

**CHIPPEWA COUNTY, WISCONSIN
EXECUTIVE AUDIT SUMMARY (EAS)
DECEMBER 31, 2023**



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**CHIPPEWA COUNTY, WISCONSIN
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Audit Report Summary

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of Chippewa County's (the County) financial statements for the year ended December 31, 2023. The following is a summary of reports we have issued:

Audit Opinion

The financial statements are fairly stated. We issued what is known as an "unmodified" audit opinion.

Internal Controls Over Financial Reporting

Our report on internal control did not include any deficiencies in internal controls over financial reporting.

Compliance and Internal Controls Over Compliance

As part of our audit, we tested the County's compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state programs as well as the County's internal controls over compliance. A separate report will be issued with the results of this testing.



APPENDIX A

FORMAL REQUIRED COMMUNICATIONS

County Board
Chippewa County
Chippewa Falls, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chippewa County as of and for the year ended December 31, 2023, and have issued our report thereon dated July 15, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement letter dated November 28, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Chippewa County are described in Note 1 to the financial statements.

During the year, the County implemented Governmental Accounting Standards Board (GASB) No.96, *Subscription-Based Information Technology Arrangements*. The adoption of this standard resulted in adjustments to beginning subscription asset balances and subscription liability.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

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

- Management's estimate of the useful lives of depreciable assets is based on authoritative guidance and past experience. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the current portion of compensated absences payable is based on historical trends and anticipated leave time activity. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the claims payable is based on outside authoritative guidance. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- The actuarial assumptions used for other postemployment benefits and pension related benefits are outlined in the notes to the basic financial statements. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include an emphasis of a matter for a change in accounting principle related to the County adopting Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Management representations

We have requested certain representations from management that are included in the management representation letter dated July 15, 2024.

Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

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

Other audit findings or issues

We have provided a separate communication to you dated July 15, 2024, communicating internal control related matters identified during the audit.

Supplementary information in relation to the financial statements as a whole

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the individual and combining fund statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated July 15, 2024.

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County Board
Chippewa County

This communication is intended solely for the information and use of the County Board and management of Chippewa County and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Eau Claire, Wisconsin
July 15, 2024

APPENDIX B

FINANCIAL STATEMENT NOTATIONS

The following information has been derived from management's financial statements. These tables are not intended to present all of the information and disclosures required by accounting principles generally accepted in the United States of America. Rather, the tables presented below are offered for the purpose of providing a multi-year trend analysis for discussion purposes. We were not engaged nor do we provide an opinion on the tables presented below. Please contact the Chippewa County Administration Office for copies of management's financial statements and refer to the independent auditors' report included therein for the opinions issued in connection with those financial statements.

Financial Statement Notations

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- 1 **General Fund:** The General fund is the general operating fund of the County. It is used to account for all financial resources which are not required to be accounted for in another fund.

	12/31/2023	12/31/2022	12/31/2021	12/31/2020
General Fund Balance Sheet Summary:				
Cash and Investments	\$ 23,190,935	\$ 14,880,230	\$ 22,810,640	\$ 22,697,113
Taxes Receivable:				
Current Taxes Receivable	17,440,080	18,189,548	17,918,220	17,416,017
Delinquent Taxes Receivable	1,104,542	949,206	988,984	1,116,380
Tax Deeds Owned by County	4,582	-	37	37
Accounts Receivable	1,318,893	1,191,200	885,429	662,746
Due from Other Funds	460,210	6,871,133	626,429	3,045,550
Other Assets	385,021	614,400	196,188	103,321
Total Assets	\$ 43,904,263	\$ 42,695,717	\$ 43,425,927	\$ 45,041,164
Payables	\$ 1,949,011	\$ 1,834,107	\$ 1,680,387	\$ 1,624,379
Unearned Revenue & Deferred Inflows of Resources	17,773,441	18,562,269	18,006,177	17,549,274
Total Liabilities & Deferred Inflows of Resources	19,722,452	20,396,376	19,686,564	19,173,653
Fund Balance:				
Nonspendable - Delinquent Taxes	1,104,542	949,206	989,021	1,116,417
Nonspendable - Other Purposes	389,603	386,307	196,188	103,321
Assigned	8,405,212	8,472,451	9,724,777	12,364,810
Unassigned	14,282,454	12,491,377	12,829,377	12,282,963
Total Fund Balance	24,181,811	22,299,341	23,739,363	25,867,511
	\$ 43,904,263	\$ 42,695,717	\$ 43,425,927	\$ 45,041,164
% of Unassigned Fund Balance to General Fund Expenditures	36.2%	32.0%	39.0%	37.1%
Revenues	\$ 38,027,389	\$ 35,188,093	\$ 30,473,525	\$ 30,624,704
Expenditures	(39,419,766)	(39,043,280)	(32,921,424)	(33,120,881)
Leases/SBITAs Issued	94,233	6,518		
Transfers In	4,970,684	3,264,123	3,097,679	3,525,449
Transfers Out	(1,790,070)	(855,476)	(2,777,928)	(787,971)
Net Change in Fund Balance	\$ 1,882,470	\$ (1,440,022)	\$ (2,128,148)	\$ 241,301

