

EAU CLAIRE COUNTY, WISCONSIN

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2017

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YEAR ENDED DECEMBER 31, 2017**

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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, 2017, 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, 2017, 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, and the pension schedules, 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.

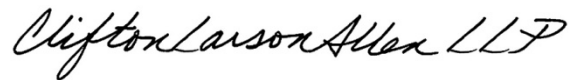
Supplementary Information

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 29, 2018 on our consideration of the County's internal control over financial reporting and on our tests on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
July 29, 2018

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**EAU CLAIRE COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

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, 2017. 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 \$134.1 million on a government-wide basis as of December 31, 2017 (net position). Of this amount, \$109.3 million represented the County's net investment in capital assets, \$4.4 million was held for restricted purposes, and \$20.4 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 decreased by approximately \$7.4 million. Net position related to the governmental activities decreased by \$6.6 million and business-type activities of the County decreased \$758,000, 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 \$16.9 million, a decrease of \$3.4 million in comparison to the prior year. The primary component of the decrease was the operational results of the general fund of \$327,789 and a decrease in the capital projects fund of \$3.1 million.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10.6 million, or 30.98% of total general fund expenditures.
- The County's primary government issued General Obligation Promissory Notes, Series 2017A, in the amount of \$9.75 million. The increase in debt were offset by scheduled debt service payments of \$6.1 million.
- The Highway Department finished 2017 with an increase in net position of \$127,134, indicating a stable 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 2017 with a decrease in net position of \$783,025, 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, 2017**

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 2017. 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.

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

**EAU CLAIRE COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

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 nine 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 five 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 20 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 23 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, 2017**

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information on the 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 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 \$134.1 million at the close of the fiscal year. The largest portion of Eau Claire County's net position (81.0%) 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	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 60,269,944	\$ 60,730,986	\$ 8,113,229	\$ 9,427,685	\$ 68,383,173	\$ 70,158,671
Capital Assets	157,538,627	154,742,713	37,642,511	38,335,809	195,181,138	193,078,522
Internal Balances	(188,697)	(291,278)	188,697	291,278	-	-
Total Assets	<u>217,619,874</u>	<u>215,182,421</u>	<u>45,944,437</u>	<u>48,054,772</u>	<u>263,564,311</u>	<u>263,237,193</u>
Deferred Outflow of Resources	11,277,193	15,794,091	1,320,425	2,061,587	12,597,618	17,855,678
Current Liabilities	10,449,473	8,749,525	953,062	2,154,105	11,402,535	10,903,630
Net Pension Liability	1,423,481	-	171,989	-	1,595,470	-
Long-Term Liabilities Due Within One Year	10,003,383	8,596,879	783,800	745,046	10,787,183	9,341,925
Long-Term Liabilities	78,511,458	78,384,634	2,400,160	3,384,264	80,911,618	81,768,898
Total Liabilities	<u>100,387,795</u>	<u>95,731,038</u>	<u>4,309,011</u>	<u>6,283,415</u>	<u>104,696,806</u>	<u>102,014,453</u>
Deferred Inflows of Resources	34,518,089	34,645,860	2,829,172	2,947,793	37,347,261	37,593,653
Net Position:						
Net Investment in Capital Assets	74,386,250	76,263,186	34,888,814	35,603,477	109,275,064	111,866,663
Restricted	4,388,315	3,912,849	-	-	4,388,315	3,912,849
Unrestricted	15,216,618	20,423,579	5,237,865	5,281,674	20,454,483	25,705,253
Total Net Position	<u>\$ 93,991,183</u>	<u>\$ 100,599,614</u>	<u>\$ 40,126,679</u>	<u>\$ 40,885,151</u>	<u>\$ 134,117,862</u>	<u>\$ 141,484,765</u>

An additional portion of Eau Claire County's net position (4.0%) represents resources that are subject to other restrictions on how they may be used. The remaining \$20.4 million of total net position (15.0%) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of 2017, 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, 2017**

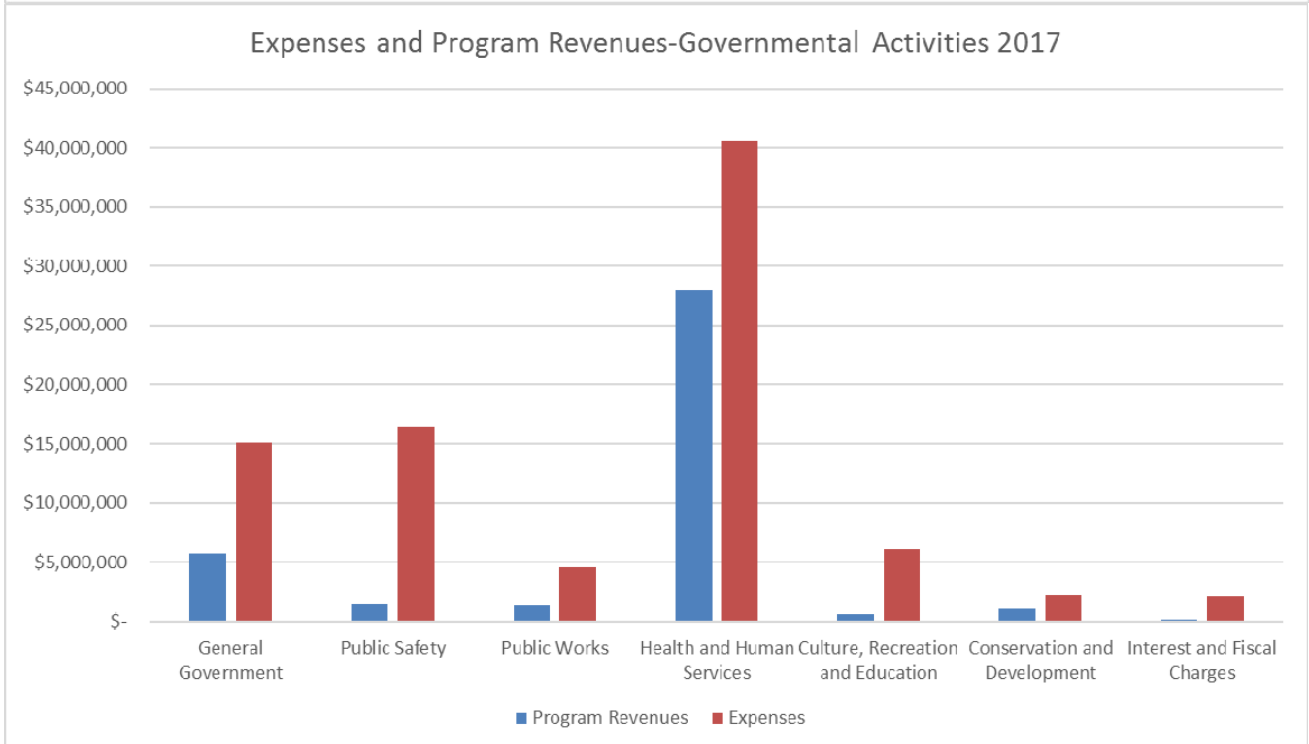
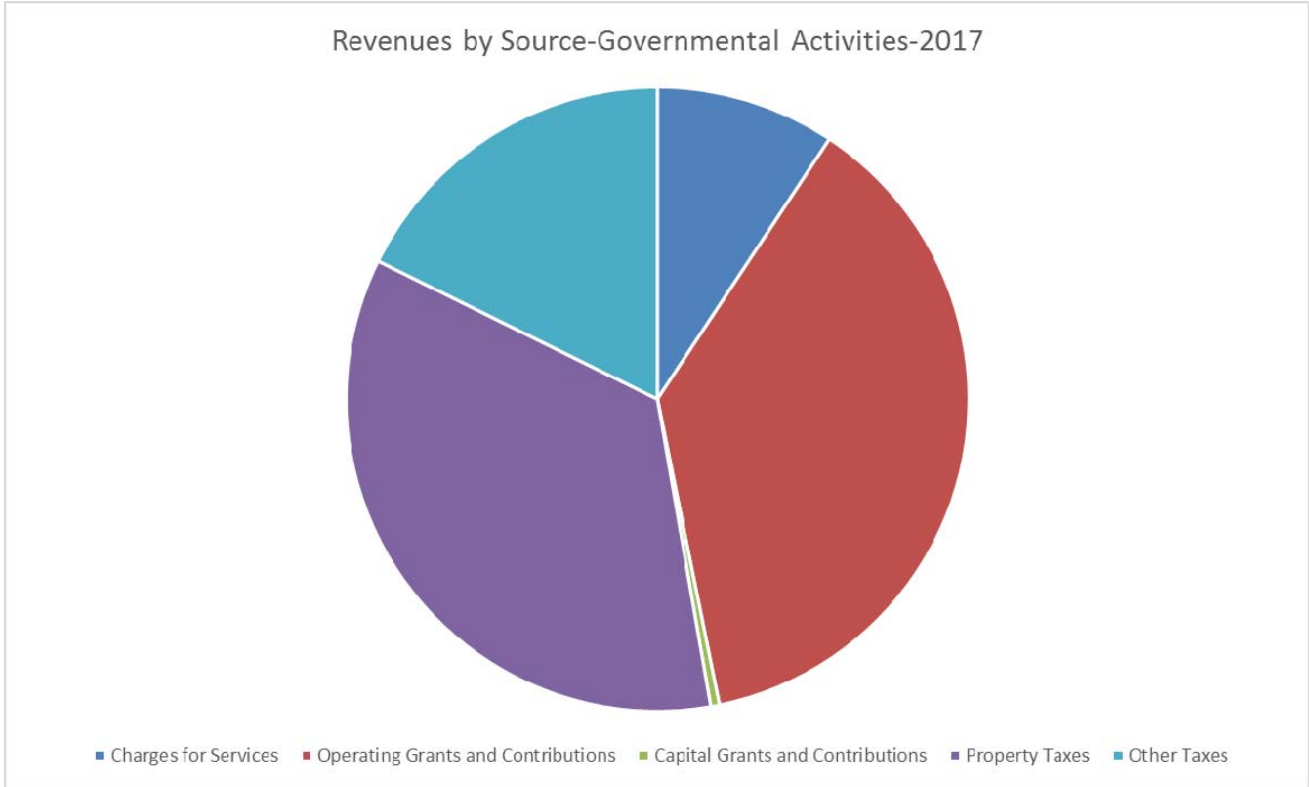
The condensed statement of changes in net position as follows shows that the County's total net position decreased by \$7.4 million during the current fiscal year. The decrease consisted of a decrease in net position related to governmental activities in the amount of \$6.6 million and a decrease in net position related to business-type activities in the amount of \$758,000.

