

PORTAGE COUNTY, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2016

PORTAGE COUNTY, WISCONSIN
December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the County Board
Portage County, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Portage County, Wisconsin (the "County") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Social Improvement Special Revenue Fund and the County Roads and Bridges Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note C.1. to the financial statements, in 2016 the County adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the schedules relating to pensions on page 61 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The financial information listed in the table of contents as supplementary information presented for purposes of additional analysis is not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Financial Information

We have previously audited Portage County's 2015 financial statements, and our report dated September 26, 2016 expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Schorck & Co."

Certified Public Accountants
Wausau, Wisconsin
September 25, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS



County of Portage

Finance Department

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Management's Discussion and Analysis December 31, 2016

As management of Portage County, we offer the readers of Portage County's financial statements this narrative overview and analysis of the financial activities of Portage County for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the notes to the financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources as of December 31, 2016 by \$192,553,819 (net position). Of this amount, \$57,120,438 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors, \$22,507,041 are restricted for specific purposes (restricted net position), and \$112,926,340 is the net investment in capital assets.
- The County's total net position increased by \$1,229,217 primarily due to savings from a delay in the County's salary schedule implementation resulting from a compensation study, department budget savings, health insurance program savings, and reduction of long-term obligations.
- As of December 31, 2016, the County's governmental funds reported combined fund balances of \$48,440,712, a decrease of \$239,454 in comparison with the prior year. Approximately 24% or \$11,844,518 of the combined fund balance is unassigned and available for use at the County's discretion and in accordance with policies.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Portage County's basic financial statements. Portage 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* are designed to provide readers with a broad overview of Portage County's finances, in a manner similar to a private-sector business.

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

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

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 the County include general government, public safety, public works, health and human services, culture and recreation, and conservation and development. The business-type activities of the County include highway operations, health care center, and solid waste services.

The government-wide financial statements can be found on pages 11 - 13 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. The 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 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*.

Portage County maintains twelve (12) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, social improvement, county roads and bridges, debt service, and capital improvements fund, all of which are considered to be major funds. Data from the other seven (7) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Portage County adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund, social improvement fund, and county roads and bridges fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 14 - 22 of this report.

Proprietary funds. The County maintains different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Health Care Center, Solid Waste, and County Highway. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-funded health insurance, information technology, and self-funded workers compensation. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *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 Health Care Center, Solid Waste and County Highway funds. All of the proprietary funds are considered to be major funds of the County. The three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 23 - 28 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 basic fiduciary fund financial statements can be found on page 29 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 - 60 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$192,553,819 at the close of 2016.

Portage County's Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 107,429,625	\$ 109,063,233	\$ 8,523,995	\$ 9,097,304	\$ 115,953,620	\$ 118,160,537
Capital assets	108,228,171	108,338,680	8,515,254	8,472,982	116,743,425	116,811,662
Total Assets	215,657,796	217,401,913	17,039,249	17,570,286	232,697,045	234,972,199
Deferred Outflow s of Resources	13,667,791	3,963,166	3,745,723	1,095,625	17,413,514	5,058,791
Long-term liabilities						
outstanding	14,743,544	13,050,137	3,617,710	2,847,960	18,361,254	15,898,097
Other liabilities	4,375,568	5,244,645	1,146,117	915,473	5,521,685	6,160,118
Total Liabilities	19,119,112	18,294,782	4,763,827	3,763,433	23,882,939	22,058,215
Deferred Inflow s of Resources	32,161,440	25,988,405	1,512,361	659,768	33,673,801	26,648,173
Net Position						
Net investment in						
capital assets	104,411,086	103,513,573	8,515,254	8,472,982	112,926,340	111,986,555
Restricted	22,507,041	26,161,564	-	1,002,469	22,507,041	27,164,033
Unrestricted	51,126,908	47,406,755	5,993,530	4,767,259	57,120,438	52,174,014
Total Net Position	\$ 178,045,035	\$ 177,081,892	\$ 14,508,784	\$ 14,242,710	\$ 192,553,819	\$ 191,324,602

By far the largest portion of the County's net position (59%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.), less any related debt used to acquire those assets that are 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.

An additional portion of the County's net position (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$57,120,438) may be used to meet the County's ongoing obligations to citizens and creditors.

Change in net position. Governmental activities increased the County's net position by \$963,143 thereby accounting for 78% of the total growth in net position of the County. Key elements of this increase are as follows:

Portage County's Change in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for services	\$ 10,297,898	\$ 9,840,994	\$ 18,291,244	\$ 19,691,191	\$ 28,589,142	\$ 29,532,185
Operating grants and contributions	13,189,619	13,417,635	820,603	872,779	14,010,222	14,290,414
Capital grants and contributions	187,139	396,482	9,542	87,984	196,681	484,466
General Revenues						
Property taxes	25,981,662	25,409,002	659,768	576,352	26,641,430	25,985,354
Other taxes	6,501,493	6,138,410	-	-	6,501,493	6,138,410
Grants and contributions not restricted to specific programs	2,181,568	2,383,670	-	-	2,181,568	2,383,670
Other	824,212	1,148,810	49,389	67,278	873,601	1,216,088
Total Revenues	59,163,591	58,735,003	19,830,546	21,295,584	78,994,137	80,030,587
Expenses						
General government	8,327,206	9,386,607	-	-	8,327,206	9,386,607
Public safety	16,228,793	14,510,231	-	-	16,228,793	14,510,231
Public works	9,903,112	9,129,752	-	-	9,903,112	9,129,752
Health and human services	18,264,050	17,319,375	-	-	18,264,050	17,319,375
Culture and recreation	3,509,722	3,343,263	-	-	3,509,722	3,343,263
Conservation and development	1,784,890	1,671,892	-	-	1,784,890	1,671,892
Interest on long-term debt	182,675	144,557	-	-	182,675	144,557
Health care center	-	-	7,229,091	8,364,983	7,229,091	8,364,983
Solid waste	-	-	2,348,951	2,179,248	2,348,951	2,179,248
County highway	-	-	9,986,430	10,248,520	9,986,430	10,248,520
Total Expenses	58,200,448	55,505,677	19,564,472	20,792,751	77,764,920	76,298,428
Change in Net Position	963,143	3,229,326	266,074	502,833	1,229,217	3,732,159
Net Position - January 1	177,081,892	173,852,566	14,242,710	13,739,877	191,324,602	187,592,443
Net Position - December 31	\$ 178,045,035	\$ 177,081,892	\$ 14,508,784	\$ 14,242,710	\$ 192,553,819	\$ 191,324,602

Financial Analysis of the County's Funds

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

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

At the end of the current fiscal year, the County's governmental funds reported combined fund balances of \$48,440,712, a decrease of \$239,454 from the prior year. Approximately \$36,596,194 or 76% of the combined fund balance is nonspendable, restricted, committed, or assigned for specific purposes, so is not available. This includes the following:

- Nonspendable fund balance of \$4,821,308, including \$4,656,177 for delinquent property taxes.
- Restricted fund balance of \$6,812,657, including \$4,283,394 restricted for capital improvements to county roads, emergency communications and Enterprise Resource Planning system; \$123,318 restricted for Sheriff forfeiture program, \$811,460 restricted for county-wide EMS/Ambulance system, and \$314,150 restricted for debt service.
- Committed fund balance of \$18,315,473, mostly committed for capital improvements, county road projects, and equipment/ vehicle replacement funds.
- Assigned fund balance of \$6,646,756, including \$2,172,350 for capital projects and \$1,652,798 for health and human services programs.

The remaining \$11,844,518 or 24% of fund balance is unassigned, which means it is available for spending at the County's discretion.

General Fund

The general fund is the chief operating fund of the County. At the end of the current year, the general fund's unassigned fund balance was \$11,844,518 while total fund balance was \$22,358,743. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 46% of total general fund expenditures, while total fund balance represents 86% of those same expenditures.

The fund balance of the County's general fund increased \$40,370 during the current year. Key factors for this increase are as follows:

- Savings from a delayed implementation of the County's revised salary schedules resulting from a compensation study.
- Increase in sales tax collections.
- Planned increase to equipment replacement funds for various department budgets.

Social Improvement Fund

The social improvement fund has a total fund balance of \$1,876,669, which is primarily assigned for use in high cost programs. The decrease in the social improvement fund is due to additional expenditures in children's residential care programs, such as foster care and residential treatment facilities.

County Roads and Bridges Fund

The county roads and bridges fund has a total fund balance of \$2,881,194 which is all restricted, committed or assigned for future projects. The fund balance decreased by \$977,527 during the current year due to the completion of various highway projects.

Debt Service Fund

The debt service fund has a total fund balance of \$314,150, which is restricted for future expenditures. This is a decrease of \$236,660 from the prior year due to repayment of advances to the health care center and solid waste fund.

Capital Improvements Fund

The capital improvements fund has a total fund balance of \$11,476,999, of which \$4,283,394 is restricted for capital improvements to county roads, emergency communications, and Enterprise Resource Planning system, \$5,021,255 is committed for capital improvements, county road projects, and equipment/vehicle replacement funds and \$2,172,350 is assigned for various capital projects. This is an increase of \$670,395 from the prior year due to a library building improvement project and a communication tower project which started in 2016 and are not yet completed.

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

Unrestricted net position of the Health Care Center at the end of the year amounted to \$2,161,429. The total decrease in net position was \$569,488.

Unrestricted net position of the Solid Waste fund at the end of the year amounted to \$1,279,076. The total increase in net position was \$10,578.

Unrestricted net position of the county highway fund at the end of the year amounted to \$2,128,277. The total increase in net position was \$202,495.

Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The original budget is modified for unanticipated changes throughout the fiscal year by the County Board. The County made modifications to its original budget in 2016 for additional grants received during the year, early budget deficit projections, or changes requiring a budget modification.

During the year, actual revenues were less than budgeted revenues by \$918,646. Actual expenditures were less than budgeted expenditures by \$2,005,459 across all categories.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of yearend amounts to \$116,743,425 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, public domain infrastructure (highways and bridges), and construction in progress.

Major capital assets acquired or constructed during the year include:

- Significant completion of the LiDAR Elevation Data Improvement project
- The County constructed various communication towers to carry equipment related to the public safety emergency communication system project
- The parks system made improvements to the County's Shooting Range.
- Parks land acquisition in the Town of Sharon – Steinhaugen Recreation Area.
- The County's completion of various highway road improvement projects.
- The completion of various building remodel improvements.

Capital Asset and Debt Administration (Continued)

Portage County's Capital Assets (net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land and improvements	\$ 14,221,764	\$ 14,446,874	\$ 7,412,604	\$ 7,412,604	\$ 21,634,368	\$ 21,859,478
Buildings	22,244,444	22,237,714	9,992,770	9,959,124	32,237,214	32,196,838
Machinery and equipment	11,035,383	10,738,584	15,990,088	15,487,022	27,025,471	26,225,606
Infrastructure	135,407,279	135,104,636	-	-	135,407,279	135,104,636
Construction in progress	8,767,831	6,465,869	-	22,901	8,767,831	6,488,770
Total	191,676,701	188,993,677	33,395,462	32,881,651	225,072,163	221,875,328
Less: Accumulated depreciation	83,448,530	80,654,997	24,880,208	24,408,669	108,328,738	105,063,666
Assets Net of Accumulated Depreciation	\$ 108,228,171	\$ 108,338,680	\$ 8,515,254	\$ 8,472,982	\$ 116,743,425	\$ 116,811,662

Long-term debt. At the end of the current fiscal year, the County had \$10,300,000 of general obligation promissory notes outstanding.