Financial Statement Notations

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- 2 Special Revenue Funds:** Special Revenue funds are used to account for the proceeds of specific revenues sources that are restricted to expenditures for specified purposes.

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Special Revenue Fund Balances:				
Human Services	\$ 983,236	\$ 104,863	\$ 76,463	\$ 42,972
County Sales Tax	16,078,109	14,010,658	11,936,498	10,879,414
C.D.B.G. Grant Fund	304,986	206,558	189,756	440,049
WRRWC Fund	-	-	-	-
Public Health	200,000	200,000	200,000	200,000
Shelter Care	25,712	25,712	25,712	25,712
Dog Licenses	999	899	899	1,000
Aging and Disability Resource Center	550,000	550,000	550,000	550,000
Land Management	218,063	350,000	300,279	287,689
Jail Assessment Fees	18,549	22,868	41,091	114,939
American Rescue Plan Act	477,615	26,273	2,092	-
Economic Development	653,171	649,256	639,312	402,665
Crime Prevention	4,110	-	-	-
Opioid Settlement	313,320	330,610	-	-
	<u>\$ 19,827,870</u>	<u>\$ 16,477,697</u>	<u>\$ 13,962,102</u>	<u>\$ 12,944,440</u>

- 3 Capital Project Funds:** Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed from proprietary funds.

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Capital Project Fund Balances:				
2020 Capital Projects Fund	\$ -	\$ -	\$ 1,302,433	\$ 3,000,832
2022 Capital Projects Fund	-	3,026,266	-	-
	<u>\$ -</u>	<u>\$ 3,026,266</u>	<u>\$ 1,302,433</u>	<u>\$ 3,000,832</u>

- 4 Debt Service Funds:** Debt Service Funds are used to account for the accumulation of resources for, and the payment of certain general long-term obligations.

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Debt Service Fund Balances:				
2013 Capital Projects Debt	\$ -	\$ -	\$ -	\$ 4,801
2018 Capital Projects Debt	94,458	94,458	94,458	94,458
2020 Capital Projects Debt	673,962	673,962	673,962	733,652
2022 Capital Projects Debt	-	61,970	-	-
	<u>\$ 768,420</u>	<u>\$ 830,390</u>	<u>\$ 768,420</u>	<u>\$ 832,911</u>

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- 5 Enterprise Funds:** Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise--where the intent of the governing body is that the costs of providing the services is to be recovered from those using the services.

