% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the County recognized pension expense of \$3,749,387. At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual	\$ 531,093	\$ 6,606,763
Changes of Assumptions	2,196,444	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	12,853,503	-
Difference between actual and proportionate share of actual employer contributions Share of Contributions	-	129,244
County Contributions Subsequent to the Measurement Date	1,890,030	-
Total	<u>\$ 17,471,070</u>	<u>\$ 6,736,007</u>

\$1,890,030 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	Pension Expense Amount
2016	\$ 2,411,013
2017	2,411,013
2018	2,411,013
2019	1,754,642
2020	(142,648)
Thereafter	-

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**B. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

*Actuarial assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset):	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	5-Year Smoothed Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Inflation:	2.0% to 2.7% - approximate
Salary Increases:	3.2% to 8.8% including inflation
Mortality:	WRS experience projected to 2017 with scale BB
Post-retirement Adjustments*:	5.0%

\*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 2013 using experience from 2010 – 2012. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

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 table on the following page:



**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**B. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

Asset Class	Core Asset Allocation		Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	21 %	5.3 %	70 %	5.3 %
International Equity	23	5.7	30	5.7
Fixed Income	36	1.7	N/A	N/A
Inflation Sensitive Assets	20	2.3	N/A	N/A
Real Estate	7	4.2	N/A	N/A
Private Equity/Debt	7	6.9	N/A	N/A
Multi-Asset	6	3.9	N/A	N/A
Cash	(20)	9.0	N/A	N/A
Totals	100 %		100 %	

*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.

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**B. Wisconsin Retirement System Pension Plan Benefits (Continued)**

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

*Sensitivity of the 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%, 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%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 22,019,641	\$ 3,139,376	\$ (11,605,448)

*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 16-10.

**C. Risk Management**

The County is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

For theft and property damage claims, the uninsured risk of loss is \$5,000 per incident and unlimited in the aggregate for a policy year. The County purchases commercial insurance to provide coverage for losses for theft and property damage. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage limits in any of the past three years.

***Public Entity Risk Pool- Wisconsin Municipal Mutual Insurance Company***

Wisconsin Municipal Mutual Insurance Company (WMMIC) was organized in 1987 by municipal members in the State of Wisconsin under Wisconsin Insurance Laws as a non-assessable municipal insurance company. WMMIC writes general, auto and other liability insurance, and workers compensation insurance for participating members in the State of Wisconsin on terms calling for recognition of premium upon the effective date of the policy. Responsibility for the operations and the management of WMMIC is vested in its executive director and Board of Directors, which is comprised of various municipal officials. At December 31, 2016 WMMIC was owed by 18 members.

WMMIC limits the maximum net loss that can arise from large risks or risks in concentrated areas of exposure by reinsuring (ceding) certain levels or risks with other insurers or reinsurers. Ceded reinsurance is treated as the risk and liability of the assuming companies. Such reinsurance includes all lines of insurance.

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**C. Risk Management (Continued)**

***Public Entity Risk Pool- Wisconsin Municipal Mutual Insurance Company  
(Continued)***

WMMIC had a general, automobile and other liability reinsurance contract in force for the year ended December 31, 2016. This is a quota share reinsurance agreement with General Reinsurance Corporation (66.7%) and Governmental Entities Mutual (GEM) Insurance Company (33.3%) for excess of loss reinsurance. The contract covered losses (in excess of the self-insured retention of each member) which exceed \$1,000,000 per occurrence up to the maximum loss of \$10,000,000 per occurrence. WMMIC retains the first \$1,000,000 of the loss excess of each member's self-insured retention. The members retain all losses greater than \$10,000,000 per occurrence or greater than \$30,000,000 of aggregate losses for public officials' liability only. GEM has established and funded a trust account for its anticipated loss obligations to WMMIC to satisfy state regulatory requirements due to its current status as an unauthorized reinsurer in Wisconsin.

WMMIC has contracted with Safety National Casualty Corporation to provide 100% reinsurance coverage for workers compensation insurance in excess of the members' self-insured retention limits, which are \$550,000 for all but one member that has a retention of \$650,000.

The County's investment in WMMIC is reported on the County's risk management internal service fund statement of net position. The amount reported is \$999,731 (the original capitalization of \$937,000 plus an additional capital deposit of \$62,731). Payments to WMMIC for current year insurance coverage are also reflected in the internal service fund.