Portage County's Outstanding Debt General Obligation Debt and Revenue Bonds						
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General Obligation Debt	\$ 9,460,000	\$10,300,000	\$ -	\$ -	\$ 9,460,000	\$10,300,000

The County's total debt decreased by \$840,000 during the current fiscal year due to debt payments of \$2,375,000 and issuance of new general obligation notes of \$1,535,000.

Economic Factors and Next Year's Budgets and Rates

- The County planned for major federal and state revenue sources to remain flat.
- The County planned for the continuation of low interest rates for investments.
- The County's levy is limited to equalized value growth over the previous year or zero percent. The County's levy is at the limit with a 1.47% increase in equalized value (net new construction) over the previous year, excluding debt service, bridge & culvert aid, and the county-wide emergency medical system. The County increased the overall tax levy by \$454,144 for 2017 of which \$335,255 was allowed for general operating expenses subject to the limit.

All of these factors were considered in preparing the County's budget for the 2017 fiscal year.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of Portage County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Finance Director, Portage County Finance Department, 1462 Strongs Avenue, Stevens Point, WI 54481.

BASIC FINANCIAL STATEMENTS

PORTAGE COUNTY, WISCONSIN
Statement of Net Position
December 31, 2016
(With summarized financial information as of December 31, 2015)

	Governmental Activities	Business-type Activities	Totals	
			2016	2015
ASSETS				
Cash and investments	\$ 49,860,484	\$ 2,549,618	\$ 52,410,102	\$ 48,290,264
Receivables				
Taxes	27,002,317	100,000	27,102,317	26,648,173
Delinquent taxes	5,386,143	-	5,386,143	6,195,505
Accounts	2,563,254	1,418,912	3,982,166	2,898,068
Loans	1,801,287	-	1,801,287	1,793,318
Internal balances	(162,799)	162,799	-	-
Due from other governments	2,705,490	858,092	3,563,582	5,837,064
Inventories and prepaid items	168,363	1,167,208	1,335,571	1,502,507
Restricted assets				
Cash and investments	-	2,267,366	2,267,366	2,308,599
Net pension asset	-	-	-	4,769,404
Investment in Central Wisconsin Airport	18,105,086	-	18,105,086	17,917,635
Capital assets, nondepreciable				
Land	12,646,640	324,959	12,971,599	13,224,886
Construction in progress	8,767,831	-	8,767,831	6,488,770
Capital assets, depreciable				
Land improvements	1,575,124	7,087,645	8,662,769	8,634,592
Buildings and improvements	22,244,444	9,992,770	32,237,214	32,196,838
Machinery and equipment	11,035,383	15,990,088	27,025,471	26,225,606
Infrastructure	135,407,279	-	135,407,279	135,104,636
Less: Accumulated depreciation	(83,448,530)	(24,880,208)	(108,328,738)	(105,063,666)
TOTAL ASSETS	215,657,796	17,039,249	232,697,045	234,972,199
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	13,667,791	3,745,723	17,413,514	5,058,791
LIABILITIES				
Accounts payable	2,363,711	672,736	3,036,447	3,860,168
Accrued and other current liabilities	1,733,626	301,424	2,035,050	1,711,246
Accrued interest payable	14,747	3,590	18,337	21,394
Due to other governments	119,423	-	119,423	237,327
Unearned revenues	144,061	159,674	303,735	318,997
Resident trust fund payable	-	8,693	8,693	10,986
Long-term obligations				
Landfill post closure care	-	2,064,822	2,064,822	2,064,822
Due within one year	3,509,653	298,336	3,807,989	3,758,088
Due in more than one year	8,782,399	583,432	9,365,831	10,075,187
Net pension liability	2,451,492	671,120	3,122,612	-
TOTAL LIABILITIES	19,119,112	4,763,827	23,882,939	22,058,215
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	27,002,317	100,000	27,102,317	26,648,173
Deferred inflows related to pension	5,159,123	1,412,361	6,571,484	-
TOTAL DEFERRED INFLOWS OF RESOURCES	32,161,440	1,512,361	33,673,801	26,648,173
NET POSITION				
Net investment in capital assets	104,411,086	8,515,254	112,926,340	111,986,555
Restricted	22,507,041	-	22,507,041	27,164,033
Unrestricted	51,126,908	5,993,530	57,120,438	52,174,014
TOTAL NET POSITION	\$ 178,045,035	\$ 14,508,784	\$ 192,553,819	\$ 191,324,602

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

PORTAGE COUNTY, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 8,327,206	\$ 1,573,571	\$ 413,332	\$ -
Public safety	16,228,793	2,681,355	230,440	-
Public works	9,903,112	2,186,598	1,928,570	-
Health and human services	18,264,050	3,029,769	10,292,035	10,105
Culture and recreation	3,509,722	428,733	110,984	41,440
Conservation and development	1,784,890	397,872	214,258	135,594
Interest and fiscal charges	182,675	-	-	-
Total Governmental Activities	58,200,448	10,297,898	13,189,619	187,139
Business-type Activities				
Health care center	7,229,091	5,702,937	592,674	48
Solid waste	2,348,951	2,093,166	227,929	-
County highway	9,986,430	10,495,141	-	9,494
Total Business-type Activities	19,564,472	18,291,244	820,603	9,542
Total	\$ 77,764,920	\$ 28,589,142	\$ 14,010,222	\$ 196,681

General revenues

Taxes

Property taxes, levied for general purposes

Sales tax

Other taxes

Federal and state grants and other contributions
not restricted to specific functions

Interest and investment earnings

Miscellaneous

Gain on sale of asset

Total general revenues

Change in net position

Net position - January 1

Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Totals	
		2016	2015

\$ (6,340,303)	\$ -	\$ (6,340,303)	\$ (7,469,427)
(13,316,998)	-	(13,316,998)	(11,808,528)
(5,787,944)	-	(5,787,944)	(4,109,940)
(4,932,141)	-	(4,932,141)	(4,720,653)
(2,928,565)	-	(2,928,565)	(2,474,650)
(1,037,166)	-	(1,037,166)	(1,122,811)
(182,675)	-	(182,675)	(144,557)
<u>(34,525,792)</u>	<u>-</u>	<u>(34,525,792)</u>	<u>(31,850,566)</u>

-	(933,432)	(933,432)	(638,274)
-	(27,856)	(27,856)	24,661
-	518,205	518,205	472,816
<u>-</u>	<u>(443,083)</u>	<u>(443,083)</u>	<u>(140,797)</u>

<u>(34,525,792)</u>	<u>(443,083)</u>	<u>(34,968,875)</u>	<u>(31,991,363)</u>
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25,981,662	659,768	26,641,430	25,985,354
6,291,029	-	6,291,029	5,931,529
210,464	-	210,464	206,881

2,181,568	-	2,181,568	2,383,670
512,649	44,861	557,510	796,655
311,563	1,983	313,546	419,433
-	2,545	2,545	-
<u>35,488,935</u>	<u>709,157</u>	<u>36,198,092</u>	<u>35,723,522</u>

963,143	266,074	1,229,217	3,732,159
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<u>177,081,892</u>	<u>14,242,710</u>	<u>191,324,602</u>	<u>187,592,443</u>
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<u>\$ 178,045,035</u>	<u>\$ 14,508,784</u>	<u>\$ 192,553,819</u>	<u>\$ 191,324,602</u>
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PORTAGE COUNTY, WISCONSIN

Balance Sheet

Governmental Funds

December 31, 2016

(With summarized financial information as of December 31, 2015)

	General	Social Improvement	County Roads and Bridges	Debt Service
ASSETS				
Cash and investments	\$ 17,666,877	\$ 865,175	\$ 2,862,686	\$ 52,201
Receivables				
Taxes	12,467,733	5,033,582	4,326,201	2,364,226
Delinquent taxes	5,386,143	-	-	-
Accounts, net	1,325,004	259,364	-	-
Loans	-	-	-	1,500,000
Due from other funds	-	-	-	-
Advance to other funds	-	-	-	261,949
Due from other governments	267,639	1,750,731	-	-
Prepaid items	62,149	3,412	-	-
TOTAL ASSETS	\$ 37,175,545	\$ 7,912,264	\$ 7,188,887	\$ 4,178,376
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 297,255	\$ 701,585	\$ 51,492	\$ -
Due to other funds	-	-	-	-
Accrued and other current liabilities	1,433,140	221,108	-	-
Due to other governments	87,855	31,568	-	-
Unearned revenue	74,601	47,752	-	-
Total Liabilities	1,892,851	1,002,013	51,492	-
Deferred Inflows of Resources				
Property taxes levied for subsequent year	12,467,733	5,033,582	4,326,201	2,364,226
Delinquent taxes, including interest	456,218	-	-	-
Long-term loans receivable	-	-	-	1,500,000
Total Deferred Inflows of Resources	12,923,951	5,033,582	4,326,201	3,864,226
Fund Balances				
Nonspendable	4,718,326	3,412	-	-
Restricted	448,812	1,729	152,856	314,150
Committed	2,657,005	218,730	2,658,338	-
Assigned	2,690,082	1,652,798	-	-
Unassigned	11,844,518	-	-	-
Total Fund Balances	22,358,743	1,876,669	2,811,194	314,150
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 37,175,545	\$ 7,912,264	\$ 7,188,887	\$ 4,178,376

(Continued)

Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds	
		2016	2015
\$ 11,522,867	\$ 8,887,664	\$ 41,857,470	\$ 38,962,802
775,447	2,035,128	27,002,317	25,988,405
-	-	5,386,143	6,195,505
-	439,573	2,023,941	1,678,228
-	301,287	1,801,287	1,793,318
-	-	-	296,909
-	-	261,949	498,610
104,971	582,149	2,705,490	5,280,877
-	13,418	78,979	89,842
<u>\$ 12,403,285</u>	<u>\$ 12,259,219</u>	<u>\$ 81,117,576</u>	<u>\$ 80,784,496</u>

\$ 150,839	\$ 239,660	\$ 1,440,831	\$ 1,583,271
-	-	-	296,909
-	58,479	1,712,727	1,414,484
-	-	119,423	237,327
-	21,708	144,061	315,522
<u>150,839</u>	<u>319,847</u>	<u>3,417,042</u>	<u>3,847,513</u>

775,447	2,035,128	27,002,317	25,988,405
-	-	456,218	475,094
-	301,287	1,801,287	1,793,318
<u>775,447</u>	<u>2,336,415</u>	<u>29,259,822</u>	<u>28,256,817</u>

-	99,570	4,821,308	5,728,799
4,283,394	1,611,716	6,812,657	6,771,975
5,021,255	7,760,145	18,315,473	17,873,437
2,172,350	131,526	6,646,756	6,671,113
-	-	11,844,518	11,634,842
<u>11,476,999</u>	<u>9,602,957</u>	<u>48,440,712</u>	<u>48,680,166</u>