	Farm Land Development			
	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Balance Sheet Summary:				
Cash and Investments	\$ 4,092,597	\$ 3,755,989	\$ 2,971,638	\$ 2,094,003
Accounts Receivable	1,390,650	1,677,584	2,103,426	1,298,113
Property Held for Resale	1,231,762	1,286,171	1,311,380	1,718,645
Capital Assets (Net)	22,653	22,653	22,653	22,653
	<u>\$ 6,737,662</u>	<u>\$ 6,742,397</u>	<u>\$ 6,409,097</u>	<u>\$ 5,133,414</u>
Current Liabilities	\$ 16,445	\$ 7,332	\$ 4,589	\$ 4,589
Net Position:				
Net Investment in Capital Assets	22,653	22,653	22,653	22,653
Unrestricted	6,698,564	6,712,412	6,381,855	5,106,172
	<u>\$ 6,737,662</u>	<u>\$ 6,742,397</u>	<u>\$ 6,409,097</u>	<u>\$ 5,133,414</u>
Income Statement Summary:				
Operating Income (Loss)	\$ (13,848)	\$ 330,557	\$ 775,683	\$ 215,273
Transfers In	-	-	500,000	500,000
Change in Net Position	<u>\$ (13,848)</u>	<u>\$ 330,557</u>	<u>\$ 1,275,683</u>	<u>\$ 715,273</u>

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- 6 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 County, or to other government units, on a cost reimbursement basis.

	Highway Department			
	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Summary Balance Sheets:				
Current Assets	\$ 9,042,558	\$ 7,644,458	\$ 7,911,723	\$ 7,000,854
Restricted Assets - WRS	-	1,939,065	1,555,556	766,112
Capital Assets (Net)	11,473,166	11,198,002	11,025,402	10,713,880
Deferred Outflows - WRS & OPEB	4,854,014	3,974,311	2,795,368	1,965,348
	<u>\$ 25,369,738</u>	<u>\$ 24,755,836</u>	<u>\$ 23,288,049</u>	<u>\$ 20,446,194</u>
Current Liabilities	\$ 1,556,476	\$ 1,906,729	\$ 1,467,558	\$ 1,423,702
Noncurrent Liabilities	207,464	193,398	204,221	229,432
WRS Liability	1,260,215	-	-	-
Other Postemployment Benefits	306,598	459,889	793,081	656,584
Deferred Inflows - WRS & OPEB	2,878,167	4,683,703	3,496,867	2,393,377
Net Position:				
Net Investment in Capital Assets	11,418,251	11,198,002	11,025,402	10,713,880
Restricted	-	1,939,065	1,555,556	766,112
Unrestricted	7,742,567	4,375,050	4,745,364	4,263,107
Total Net Position	<u>19,160,818</u>	<u>17,512,117</u>	<u>17,326,322</u>	<u>15,743,099</u>
	<u>\$ 25,369,738</u>	<u>\$ 24,755,836</u>	<u>\$ 23,288,049</u>	<u>\$ 20,446,194</u>
Income Statement Summary:				
Operating Income (Loss)	\$ (7,085,384)	\$ (4,467,482)	\$ (2,879,406)	\$ (2,510,231)
Nonoperating Rev (Expenses)	(27,349)	1,560	(2,004)	(22,750)
Contributions and Transfers	8,761,434	4,651,717	4,464,633	2,546,790
Change in Net Position	<u>\$ 1,648,701</u>	<u>\$ 185,795</u>	<u>\$ 1,583,223</u>	<u>\$ 13,809</u>
	Self-Funded Workers' Compensation			
	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Summary Balance Sheets:				
Current Assets	\$ 2,129,418	\$ 1,791,637	\$ 1,937,877	\$ 1,561,995
Capital Assets (Net)	12,371	-	-	-
	<u>\$ 2,141,789</u>	<u>\$ 1,791,637</u>	<u>\$ 1,937,877</u>	<u>\$ 1,561,995</u>
Current Liabilities	\$ 1,141,789	\$ 930,040	\$ 937,877	\$ 561,995
Net Position:				
Net Investment in Capital Assets	1,797	-	-	-
Unrestricted	998,203	861,597	1,000,000	1,000,000
Total Net Position	<u>1,000,000</u>	<u>861,597</u>	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 2,141,789</u>	<u>\$ 1,791,637</u>	<u>\$ 1,937,877</u>	<u>\$ 1,561,995</u>
Income Statement Summary:				
Operating Income (Loss)	\$ 329,067	\$ (100,330)	\$ 41,292	\$ 716,227
Nonoperating Rev (Expenses)	27,714	8,645	313	2,643
Contributions and Transfers	(218,378)	(46,718)	(41,605)	(718,870)
Change in Net Position	<u>\$ 138,403</u>	<u>\$ (138,403)</u>	<u>\$ -</u>	<u>\$ -</u>