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

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 7,591,142	\$ 11,106,161	\$ 8,379,872	\$ 9,164,987	\$ 15,971,014	\$ 20,271,148
Operating Grants and Contributions	30,560,879	23,573,719	3,270,073	3,237,181	33,830,952	26,810,900
Capital Grants and Contributions	366,334	697,912	-	985,144	366,334	1,683,056
General Revenues:						
Property Taxes	28,554,921	26,832,082	2,159,784	2,182,974	30,714,705	29,015,056
Other Taxes	11,565,831	13,329,125	-	-	11,565,831	13,329,125
State and Federal Aids Not Restricted to Specific Programs	2,610,955	460,870	-	-	2,610,955	460,870
Other	251,082	857,923	218,226	18,140	469,308	876,063
Total Revenues	81,501,144	76,857,792	14,027,955	15,588,426	95,529,099	92,446,218
Expenses:						
General Government	15,057,916	15,479,223	-	-	15,057,916	15,479,223
Public Safety	16,482,174	15,854,290	-	-	16,482,174	15,854,290
Public Works	4,570,945	5,470,176	-	-	4,570,945	5,470,176
Health and Human Services	40,584,274	34,533,630	-	-	40,584,274	34,533,630
Culture, Recreation and Education	6,105,199	1,910,326	-	-	6,105,199	1,910,326
Conservation and Development	2,322,365	1,264,370	-	-	2,322,365	1,264,370
Debt Service	2,117,330	2,429,939	-	-	2,117,330	2,429,939
Airport	-	-	2,364,636	2,461,789	2,364,636	2,461,789
Highway	-	-	13,291,162	12,739,373	13,291,162	12,739,373
Total Expenses	87,240,203	76,941,954	15,655,798	15,201,162	102,896,001	92,143,116
Change in Net Position Before Transfers	(5,739,059)	(84,162)	(1,627,843)	387,264	(7,366,902)	303,102
Transfers	(869,371)	(965,856)	869,371	965,856	-	-
Change in Net Position	<u>\$ (6,608,430)</u>	<u>\$ (1,050,018)</u>	<u>\$ (758,472)</u>	<u>\$ 1,353,120</u>	<u>\$ (7,366,902)</u>	<u>\$ 303,102</u>

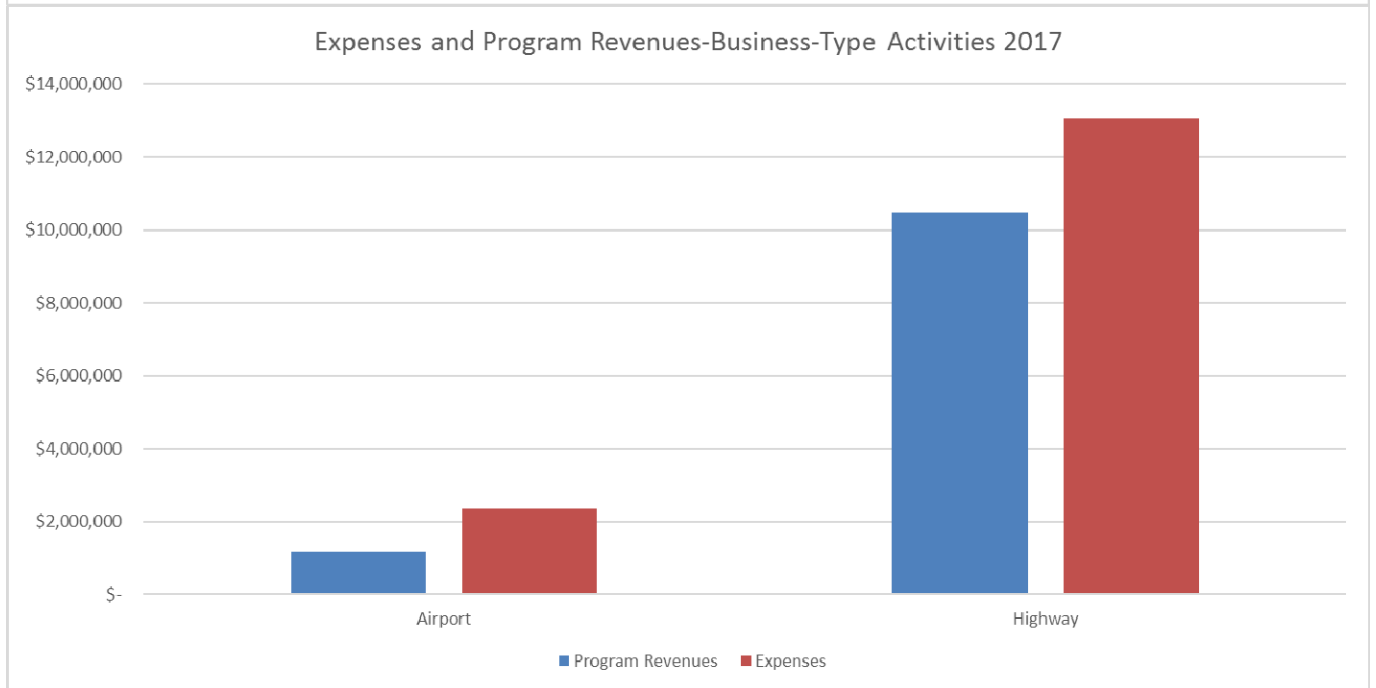
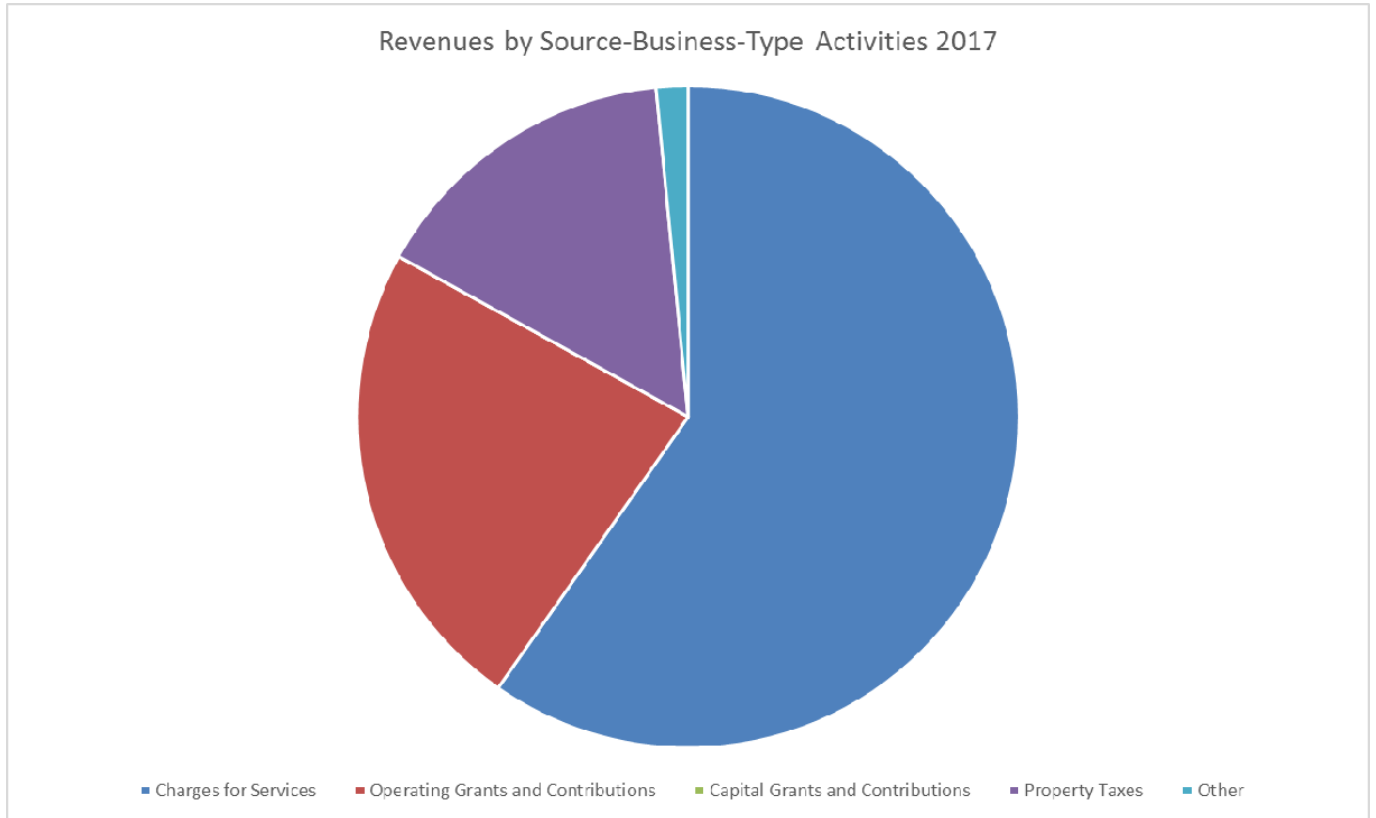
**EAU CLAIRE COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

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 (35.04%), charges for services (9.31%), and operating grants/contributions (37.50%).



**EAU CLAIRE COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

In the case of the business-type activities, the data shows a considerably different picture. Charges for services (59.74%) replace property taxes as the primary revenue.



**EAU CLAIRE COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

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, 2017, the County's governmental funds reported combined ending fund balances of \$16.9 million, a decrease of \$3.4 million in comparison to the prior year. The governmental funds comprising this balance are shown below:

	Fund Balance at December 31, 2017				Total	Change During Year
	Nonspendable	Restricted	Assigned	Unassigned		
Major Funds						
General Fund	\$ 1,897,004		\$ 2,099,444	\$ 10,615,427	\$ 14,611,875	\$ (327,789)
Human Services Fund	110,409			(110,409)	-	-
Debt Service Fund		3,663,996			3,663,996	(179,705)
Capital Projects Fund				(2,234,122)	(2,234,122)	(3,142,218)
Nonmajor Funds						
Special Revenue Funds		636,952	307,312	(48,211)	896,053	270,780
Total Fund Balances	\$ 2,007,413	\$ 4,300,948	\$ 2,406,756	\$ 8,222,685	\$ 16,937,802	\$(3,378,932)

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, 2017, the unassigned fund balance of the general fund was \$10.6 million, while total fund balance was \$14.6 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 30.98% of total general fund expenditures, while the total fund balance represented 42.64% of that same amount.