<u>\$ 12,403,285</u>	<u>\$ 12,259,219</u>	<u>\$ 81,117,576</u>	<u>\$ 80,784,496</u>
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PORTAGE COUNTY, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2016

(With summarized financial information as of December 31, 2015)

Reconciliation to the Statement of Net Position

	2016	2015
Total Fund Balances as shown on previous page	\$ 48,440,712	\$ 48,680,166
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	107,969,930	107,965,965
Investment in Central Wisconsin Airport is not a current financial resource and therefore is not reported in the funds.	18,105,086	17,917,635
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Delinquent taxes, including accrued interest	456,218	475,094
Loans receivable	1,801,287	1,793,318
The County's proportionate share of the Wisconsin Retirement System plan is not an available financial resource; therefore, it is not reported in the fund financial statements:		
Net pension asset	-	3,771,386
Deferred outflows of resources	13,667,791	3,963,166
Deferred inflows related to pension	(5,159,123)	-
Net pension liability	(2,451,492)	-
Internal service funds are used by management to charge costs of various services to individual funds. Internal service funds are included in the governmental activities on the statement of net position.	7,521,425	5,582,002
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	\$ (9,460,000)	
Compensated absences	(2,691,573)	
Debt premium	(140,479)	
Accrued interest on long-term obligations	(14,747)	
	<u>(12,306,799)</u>	<u>(13,066,840)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 11)	<u>\$ 178,045,035</u>	<u>\$ 177,081,892</u>

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

PORTAGE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

	General	Social Improvement	County Roads and Bridges	Debt Service
Revenues				
Taxes	\$ 18,980,563	\$ 4,739,037	\$ 4,199,406	\$ 2,284,513
Intergovernmental	3,086,231	8,166,704	1,928,570	-
Licenses and permits	171,475	240,008	-	-
Fines and forfeits	217,917	73,060	-	-
Public charges for services	1,865,026	2,351,243	-	-
Intergovernmental charges for services	1,040,572	29,135	-	-
Miscellaneous	411,681	48,473	-	54,264
Total Revenues	25,773,465	15,647,660	6,127,976	2,338,777
Expenditures				
Current				
General government	9,227,691	-	-	-
Public safety	11,342,281	506,417	-	-
Public works	-	-	7,105,503	-
Health and human services	252,800	15,066,334	-	-
Culture and recreation	3,181,180	-	-	-
Conservation and development	1,492,035	-	-	-
Debt service				
Principal	-	-	-	2,375,000
Interest and fiscal charges	-	-	-	200,437
Capital outlay	387,092	-	-	-
Total Expenditures	25,883,079	15,572,751	7,105,503	2,575,437
Excess of Revenues Over (Under)				
Expenditures	(109,614)	74,909	(977,527)	(236,660)
Other Financing Sources (Uses)				
Long-term debt issued	-	-	-	-
Transfers in	149,984	-	-	-
Transfers out	-	(128,069)	-	-
Total Other Financing Sources (Uses)	149,984	(128,069)	-	-
Net Change in Fund Balances	40,370	(53,160)	(977,527)	(236,660)
Fund Balance - January 1	22,318,373	1,929,829	3,788,721	550,810
Fund Balance - December 31	\$ 22,358,743	\$ 1,876,669	\$ 2,811,194	\$ 314,150

(Continued)

Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds	
		2016	2015
\$ 700,000	\$ 1,905,883	\$ 32,809,402	\$ 32,024,707
187,034	1,790,760	15,159,299	15,783,452
-	-	411,483	395,967
-	68,527	359,504	385,509
-	2,047,361	6,263,630	4,959,791
-	6,976	1,076,683	1,030,832
10,105	615,239	1,139,762	1,372,883
<u>897,139</u>	<u>6,434,746</u>	<u>57,219,763</u>	<u>55,953,141</u>

-	80,237	9,307,928	8,968,651
-	2,679,590	14,528,288	14,133,665
-	-	7,105,503	5,309,617
-	2,896,572	18,215,706	17,302,028
-	-	3,181,180	3,130,246
-	134,149	1,626,184	1,709,760
-	-	2,375,000	2,210,000
31,021	-	231,458	234,539
1,783,723	274,070	2,444,885	4,651,099
<u>1,814,744</u>	<u>6,064,618</u>	<u>59,016,132</u>	<u>57,649,605</u>

<u>(917,605)</u>	<u>370,128</u>	<u>(1,796,369)</u>	<u>(1,696,464)</u>
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1,535,000	-	1,535,000	-
53,000	-	202,984	1,869,480
-	(53,000)	(181,069)	(1,847,911)
<u>1,588,000</u>	<u>(53,000)</u>	<u>1,556,915</u>	<u>21,569</u>

670,395	317,128	(239,454)	(1,674,895)
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<u>10,806,604</u>	<u>9,285,829</u>	<u>48,680,166</u>	<u>50,355,061</u>
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<u>\$ 11,476,999</u>	<u>\$ 9,602,957</u>	<u>\$ 48,440,712</u>	<u>\$ 48,680,166</u>
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PORTAGE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

<u>Reconciliation to the Statement of Activities</u>	2016	2015
Net Change in Fund Balances - Total Governmental Funds from previous page	\$ (239,454)	\$ (1,674,895)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital expenditures reported in governmental fund statements	3,921,521	4,457,276
Depreciation expense reported in the statement of activities	<u>(3,593,548)</u>	<u>(3,703,624)</u>
Amount by which capital asset purchases exceeds depreciation in current year	327,973	753,652
Loss on disposal of capital assets not recognized in the fund financial statements	(324,008)	(350,685)
The net income of the investment in Central Wisconsin Airport is reported with governmental activities	187,451	1,561,246
Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits decreased (increased) by:	(128,742)	73,992
Change in the net pension liability (asset) and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan.	(1,677,376)	178,532
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:	2,375,000	2,210,000
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid; in the statement of activities interest is reported as it accrues.	1,956	2,842
Some capital assets acquired during the year were financed with debt. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:	(1,535,000)	-
Debt premium is reported as an other financing source in the fund financial statements but capitalized and amortized over the life of the bond issue in the government-wide financial statements.	46,827	87,140
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent taxes, including accrued interest	(18,876)	(102,933)
Loans receivable	7,969	(9,609)
The net expenses of certain activities of internal service funds are reported with governmental activities	<u>1,939,423</u>	<u>500,044</u>
Change in Net Position of Governmental Activities as Reported on the Statement of Activities (pages 12 - 13)	<u>\$ 963,143</u>	<u>\$ 3,229,326</u>

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

PORTAGE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 18,951,691	\$ 18,951,691	\$ 18,980,563	\$ 28,872
Intergovernmental	3,435,417	3,514,115	3,086,231	(427,884)
Licenses and permits	170,441	170,441	171,475	1,034
Fines and forfeits	237,650	237,650	217,917	(19,733)
Public charges for services	1,804,280	1,825,943	1,865,026	39,083
Intergovernmental charges for services	886,368	886,368	1,040,572	154,204
Miscellaneous	996,377	1,105,903	411,681	(694,222)
Total Revenues	26,482,224	26,692,111	25,773,465	(918,646)
Expenditures				
Current				
General government	10,172,030	10,504,313	9,227,691	1,276,622
Public safety	11,328,026	11,586,818	11,342,281	244,537
Health and human services	253,111	253,111	252,800	311
Culture and recreation	3,283,421	3,381,623	3,181,180	200,443
Conservation and development	1,632,679	1,669,724	1,492,035	177,689
Capital outlay	416,801	492,949	387,092	105,857
Total Expenditures	27,086,068	27,888,538	25,883,079	2,005,459
Excess of Revenues Under Expenditures	(603,844)	(1,196,427)	(109,614)	1,086,813
Other Financing Sources				
Transfers in	159,959	159,959	149,984	(9,975)
Net Change in Fund Balance	(443,885)	(1,036,468)	40,370	1,076,838
Fund Balance - January 1	22,318,373	22,318,373	22,318,373	-
Fund Balance - December 31	\$ 21,874,488	\$ 21,281,905	\$ 22,358,743	\$ 1,076,838

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

PORTAGE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Social Improvement
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,739,037	\$ 4,739,037	\$ 4,739,037	\$ -
Intergovernmental	8,872,173	8,872,173	8,166,704	(705,469)
Licenses and permits	213,457	213,457	240,008	26,551
Fines and forfeits	65,264	65,264	73,060	7,796
Public charges for services	1,410,538	1,410,538	2,351,243	940,705
Intergovernmental charges for services	29,000	29,000	29,135	135
Miscellaneous	34,420	34,420	48,473	14,053
Total Revenues	15,363,889	15,363,889	15,647,660	283,771
Expenditures				
Current				
Public safety	536,784	537,113	506,417	30,696
Health and human services	14,827,105	14,842,297	15,066,334	(224,037)
Total Expenditures	15,363,889	15,379,410	15,572,751	(193,341)
Excess of Revenues Over (Under) Expenditures	-	(15,521)	74,909	90,430
Other Financing Uses				
Transfers out	(138,044)	(138,044)	(128,069)	9,975
Net Change in Fund Balance	(138,044)	(153,565)	(53,160)	100,405
Fund Balance - January 1	1,929,829	1,929,829	1,929,829	-
Fund Balance - December 31	\$ 1,791,785	\$ 1,776,264	\$ 1,876,669	\$ 100,405

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

PORTAGE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
County Roads and Bridges
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,199,406	\$ 4,199,406	\$ 4,199,406	\$ -
Intergovernmental	1,813,989	1,923,388	1,928,570	5,182
Total Revenues	6,013,395	6,122,794	6,127,976	5,182
Expenditures				
Current				
Public works	7,943,946	8,053,345	7,105,503	947,842
Net Change in Fund Balance	(1,930,551)	(1,930,551)	(977,527)	953,024
Fund Balance - January 1	3,788,721	3,788,721	3,788,721	-
Fund Balance - December 31	\$ 1,858,170	\$ 1,858,170	\$ 2,811,194	\$ 953,024

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

PORTAGE COUNTY, WISCONSIN
Statement of Net Position
Proprietary Funds
December 31, 2016
(With summarized financial information as of December 31, 2015)