All funds of the County participate in the risk management program and make payments to the risk management internal service fund. Workers' compensation charges are based primarily on payroll, worker classification, and claims experience. Charges for general liability are based primarily on exposure and claim experience.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The County does not allocate overhead costs or other non-incremental costs to the claims liability. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the claims liability balances during the past two years are as follows:

	2016	2015
Estimated Claims Outstanding January 1	\$ 1,085,000	\$ 818,683
Current Year Claims and Changes	403,772	458,838
Claims Payments	(296,772)	(192,521)
Estimated Claims Outstanding December 31	<u>\$ 1,192,000</u>	<u>\$ 1,085,000</u>

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**D. Contingencies**

**State and Federal Grant Programs**

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 reimbursement to the grantor agency for expenditures disallowed under the terms of the grants. Management believes such disallowances, if any, would be immaterial.

**E. Deficit Balances**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

At December 31, 2016 the following individual funds held a deficit balance:

Anti-drug	\$ 134,831
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The anti-drug deficit is anticipated to be funded with future contributions or general tax revenues.

**REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE 1

EAU CLAIRE COUNTY, WISCONSIN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 21,887,722	\$ 21,887,722	\$ 22,634,146	\$ 746,424
Intergovernmental	5,430,989	5,583,843	5,391,219	(192,624)
Licenses and Permits	364,965	364,965	472,876	107,911
Fines and Forfeits	425,000	425,000	360,606	(64,394)
Public Charges for Services	3,778,386	3,778,386	4,208,200	429,814
Intergovernmental Charge for Services	645,406	645,406	589,388	(56,018)
Miscellaneous	881,940	881,940	732,485	(149,455)
Total Revenues	<u>33,414,408</u>	<u>33,567,262</u>	<u>34,388,920</u>	<u>821,658</u>
<b>EXPENDITURES</b>				
General Government	14,639,972	14,728,072	14,325,109	402,963
Public Safety	13,474,204	13,529,058	12,798,872	730,186
Health and Human Services	2,816,497	2,819,830	2,671,734	148,096
Culture, Recreation and Education	1,901,003	1,909,109	1,689,966	219,143
Conservation and Development	1,251,532	1,251,532	1,113,763	137,769
Total Expenditures	<u>34,083,208</u>	<u>34,237,601</u>	<u>32,599,444</u>	<u>1,638,157</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(668,800)	(670,339)	1,789,476	2,459,815
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(2,574,937)	(2,574,937)
Insurance Recovery	-	-	1,000,000	1,000,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,574,937)</u>	<u>(1,574,937)</u>
<b>NET CHANGE IN FUND BALANCE- Budgetary Basis</b>	<u>\$ (668,800)</u>	<u>\$ (670,339)</u>	214,539	<u>\$ 884,878</u>
Perspective Differences-Juvenile Jail Change in Fund Balance			<u>(338,501)</u>	
<b>NET CHANGE IN FUND BALANCE-GAAP</b>			<u>\$ (123,962)</u>	

See accompanying Notes to Required Supplementary Information.

**EAU CLAIRE COUNTY, WISCONSIN  
BUDGETARY COMPARISON SCHEDULE  
HEALTH AND HUMAN SERVICES FUND  
YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 8,033,538	\$ 8,033,538	\$ 8,032,738	\$ (800)
Intergovernmental	12,834,147	12,840,339	18,507,321	5,666,982
Public Charges for Services	874,238	874,238	1,028,332	154,094
Intergovernmental Charges for Services	730,600	730,600	822,267	91,667
Miscellaneous				
Other	40,100	40,100	193,009	152,909
Total Revenues	<u>22,512,623</u>	<u>22,518,815</u>	<u>28,583,667</u>	<u>6,064,852</u>
<b>EXPENDITURES</b>				
Health and Human Services	<u>22,512,623</u>	<u>22,518,815</u>	<u>28,808,896</u>	<u>(6,290,081)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	-	(225,229)	(225,229)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	2,395,488	2,395,488
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	2,170,259	<u>\$ 2,170,259</u>
Fund Balance, January 1			<u>(2,170,259)</u>	
<b>FUND BALANCE, DECEMBER 31</b>			<u>\$ -</u>	

See accompanying Notes to Required Supplementary Information.

**EAU CLAIRE COUNTY, WISCONSIN  
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE OF  
WISCONSIN RETIREMENT SYSTEM NET PENSION PLAN LIABILITY (ASSET)  
LAST TEN FISCAL YEARS**

	2015	2016
County's Proportion of the Net Pension Liability (Asset)	0.19198544%	0.19319466%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ (4,715,689)	\$ 3,139,376
County's Covered-Employee Payroll	\$ 25,767,642	\$ 26,161,108
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	-18.30%	12.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	102.74%	98.20%

\*The amounts presented for each fiscal year were determined as of 12/31 that occurred within the fiscal year.  
This schedule is presented prospectively from year of implementation.