The general fund's total fund balance decreased \$328,000 during the year and the unassigned portion of the fund decreased \$1.5 million.

**EAU CLAIRE COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

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 2017 produced an operational loss of \$1.9 million which was offset by transfers in from the general fund of the same amount. The result of this activity leaves the fund balance carried by the human services fund to zero as of December 31, 2017 the same as the previous year.

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, 2017, the County's debt service fund had a balance of \$3.7 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, 2017, the County's capital projects fund had a negative balance of \$2.2 million which is a decrease from the prior year balance of \$908,096. 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 included \$3.5 million related to the construction of the Confluence Community Arts Project. The remaining payment on this project were made in 2017. The deficit at December 31, 2017 is \$448,000 less than the December 31, 2015 deficit of \$2.7 million.

Other Governmental Funds: The aggregated other governmental funds column includes various special revenue funds. As of December 31, 2017, the accumulated balance of these funds was \$896,000, an increase of \$271,000 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 2017 totaled \$39.9 million, a decrease of \$655,891.

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 \$4.1 million, while total net position reached \$10.1 million. Total net position is an increase from the prior year of \$127,000.

Airport: The airport fund contains the operations of the County's airport. In 2017, the net position for the airport decreased \$783,000 to \$29.9 million. The decrease was primarily due to depreciation on capital assets at the airport.

Internal Service Funds

Internal Service Funds: In 2017, the aggregate net position for the internal service fund decreased \$391,000 to \$1.8 million.

**EAU CLAIRE COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

GENERAL FUND BUDGETARY HIGHLIGHTS

The County adopts a budget for all funds at the functional 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 \$36,054,136, which were \$863,000 greater than the final budgeted revenue while the final actual expenditures were \$34,266,018, which was \$1.6 million lower than the final budgeted expenditures. There were unbudgeted transfers out of \$2.1 million. This resulted in a net positive variance of \$305,000 between the budgeted use of fund balance of \$633,000 and the actual decrease in fund balance of \$328,000. The most significant items contributing to the variances include:

Revenues:

- County Sales Tax \$926,000 over

Expenditures:

- General Government \$845,000 under
- Conservation & Development \$362,000 under

A full presentation of the Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual for the General Fund begins on page 58.

Capital Assets

The County's net investment in capital assets for its governmental activities and business-type activities as of December 31, 2017 amounted to \$157.5 million and \$37.6 million, respectively, as shown below:

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Not Subject to Depreciation:						
Land and Land Rights	\$ 6,136,779	\$ 6,132,279	\$ 2,140,502	\$ 2,140,502	\$ 8,277,281	\$ 8,272,781
Construction Work in Progress	1,216,356	2,576,947	1,596,385	1,644,296	2,812,741	4,221,243
Subject to Depreciation:						
Land Improvements	3,281,660	3,146,144	7,781,737	8,320,713	11,063,397	11,466,857
Intangibles	2,288,967	1,670,345	-	-	2,288,967	1,670,345
Buildings and Improvements	61,272,065	62,486,726	18,000,623	18,847,932	79,272,688	81,334,658
Machinery and Equipment	2,488,928	1,975,826	8,123,264	7,382,366	10,612,192	9,358,192
Highway Infrastructure	80,853,872	76,754,446	-	-	80,853,872	76,754,446
Total	\$ 157,538,627	\$ 154,742,713	\$ 37,642,511	\$ 38,335,809	\$ 195,181,138	\$ 193,078,522

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 \$91.7 million in general obligation bonds and notes and other long-term obligations outstanding as of December 31, 2017, \$88.5 million of this amount is for governmental activities. The remaining \$3.2 million relates primarily to a capital lease for highway operations.

**EAU CLAIRE COUNTY, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

In accordance with Wisconsin State Statutes, total outstanding general obligation indebtedness of the County may not exceed 5% of the equalized value of all taxable property within the County's jurisdiction. The debt limit as of December 31, 2017 amounted to \$414,778,250 and indebtedness subject to the limitation totaled \$82,593,050.

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

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 \$32,229,371 for its 2017 budget, an increase of \$1.6 million (5.34%) from the 2016 budget levy of \$30,595,302.

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

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EAU CLAIRE COUNTY, WISCONSIN

Statement of Net Position

December 31, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
ASSETS				
Cash and Investments	\$ 15,772,244	\$ 4,123,620	\$ 19,895,864	\$ 1,818,836
Taxes Receivable	31,287,972	2,278,187	33,566,159	-
Other Receivables	3,789,526	78,573	3,868,099	64,048
Due from Other Governments	7,404,201	933,817	8,338,018	-
Internal Balances	(188,697)	188,697	-	-
Inventory, at cost	30,072	699,032	729,104	18,788
Prepaid Items	685,943	-	685,943	-
Deposit in Insurance Pool	999,731	-	999,731	-
Other Assets	-	-	-	92,855
Restricted Assets:				
Cash	300,255	-	300,255	-
Capital Assets (Net of Accumulated Depreciation)				
Land and Land Improvements	9,418,439	9,922,239	19,340,678	800,000
Intangibles	2,288,967	-	2,288,967	-
Buildings	61,272,065	18,000,623	79,272,688	-
Machinery and Equipment	2,488,928	8,123,264	10,612,192	-
Construction Work in Progress	1,216,356	1,596,385	2,812,741	-
Infrastructure	80,853,872	-	80,853,872	-
Total Assets	<u>217,619,874</u>	<u>45,944,437</u>	<u>263,564,311</u>	<u>2,794,527</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	10,928,659	1,320,425	12,249,084	-
Deferred Charge on Refunding	348,534	-	348,534	-
Total Deferred Outflows of Resources	<u>11,277,193</u>	<u>1,320,425</u>	<u>12,597,618</u>	<u>-</u>
LIABILITIES				
Current Liabilities				
Accounts payable	3,741,474	439,060	4,180,534	36,006
Other Current Liabilities	61,367	-	61,367	-
Accrued Compensation	2,166,620	250,797	2,417,417	24,355
Accrued Interest	695,535	32,185	727,720	-
Due to Other Governments	3,154,683	14,883	3,169,566	-
Unearned Revenue	-	216,137	216,137	5,483
Special Deposits	629,795	-	629,795	-
Noncurrent Liabilities				
Amounts Due Within One Year	10,003,383	783,800	10,787,183	-
Amounts Due in More than One Year	78,511,457	2,400,160	80,911,617	-
Net Pension Liability	1,423,481	171,989	1,595,470	-
Total Liabilities	<u>100,387,795</u>	<u>4,309,011</u>	<u>104,696,806</u>	<u>65,844</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Related	4,560,288	550,985	5,111,273	-
Succeeding Years Property Taxes	29,957,801	2,278,187	32,235,988	-
Total Deferred Inflows of Resources	<u>34,518,089</u>	<u>2,829,172</u>	<u>37,347,261</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	74,386,250	34,888,814	109,275,064	800,000
Restricted	4,388,315	-	4,388,315	-
Restricted for Friends of Beaver Creek Reserve, Inc.	-	-	-	1,165,740
Unassigned	15,216,618	5,237,865	20,454,483	762,943
Total Net Position	<u>\$ 93,991,183</u>	<u>\$ 40,126,679</u>	<u>\$ 134,117,862</u>	<u>\$ 2,728,683</u>

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

EAU CLAIRE COUNTY, WISCONSIN

Statement of Activities

For the year ended December 31, 2017

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Functions/Programs:			
Primary Government:			
Governmental activities:			
General Government	\$ 15,057,917	\$ 2,786,689	\$ 2,942,958
Public Safety	16,482,174	1,133,137	346,598
Public Works	4,570,945	843,189	502,063
Health and Human Services	40,584,274	1,524,189	26,222,918
Culture, Recreation and Education	6,105,199	408,269	154,129
Conservation and Development	2,322,365	731,314	392,213
Debt Service	2,117,330	164,355	-
Total Governmental Activities	<u>87,240,204</u>	<u>7,591,142</u>	<u>30,560,879</u>
Business-Type Activities:			
Highway	13,291,162	7,365,346	3,111,912
Airport	2,364,636	1,014,526	158,161
Total Business-Type Activities	<u>15,655,798</u>	<u>8,379,872</u>	<u>3,270,073</u>
Total Primary Government	<u>\$ 102,896,002</u>	<u>\$ 15,971,014</u>	<u>\$ 33,830,952</u>
Component Unit:			
Friends of Beaver Creek Reserve, Inc.	<u>\$ 1,088,034</u>	<u>\$ 215,986</u>	<u>\$ 944,274</u>

General Revenues:

Property Taxes
 County Sales Tax
 Other Taxes
 Grants and Contributions Not Restricted
 to Specific Programs
 Interest and Investment Earnings
 Other Revenues
 Gain on Sale of Capital Assets
 Transfers
 Total general Revenues and Transfers

Change in Net Position

Net Position - January 1

Net Position - December 31

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

EAU CLAIRE COUNTY, WISCONSIN
Statement of Activities

For the year ended December 31, 2017

Net (Expense) Revenue and Changes in Net Position				
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit
\$ -	\$ (9,328,270)	\$ -	\$ (9,328,270)	\$ -
-	(15,002,439)	-	(15,002,439)	-
-	(3,225,693)	-	(3,225,693)	-
-	(12,837,167)	-	(12,837,167)	-
304,501	(5,238,300)	-	(5,238,300)	-
61,833	(1,137,005)	-	(1,137,005)	-
-	(1,952,975)	-	(1,952,975)	-
<u>366,334</u>	<u>(48,721,849)</u>	<u>-</u>	<u>(48,721,849)</u>	<u>-</u>
-	-	(2,813,904)	(2,813,904)	-
-	-	(1,191,949)	(1,191,949)	-
-	-	(4,005,853)	(4,005,853)	-
<u>\$ 366,334</u>	<u>(48,721,849)</u>	<u>(4,005,853)</u>	<u>(52,727,702)</u>	<u>-</u>
<u>\$ -</u>	-	-	-	72,226
	28,554,921	2,159,784	30,714,705	-
	10,526,061	-	10,526,061	-
	1,039,770	-	1,039,770	-
	2,610,955	-	2,610,955	-
	163,510	-	163,510	207,412
	-	218,226	218,226	32,296
	87,572	-	87,572	-
	(869,371)	869,371	-	-
	<u>42,113,418</u>	<u>3,247,381</u>	<u>45,360,799</u>	<u>239,708</u>
	(6,608,431)	(758,472)	(7,366,903)	311,934
	<u>100,599,614</u>	<u>40,885,151</u>	<u>141,484,765</u>	<u>2,416,749</u>
<u>\$ -</u>	<u>\$ 93,991,183</u>	<u>\$ 40,126,679</u>	<u>\$ 134,117,862</u>	<u>\$ 2,728,683</u>