	Health Care Center	Solid Waste	County Highway
ASSETS			
Current assets			
Cash and investments	\$ 999,004	\$ 1,078,531	\$ 472,083
Receivables			
Taxes	100,000	-	-
Accounts	979,443	335,792	103,677
Due from other governments	-	7,315	850,777
Inventories	54,128	-	1,097,265
Prepaid expenses	3,533	1,398	10,884
Total Current Assets	2,136,108	1,423,036	2,534,686
Noncurrent assets			
Restricted assets			
Cash and investments	8,693	2,258,673	-
Net pension asset	-	-	-
Capital assets, nondepreciable			
Land	23,837	88,079	213,043
Construction in progress	-	-	-
Capital assets, depreciable			
Land improvements	203,893	6,296,827	586,925
Buildings	4,250,048	2,977,069	2,765,653
Machinery and equipment	2,830,665	413,161	12,746,262
Less: Accumulated depreciation	(5,492,497)	(8,429,699)	(10,958,012)
Net Capital Assets	1,815,946	1,345,437	5,353,871
Total Noncurrent Assets	1,824,639	3,604,110	5,353,871
TOTAL ASSETS	3,960,747	5,027,146	7,888,557
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pension	2,006,110	33,189	1,706,424
LIABILITIES			
Current Liabilities			
Accounts and claims payable	202,976	192,000	277,760
Accrued and other current liabilities	134,580	3,551	163,293
Accrued interest	3,590	-	-
Unearned revenues	-	-	159,674
Compensated absences	108,155	9,466	180,715
Current maturities of advance from other funds	46,275	117,138	-
Total Current Liabilities	495,576	322,155	781,442
Noncurrent Liabilities			
Advance to other funds	98,536	-	-
Resident trust fund payable	8,693	-	-
Compensated absences	163,357	30,602	389,473
Post closure	-	2,064,822	-
Net pension liability	361,838	5,876	303,406
Total Noncurrent Liabilities	632,424	2,101,300	692,879
TOTAL LIABILITIES	1,128,000	2,423,455	1,474,321
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent year	100,000	-	-
Deferred inflows related to pension	761,482	12,367	638,512
TOTAL DEFERRED INFLOWS OF RESOURCES	861,482	12,367	638,512
NET POSITION			
Investment in capital assets	1,815,946	1,345,437	5,353,871
Restricted for			
Equipment replacement	-	-	-
Pension benefits	-	-	-
Unrestricted	2,161,429	1,279,076	2,128,277
TOTAL NET POSITION	\$ 3,977,375	\$ 2,624,513	\$ 7,482,148

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Net position of business-type activities as reported on the Statement of Net Position (see page 11)

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

Total Enterprise Funds		Internal Service Funds	
2016	2015	2016	2015
\$ 2,549,618	\$ 2,768,897	\$ 8,003,014	\$ 6,558,565
100,000	659,768	-	-
1,418,912	1,204,113	539,313	15,727
858,092	548,763	-	7,424
1,151,393	1,296,704	-	-
15,815	8,793	89,384	107,168
<u>6,093,830</u>	<u>6,487,038</u>	<u>8,631,711</u>	<u>6,688,884</u>
2,267,366	2,308,599	-	-
-	998,018	-	-
324,959	324,959	-	-
-	22,901	-	-
7,087,645	7,087,645	-	-
9,992,770	9,959,124	-	-
15,990,088	15,487,022	706,599	775,586
(24,880,208)	(24,408,669)	(448,358)	(402,871)
<u>8,515,254</u>	<u>8,472,982</u>	<u>258,241</u>	<u>372,715</u>
<u>10,782,620</u>	<u>11,779,599</u>	<u>258,241</u>	<u>372,715</u>
<u>16,876,450</u>	<u>18,266,637</u>	<u>8,889,952</u>	<u>7,061,599</u>
<u>3,745,723</u>	<u>1,095,625</u>	-	-
672,736	619,706	922,880	1,657,191
301,424	276,615	20,899	20,147
3,590	4,691	-	-
159,674	3,475	-	-
298,336	285,340	-	-
163,413	236,661	-	-
<u>1,599,173</u>	<u>1,426,488</u>	<u>943,779</u>	<u>1,677,338</u>
98,536	261,949	-	-
8,693	10,986	-	-
583,432	497,798	-	-
2,064,822	2,064,822	-	-
671,120	-	-	-
<u>3,426,603</u>	<u>2,835,555</u>	-	-
<u>5,025,776</u>	<u>4,262,043</u>	<u>943,779</u>	<u>1,677,338</u>
100,000	659,768	-	-
1,412,361	-	-	-
<u>1,512,361</u>	<u>659,768</u>	-	-
8,515,254	8,472,982	258,241	372,715
-	4,451	-	-
-	998,018	-	-
5,568,782	4,965,000	7,687,932	5,011,546
14,084,036	14,440,451	<u>\$ 7,946,173</u>	<u>\$ 5,384,261</u>
424,748	(197,741)		
<u>\$ 14,508,784</u>	<u>\$ 14,242,710</u>		

PORTAGE COUNTY, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

	Health Care Center	Solid Waste	County Highway
Operating Revenues			
Public charges for services	\$ 5,688,812	\$ 2,023,570	\$ 7,302
Intergovernmental charges for services	-	-	10,466,739
Other operating revenues	17,482	69,596	21,100
Total Operating Revenues	<u>5,706,294</u>	<u>2,093,166</u>	<u>10,495,141</u>
Operating Expenses			
Operation and maintenance			
Salaries and fringe benefits	4,804,847	178,264	4,476,532
Contractual services	1,732,522	2,040,587	833,446
Supplies	656,123	17,554	4,130,187
Insurance and other fixed charges	108,786	14,954	357,946
Total Operation and Maintenance	<u>7,302,278</u>	<u>2,251,359</u>	<u>9,798,111</u>
Depreciation	209,879	94,359	506,574
Total Operating Expenses	<u>7,512,157</u>	<u>2,345,718</u>	<u>10,304,685</u>
Operating Income (Loss)	<u>(1,805,863)</u>	<u>(252,552)</u>	<u>190,456</u>
Nonoperating Revenues (Expenses)			
General property taxes	659,768	-	-
Intergovernmental aids	591,300	227,929	-
Interest income	-	56	-
Gain (loss) on disposal of capital assets	-	-	2,545
Net increase (decrease) in the fair value of investments	-	44,805	-
Interest and fiscal charges	(14,741)	(9,660)	-
Total Nonoperating Revenues (Expenses)	<u>1,236,327</u>	<u>263,130</u>	<u>2,545</u>
Net Income (Loss) before Contributions and Transfers	<u>(569,536)</u>	<u>10,578</u>	<u>193,001</u>
Capital contributions	48	-	9,494
Transfers in	-	-	-
Transfers out	-	-	-
Change in Net Position	<u>(569,488)</u>	<u>10,578</u>	<u>202,495</u>
Net Position - January 1	<u>4,546,863</u>	<u>2,613,935</u>	<u>7,279,653</u>
Net Position - December 31	<u>\$ 3,977,375</u>	<u>\$ 2,624,513</u>	<u>\$ 7,482,148</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net position of business-type activities as reported on the Statement of Activities (see pages 12-13)

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

Total Enterprise Funds		Internal Service Funds	
2016	2015	2016	2015
\$ 7,719,684	\$ 8,901,142	\$ -	\$ -
10,466,739	10,709,350	11,586,416	10,789,455
108,178	89,794	600	1,252
<u>18,294,601</u>	<u>19,700,286</u>	<u>11,587,016</u>	<u>10,790,707</u>
9,459,643	9,386,645	731,339	699,015
4,606,555	4,306,588	7,981,511	9,022,350
4,803,864	5,976,453	176,921	208,664
481,686	450,396	1,194	1,123
<u>19,351,748</u>	<u>20,120,082</u>	<u>8,890,965</u>	<u>9,931,152</u>
810,812	803,719	114,474	138,260
<u>20,162,560</u>	<u>20,923,801</u>	<u>9,005,439</u>	<u>10,069,412</u>
<u>(1,867,959)</u>	<u>(1,223,515)</u>	<u>2,581,577</u>	<u>721,295</u>
659,768	576,352	-	-
819,229	870,659	2,250	-
56	26	-	-
2,545	(45,514)	-	-
44,805	60,277	-	-
(24,401)	(23,118)	-	-
<u>1,502,002</u>	<u>1,438,682</u>	<u>2,250</u>	<u>-</u>
(365,957)	215,167	2,583,827	721,295
9,542	87,984	-	-
-	-	-	50,836
-	-	(21,915)	(72,405)
(356,415)	303,151	2,561,912	699,726
		<u>5,384,261</u>	<u>4,684,535</u>
		<u>\$ 7,946,173</u>	<u>\$ 5,384,261</u>
<u>622,489</u>	<u>199,682</u>		
<u>\$ 266,074</u>	<u>\$ 502,833</u>		

PORTAGE COUNTY, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

	Health Care Center	Solid Waste	County Highway
Cash Flows from Operating Activities			
Cash received from customers	\$ 5,568,304	\$ 1,933,157	\$ 10,160,834
Cash payments to suppliers	(2,203,345)	(2,043,525)	(4,868,609)
Cash payments to employees	(4,803,629)	(141,866)	(4,390,709)
Miscellaneous income	17,482	69,596	21,100
Net Cash Provided (Used) by Operating Activities	<u>(1,421,188)</u>	<u>(182,638)</u>	<u>922,616</u>
Cash Flows from Noncapital Financing Activities			
General property taxes	659,768	-	-
Intergovernmental grants received	591,300	227,929	-
Transfers in (out)	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,251,068</u>	<u>227,929</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(36,393)	-	(874,255)
Sale of capital assets	-	-	60,109
Capital contributions	48	-	9,494
Principal paid on long term advance	(44,389)	(192,272)	-
Interest paid on long term advance	(15,842)	(9,660)	-
Net Cash Used by Capital and Related Financing Activities	<u>(96,576)</u>	<u>(201,932)</u>	<u>(804,652)</u>
Cash Flows from Investing Activities			
Interest income received	-	56	-
Net increase in the fair value of investments	-	44,805	-
Cash Flows Provided by Investing Activities	<u>-</u>	<u>44,861</u>	<u>-</u>
Change in Cash and Cash Equivalents	<u>(266,696)</u>	<u>(111,780)</u>	<u>117,964</u>
Cash and Cash Equivalents - January 1	<u>1,274,393</u>	<u>3,448,984</u>	<u>354,119</u>
Cash and Cash Equivalents - December 31	<u>\$ 1,007,697</u>	<u>\$ 3,337,204</u>	<u>\$ 472,083</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (1,805,863)	\$ (252,552)	\$ 190,456
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	209,879	94,359	506,574
Change in pension related liability (asset), deferred outflows of resources, and deferred inflows of resources	240,931	4,080	186,390
Changes in assets and liabilities			
Accounts receivable	(120,508)	(88,628)	(5,663)
Due from other governments	-	(1,785)	(307,544)
Inventories and prepaid expenses	(1,854)	(13)	140,156
Accounts payable	57,302	25,503	(29,775)
Accrued and other current liabilities	(6,273)	209	30,873
Resident trust fund payable	(2,293)	-	-
Unearned revenues	-	-	156,199
Post closure	-	-	-
Compensated absences	7,491	36,189	54,950
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,421,188)</u>	<u>\$ (182,638)</u>	<u>\$ 922,616</u>