SCHEDULE 4

EAU CLAIRE COUNTY, WISCONSIN  
 SCHEDULE OF COUNTY'S CONTRIBUTIONS TO  
 WISCONSIN RETIREMENT SYSTEM PENSION PLAN  
 LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 1,927,277	\$ 1,890,030
Contributions in Relation to the Contractually Required Contributions	<u>(1,927,277)</u>	<u>(1,890,030)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
County's Covered-Employee Payroll	\$ 26,154,793	\$ 27,068,388
Contributions as a Percentage of Covered Employee Payroll	7.37%	6.98%

This schedule is presented prospectively from year of implementation.

Notes to Schedules

*Change of Benefit Terms.*

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

*Change in Assumptions.*

There were no changes in assumptions.

See accompanying Notes to Required Supplementary Information.

**EAU CLAIRE COUNTY, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2016**

**BUDGETARY INFORMATION**

GASB 34 requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue fund. Budgetary information for the general fund and the human services fund is derived from the County's annual operating budget.

The County's budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1. C except the general fund budget does not include the Juvenile Jail fund which creates the perspective difference shown on page 53.

The budget amounts presented include any amendments made during the year. The finance committee may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a vote of two-thirds of the entire membership of the governing body.

Appropriations lapse at year end unless specifically carried over. Budgets are adopted at the department level of expenditures.

The County had some overdrawn appropriations for the year ended December 31, 2016. It is recognized that overdrawn appropriations are contrary to Section 66.0607 of the Wisconsin Statutes.

**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND STATEMENTS**

**EAU CLAIRE COUNTY, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2016**

	Watershed Fund	Recycling Fund	Anti-Drug Program	Aging and Disability Resource Center	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Treasurer's Cash and Investments	\$ 72,144	\$ 470,444	\$ -	\$ 152,336	\$ 694,924
Taxes Receivable	12,000	-	205,161	114,394	331,555
Accounts Receivable	-	55,159	17,116	45,248	117,523
Prepaid Expense	-	-	-	758	758
Due from Other Governmental Units	61,430	-	14,204	351,873	427,507
	<u>\$ 145,574</u>	<u>\$ 525,603</u>	<u>\$ 236,481</u>	<u>\$ 664,609</u>	<u>\$ 1,572,267</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Vouchers Payable	\$ 39,556	\$ 90,442	\$ 4,521	\$ 85,264	\$ 219,783
Accrued Liabilities	-	4,723	6,474	81,490	92,687
Due to General Fund	-	-	155,156	-	155,156
Total Liabilities	<u>39,556</u>	<u>95,165</u>	<u>166,151</u>	<u>166,754</u>	<u>467,626</u>
<b>Deferred Inflows of Resources:</b>					
Succeeding Years Property Taxes	12,000	-	205,161	114,394	331,555
Unavailable Revenue	60,446	-	-	87,367	147,813
Total Deferred Inflows of Resources	<u>72,446</u>	<u>-</u>	<u>205,161</u>	<u>201,761</u>	<u>479,368</u>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	758	758
Restricted	-	430,438	-	117,685	548,123
Assigned	33,572	-	-	177,651	211,223
Unassigned	-	-	(134,831)	-	(134,831)
Total Fund Balances	<u>33,572</u>	<u>430,438</u>	<u>(134,831)</u>	<u>296,094</u>	<u>625,273</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 145,574</u>	<u>\$ 525,603</u>	<u>\$ 236,481</u>	<u>\$ 664,609</u>	<u>\$ 1,572,267</u>

**EAU CLAIRE COUNTY, WISCONSIN  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2016**

	Watershed Fund	Recycling Fund	Anti-Drug Fund	Aging and Disability Resource Center	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 10,000	\$ -	\$ 222,599	\$ 100,394	\$ 332,993
Intergovernmental	56,889	472,277	48,334	1,979,233	2,556,733
Public Charges for Services	-	844,659	-	173,833	1,018,492
Intergovernmental Charges for Services	-	-	-	61,848	61,848
Miscellaneous	-	-	57,778	183,581	241,359
Total Revenues	<u>66,889</u>	<u>1,316,936</u>	<u>328,711</u>	<u>2,498,889</u>	<u>4,211,425</u>
<b>EXPENDITURES:</b>					
Public Safety	-	-	347,793	-	347,793
Public Works	-	1,226,827	-	-	1,226,827
Health and Human Services	-	-	-	2,431,914	2,431,914
Conservation and Development	112,417	-	-	-	112,417
Total Expenditures	<u>112,417</u>	<u>1,226,827</u>	<u>347,793</u>	<u>2,431,914</u>	<u>4,118,951</u>
<b>NET CHANGE IN FUND BALANCES</b>	(45,528)	90,109	(19,082)	66,975	92,474
Fund Balances, January 1	79,100	340,329	(115,749)	229,119	532,799
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 33,572</u>	<u>\$ 430,438</u>	<u>\$ (134,831)</u>	<u>\$ 296,094</u>	<u>\$ 625,273</u>