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EAU CLAIRE COUNTY, WISCONSIN

Balance Sheet
Governmental Funds

December 31, 2017

	General Fund	Human Services Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
ASSETS						
Cash and Temporary Investments	\$ 9,283,524	\$ 1,500	\$ 3,663,996	\$ 2,622	\$ 710,879	\$ 13,662,521
Receivables						
Delinquent property taxes	1,330,171	-	-	-	-	1,330,171
Current property tax	12,232,127	8,630,170	8,895,290	89,675	110,539	29,957,801
Accounts Receivable	677,696	2,979,138	-	-	132,692	3,789,526
Due from Other Governments	2,774,274	3,673,633	-	-	948,575	7,396,482
Due from Other funds	3,761,621	-	-	-	-	3,761,621
Inventory, at cost	28,789	1,283	-	-	-	30,072
Prepaid Expenses	538,044	109,126	-	-	-	647,170
						-
Total Assets	<u>\$ 30,626,246</u>	<u>\$ 15,394,850</u>	<u>\$ 12,559,286</u>	<u>\$ 92,297</u>	<u>\$ 1,902,685</u>	<u>\$ 60,575,364</u>
LIABILITIES AND FUND BALANCES						
Accounts Payable	\$ 813,903	\$ 1,819,573	\$ -	\$ 725,781	\$ 329,076	\$ 3,688,333
Other Current Liabilities	48,398	12,969	-	-	-	61,367
Accrued Compensation	1,506,603	547,902	-	-	103,137	2,157,642
Special Deposits	628,288	1,507	-	-	-	629,795
Due to Other Governments	646,099	2,454,380	-	-	54,204	3,154,683
Due to Other Funds	-	1,928,349	-	1,510,963	322,309	3,761,621
Total Liabilities	<u>3,643,291</u>	<u>6,764,680</u>	<u>-</u>	<u>2,236,744</u>	<u>808,726</u>	<u>13,453,441</u>
DEFERRED INFLOWS OF RESOURCES						
Succeeding Year's Property Taxes	12,232,127	8,630,170	8,895,290	89,675	110,539	29,957,801
Unavailable Revenue	138,953	-	-	-	87,367	226,320
Total Deferred Inflows of Resources	<u>12,371,080</u>	<u>8,630,170</u>	<u>8,895,290</u>	<u>89,675</u>	<u>197,906</u>	<u>30,184,121</u>
FUND BALANCE (DEFICITS)						
Nonspendable	1,897,004	110,409	-	-	-	2,007,413
Restricted	-	-	3,663,996	-	636,952	4,300,948
Assigned	2,099,444	-	-	-	307,312	2,406,756
Unassigned	10,615,427	(110,409)	-	(2,234,122)	(48,211)	8,222,685
Total Fund Balances (deficit)	<u>14,611,875</u>	<u>-</u>	<u>3,663,996</u>	<u>(2,234,122)</u>	<u>896,053</u>	<u>16,937,802</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 30,626,246</u>	<u>\$ 15,394,850</u>	<u>\$ 12,559,286</u>	<u>\$ 92,297</u>	<u>\$ 1,902,685</u>	<u>\$ 60,575,364</u>

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

Fund balance from above	\$ 16,937,802
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds	157,538,627
Wisconsin Retirement Pension Plan- net deferred inflows/outflow of resources over the pension liability	4,922,158
The internal service fund is used by management to charge the costs of risk management to individual funds. The assets and liabilities are included in governmental activities in the statement of net position. Less Internal Service Fund equity allocated to enterprise funds	\$ 1,841,814 <u>(188,697)</u> 1,653,117
Unavailable revenue recognized as revenue on the entity-wide	226,320
Unamortized difference in the carrying amount of refunded debt and it's reacquisition price	348,534
Long-term liabilities, including notes payable, capital leases, compensated absences as well as accrued interest and unamortized discounts are not due and payable in the current period and therefore are not reported in the funds.	<u>(87,635,375)</u>
Net Position of Governmental Activities	<u>\$ 93,991,183</u>

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

EAU CLAIRE COUNTY, WISCONSIN
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General Fund	Human Services Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 23,820,036	\$ 7,897,538	\$ 7,866,870	\$ 42,500	\$ 355,555	\$ 39,982,499
Intergovernmental	5,507,427	23,000,435	-	61,833	3,155,087	31,724,782
Licenses and Permits	496,373	-	-	-	119,208	615,581
Fines, Forfeits and Penalties	364,016	-	-	-	-	364,016
Public Charges for Services	4,396,365	560,278	-	-	993,898	5,950,541
Intergovernmental Charges for Services	599,243	-	-	164,355	-	763,598
Investment Income	163,505	-	-	5	-	163,510
Other Revenues	707,171	619,883	-	-	293,244	1,620,298
Total Revenues	<u>36,054,136</u>	<u>32,078,134</u>	<u>7,866,870</u>	<u>268,693</u>	<u>4,916,992</u>	<u>81,184,825</u>
EXPENDITURES						
General Government	12,803,594	-	-	-	-	12,803,594
Public Safety	14,408,068	-	-	-	300,382	14,708,450
Public Works	-	-	-	-	1,237,479	1,237,479
Health and Human Services	2,837,519	34,012,427	-	-	2,815,582	39,665,528
Culture, Recreation and Education	2,209,261	-	-	-	-	2,209,261
Conservation and Development	2,007,576	-	-	-	292,769	2,300,345
Capital Outlay						
General Government	-	-	-	1,946,993	-	1,946,993
Public Safety	-	-	-	206,555	-	206,555
Health and Human Services	-	-	-	54,178	-	54,178
Culture, Recreation and Education	-	-	-	3,956,941	-	3,956,941
Conservation and Development	-	-	-	88,594	-	88,594
Debt Service						
Principal Retirement	-	-	6,040,679	-	-	6,040,679
Interest and Fiscal Charges	-	-	2,123,993	113,631	-	2,237,624
Total Expenditures	<u>34,266,018</u>	<u>34,012,427</u>	<u>8,164,672</u>	<u>6,366,892</u>	<u>4,646,212</u>	<u>87,456,221</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,788,118</u>	<u>(1,934,293)</u>	<u>(297,802)</u>	<u>(6,098,199)</u>	<u>270,780</u>	<u>(6,271,396)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of Debt	-	-	-	9,750,000	-	9,750,000
Premium on Bonds	-	-	118,097	55,981	-	174,078
Transfers In	-	1,934,293	-	-	-	1,934,293
Transfers Out	(2,115,907)	-	-	(6,850,000)	-	(8,965,907)
Total Other Financing Sources (Uses)	<u>(2,115,907)</u>	<u>1,934,293</u>	<u>118,097</u>	<u>2,955,981</u>	<u>-</u>	<u>2,892,464</u>
Net Change in Fund Balance	<u>(327,789)</u>	<u>-</u>	<u>(179,705)</u>	<u>(3,142,218)</u>	<u>270,780</u>	<u>(3,378,932)</u>
Fund Balance (Deficit) - January 1	14,939,664	-	3,843,701	908,096	625,273	20,316,734
Fund Balance (Deficit) - December 31	<u>\$ 14,611,875</u>	<u>\$ -</u>	<u>\$ 3,663,996</u>	<u>\$ (2,234,122)</u>	<u>\$ 896,053</u>	<u>\$ 16,937,802</u>

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

EAU CLAIRE COUNTY, WISCONSIN
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities

For the Year Ended December 31, 2017

Net Change in Fund Balances - Total Governmental Funds	\$	(3,378,932)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
Capital outlay	\$ 8,266,120	
Depreciation	<u>(5,276,548)</u>	2,989,572
Increase(Decrease) in the net Pension Asset (Liability)	(2,053,344)	
Less amount allocated to Business-type activities	<u>156,734</u>	(1,896,610)
Unavailable revenue in the governmental funds is reported as revenue on the entity-wide financial statements		(24,788)
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 the long-term debt incurred in current year is		(9,750,000)
Premiums are reported as other financing sources in governmental funds but are amortized over the life of the related debt in the government wide statements. The premium on debt issued is		(174,079)
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 consisted of:		
Principal Retirement on Bonds and Notes	6,035,000	
Principal on Long-Term payable to City of Eau Claire	<u>5,679</u>	6,040,679
Some expenses 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		
Amortization of Debt Premium	160,401	
Amortization of deferred charge on refunding	(36,074)	
Net Change in Accrued Interest Payable	(4,033)	
Net Change in Compensated Absences	<u>(54,153)</u>	66,141
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations)		(193,658)
Internal service funds are used by management to account for risk management operations. The change in net position of this internal services fund is allocated to governmental activities.		
Less amount allocated to Enterprise Funds	<u>(389,337)</u>	(286,756)
	<u>102,581</u>	(286,756)
Change in Net Position of Governmental Activities		<u><u>\$ (6,608,431)</u></u>