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

Total Enterprise Funds		Internal Service Funds	
2016	2015	2016	2015
\$ 17,662,295	\$ 19,941,202	\$ 11,070,854	\$ 10,893,886
(9,115,479)	(10,895,138)	(8,876,153)	(9,614,400)
(9,336,204)	(9,446,599)	(730,587)	(716,133)
108,178	89,794	-	-
<u>(681,210)</u>	<u>(310,741)</u>	<u>1,464,114</u>	<u>563,353</u>
659,768	576,352	-	-
819,229	870,659	2,250	-
-	-	(21,915)	(21,569)
<u>1,478,997</u>	<u>1,447,011</u>	<u>(19,665)</u>	<u>(21,569)</u>
(910,648)	(664,170)	-	(140,136)
60,109	40,294	-	-
9,542	87,984	-	-
(236,661)	(230,189)	-	-
(25,502)	(24,173)	-	-
<u>(1,103,160)</u>	<u>(790,254)</u>	<u>-</u>	<u>(140,136)</u>
56	26	-	-
44,805	60,277	-	-
<u>44,861</u>	<u>60,303</u>	<u>-</u>	<u>-</u>
(260,512)	406,319	1,444,449	401,648
5,077,496	4,671,177	6,558,565	6,156,917
<u>\$ 4,816,984</u>	<u>\$ 5,077,496</u>	<u>\$ 8,003,014</u>	<u>\$ 6,558,565</u>
\$ (1,867,959)	\$ (1,223,515)	\$ 2,581,577	\$ 721,295
810,812	803,719	114,474	138,260
431,401	139,437	-	-
(214,799)	245,985	(523,586)	103,179
(309,329)	84,725	7,424	-
138,289	31,239	17,784	21,102
53,030	(249,145)	(734,311)	(403,365)
24,809	9,644	752	(17,118)
(2,293)	(4,206)	-	-
156,199	3,475	-	-
-	(82,501)	-	-
98,630	(69,598)	-	-
<u>\$ (681,210)</u>	<u>\$ (310,741)</u>	<u>\$ 1,464,114</u>	<u>\$ 563,353</u>

PORTAGE COUNTY, WISCONSIN

Statement of Net Position

Fiduciary Fund - Agency Funds

December 31, 2016

(With summarized financial information as of December 31, 2015)

	Tax Agency	Sheriff	Social Improvement	Clerk of Courts	Totals	
					2016	2015
ASSETS						
Cash and cash equivalents	\$ 15,731,580	\$ 3,202	\$ 26,544	\$ 522,067	\$ 16,283,393	\$ 18,385,981
LIABILITIES						
Due to other governments	\$ 15,731,580	\$ -	\$ -	\$ -	\$ 15,731,580	\$ 17,815,738
Deposits payable	-	3,202	26,544	522,067	551,813	570,243
Total Liabilities	\$ 15,731,580	\$ 3,202	\$ 26,544	\$ 522,067	\$ 16,283,393	\$ 18,385,981

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

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Portage County, Wisconsin (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (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:

1. Reporting Entity

Portage County is a municipal corporation governed by an elected 29-member board. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units that have a significant operational or financial relationship with the County. The County has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

2. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise and internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

GENERAL FUND

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

SOCIAL IMPROVEMENT FUND

The social improvement fund is used to account for resources legally restricted to support the various human service programs. The significant revenues for this fund are property taxes, grants, and charges for services.

COUNTY ROADS AND BRIDGES FUND

The county roads and bridges fund is used to account for property taxes and intergovernmental grants received for general maintenance and improvements to the Portage County highway system. The significant revenues for this fund are property taxes and grants.

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

CAPITAL IMPROVEMENTS FUND

The capital improvements fund accounts for property taxes, long-term debt proceeds and other revenues to finance the County's capital improvement plan.

The County reports the following major enterprise funds:

HEALTH CARE CENTER

The health care center fund is used to account for the provision of skilled nursing home care services for aged and disabled residents.

SOLID WASTE

The solid waste fund is used to account for the provision of solid waste collection, disposal and the recycling services to County residents.

COUNTY HIGHWAY

The County highway fund is used to account for the operations of the County highway department. This is the general business function of the County highway which includes the maintenance and repair of County, Town, Village and State roads and bridges.

Additionally, the government reports the following funds:

Internal service funds account for self-funded health insurance, information technology, and self-funded workers' compensation services provided to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

The County accounts for assets held for individuals by various departments, funds held for other governmental agencies and property taxes collected on behalf of county municipalities in *agency funds*.

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

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

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for human services, victim witness, and other reimbursable grants, for which available is defined as 180 days. This exception is necessary because the funding source reimbursement process routinely extends to this period and the revenue then more appropriately matches to the related expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

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

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. Accounts receivable of \$6,560,408 have been shown net of allowance for uncollectible accounts of \$2,578,242.

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. In addition, certain funds maintain deficit cash positions during the year, financed by the County's general fund. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

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

d. Inventories

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

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

e. Prepaid Items

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

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

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. General infrastructure assets acquired prior to January 1, 2004, are not reported in the basic financial statements.

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

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

	Governmental	Business-type
	Activities	Activities
	Years	
<u>Assets</u>		
Land improvements	10 - 30	10 - 30
Buildings and improvements	25 - 40	25 - 40
Machinery and equipment	3 - 15	3 - 15
Infrastructure	50	-

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

h. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in this category in the government-wide statement of net position. The first is property taxes, which will be recognized as an inflow of resources in the subsequent year for which it was levied. The second is related to the County's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants. The County also has an additional type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, long-term loans receivable and delinquent taxes including interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

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

j. Pensions

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

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

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

5. Use of Estimates

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

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

7. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

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

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

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2016.

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

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

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

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

The carrying amount of the County's cash and investments totaled \$70,960,861 on December 31, 2016 as summarized below:

Petty cash and cash on hand	\$ 8,660
Deposits with financial institutions	39,716,032
Investments	31,236,169
	\$ 70,960,861

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position	
Cash and investments	\$ 52,410,102
Restricted cash and investments	2,267,366
Fiduciary Fund Statement of Net Position	
Agency funds	16,283,393
	\$ 70,960,861

Fair Value Measurements

The County implemented GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ending December 31, 2016. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The County has the following fair value measurements as of December 31, 2016:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
US Treasury	\$ -	\$ 2,245,535	\$ -
Government National Mortgage Association	-	1,240,936	-
Federal National Mortgage Association	-	6,754,642	-
Federal Home Loan Mortgage Corp.	-	5,892,992	-
Federal Home Loan Bank	-	2,675,644	-
Federal Farm Credit Bank	-	4,765,710	-
Money Market Mutual Funds	1,455,727	-	-
Negotiable Certificates of Deposit	-	6,204,983	-
	\$ 1,455,727	\$ 29,780,442	\$ -

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

Custodial Credit Risk

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

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

As of December 31, 2016, \$33,954,857 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits. \$27,491,000 was collateralized with securities held by the pledging financial institution or its trust department or agent and in the County's name.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of year-end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
US Treasury	\$ 2,245,535	\$ 2,245,535	\$ -	\$ -	\$ -
Government National Mortgage Association	1,240,936	1,240,936	-	-	-
Federal National Mortgage Association	6,754,642	-	6,754,642	-	-
Federal Home Loan Mortgage Corp.	5,892,992	-	5,892,992	-	-
Federal Home Loan Bank	2,675,644	-	2,675,644	-	-
Federal Farm Credit Bank	4,765,710	-	4,765,710	-	-
Money Market Mutual Funds	1,455,727	-	-	-	1,455,727
Negotiable Certificates of Deposit	6,204,983	-	-	-	6,204,983
Totals	\$ 31,236,169	\$ 3,486,471	\$ 20,088,988	\$ -	\$ 7,660,710

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total County's investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Total
Federal Home Loan Mortgage Corp.	Notes	\$ 5,892,992	19%
Federal National Mortgage Association	Notes	6,754,642	22%
Federal Farm Credit Bank	Notes	4,765,710	15%
Federal Home Loan Bank	Notes	2,675,644	9%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Remaining maturities on the County's investments are as follows:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
US Treasury	\$ 2,245,535	\$ 1,249,959	\$ 747,928	\$ 247,648	\$ -
Government National Mortgage Association	1,240,936	-	-	-	1,240,936
Federal National Mortgage Association	6,754,642	997,355	2,425,126	3,107,934	224,227
Federal Home Loan Mortgage Corp.	5,892,992	475,461	2,100,056	2,174,087	1,143,388
Federal Home Loan Bank	2,675,644	-	475,366	2,200,278	-
Federal Farm Credit Bank	4,765,710	2,622,958	498,115	1,479,300	165,337
Money Market Mutual Funds	1,455,727	1,455,727	-	-	-
Negotiable Certificates of Deposit	6,204,983	1,750,633	1,994,350	2,460,000	-
Totals	\$ 31,236,169	\$ 8,552,093	\$ 8,240,941	\$ 11,669,247	\$ 2,773,888

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The County's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	<u>\$ 13,888,570</u>

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

2. Property Tax Apportionments

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

Property taxes of \$27,102,317 are recorded on December 31, 2016 for collection in 2017 for the County apportionment. The County apportionment is for financing 2017 operations and will be transferred in 2017 from deferred inflows of resources to current revenues of the County's governmental and proprietary funds.

3. Delinquent Property Taxes - General Fund

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

On December 31, 2016, the County's General Fund showed an investment of \$5,386,143 in delinquent taxes as follows:

Year Purchased	Total	County Share	County Purchased
2005 and prior	\$ 4,771	\$ 1,182	\$ 3,589
2006	3,759	931	2,828
2007	4,105	1,016	3,089
2008	4,490	1,112	3,378
2009	5,142	1,273	3,869
2010	5,791	1,434	4,357
2011	19,785	4,899	14,886
2012	10,618	2,629	7,989
2013	111,888	27,706	84,182
2014	299,340	74,122	225,218
2015	876,406	217,015	659,391
Total tax certificates	1,346,095	333,319	1,012,776
Tax deeds	3,848,543	-	3,848,543
Interest on delinquent taxes	191,505	191,505	-
Delinquent Property Taxes at December 31, 2015	<u>\$ 5,386,143</u>	524,824	4,861,319
Less: 60 day collections		68,606	205,142
Deferred Inflow of Resources		<u>\$ 456,218</u>	
Nonspendable Fund Balance (purchased equities of other governments)			<u>\$ 4,656,177</u>

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Restricted Assets

Restricted assets on December 31, 2016 totaled \$2,267,366 and consisted of cash and investments held for the following purposes:

Enterprise Funds

Health care center - client deposits	\$ 8,693
Solid waste - long-term care deposits	2,258,673
Total Restricted Assets	<u>\$ 2,267,366</u>

5. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 12,899,927	\$ 3,044	\$ 256,331	\$ 12,646,640
Construction in progress	6,465,869	2,306,462	4,500	8,767,831
Total capital assets, not being depreciated	19,365,796	2,309,506	260,831	21,414,471
Capital assets, being depreciated:				
Land improvements	1,546,947	28,177	-	1,575,124
Buildings and improvements	22,237,714	6,730	-	22,244,444
Machinery and equipment	10,738,584	684,005	387,206	11,035,383
Infrastructure	135,104,636	897,603	594,960	135,407,279
Subtotals	169,627,881	1,616,515	982,166	170,262,230
Less accumulated depreciation for:				
Land improvements	658,891	149,637	-	808,528
Buildings and improvements	8,717,920	517,942	-	9,235,862
Machinery and equipment	9,240,242	540,214	340,049	9,440,407
Infrastructure	62,037,944	2,500,229	574,440	63,963,733
Subtotals	80,654,997	3,708,022	914,489	83,448,530
Total capital assets, being depreciated, net	88,972,884	(2,091,507)	67,677	86,813,700
Governmental activities capital assets, net	<u>\$ 108,338,680</u>	<u>\$ 217,999</u>	<u>\$ 328,508</u>	108,228,171
Less related long-term debt outstanding				(3,676,606)
Less capital related premium				(140,479)
Net investment in capital assets				<u>\$ 104,411,086</u>