**EAU CLAIRE COUNTY, WISCONSIN  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE OF REVENUES BY DEPARTMENT  
YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General	\$ 24,455,889	\$ 24,455,889	\$ 26,202,931	\$ 1,747,042
Courts	1,327,800	1,327,800	1,309,047	(18,753)
Register of Probate	45,000	45,000	38,153	(6,847)
Juvenile Office	9,535	9,535	8,132	(1,403)
County Administration	447,245	545,245	567,028	21,783
County Clerk	91,220	91,220	105,957	14,737
Data Processing	153,884	153,884	129,698	(24,186)
Purchasing	192,762	192,762	195,836	3,074
Finance Department	648,345	648,345	638,942	(9,403)
Treasurer	74,000	74,000	76,365	2,365
District Attorney	380,000	380,000	479,656	99,656
Corporation Counsel	34,400	34,400	34,722	322
Register of Deeds	709,000	709,000	775,746	66,746
Planning and Development	930,063	930,063	909,778	(20,285)
Maintenance	-	-	18,616	18,616
Sheriff	937,125	991,979	982,091	(9,888)
Child Support	1,247,309	1,247,309	1,166,249	(81,060)
Veteran's Service	13,000	13,000	16,934	3,934
Extension Office	45,467	45,467	61,252	15,785
Parks and Forests	1,672,364	1,672,364	1,671,787	(577)
	<u>1,672,364</u>	<u>1,672,364</u>	<u>1,671,787</u>	<u>(577)</u>
 Total Revenues	 <u>\$ 33,414,408</u>	 <u>\$ 33,567,262</u>	 <u>\$ 35,388,920</u>	 <u>\$ 1,821,658</u>

**EAU CLAIRE COUNTY, WISCONSIN  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES BY DEPARTMENT  
YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>EXPENDITURES:</b>				
County Board	\$ 170,253	\$ 160,253	\$ 133,621	\$ 26,632
Courts	2,447,454	2,447,454	2,440,160	7,294
Register of Probate	291,985	291,985	278,133	13,852
Juvenile Office	526,061	526,061	405,741	120,320
County Administration	1,696,046	1,710,546	1,509,533	201,013
County Clerk	306,167	306,167	272,070	34,097
Personnel	526,291	526,291	518,043	8,248
Data Processing	1,565,054	1,565,054	1,457,805	107,249
Purchasing	381,447	381,447	367,834	13,613
Finance Department	2,659,801	2,753,301	3,204,402	(451,101)
Treasurer	345,817	345,817	304,407	41,410
District Attorney	953,259	953,259	981,733	(28,474)
Corporation Counsel	715,692	715,692	675,838	39,854
Register of Deeds	296,669	296,669	279,638	17,031
Planning and Development	2,191,633	2,191,633	1,920,395	271,238
Maintenance	2,476,019	2,476,019	2,239,966	236,053
Sheriff	13,061,984	13,116,838	12,508,855	607,983
Child Support	1,237,953	1,237,953	1,101,672	136,281
Veterans Office	231,712	231,712	233,514	(1,802)
Extension Office	329,647	331,086	316,692	14,394
Parks and Forest	1,672,364	1,672,364	1,449,392	222,972
<b>Total Expenditures</b>	<b>\$ 34,083,308</b>	<b>\$ 34,237,601</b>	<b>\$ 32,599,444</b>	<b>\$ 1,638,157</b>



**EAU CLAIRE COUNTY, WISCONSIN  
AGENCY FUND  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

	Tax Agency	Sunshine	District Attorney	Clerk of Court	West Central Drug	Lower Chippewa River Basin	Sheriff	Totals
<b>ASSETS</b>								
Treasurer's Cash and Investments	\$ 12,046,951	\$ 2,897	\$ 7,145	\$ 555,332	\$ 216,745	\$ 24,350	\$ 280,156	\$ 13,133,576
Taxes Receivable	1,534,202	-	-	-	-	-	-	1,534,202
Total Assets	<u>\$ 13,581,153</u>	<u>\$ 2,897</u>	<u>\$ 7,145</u>	<u>\$ 555,332</u>	<u>\$ 216,745</u>	<u>\$ 24,350</u>	<u>\$ 280,156</u>	<u>\$ 14,667,778</u>
<b>LIABILITIES</b>								
Due to Other Governmental Units:	\$ 13,581,153	-	-	-	-	-	-	\$ 13,581,153
Special Deposits	-	2,897	7,145	555,332	216,745	24,350	280,156	1,086,625
Total Liabilities	<u>\$ 13,581,153</u>	<u>\$ 2,897</u>	<u>\$ 7,145</u>	<u>\$ 555,332</u>	<u>\$ 216,745</u>	<u>\$ 24,350</u>	<u>\$ 280,156</u>	<u>\$ 14,667,778</u>