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

EAU CLAIRE COUNTY, WISCONSIN

Statement of Net Position
Proprietary Funds

December 31, 2017

	Business-Type Activities-Enterprise Funds			Governmental Activities
	Highway Department	Airport	Totals	Internal Service Funds
Assets				
Current Assets				
Cash and Temporary Cash Investments	\$ 3,054,119	\$ 1,069,501	\$ 4,123,620	\$ 2,111,230
Restricted Cash	-	-	-	298,748
Taxes Receivable	1,879,157	399,030	2,278,187	-
Accounts Receivable	28,267	50,306	78,573	-
Due from Other Governments	928,522	5,295	933,817	7,719
Inventory, at cost	699,032	-	699,032	-
Prepaid Items	-	-	-	38,773
Total Current Assets	6,589,097	1,524,132	8,113,229	2,456,470
Noncurrent Assets:				
Capital Assets:				
Land and Land Improvements	126,804	19,979,567	20,106,371	-
Buildings	2,779,051	26,331,413	29,110,464	-
Machinery and Equipment	14,229,370	2,108,407	16,337,777	-
Construction Work in Progress	-	1,596,385	1,596,385	-
Accumulated Depreciation	(8,972,355)	(20,536,131)	(29,508,486)	-
Total Capital Assets	8,162,870	29,479,641	37,642,511	-
Deposit in Insurance Pool	-	-	-	999,731
Total Noncurrent Assets	8,162,870	29,479,641	37,642,511	999,731
Total Assets	14,751,967	31,003,773	45,755,740	3,456,201
Deferred Outflows of Resources				
Related to Pensions	1,207,379	113,046	1,320,425	50,240
Total Assets and Deferred Outflows of Resources	\$ 15,959,346	\$ 31,116,819	\$ 47,076,165	\$ 3,506,441
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 352,751	\$ 86,309	\$ 439,060	\$ 53,141
Accrued Interest Payable	14,579	17,606	32,185	-
Accrued Compensation	228,801	21,996	250,797	8,978
Due to Other Governments	2,620	12,263	14,883	-
Unearned Revenue	199,274	16,863	216,137	-
Current Portion of Long-Term Liabilities:				
General Obligation Debt	-	101,690	101,690	-
Accrued Employee Leave	233,801	24,357	258,158	-
Claims Payable	-	-	-	820,000
Capital Leases Payable	423,952	-	423,952	-
Total Current Liabilities	1,455,778	281,084	1,736,862	882,119
Long-Term Liabilities (Net of Current Portion)				
General Obligation Notes	-	491,360	491,360	-
Capital Leases Payable	1,736,695	-	1,736,695	-
Wisconsin Retirement System Pension Liability	157,264	14,725	171,989	6,544
Claims Payable	-	-	-	755,000
Accrued Employee Leave	155,868	16,237	172,105	-
Total Noncurrent Liabilities	2,049,827	522,322	2,572,149	761,544
Total Liabilities	3,505,605	803,406	4,309,011	1,643,663
Deferred Inflows of Resources				
Succeeding Year's Property Taxes	1,879,157	399,030	2,278,187	-
Wisconsin Retirement System Pension Related	503,813	47,172	550,985	20,964
Total Deferred Inflows of Resources	2,382,970	446,202	2,829,172	20,964
Total Liabilities and Deferred Inflow of Resources	5,888,575	1,249,608	7,138,183	1,664,627
Net Position				
Investment in Capital Assets	6,002,223	28,886,591	34,888,814	-
Restricted	-	-	-	298,748
Insurance Escrow	-	-	-	1,543,066
Unrestricted	4,068,548	980,620	5,049,168	-
Total Net Position	10,070,771	29,867,211	39,937,982	1,841,814
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 15,959,346	\$ 31,116,819	\$ 47,076,165	\$ 3,506,441
Net Position of Proprietary Funds			\$ 39,937,982	
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			188,697	
Total Net Position of Business-Type Activities			\$ 40,126,679	

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

EAU CLAIRE COUNTY, WISCONSIN

Statement of Revenues, Expenses and
Changes in Net Position

Proprietary Funds
For the Year Ended December 31, 2017

	Business-Type Activities-Enterprise Funds			Governmental Activities
	Highway Department	Airport	Totals	Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 7,365,346	\$ 1,014,526	\$ 8,379,871	\$ 940,234
Other Charges	218,226	-	218,226	-
Total Operating Revenues	<u>7,583,572</u>	<u>1,014,526</u>	<u>8,598,097</u>	<u>940,234</u>
OPERATING EXPENSES				
Operation and Maintenance	12,266,092	935,489	13,201,581	572,049
Depreciation and Amortization	887,857	1,392,297	2,280,154	-
Claims	-	-	-	758,841
Total Operating Expenses	<u>13,153,949</u>	<u>2,327,786</u>	<u>15,481,735</u>	<u>1,330,890</u>
Operating Income (Loss)	(5,570,377)	(1,313,260)	(6,883,638)	(390,656)
NONOPERATING REVENUES (EXPENSES)				
General Property Taxes	1,764,705	395,079	2,159,784	-
Intergovernmental Grants	3,111,912	158,161	3,270,073	-
Interest Expense	(48,476)	(23,005)	(71,481)	-
Total Nonoperating Revenues (Expenses)	<u>4,828,141</u>	<u>530,235</u>	<u>5,358,376</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	(742,236)	(783,025)	(1,525,261)	(390,656)
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers In (Out)	7,031,614	-	7,031,614	-
Capital Contributions to Governmental Activities	(6,162,244)	-	(6,162,244)	-
Change in Net Position	<u>127,134</u>	<u>(783,025)</u>	<u>(655,891)</u>	<u>(390,656)</u>
Net Position - January 1	<u>9,943,637</u>	<u>30,650,236</u>	<u>40,593,873</u>	<u>2,232,470</u>
Net Position - December 31	<u>\$ 10,070,771</u>	<u>\$ 29,867,211</u>	<u>\$ 39,937,982</u>	<u>\$ 1,841,814</u>
Change in Net Position - Proprietary Funds			\$ (655,891)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(102,581)</u>	
Change in Net Position - Business-Type Activities			<u>\$ (758,472)</u>	
Net Position Business-Type - January 1			\$ 40,885,151	
Change in Net Position - Business-Type Activities			<u>(758,472)</u>	
Net Position Business-Type - December 31			<u>\$ 40,126,679</u>	

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

EAU CLAIRE COUNTY, WISCONSIN
Statement of Cash Flows
Proprietary Funds

For the Year Ended December 31, 2017

	Business-Type Activities			Governmental Activities
	Highway Department	Airport	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 7,934,038	\$ 1,013,339	\$ 8,947,377	\$ 1,024,054
Cash Paid to Suppliers for Goods and Services	(9,168,887)	(516,892)	(9,685,779)	(497,329)
Claims Paid	-	-	-	(375,841)
Payments on Behalf of Employees	(4,205,974)	(339,508)	(4,545,482)	(94,322)
Net Cash Provided by (Used for) Operating Activities	<u>(5,440,823)</u>	<u>156,939</u>	<u>(5,283,884)</u>	<u>56,562</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
General Property Tax	1,764,705	395,079	2,159,784	-
Transfers In	181,614	-	181,614	-
Operating Grants and Miscellaneous Revenue Received	3,111,912	158,161	3,270,073	-
Net Cash Provided by Noncapital Financing Activities	<u>5,058,231</u>	<u>553,240</u>	<u>5,611,471</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfer from Other Funds for Construction	6,850,000	-	6,850,000	-
Cash Payments for Capital Assets	(1,110,976)	(475,881)	(1,586,857)	-
Cash Payments for Principal on Debt	(369,203)	(98,014)	(467,217)	-
Cash Payments for Interest on Debt	(47,702)	(25,915)	(73,617)	-
Infrastructure Construction Expense for Governmental Activities	(6,162,244)	-	(6,162,244)	-
Net Cash (Used for) Capital and Related Financing Activities	<u>(840,125)</u>	<u>(599,810)</u>	<u>(1,439,935)</u>	<u>-</u>
Net Increase (Decrease) in Cash	(1,222,717)	110,369	(1,112,348)	56,562
Cash Balance at Beginning of Year	4,276,836	959,132	5,235,968	2,353,416
Cash Balance at End of Year	<u>\$ 3,054,119</u>	<u>\$ 1,069,501</u>	<u>\$ 4,123,620</u>	<u>\$ 2,409,978</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	<u>\$ (5,570,377)</u>	<u>\$ (1,313,260)</u>	<u>\$ (6,883,637)</u>	<u>\$ (390,656)</u>
Adjustments to reconcile the excess (deficiency) of revenues over expenses to net cash provided by operating activities:				
Depreciation and Amortization	887,857	1,392,297	2,280,154	-
Change in WRS Liability	(313,337)	(27,224)	(340,561)	(1,610)
Change in WRS Deferred Outflow	679,497	61,665	741,162	2,173
Change in WRS Deferred Inflow	(223,676)	(20,188)	(243,864)	756
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Other Accounts Receivable	(13,616)	(12,871)	(26,487)	91,539
Due from Other Governments	371,448	(330)	371,118	(7,719)
Prepaid Items	-	-	-	(38,773)
Inventories	(17,281)	-	(17,281)	-
Increase (Decrease) in:				
Accounts Payable	(1,249,685)	60,307	(1,189,378)	13,362
Claims Payable	-	-	-	383,000
Accrued Liabilities	(11,989)	(2,187)	(14,176)	4,490
Unearned Revenue	(7,366)	12,014	4,648	-
Accrued Employee Leave	27,702	6,716	34,418	-
Total Adjustments	<u>129,554</u>	<u>1,470,199</u>	<u>1,599,753</u>	<u>447,218</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (5,440,823)</u>	<u>\$ 156,939</u>	<u>\$ (5,283,884)</u>	<u>\$ 56,562</u>

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

EAU CLAIRE COUNTY, WISCONSIN
Statement of Net Position
Fiduciary Funds

December 31, 2017

	<u>Agency Funds</u>
Assets	
Cash and Temporary Cash Investments	\$ 16,281,486
Taxes Receivable	208,898
 Total Assets	 <u><u>\$ 16,490,384</u></u>
 Liabilities	
Special deposits	\$ 1,185,217
Due to other governments	15,305,167
 Total Liabilities	 <u><u>\$ 16,490,384</u></u>

**EAU CLAIRE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017**

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 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, 2017. 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, 2017**

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.

Human Services Fund – The Human Services Fund, a special revenue fund, is used to account for various County 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.

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, 2017**

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.

Aging and Disability Resource Center
Watershed
Anti-drug
Recycling
Land Records

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
Housing Authority
Sheriff
Lower Chippewa Valley River Basin

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, 2017**

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, 2017**

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, 2017, 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, 2017**

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.

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, 2017**

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 \$298,748. 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 acquisition 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, 2017**

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, 2017**

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, 2017**

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, 2017**

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The County's cash and investments balances at December 31, 2017 as shown in the financial statements are as follows:

Governmental Activities	\$ 16,072,499
Business-Type Activities	4,123,620
Fiduciary Funds	16,281,486
Total	\$ 36,477,605

The cash and investment balances consisted of the following:

Treasurer's Cash and investments:		
Deposits in financial institutions	\$ 28,939,828	
Deposits in State Local-Government		
Pooled-Investment Fund	3,195,169	
Repurchase agreements	4,040,709	\$ 36,175,706
Cash held by fiscal agent		
Deposits with WMMIC		298,748
Petty cash funds		3,151
Total cash and investments at		
December 31, 2017		\$ 36,477,605

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 negotiable order of withdrawal (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, 2017**

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, 2017 the deposits were fully collateralized.