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 324,959	\$ -	\$ -	\$ 324,959
Construction in progress	22,901	-	22,901	-
Total capital assets, not being depreciated	<u>347,860</u>	-	22,901	<u>324,959</u>
Capital assets, being depreciated:				
Land improvements	7,087,645	-	-	7,087,645
Buildings and improvements	9,959,124	33,646	-	9,992,770
Machinery and equipment	15,487,022	899,903	396,837	15,990,088
Subtotals	<u>32,533,791</u>	933,549	396,837	<u>33,070,503</u>
Less accumulated depreciation for:				
Land improvements	7,035,459	19,832	-	7,055,291
Buildings	6,691,225	278,598	-	6,969,823
Machinery and equipment	10,681,985	512,382	339,273	10,855,094
Subtotals	<u>24,408,669</u>	810,812	339,273	<u>24,880,208</u>
Total capital assets, being depreciated, net	<u>8,125,122</u>	122,737	57,564	<u>8,190,295</u>
Business-type activities capital assets, net	<u>\$ 8,472,982</u>	<u>\$ 122,737</u>	<u>\$ 80,465</u>	<u>\$ 8,515,254</u>

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

Governmental activities	
General government	\$ 402,104
Public safety	320,842
Public works	2,500,229
Health and human services	161,316
Culture and recreation	315,168
Conservation and development	8,363
Total depreciation expense - governmental activities	<u>\$ 3,708,022</u>
Business-type activities	
Health care center	\$ 209,879
Solid waste	94,359
County highway	506,574
Total depreciation expense - business-type activities	<u>\$ 810,812</u>

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the County, as reported in the fund financial statements, as of December 31, 2016, are detailed below:

	Interfund Receivables	Interfund Payables
Long Term Advances for Repayment of General Obligation Debt		
Debt Service Fund	\$ 261,949	\$ -
Enterprise Funds		
Health Care Center	-	144,811
Solid Waste	-	117,138
Totals	\$ 261,949	261,949
Less: Internal service fund eliminations		(424,748)
Internal Balances - Government-wide Financial Statements		\$ (162,799)

Annual payments due on the long term advances for repayment of general obligation debt, as of December 31, 2016, are detailed below:

Year Ended December 31	Health Care Center		Solid Waste		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 46,275	\$ 6,155	\$ 117,138	\$ 2,714	\$ 163,413	\$ 8,869
2018	48,242	4,188	-	-	48,242	4,188
2019	50,294	2,136	-	-	50,294	2,136
	\$ 144,811	\$ 12,479	\$ 117,138	\$ 2,714	\$ 261,949	\$ 15,193

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Interfund transfers for the year ended December 31, 2016 were as follows:

	Transfers In	Transfers Out
General	\$ 149,984	\$ -
Social improvement	-	128,069
Capital improvements	53,000	-
Internal service	-	21,915
Nonmajor governmental funds	-	53,000
Subtotals	<u>202,984</u>	<u>202,984</u>
Less: Government-wide eliminations	(202,984)	(202,984)
Transfers per Statement of Activities	<u>\$ -</u>	<u>\$ -</u>

The purpose of transfers of \$202,984 is summarized below:

Social improvement surpluses returned to the general fund	\$ 128,069
Transfer for LIDAR project	53,000
Reimbursement for health insurance administration	21,915
	<u>\$ 202,984</u>

7. Long-term Obligations

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

	Outstanding 1/1/16	Issued	Retired	Outstanding 12/31/16	Due Within One Year
Governmental activities:					
General Obligation Debt					
Notes	\$ 10,300,000	\$ 1,535,000	\$ 2,375,000	\$ 9,460,000	\$ 2,425,000
Debt premium	187,306	-	46,827	140,479	46,827
Compensated absences	2,562,831	211,643	82,901	2,691,573	1,037,826
Governmental activities Long-term obligations	<u>\$ 13,050,137</u>	<u>\$ 1,746,643</u>	<u>\$ 2,504,728</u>	<u>\$ 12,292,052</u>	<u>\$ 3,509,653</u>
Business-type activities:					
Landfill					
Long-term care	\$ 2,064,822	\$ -	\$ -	\$ 2,064,822	\$ -
Compensated absences	783,138	98,630	-	881,768	298,336
Business-type activities Long-term obligations	<u>\$ 2,847,960</u>	<u>\$ 98,630</u>	<u>\$ -</u>	<u>\$ 2,946,590</u>	<u>\$ 298,336</u>

Total interest paid during the year on long-term debt totaled \$200,438.

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Notes

\$1,500,000 issued 2014; \$750,000 due in 2018 and 2019; interest 2.00% to 2.875%	\$ 1,500,000
\$9,810,000 issued 2014; \$1,500,000 to \$2,500,000 due annually through 2019; interest 1.50% to 2.00%	6,425,000
\$1,535,000 issued 2016; \$750,000 to \$785,000 due in 2019 and 2020 interest 1.00% to 1.15%	1,535,000
Total Outstanding General Obligation Debt	<u>\$ 9,460,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$9,460,000 on December 31, 2016 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2017	\$ 2,425,000	\$ 169,878	\$ 2,594,878
2018	3,250,000	133,090	3,383,090
2019	3,000,000	64,340	3,064,340
2020	785,000	4,514	789,514
	<u>\$ 9,460,000</u>	<u>\$ 371,822</u>	<u>\$ 9,831,822</u>

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2016 was \$262,302,700 as follows:

Equalized valuation of the County	\$ 5,428,971,000
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	271,448,550
Total outstanding general obligation debt applicable to debt limitation	\$ 9,460,000
Debt service fund	<u>314,150</u>
Net outstanding general obligation debt applicable to debt limitation	<u>9,145,850</u>
Legal Margin for New Debt	<u>\$ 262,302,700</u>

8. Closure Care Liability

The County was required per Wisconsin Statutes to submit long term care (LTC) and closure estimates of the landfill to 40 years beyond its closure effective for 2008. The life of the landfill was estimated at 40 years through 2047.

The Wisconsin Department of Natural Resources (DNR) calculated the payments the County must make based on the currently approved annual LTC cost estimate of between \$62,727 and \$164,307 per year and a 40 year period. Using these estimates and an inflation rate of 2%, and the County's total liability for LTC costs is estimated to be \$2,064,822.

The payments are deposited in local banks annually. As of December 31, 2016 the County has deposits of \$2,258,673 and has recorded a liability of \$2,064,822.

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

9. Pension Plan

a. Plan Description

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

b. Post-Retirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

c. Contributions

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

During the reporting period, the WRS recognized \$1,838,550 in contributions from the County.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

At December 31, 2016, the County reported a liability of \$3,122,612 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the County's proportion was .19216305%, which was an decrease of .00200932% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the County recognized pension expense of \$3,791,222.

At December 31, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 528,257	\$ 6,571,484
Changes in assumptions	2,184,715	-
Net differences between projected and actual earnings on pension plan investments	12,784,869	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	98,226	-
Employer contributions subsequent to the measurement date	1,817,447	-
Total	\$ 17,413,514	\$ 6,571,484

\$1,817,447 reported as deferred outflows related to pension resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 4,050,306	\$ 1,590,311
2017	4,050,306	1,590,311
2018	4,050,306	1,590,311
2019	3,373,727	1,590,311
2020	71,422	210,240
	\$ 15,596,067	\$ 6,571,484

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

e. Actuarial Assumption

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability:	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 - 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

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

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class				
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5%	22%	8.5%	5.6%
Fixed Income	27.5%	37%	4.4%	1.6%
Inflation Sensitive Assets	10%	20%	4.2%	1.4%
Real Estate	7%	7%	6.5%	3.6%
Private Equity/Debt	7%	7%	9.4%	6.5%
Multi-Asset	4%	4%	6.7%	3.8%
Total Core Fund	107%	120%	7.4%	4.5%
Variable Fund Asset Class				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5.0%

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.57%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
County's proportionate share of the net pension liability (asset)	\$ 21,902,062	\$ 3,122,612	\$ 11,544,473

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>.

f. Payable to the WRS

At December 31, 2016 the County reported a payable of \$465,158 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2016.

10. Minimum Fund Balance Policy

The County Board has adopted a policy that unassigned fund balance in the amount of 15%-25% of the operating expenditures from the General Fund, any special revenue fund requiring tax levy to operate, and the debt service fund be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Actual 2016 Expenditures	\$ 56,951,672
Minimum Fund Balance %	(x) 15% - 25%
Minimum Fund Balance Amount	<u>\$8,542,751 to \$14,237,918</u>

The County's General Fund unassigned fund balance of \$11,844,518 is within the range of the above minimum fund balance amount.

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

11. Fund Equity

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. At December 31, 2016, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Inventories and prepaid items	\$ 62,149
Delinquent property taxes	<u>4,656,177</u>
Total General Fund Nonspendable Fund Balance	<u>4,718,326</u>
Special Revenue Funds	
Nonspendable:	
Social Improvement	
Prepaid items	<u>3,412</u>
County-wide EMS/Ambulance System	
Prepaid items	<u>13,148</u>
Industrial park	
Prepaid items	<u>2</u>
ADRC	
Prepaid items	268
Endowment principal	<u>86,152</u>
Total ADRC Fund Nonspendable Fund Balance	<u>86,420</u>
Total Nonspendable Fund Balance	<u><u>\$ 4,821,308</u></u>

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

In the fund financial statements, portions of governmental fund balances are not available for appropriation or a legally restricted for use for a specific purpose. At December 31, 2016, restricted fund balance was as follows:

General Fund	
Restricted for	
Sheriff forfeitures	\$ 123,318
Public access system	175,575
DNR safety program	4,538
State trail	19,083
Central Wisconsin Windshed Partnership	126,298
Total General Fund Restricted Fund Balance	<u>448,812</u>
Special Revenue Funds	
Restricted for	
Social Improvement	
Health plus	<u>1,729</u>
County Roads and Bridges	
Bridge aid	<u>152,856</u>
CDBG	
Community development	<u>4,295</u>
REDRLF	
Community development	<u>45,885</u>
ADRC	
Endowment interest	20,680
Nutrition program	131,683
Barkowiak estate	31,819
Total ADRC Restricted Fund Balance	<u>184,182</u>
County-wide EMS/Ambulance System	
EMS/Ambulance operations	506,596
Vehicle and equipment replacement	304,864
Total Ambulance Restricted Fund Balance	<u>811,460</u>
Jail Assessment	
Jail assessment	<u>496,389</u>
Land Records	
Land records modernization	<u>69,505</u>
Debt Service Fund	
Restricted for	
Retirement of long-term debt	<u>314,150</u>
Capital Improvements Fund	
Restricted for	
Capital improvements	<u>4,283,394</u>
Total Restricted Fund Balance	<u>\$ 6,812,657</u>

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

In the fund financial statements, portions of government fund balances are committed by County Board action. At December 31, 2016, General Fund balance was committed as follows:

General Fund	
Committed for	
Elections	\$ 126,781
Internal Audit	7,264
Expert Witness	18,060
District Attorney Carryover	16,235
Miscellaneous Benefits	367,796
Equipment Replacement	99,541
Facilities Budget Carryover	60,730
Facilities Vehicle Replacement	10,000
Sheriff Donations	85,951
Juvenile Detention Program	355,126
Sheriff - Vehicle Replacement	76,487
Inmate Welfare Program	18,134
Sheriff Fuel	64,800
Sheriff Budget Carryover	99,291
Sheriff Range Improvements	8,655
Emergency Management Budget Carryover	5,864
Veterans Donations	43,417
Library Memorial Bequests	5,099
Library Trust Donations	2,915
Library Budget Carryover	8,359
Library Vehicle Replacement	31,065
Parks Equipment Replacement	110,873
Parks Misc Donations	27,777
Hydroplant Fund	80,057
Pulpwood & Firewood	45,253
Parks Fuel	11,544
Parks Boat Launch	16,175
UW Extension Budget Carryover	181
Land Preservation Fund	128,928
Planning Budget Carryover	3,738
Buena Vista Project	1,043
Vehicle Replacement	25,317
Land Conservation Auto Cad	10,808
Tree Planter Fund	16,858
Planning - Professional Services	30,000
Unreserved Fund Balance - Transitional Funding	565,145
Auto Pool - Vehicle Replacement	46,738
Photocopy - Equipment Replacement	25,000
Total Committed Fund Balance	<u>\$ 2,657,005</u>

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

At December 31, 2016, fund balance of special revenue funds was committed as follows:

Special Revenue Funds	
Committed for:	
Social Improvement	
Tobacco Free Coalition	\$ 16,338
Prevention Donations I	34,991
Prevention Donations II	18,625
Dental Program	27,097
HHS Budget Carryover	15,192
Portage House	106,487
Total Social Improvement	<u>218,730</u>
County Roads and Bridges	
General shop maintenance	300,000
Construction projects	1,958,338
General highway maintenance	400,000
Total County Roads and Bridges	<u>2,658,338</u>
Industrial park	<u>7,212,508</u>
ADRC	
Lincoln Center	80,032
Vehicle replacement	176,627
Adult Day Center	98,148
Holly Shoppe	28,931
Future ADRC projects	15,848
ADRC budget carryover	86,666
Project lifesaver	21,362
Fuel reserve	3,569
Volunteer caregivers	36,454
Total ADRC	<u>547,637</u>
Total Committed Fund Balance	<u>\$ 10,637,213</u>

At December 31, 2016, fund balance of the capital improvements fund was committed as follows:

Capital Improvements Fund	
Committed for	
Capital Projects	<u>\$ 5,021,255</u>

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Also, in the fund financial statements, portions of government fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2016, fund balance assigned was as follows:

General Fund	
Assigned for	
County Board - carryover purchase orders	\$ 701
Human resources - budget carryover	5,000
Human resources - carryover purchase orders	3,726
Finance department - budget carryover	56,900
Finance department - carryover purchase orders	43,750
Facilities - carryover purchase orders	31,547
Parks - carryover purchase orders	58,235
General liability	497,327
Sales tax	1,992,896
Total Assigned Fund Balance	<u>\$ 2,690,082</u>
Special Revenue Funds	
Assigned for	
Social improvement	
Administration	\$ 2,500
Public health	3,495
MH/SMI donations	994
Child welfare	2,500
Foster care coordination	1,104
Juvenile opportunity program	744
HHS high cost	1,635,200
2017 expenditures	6,261
Total Social Improvement Assignments	<u>1,652,798</u>
ADRC	
RSVP	31,864
Foster Grandparent Program	7,166
Senior Center	16,277
Walk Club	136
Pool tables	849
Transportation	6,376
Nutrition program - Rosholt	2,248
Adult Day Center	2,817
Adult Day Center/EB trust	1,464
Community resources	7,250
Loan closet	27,802
Rous Memorial	5,582
Dementia care specialist	7,000
2017 expenditures	234
Total ARDC Assignments	<u>117,065</u>
County-wide EMS/Ambulance System	<u>3,136</u>
Jail assessment	<u>11,325</u>
Total Assigned Fund Balance	<u>\$ 1,784,324</u>
Capital Projects Fund	
Assigned for	
Capital improvements	<u>\$ 2,172,350</u>

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Net position reported on the government-wide statement of net position at December 31, 2016 include the following restricted assets:

Restricted for	
Debt service	\$ 1,799,403
Community development	351,467
Investment in Central	
Wisconsin Airport	18,105,086
Endowment principal	86,152
Sheriff forfeitures	123,318
County-wide EMS/Ambulance System	811,460
Public access system	175,575
DNR safety program	4,538
State trail	19,083
Central Wisconsin Windshed Partnership	126,298
Health plus	1,729
Bridge aid	152,856
Endowment interest	20,680
Nutrition program	131,683
Bartkowiak estate	31,819
Jail assessment	496,389
Land records modernization	69,505
Total Restricted Net Position	<u><u>\$ 22,507,041</u></u>

NOTE D - OTHER INFORMATION

1. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. The County participated in a public entity risk pool called the Wisconsin County Mutual Insurance Corporation (WCMIC) to provide coverage for losses from torts; theft of, damage to, or destruction of assets; errors and omissions; and workers' compensation. Settled claims have not exceeded available coverage in any of the three prior years.

The County has chosen to establish risk financing funds for risks associated with the employee's health and worker's compensation insurance plans. These risk financing funds are accounted for as internal service funds where assets are set aside for claim settlements. A premium is charged to each fund that accounts for part-time or full-time employees.

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - OTHER INFORMATION (Continued)

Wisconsin County Mutual Insurance Corporation

Portage County, along with several other Wisconsin counties, jointly participates in the WCMIC for general and automobile liability insurance. This company began operation on January 1, 1988.

The governing body is made up of 12 directors elected by the participating counties. The governing body has the authority to adopt its own budget and control the financial affairs of the corporation.

Summary financial information of WCMIC as of December 31, 2016 can be obtained directly from WCMIC's offices.

Health

Portage County will provide health insurance coverage for its employees for up to \$120,000 per person per insured event. Portage County obtains independent coverage for insured events in excess of the \$120,000 limit. Changes in the claims liability account for 2015 and 2016 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Payments	Liability December 31
2015	\$ 1,088,321	\$ 6,899,336	\$ 7,266,688	\$ 720,969
2016	720,969	6,558,164	6,629,103	650,030

Worker's Compensation

Portage County will maintain worker's compensation coverage for its employees for up to \$300,000 per occurrence. Portage County obtains independent coverage for insured occurrences in excess of the \$300,000 limit. The County also has as an aggregate limit of \$2,000,000 per year. Any claims in excess of this in one year are independently insured. Changes in the claims liability amount for 2015 and 2016 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2015	\$ 923,514	\$ 158,342	\$ 255,159	\$ 826,697
2016	826,697	(249,488)	394,162	183,047

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - OTHER INFORMATION (Continued)

Liabilities of these funds 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). Claim liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amount of pay-outs and other economic and social factors.

2. Equity Investment in Joint Venture

The Central Wisconsin Airport (CWA) was created by Wisconsin Statute 114, which allows for the creation of multi-governmental agreements as is operated as a joint venture between Marathon and Portage Counties. The CWA Board is made up of seven members whose appointments are based on the respective equalized value of each county, revised every five years (last revision was in 2016). The ratio stated in terms of a percentage is:

Marathon County	65%
Portage County	35%

The current CWA board is made up of four members from Marathon County and three members from Portage County. Each County approves the CWA budget annually and the CWA board is responsible for overseeing operations and fiscal management and can make budget changes up to \$50,000 without prior approval of the Counties. Since Marathon County appoints a majority of the board and is financially accountable for CWA, CWA is reported as a discretely presented component unit in Marathon County's financial statements.

During 2014, Portage County issued General Obligation Notes of \$1,500,000, due through 2019, to finance capital improvement projects at CWA. CWA will reimburse Portage County for the principal and interest amount from passenger fares. A receivable of \$1,500,000 on the statement of net position reflects the outstanding principal owed by CWA.

Portage County made no additional contributions in 2016 to CWA. All activities were financed by airport revenues.

Investment - December 31, 2016	\$ 18,105,086
Portage County contributed capital	\$ 839,661
Portage County share of net position	17,265,425
	\$ 18,105,086

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - OTHER INFORMATION (Continued)

Information pertaining to the total activity of the Central Wisconsin Airport as of and for the year ended December 31, 2016, is as follows:

	2016
Total Assets	\$ 60,622,745
Deferred Outflows of Resources	\$ 572,641
Total Liabilities	\$ 9,004,300
Net Position	
Net investment in capital assets	47,235,458
Restricted	2,254,501
Unrestricted net position	2,485,220
Total Net Position	51,975,179
Deferred Inflows of Resources	215,907
Total Liabilities and Net Position	\$ 61,195,386
Operating revenues	\$ 2,914,942
Operating expenses	5,524,865
Operating loss	(2,609,923)
Nonoperating revenue	525,131
Capital contributions	1,361,045
Decrease in net position	(723,747)
Net Position - January 1	52,698,926
Net Position - December 31	\$ 51,975,179

3. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2016 and 2017 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the County's January 1 equalized value as a result of net new construction. The actual limit for the County for the 2016 budget was 1.00%. The actual limit for the County for the 2017 budget was 1.47%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

PORTAGE COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - OTHER INFORMATION (Continued)

4. Contingencies

- a. The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under the Uniform Guidance has been conducted but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

- b. From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and Corporation Counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

PORTAGE COUNTY, WISCONSIN
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.19417237%	\$ (4,769,404)	\$ 25,526,690	18.68%	102.74%
12/31/16	0.19216305%	3,122,612	25,674,743	12.16%	98.20%

Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 1,890,321	\$ 1,890,321	\$ -	\$ 25,526,690	7.41%
12/31/16	1,838,550	1,838,550	\$ -	25,674,743	7.16%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The County is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific resources (other than trust or major capital projects) that are legally restricted to expenditures for specified purposes. The County uses special revenue funds for the following activities:

CDBG - To account for activities related to Community Development Block Grant funds received by the County.

REDRLF - To account for activities related to Rural Economic Development Revolving Loan funds received by the County.

Industrial Park - To account for activities within the County's Industrial Park, including maintenance, marketing of property, and sale of properties. Funds received are to be used for debt retirement and the administration of the project.

ADRC - To account for the operations associated with providing services to Older Americans. Funding is provided primarily through grants and donations.

County-wide EMS/Ambulance System - To account for the operations of the county-wide EMS/ambulance service operated by Portage County. Funding is provided primarily through public charges for services and property tax levy.

Jail Assessment - To account for jail assessments received by the County. This program is intended to provide counties with financial resources that are restricted for jail related equipment, construction or jail debt service.