Investments

The County's investments at December 31, 2017 consisted of deposits in the State of Wisconsin Local Government Investment Pool (an external investment pool), and repurchase agreements.

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 2017 was 43 days.

**EAU CLAIRE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

The County's investments in these obligations at December 31, 2017 are summarized as follows:

Type	<u>Credit Quality Rating</u>
	Not Rated
LGIP	\$ 3,195,169
Repurchase Agreements	4,040,709
Total	\$ 7,235,878

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.

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.

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:

**EAU CLAIRE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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 County has no investments measured at fair value as of December 31, 2017. All other investments are measured at amortized cost.

**EAU CLAIRE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance <u>January 1</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>December 31</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,887,670	\$ -	\$ -	\$ 3,887,670
Land-Right of Ways	2,244,609	4,500	-	2,249,109
Construction in Progress	2,576,947	795,906	(2,156,497)	1,216,356
Total Capital Assets, Not Being Depreciated	<u>8,709,226</u>	<u>800,406</u>	<u>(2,156,497)</u>	<u>7,353,135</u>
Capital Assets, Being Depreciated				
Land improvements	3,974,419	195,521		4,169,940
Intangibles	2,059,999	781,586		2,841,585
Buildings and Improvements	79,364,395	429,435		79,793,830
Machinery and Equipment	5,883,814	1,059,964	(275,900)	6,667,878
Infrastructure	123,066,746	7,460,208	(5,050,382)	125,476,572
Total Capital Assets, Being Depreciated	<u>214,349,373</u>	<u>9,926,714</u>	<u>(5,326,282)</u>	<u>218,949,805</u>
Less accumulated depreciation for:				
Land Improvements	828,275	60,005		888,280
Intangibles	389,654	162,964		552,618
Buildings and Improvements	16,877,669	1,644,096		18,521,765
Machinery and Equipment	3,907,988	542,883	(271,921)	4,178,950
Infrastructure	46,312,300	2,866,600	(4,556,200)	44,622,700
Total Accumulated Depreciation	<u>68,315,886</u>	<u>5,276,548</u>	<u>(4,828,121)</u>	<u>68,764,313</u>
Capital Assets, Net of Depreciation	<u>\$ 154,742,713</u>	<u>\$ 5,450,572</u>	<u>\$ (2,654,658)</u>	<u>\$ 157,538,627</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 780,658
Public safety	1,235,259
Public works	2,868,749
Health and social services	121,219
Culture, recreation and education	250,359
Conservation and development	20,304
Total governmental activities depreciation expense	<u>\$ 5,276,548</u>

**EAU CLAIRE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets (Continued)

	Balance <u>January 1</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>December 31</u>
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 2,140,502	\$ -	\$ -	\$ 2,140,502
Construction work in progress	1,644,296	(47,911)	-	1,596,385
Total capital assets, not being depreciated	<u>3,784,798</u>	<u>(47,911)</u>	<u>-</u>	<u>3,736,887</u>
Capital assets, being depreciated:				
Land improvements	17,965,869	-	-	17,965,869
Buildings and Improvements	29,110,464	-	-	29,110,464
Machinery and Equipment	15,533,846	1,990,881	(1,186,950)	16,337,777
Total Capital Assets, Being Depreciated	<u>62,610,179</u>	<u>1,990,881</u>	<u>(1,186,950)</u>	<u>63,414,110</u>
Less accumulated depreciation for:				
Land Improvements	9,645,156	538,976	-	10,184,132
Buildings and Other Improvements	10,262,532	855,761	(8,452)	11,109,841
Machinery and Equipment	8,151,480	885,417	(822,384)	8,214,513
Total Accumulated Depreciation	<u>28,059,168</u>	<u>2,280,154</u>	<u>(830,836)</u>	<u>29,508,486</u>
Business-Type Activities Capital Assets, Net	<u>\$ 38,335,809</u>	<u>\$ (337,184)</u>	<u>\$ (356,114)</u>	<u>\$ 37,642,511</u>
Depreciation was charged to business-type activities as follows:				
Airport		\$ 1,392,297		
Highway		887,857		
		<u>\$ 2,280,154</u>		

**EAU CLAIRE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2017 was as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Human Services	\$ 1,928,349
General Fund	Anti-Drug	155,156
General Fund	Aging & Disability Resource Center	167,153
General Fund	Capital Projects	1,510,963
		<u>\$ 3,761,621</u>

The above interfund balances were for temporary financing of operating expenditures and are expected to be repaid in 2018. 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 \$188,349 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	Capital Projects	\$ 6,850,000
Highway Department	General Fund	181,614
Human Services Fund	General Fund	1,934,293
		<u>\$ 8,965,907</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, 2017**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations

The following is a summary of changes in long term obligations of the County for the year ended December 31, 2017:

Type	Balance January 1	Additions	Removals	Balance December 31	Due Within One Year
Governmental Activities					
General Obligation Bonds/Notes	\$ 78,285,000	\$ 9,750,000	\$ 6,035,000	\$ 82,000,000	\$ 7,170,000
Premium on Bonds/Notes	1,487,231	174,079	160,401	1,500,909	-
Subtotal	<u>79,772,231</u>	<u>9,924,079</u>	<u>6,195,401</u>	<u>83,500,909</u>	<u>7,170,000</u>
Other Liabilities					
Vested Compensated Absences	3,292,021	54,153	-	3,346,174	2,007,704
Unpaid Self-Insurance Claims	1,192,000	383,000	-	1,575,000	820,000
Long-Term Payable to City of Eau Claire	98,436	-	5,679	92,757	5,679
Total Other Liabilities	<u>4,582,457</u>	<u>437,153</u>	<u>5,679</u>	<u>5,013,931</u>	<u>2,833,383</u>
Total Governmental Activities					
Long-Term Obligations	<u>\$ 84,354,688</u>	<u>\$ 10,361,232</u>	<u>\$ 6,201,080</u>	<u>\$ 88,514,840</u>	<u>\$ 10,003,383</u>
Business-Type Activities					
Bonds and Notes Payable					
General Obligation Debt	\$ 691,064	\$ -	\$ 98,014	\$ 593,050	\$ 101,690
Other Liabilities					
Capital Leases Payable	2,529,850	221,608	590,811	2,160,647	423,952
Vested Compensated Absences	395,845	34,418	-	430,263	258,158
Total Other Liabilities	<u>2,925,695</u>	<u>256,026</u>	<u>590,811</u>	<u>2,590,910</u>	<u>682,110</u>
Total Business-Type Activities					
Long-Term Obligations	<u>3,616,759</u>	<u>256,026</u>	<u>688,825</u>	<u>3,183,960</u>	<u>783,800</u>
Total - All Activities	<u>\$ 87,971,447</u>	<u>\$ 10,617,258</u>	<u>\$ 6,889,905</u>	<u>\$ 91,698,800</u>	<u>\$ 10,787,183</u>

Aggregate cash flow requirements for the retirement of general obligation long-term principal and interest on December 31, 2017 is as follows:

Year	Principal	Interest	Total
Governmental activities			
2018	\$ 7,170,000	\$ 2,143,812	\$ 9,313,812
2019	7,175,000	2,021,382	9,196,382
2020	7,315,000	1,864,932	9,179,932
2021	7,485,000	1,697,382	9,182,382
2022	7,665,000	1,521,916	9,186,916
2023-2027	30,985,000	5,085,787	36,070,787
2028-2031	14,205,000	1,566,981	15,771,981
	<u>\$ 82,000,000</u>	<u>\$ 15,902,192</u>	<u>\$ 97,902,192</u>
Business-type activities			
2018	\$ 101,690	\$ 22,239	\$ 123,929
2019	105,503	18,426	123,929
2020	109,420	14,509	123,929
2021	113,563	10,366	123,929
2022	117,822	6,108	123,930
2023-2027	45,052	1,689	46,741
	<u>\$ 593,050</u>	<u>\$ 73,337</u>	<u>\$ 666,387</u>

**EAU CLAIRE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (continued)

Detail of the general obligations of the County as of December 31, 2017 is as follows:

General Obligation Bonds and Notes:

Governmental Activities

Bond Series 2010A \$5,080,000 dated 9/21/2010, due 9/01/2020 interest rate 2.00% to 3.00%	\$ 1,215,000
Bond Series 2010B, \$9,190,000 dated 11/9/2010, due 9/1/2030 interest rate 3.70% to 5.10%	9,190,000
Bond Series 2011B, \$18,000,000 dated 12/22/2011, due 9/1/2031 interest rate 3.00% to 4.00%	16,700,000
Bond Series 2013A, \$7,600,000 dated 10/22/2013, due 9/1/2023 interest rate 2.00% to 2.50%	4,710,000
Bond Series 2014A, \$10,000,000 dated 10/02/2014, due 9/1/2024 interest rate 1.00% to 2.25%	7,185,000
Bond Series 2015A, \$9,500,000 dated 10/17/2015, due 9/1/2025 interest rate 2.00% to 2.25%	7,695,000
Bond Series 2016A, \$12,630,000 dated 9/7/2016, due 9/1/2026 interest rate 2.00% to 3.00%	11,495,000
Bond Series 2016B, \$14,235,000 dated 9/7/2016, due 9/1/2027 interest rate 1.25% to 2.00%	14,060,000
Bond Series 2017A, \$9,750,000 dated 10/24/2017, due 9/1/2027 interest rate 2.00%	9,750,000

Subtotal-Governmental Activities	82,000,000
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Business-Type Activities

State Trust Fund, \$522,802 dated 1/31/14, due 3/15/2022 interest rate 3.75%	346,032
State Trust Fund, \$350,000 dated 1/31/14, due 3/15/2023 interest rate 3.75%	247,018
Subtotal-Business-Type Activities	593,050

TOTAL GENERAL OBLIGATION DEBT	\$ 82,593,050
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**EAU CLAIRE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

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, 2017, the County's debt limit amounted to \$414,778,250 and indebtedness subject to the limitation totaled \$82,593,050.

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) total \$3,069,473 in cost and have accumulated depreciation totaling \$280,711 for a net book value of \$2,788,762 as of December 31, 2017.