Land Records - To account for fees collected by the Register of Deeds, per State Statutes, to be used for records modernization projects.

Financial information is presented as follows:

Combining Balance Sheet

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

PORTAGE COUNTY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue			
	CDBG	REDRLF	Industrial Park	ADRC
ASSETS				
Cash and investments	\$ 4,295	\$ 45,885	\$ 7,218,032	\$ 653,610
Receivables				
Taxes	-	-	-	686,042
Accounts	-	-	-	15,031
Loans	301,287	-	-	-
Due from other governments	-	-	-	436,814
Prepaid items	-	-	2	268
TOTAL ASSETS	\$ 305,582	\$ 45,885	\$ 7,218,034	\$ 1,791,765
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 5,524	\$ 94,894
Accrued and other current liabilities	-	-	-	56,281
Unearned revenue	-	-	-	19,244
Total Liabilities	-	-	5,524	170,419
Deferred Inflows of Resources				
Property taxes levied for subsequent year	-	-	-	686,042
Long-term loans receivable	301,287	-	-	-
Total Deferred Inflows of Resources	301,287	-	-	686,042
Fund Balances				
Nonspendable	-	-	2	86,420
Restricted	4,295	45,885	-	184,182
Committed	-	-	7,212,508	547,637
Assigned	-	-	-	117,065
Total Fund Balances	4,295	45,885	7,212,510	935,304
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 305,582	\$ 45,885	\$ 7,218,034	\$ 1,791,765

Special Revenue (Continued)			Total Nonmajor Governmental Funds
County-wide EMS/Ambulance System	Jail Assessment	Land Records	2016
\$ 386,983	\$ 506,810	\$ 72,049	\$ 8,887,664
1,349,086	-	-	2,035,128
422,364	2,178	-	439,573
-	-	-	301,287
145,335	-	-	582,149
13,148	-	-	13,418
<hr/>			
\$ 2,316,916	\$ 508,988	\$ 72,049	\$ 12,259,219

\$ 137,279	\$ 1,274	\$ 689	\$ 239,660
343	-	1,855	58,479
2,464	-	-	21,708
<hr/>			
140,086	1,274	2,544	319,847

1,349,086	-	-	2,035,128
-	-	-	301,287
<hr/>			
1,349,086	-	-	2,336,415

13,148	-	-	99,570
811,460	496,389	69,505	1,611,716
-	-	-	7,760,145
3,136	11,325	-	131,526
<hr/>			
827,744	507,714	69,505	9,602,957

\$ 2,316,916	\$ 508,988	\$ 72,049	\$ 12,259,219
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PORTAGE COUNTY, WISCONSIN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2016

	Special Revenue			
	CDBG	REDRLF	Industrial Park	ADRC
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 569,178
Intergovernmental	-	-	-	1,774,720
Fines and forfeits	-	-	-	-
Public charges for services	-	-	-	329,347
Intergovernmental charges for services	-	-	-	6,976
Miscellaneous	1,923	36	304,399	268,299
Total Revenues	1,923	36	304,399	2,948,520
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Health and human services	-	-	-	2,896,572
Conservation and development	10,444	-	123,705	-
Capital outlay	-	-	-	-
Total Expenditures	10,444	-	123,705	2,896,572
Excess of Revenues Over (Under)				
Expenditures	(8,521)	36	180,694	51,948
Other Financing Uses				
Total Other Financing Uses	-	-	-	-
Net Change in Fund Balances	(8,521)	36	180,694	51,948
Fund Balances - January 1	12,816	45,849	7,031,816	883,356
Fund Balances - December 31	\$ 4,295	\$ 45,885	\$ 7,212,510	\$ 935,304

Special Revenue (Continued)			Total Nonmajor Governmental Funds
County-wide EMS/Ambulance System	Jail Assessment	Land Records	2016
\$ 1,336,705	\$ -	\$ -	\$ 1,905,883
-	-	16,040	1,790,760
-	68,527	-	68,527
1,619,295	-	98,719	2,047,361
-	-	-	6,976
40,582	-	-	615,239
<u>2,996,582</u>	<u>68,527</u>	<u>114,759</u>	<u>6,434,746</u>
-	-	80,237	80,237
2,644,260	35,330	-	2,679,590
-	-	-	2,896,572
-	-	-	134,149
274,070	-	-	274,070
<u>2,918,330</u>	<u>35,330</u>	<u>80,237</u>	<u>6,064,618</u>
78,252	33,197	34,522	370,128
-	-	(53,000)	(53,000)
78,252	33,197	(18,478)	317,128
749,492	474,517	87,983	9,285,829
<u>\$ 827,744</u>	<u>\$ 507,714</u>	<u>\$ 69,505</u>	<u>\$ 9,602,957</u>

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The County uses internal service fund accounting for the following activities:

Self-funded Health Insurance - This fund is used to account for operations of the County's self-funded health insurance fringe benefits provided to employees.

Information Technology - This fund is to account for the accumulation and allocation of costs associated with electronic data processing department.

Self-funded Workers' Compensation - This fund is used to account for operations of the County's self-funded workers' compensation benefits provided to employees.

Financial information is presented as follows:

Combining Statement of Net Position

Combining Statement of Revenues, Expenses and Changes in Net Position

Combining Statement of Cash Flows

PORTAGE COUNTY, WISCONSIN
Combining Statement of Net Position
Internal Service Funds
December 31, 2016

(With summarized financial information as of December 31, 2015)

	Self-Funded Health Insurance	Information Technology	Self-Funded Workers' Compensation	Total Internal Service Funds	
				2016	2015
ASSETS					
Current assets					
Cash and investments	\$ 5,949,354	\$ 331,792	\$ 1,721,868	\$ 8,003,014	\$ 6,558,565
Receivables					
Accounts	539,313	-	-	539,313	15,727
Due from other governments	-	-	-	-	7,424
Prepaid items	-	87,828	1,556	89,384	107,168
Total Current Assets	6,488,667	419,620	1,723,424	8,631,711	6,688,884
Noncurrent assets					
Capital assets, depreciable					
Machinery and equipment	-	706,599	-	706,599	775,586
Less: Accumulated depreciation	-	(448,358)	-	(448,358)	(402,871)
Total Noncurrent Assets	-	258,241	-	258,241	372,715
TOTAL ASSETS	6,488,667	677,861	1,723,424	8,889,952	7,061,599
LIABILITIES					
Current Liabilities					
Accounts and claims payable	650,030	89,803	183,047	922,880	1,657,191
Accrued and other current liabilities	-	18,894	2,005	20,899	20,147
TOTAL LIABILITIES	650,030	108,697	185,052	943,779	1,677,338
NET POSITION					
Investment in capital assets	-	258,241	-	258,241	372,715
Unrestricted	5,838,637	310,923	1,538,372	7,687,932	5,011,546
TOTAL NET POSITION	\$ 5,838,637	\$ 569,164	\$ 1,538,372	\$ 7,946,173	\$ 5,384,261

PORTAGE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

	Self-Funded Health Insurance	Information Technology	Self-Funded Workers' Compensation	Total Internal Service Funds	
				2016	2015
Operating Revenues					
Intergovernmental charges for services	\$ 9,402,417	\$ 1,786,658	\$ 397,341	\$ 11,586,416	\$ 10,789,455
Other operating revenues	-	600	-	600	1,252
Total Operating Revenues	9,402,417	1,787,258	397,341	11,587,016	10,790,707
Operating Expenses					
Operation and maintenance					
Salaries and fringe benefits	1,415	658,111	71,813	731,339	699,015
Contractual services	7,379,467	788,966	(186,922)	7,981,511	9,022,350
Supplies	1,008	165,054	10,859	176,921	208,664
Insurance and other fixed charges	-	1,076	118	1,194	1,123
Total Operation and Maintenance	7,381,890	1,613,207	(104,132)	8,890,965	9,931,152
Depreciation	-	114,474	-	114,474	138,260
Total Operating Expenses	7,381,890	1,727,681	(104,132)	9,005,439	10,069,412
Operating Income	2,020,527	59,577	501,473	2,581,577	721,295
Nonoperating Revenues					
Intergovernmental aids	-	2,250	-	2,250	-
Net Income Before Transfers	2,020,527	61,827	501,473	2,583,827	721,295
Transfers in	-	-	-	-	50,836
Transfers out	(21,915)	-	-	(21,915)	(72,405)
Change in Net Position	1,998,612	61,827	501,473	2,561,912	699,726
Net Position - January 1	3,840,025	507,337	1,036,899	5,384,261	4,684,535
Net Position - December 31	\$ 5,838,637	\$ 569,164	\$ 1,538,372	\$ 7,946,173	\$ 5,384,261

PORTAGE COUNTY, WISCONSIN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2016
(With summarized financial information for the year ended December 31, 2015)

	Self-Funded Health Insurance	Information Technology	Self-Funded Workers' Compensation
Cash Flows from Operating Activities			
Cash received from customers	\$ 8,863,104	\$ 1,794,682	\$ 413,068
Cash payments to suppliers	(7,451,414)	(955,478)	(469,261)
Cash payments to employees	(2,325)	(656,519)	(71,743)
Net Cash Provided (Used) by Operating Activities	1,409,365	182,685	(127,936)
Cash Flows from Noncapital Financing Activities			
Transfers in (out)	(21,915)	-	-
Intergovernmental grants	-	2,250	-
Net Cash Provided (Used) by Noncapital Financing Activities	(21,915)	2,250	-
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	-	-	-
Change in Cash and Cash Equivalents	1,387,450	184,935	(127,936)
Cash and Cash Equivalents - January 1	4,561,904	146,857	1,849,804
Cash and Cash Equivalents - December 31	\$ 5,949,354	\$ 331,792	\$ 1,721,868
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income	\$ 2,020,527	\$ 59,577	\$ 501,473
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	-	114,474	-
Changes in assets and liabilities			
Accounts receivable	(539,313)	-	15,727
Prepaid items	-	19,340	(1,556)
Due from other governments	-	7,424	-
Accounts and claims payable	(70,939)	(19,722)	(643,650)
Accrued and other current liabilities	(910)	1,592	70
Net Cash Provided (Used) by Operating Activities	\$ 1,409,365	\$ 182,685	\$ (127,936)

Total Internal Service Funds	
2016	2015

\$ 11,070,854	\$ 10,893,886
(8,876,153)	(9,614,400)
<u>(730,587)</u>	<u>(716,133)</u>
<u>1,464,114</u>	<u>563,353</u>

(21,915)	(21,569)
<u>2,250</u>	<u>-</u>

<u>(19,665)</u>	<u>(21,569)</u>
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<u>-</u>	<u>(140,136)</u>
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1,444,449	401,648
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<u>6,558,565</u>	<u>6,156,917</u>
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<u>\$ 8,003,014</u>	<u>\$ 6,558,565</u>
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\$ 2,581,577	\$ 721,295
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114,474	138,260
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(523,586)	103,179
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17,784	21,102
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7,424	-
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(734,311)	(403,365)
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<u>752</u>	<u>(17,118)</u>
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<u>\$ 1,464,114</u>	<u>\$ 563,353</u>
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