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

Year	Business-Type Funds
2018	\$ 467,399
2019	467,401
2020	467,400
2021	467,401
2022	420,383
Subtotal	2,289,984
Less: Interest	129,337
Total	\$ 2,160,647

**EAU CLAIRE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 \$300,693. 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, 2017 consisted of the following:

	General Fund	Human Services	Debt Service	Capital Projects	Nonmajor Funds	Total
Nonspendable for:						
Delinquent Taxes	\$ 1,223,405	\$ -	\$ -	\$ -	\$ -	\$ 1,223,405
Tax Deeds	106,766	-	-	-	-	106,766
Inventory	28,789	1,283	-	-	-	30,072
Prepaid Items	538,044	109,126	-	-	-	647,170
Restricted for						
Debt Service	-	-	3,663,996	-	-	3,663,996
Recycling	-	-	-	-	538,211	538,211
Specialized Transportation Program	-	-	-	-	98,741	98,741
Assigned to:						
Subsequent Year's Budget	2,099,444	-	-	-	-	2,099,444
Future Watershed Expenditures	-	-	-	-	118,828	118,828
Future ADRC Expenditures	-	-	-	-	169,276	169,276
Future Land Record Expenditures	-	-	-	-	19,208	19,208
Unassigned	10,615,427	(110,409)	-	(2,234,122)	(48,211)	8,222,685
	<u>\$ 14,611,875</u>	<u>\$ -</u>	<u>\$ 3,663,996</u>	<u>\$ (2,234,122)</u>	<u>\$ 896,053</u>	<u>\$ 16,937,802</u>

**EAU CLAIRE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017, vested PTO earned and not taken was approximately \$3,346,174 in the governmental funds and \$430,263 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 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. ETF issues a standalone Comprehensive Annual Financial Report which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) 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, 2017**

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, 2017 through December 31, 2017, the WRS recognized \$2,025,920 in contributions from the employer.

Contribution rates as of December 31, 2017 are:

	Employee	Employer	Duty Disability
General	6.80%	6.80%	0.00%
Executives and Elected Officials	6.80%	6.80%	0.00%
Protective with Social Security	6.80%	10.60%	2.20%
Protective without Social Security	6.80%	14.90%	2.20%

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

Year	Core Fund Adjustment	Variable Fund Adjustment
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
2016	0.5	(5.0)

**EAU CLAIRE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017, the County reported a liability of \$1,595,470 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, 2015 rolled forward to December 31, 2016. 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, 2016, the County's proportion was 0.19356886%, which was an increase of 0.0003742% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the County recognized pension expense of \$4,071,007. At December 31, 2017, 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 experiences \$	608,353	\$ 5,017,614
Changes of actuarial assumptions	1,668,125	
Net difference between projected and actual earnings on pension plan investment	7,941,742	
Difference between actual and proportionate share of contributions	4,944	93,659
County contributions subsequent to the measurement date	2,025,920	
Total	\$ 12,249,084	\$ 5,111,273

Deferred outflows of resources of \$2,025,920 is related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense
2017	\$ 2,081,351
2018	2,081,351
2019	1,423,680
2020	(477,322)
Thereafter	2,831

**EAU CLAIRE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.20%
Discount Rate:	7.20%
Salary Increases:	
Inflation	3.20%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.10%

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

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

**EAU CLAIRE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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 Allocation Targets and Expected Returns

As of December 31, 2016

<u>Core Fund Asset Class</u>	Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50.0	45.0	8.3	5.4
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Cash	(10)	(20)		
Total Core Fund	100.0	100.0	7.4	4.5
 <u>Variable Fund Asset Class</u>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5

New England Pension Consultants Long Term US CPI (inflation) Forecast 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

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 3.78%. 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, 2017**

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 to Discount Rate (6.2%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 20,989,425	\$ 1,595,470	\$ (13,338,755)

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

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, 2017 WMMIC was owned 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, 2017**

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, 2017. 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:

	2017	2016
Estimated Claims Outstanding January 1	\$ 1,192,000	\$ 1,085,000
Current Year Claims and Changes	784,770	403,772
Claim Payments	(401,770)	(296,772)
Estimated Claims Outstanding December 31	<u>\$ 1,575,000</u>	<u>\$ 1,192,000</u>

**EAU CLAIRE COUNTY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017 the following individual funds held a deficit balance:

Capital Projects	\$2,234,122
Anti-Drug	48,211

The Capital Projects Fund's deficit will be funded through future tax levies. The anti-drug deficit is anticipated to be funded with future contributions or general tax revenues.

Required Supplementary Information

EAU CLAIRE COUNTY, WISCONSIN

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
REVENUES				
Taxes	\$ 22,943,195	\$ 22,912,355	\$ 23,820,036	\$ 907,681
Intergovernmental	5,389,576	5,423,458	5,507,427	83,969
Licenses and Permits	481,555	381,555	496,373	114,818
Fines, Forfeits and Penalties	409,574	409,574	364,016	(45,558)
Public Charges for Services	4,377,739	4,377,739	4,396,365	18,626
Intergovernmental Charges for Services	840,338	840,338	599,243	(241,095)
Investment Income	100,000	100,000	163,505	63,505
Other Revenues	746,172	746,172	707,171	(39,001)
Total Revenues	35,288,149	35,191,191	36,054,136	862,945
EXPENDITURES				
General Government	13,681,145	13,649,205	12,803,594	845,611
Public Safety	14,475,644	14,509,526	14,408,068	101,458
Health and Human Services	2,945,580	2,945,580	2,837,519	108,061
Culture, Recreation and Education	2,350,856	2,350,856	2,209,261	141,595
Conservation and Development	2,468,034	2,369,134	2,007,576	361,558
Total Expenditures	35,921,259	35,824,301	34,266,018	1,558,283
Excess (Deficiency) of Revenues Over (Under) Expenditures	(633,110)	(633,110)	1,788,118	2,421,228
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(2,115,907)	(2,115,907)
Net Change in Fund Balance	\$ (633,110)	\$ (633,110)	(327,789)	\$ 305,321
Fund Balance (Deficit) - January 1			14,939,664	
Fund Balance (Deficit)- December 31			\$ 14,611,875	

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

EAU CLAIRE COUNTY, WISCONSIN
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Human Services Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
REVENUES				
Taxes	\$ 7,897,538	\$ 7,897,538	\$ 7,897,538	\$ -
Intergovernmental Revenues	15,521,705	15,521,705	23,000,435	7,478,730
Public Charges for Services	387,281	387,281	560,278	172,997
Other Revenues	609,682	609,682	619,883	10,201
Total Revenues	<u>24,416,206</u>	<u>24,416,206</u>	<u>32,078,134</u>	<u>7,661,928</u>
EXPENDITURES				
Health and Human Services				
Administrative	540,988	540,988	507,063	33,925
Management	1,425,324	1,425,324	1,346,642	78,682
Kinship	25,186	25,186	23,867	1,319
Child Care	77,640	77,640	76,334	1,306
Developmentally Disabled	616,221	616,221	511,405	104,816
Income Maintenance	2,770,545	2,770,545	2,592,667	177,878
Juvenile Justice Youth	918,554	918,554	877,746	40,808
Intensive Supervision	104,112	104,112	71,111	33,001
Comprehensive Community Services	782,159	782,159	1,138,214	(356,055)
Child Protection Services	1,852,830	1,852,830	1,725,867	126,963
Treatment Court	156,762	156,762	177,370	(20,608)
Verification	153,780	153,780	150,494	3,286
Community Support Program	1,366,345	1,366,345	1,257,762	108,583
Childrens Mental Health	434,160	434,160	249,728	184,432
Elderly	544,227	544,227	470,310	73,917
Alcohol & Other Drug Abuse	260,056	260,056	247,888	12,168
Mental Health	569,784	569,784	479,955	89,829
Contracted Services	11,631,533	11,631,533	14,947,641	(3,316,108)
Energy Assistance	156,000	156,000	180,513	(24,513)
Clubhouse - Lutheran Social Services	30,000	30,000	30,000	-
Great Rivers Consortia	-	-	6,949,851	(6,949,851)
Total Health and Human Services	<u>24,416,206</u>	<u>24,416,206</u>	<u>34,012,427</u>	<u>(9,596,221)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(1,934,293)	(1,934,293)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1,934,293	1,934,293
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance (Deficit) - January 1			-	
Fund Balance (Deficit) - December 31			<u>\$ -</u>	

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

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

Measurement Date: December 31,	<u>2014</u>	<u>2015</u>	<u>2016</u>
County's Proportion of the Net Pension Liability (Asset)	0.19198544%	0.19319466%	0.19356886%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ (4,715,689)	\$ 3,139,376	\$ 1,595,470
County's Covered Employee Payroll	\$ 25,767,642	\$ 26,161,108	\$ 27,080,193
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	-18.30%	12.00%	5.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	102.74%	98.20%	99.12%

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Contribution	\$ 1,927,277	\$ 1,890,030	\$ 2,025,921
Contributions in Relation to the Contractually Required Contributions	<u>(1,927,277)</u>	<u>(1,890,030)</u>	<u>(2,025,921)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 County's Covered-Employee Payroll	 \$ 26,154,793	 \$ 27,068,388	 \$ 28,182,956
 Contributions as a Percentage of Covered Employee Payroll	 7.37%	 6.98%	 7.19%

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.

Supplementary Information

EAU CLAIRE COUNTY, WISCONSIN

DEBT SERVICE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
REVENUES				
Taxes	\$ 7,866,870	\$ 7,866,870	\$ 7,866,870	\$ -
EXPENDITURES				
Debt Service:				
Principal Retirement	5,376,128	5,376,128	6,040,679	(664,551)
Interest and Fiscal Charges	2,788,545	2,788,545	2,123,993	664,552
Total Debt Service	<u>8,164,673</u>	<u>8,164,673</u>	<u>8,164,672</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(297,803)</u>	<u>(297,803)</u>	<u>(297,802)</u>	<u>(1)</u>
OTHER FINANCING SOURCES (USES)				
Premium on Bonds	-	-	118,097	118,097
Net Change in Fund Balance	<u>\$ (297,803)</u>	<u>\$ (297,803)</u>	<u>(179,705)</u>	<u>\$ 118,096</u>
Fund Balance (Deficit) - January 1			<u>3,843,701</u>	
Fund Balance (Deficit) - December 31			<u>\$ 3,663,996</u>	

EAU CLAIRE COUNTY, WISCONSIN

CAPITAL PROJECTS FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
REVENUES				
Taxes	\$ 42,500	\$ 42,500	\$ 42,500	\$ -
Intergovernmental	420,000	420,000	61,833	(358,167)
Intergovernmental Charges for Services	-	-	164,355	164,355
Investment Income	-	-	5	5
Total Revenues	<u>462,500</u>	<u>462,500</u>	<u>268,693</u>	<u>(193,807)</u>
EXPENDITURES				
General Government	2,430,600	2,430,600	1,946,993	483,607
Public Safety	183,200	183,200	206,555	(23,355)
Health and Human Services	58,800	58,800	54,178	4,622
Culture, Recreation and Education	460,000	460,000	3,956,941	(3,496,941)
Conservation and Development	460,000	460,000	88,594	371,406
Debt Service	-	-	113,631	(113,631)
Total Expenditures	<u>3,592,600</u>	<u>3,592,600</u>	<u>6,366,892</u>	<u>(2,774,292)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,130,100)</u>	<u>(3,130,100)</u>	<u>(6,098,199)</u>	<u>(2,968,099)</u>
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	3,130,100	3,130,100	9,750,000	6,619,900
Premium on Bonds/Notes	-	-	55,981	55,981
Transfers Out	-	-	(6,850,000)	(6,850,000)
Total Other Financing Sources (Uses)	<u>3,130,100</u>	<u>3,130,100</u>	<u>2,955,981</u>	<u>(174,119)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3,142,218)</u>	<u>\$ (3,142,218)</u>
Fund Balance (Deficit) - January 1			<u>908,096</u>	
Fund Balance (Deficit) - December 31			<u>\$ (2,234,122)</u>	

EAU CLAIRE COUNTY, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet

December 31, 2017

	Special Revenue Funds					Total
	Aging & Disability Resource Center	Watershed Fund	Anti-Drug Program	Recycling Fund	Land Records	
ASSETS						
Cash and Temporary Cash Investments	\$ 730	\$ 55,380	\$ 72,343	\$ 563,218	\$ 19,208	\$ 710,879
Taxes Receivable	110,539	-	-	-	-	110,539
Accounts Receivable	34,172	-	34,909	63,611	-	132,692
Due from Other Governments	763,790	150,595	18,560	15,630	-	948,575
Total Assets	\$ 909,231	\$ 205,975	\$ 125,812	\$ 642,459	\$ 19,208	\$ 1,902,685
LIABILITIES						
Accounts payable	\$ 142,915	\$ 87,147	\$ 1,218	\$ 97,796	\$ -	\$ 329,076
Accrued compensation	91,761	-	6,723	4,653	-	103,137
Due to other governments	41,479	-	10,926	1,799	-	54,204
Due to other funds	167,153	-	155,156	-	-	322,309
Total Liabilities	443,308	87,147	174,023	104,248	-	808,726
DEFERRED INFLOWS OF RESOURCES						
Succeeding Years Property Tax	110,539	-	-	-	-	110,539
Unavailable Revenue	87,367	-	-	-	-	87,367
Total Deferred Inflows of Resources	197,906	-	-	-	-	197,906
FUND BALANCE (DEFICIT)						
Restricted	98,741	-	-	538,211	-	636,952
Assigned	169,276	118,828	-	-	19,208	307,312
Unassigned	-	-	(48,211)	-	-	(48,211)
Total Fund Balances (Deficit)	268,017	118,828	(48,211)	538,211	19,208	896,053
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	\$ 909,231	\$ 205,975	\$ 125,812	\$ 642,459	\$ 19,208	\$ 1,902,685

EAU CLAIRE COUNTY, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures and

Changes in Fund Balances
For the Year Ended December 31, 2017

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Aging & Disability Resource Center	Watershed Fund	Anti-Drug Program Fund	Recycling Fund	Land Records	
REVENUES						
Taxes	\$ 138,394	\$ 12,000	\$ 205,161	\$ -	\$ -	\$ 355,555
Intergovernmental	2,282,320	266,025	104,679	502,063	-	3,155,087
Licenses and Permits	-	-	-	-	119,208	119,208
Public Charges for Services	150,709	-	-	843,189	-	993,898
Other Revenues	216,082	-	77,162	-	-	293,244
	-	-	-	-	-	-
Total Revenues	<u>2,787,505</u>	<u>278,025</u>	<u>387,002</u>	<u>1,345,252</u>	<u>119,208</u>	<u>4,916,992</u>
EXPENDITURES						
Public Safety	-	-	300,382	-	-	300,382
Public Works	-	-	-	1,237,479	-	1,237,479
Health and Human Services	2,815,582	-	-	-	-	2,815,582
Conservation and Development	-	192,769	-	-	100,000	292,769
	-	-	-	-	-	-
Total Expenditures	<u>2,815,582</u>	<u>192,769</u>	<u>300,382</u>	<u>1,237,479</u>	<u>100,000</u>	<u>4,646,212</u>
Net Change in Fund Balance	(28,077)	85,256	86,620	107,773	19,208	270,780
Fund Balance (Deficit) - January 1	<u>296,094</u>	<u>33,572</u>	<u>(134,831)</u>	<u>430,438</u>	<u>-</u>	<u>625,273</u>
Fund Balance (Deficit) - December 31	<u>\$ 268,017</u>	<u>\$ 118,828</u>	<u>\$ (48,211)</u>	<u>\$ 538,211</u>	<u>\$ 19,208</u>	<u>\$ 896,053</u>

EAU CLAIRE COUNTY, WISCONSIN
AGING & DISABILITY RESOURCE CENTER SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
REVENUES				
Taxes	\$ 114,394	\$ 138,394	\$ 138,394	\$ -
Intergovernmental	2,123,429	2,362,543	2,282,320	(80,223)
Public Charges for Services	177,138	177,138	150,709	(26,429)
Investment Income	20	20	-	(20)
Other Revenue	183,649	183,649	216,082	32,433
Total Revenues	<u>2,598,630</u>	<u>2,861,744</u>	<u>2,787,505</u>	<u>(74,239)</u>
EXPENDITURES				
Health and Human Services:	2,637,293	2,900,407	2,815,582	84,825
Net Change in Fund Balance	<u>\$ (38,663)</u>	<u>\$ (38,663)</u>	<u>(28,077)</u>	<u>\$ 10,586</u>
Fund Balance (Deficit) - January 1			<u>296,094</u>	
Fund Balance (Deficit) - December 31			<u>\$ 268,017</u>	

EAU CLAIRE COUNTY, WISCONSIN

WATERSHED SPECIAL REVENUE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
REVENUES				
Taxes	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Intergovernmental	126,400	191,104	266,025	74,921
Total Revenues	<u>138,400</u>	<u>203,104</u>	<u>278,025</u>	<u>74,921</u>
EXPENDITURES				
Conservation and Development:	138,400	203,104	192,769	10,335
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>85,256</u>	<u>\$ 85,256</u>
Fund Balance - January 1			<u>33,572</u>	
Fund Balance - December 31			<u>\$ 118,828</u>	

EAU CLAIRE COUNTY, WISCONSIN
ANTI-DRUG PROGRAM SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
REVENUES				
Taxes	\$ 205,161	\$ 205,161	\$ 205,161	\$ -
Intergovernmental	85,657	135,657	104,679	(30,978)
Other Revenues	81,640	81,640	77,162	(4,478)
Total Revenues	<u>372,458</u>	<u>422,458</u>	<u>387,002</u>	<u>(35,456)</u>
EXPENDITURES				
Public Safety	372,458	422,458	300,382	122,076
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>86,620</u>	<u>\$ 86,620</u>
Fund Balance (Deficit) - January 1			<u>(134,831)</u>	
Fund Balance (Deficit) - December 31			<u>\$ (48,211)</u>	

**EAU CLAIRE COUNTY, WISCONSIN
 RECYCLING SPECIAL REVENUE FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive/(Negative)
REVENUES				
Intergovernmental	\$ 487,000	\$ 487,000	\$ 502,063	\$ 15,063
Public Charges for Services	823,000	823,000	843,189	20,189
Total Revenues	<u>1,310,000</u>	<u>1,310,000</u>	<u>1,345,252</u>	<u>35,252</u>
EXPENDITURES				
Public Works	1,310,000	1,310,000	1,237,479	72,521
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>107,773</u>	<u>\$ 107,773</u>
Fund Balance - January 1			<u>430,438</u>	
Fund Balance - December 31			<u>\$ 538,211</u>	

EAU CLAIRE COUNTY, WISCONSIN
LAND RECORD SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/(Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ -	\$ 100,000	\$ 119,208	\$ 19,208
EXPENDITURES				
Conservation and Development	-	100,000	100,000	-
Net Change in Fund Balance	<u>-</u>	<u>\$ -</u>	<u>19,208</u>	<u>\$ 19,208</u>
Fund Balance - January 1			<u>-</u>	
Fund Balance - December 31			<u>\$ 19,208</u>	

EAU CLAIRE COUNTY, WISCONSIN
AGENCY FUNDS

Combining Statement of Net Position

December 31, 2017

	Tax Agency	Sunshine	District Attorney	Clerk of Court	West Central Drug	Housing Authority	Lower Chippewa Valley River Basin	Sheriff	Total Agency Funds
Assets									
Cash and Temporary Cash Investments	\$ 15,096,269	\$ 2,779	\$ 14,053	\$ 577,964	\$ 236,056	\$ 40,338	\$ 10,921	\$ 303,106	\$ 16,281,486
Taxes Receivable	208,898	-	-	-	-	-	-	-	208,898
Total Assets	<u>\$ 15,305,167</u>	<u>\$ 2,779</u>	<u>\$ 14,053</u>	<u>\$ 577,964</u>	<u>\$ 236,056</u>	<u>\$ 40,338</u>	<u>\$ 10,921</u>	<u>\$ 303,106</u>	<u>\$ 16,490,384</u>
Liabilities									
Special deposits	\$ -	\$ 2,779	\$ 14,053	\$ 577,964	\$ 236,056	\$ 40,338	\$ 10,921	\$ 303,106	\$ 1,185,217
Due to other governments	15,305,167	-	-	-	-	-	-	-	15,305,167
Total Liabilities	<u>\$ 15,305,167</u>	<u>\$ 2,779</u>	<u>\$ 14,053</u>	<u>\$ 577,964</u>	<u>\$ 236,056</u>	<u>\$ 40,338</u>	<u>\$ 10,921</u>	<u>\$ 303,106</u>	<u>\$ 16,490,384</u>