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6 Internal Service Funds (continued):

		Self-Funded Health Insurance			
		12/31/2023	12/31/2022	12/31/2021	12/31/2020
Summary Balance Sheets:					
Current Assets		\$ 3,842,718	\$ 3,071,786	\$ 1,446,273	\$ -
Current Liabilities		\$ 564,679	\$ 270,740	\$ -	\$ -
Net Position:					
Unrestricted		3,278,039	2,801,046	1,446,273	-
		<u>\$ 3,842,718</u>	<u>\$ 3,071,786</u>	<u>\$ 1,446,273</u>	<u>\$ -</u>
Income Statement Summary:					
Operating Income (Loss)		\$ 390,495	\$ 1,420,042	\$ (103,766)	\$ -
Nonoperating Rev (Expenses)		113,998	27,231	39	-
Contributions and Transfers		(27,500)	(92,500)	1,550,000	-
Change in Net Position		<u>\$ 476,993</u>	<u>\$ 1,354,773</u>	<u>\$ 1,446,273</u>	<u>\$ -</u>
		Self-Funded Liability Insurance			
		12/31/2023	12/31/2022	12/31/2021	12/31/2020
Summary Balance Sheets:					
Current Assets		\$ 532,476	\$ 275,288	\$ 280,530	\$ 266,451
Investment in WMMIC		750,327	750,327	750,327	750,327
		<u>\$ 1,282,803</u>	<u>\$ 1,025,615</u>	<u>\$ 1,030,857</u>	<u>\$ 1,016,778</u>
Current Liabilities		\$ 899,007	\$ 998,390	\$ 991,040	\$ 724,901
Net Position:					
Unrestricted		383,796	27,225	39,817	291,877
		<u>\$ 1,282,803</u>	<u>\$ 1,025,615</u>	<u>\$ 1,030,857</u>	<u>\$ 1,016,778</u>
Income Statement Summary:					
Operating Income (Loss)		\$ (138,809)	\$ (4,993)	\$ (288,541)	\$ (94,253)
Nonoperating Rev (Expenses)		31,880	28,901	36,481	30,359
Contributions and Transfers		463,500	(36,500)	-	-
Change in Net Position		<u>\$ 356,571</u>	<u>\$ (12,592)</u>	<u>\$ (252,060)</u>	<u>\$ (63,894)</u>
		Flexible Benefits Fund			
		12/31/2023	12/31/2022	12/31/2021	12/31/2020
Summary Balance Sheets:					
Current Assets		\$ 142,853	\$ 150,380	\$ 144,483	\$ 122,133
Current Liabilities		\$ 47,851	\$ 58,825	\$ 60,532	\$ 45,303
Net Position:					
Unrestricted		95,002	91,555	83,951	76,830
		<u>\$ 142,853</u>	<u>\$ 150,380</u>	<u>\$ 144,483</u>	<u>\$ 122,133</u>
Income Statement Summary:					
Operating Income (Loss)		\$ (2,553)	\$ 1,604	\$ 1,121	\$ (8,321)
Contributions and Transfers		6,000	6,000	6,000	6,000
Change in Net Position		<u>\$ 3,447</u>	<u>\$ 7,604</u>	<u>\$ 7,121</u>	<u>\$ (2,321)</u>

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7 Long-Term Obligations

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
General Obligation Notes	\$ 8,450,000	\$ 10,040,000	\$ 8,615,000	\$ 10,160,000
Subscription Liability	374,402	-	-	-
Lease Liability	57,830	103,712	-	-
	<u>8,882,232</u>	<u>10,143,712</u>	<u>8,615,000</u>	<u>10,160,000</u>
Vested Employee Benefits:				
General County	2,147,481	2,086,312	2,129,803	2,153,096
Highway	589,634	586,212	592,133	566,971
	<u>\$ 11,619,347</u>	<u>\$ 12,816,236</u>	<u>\$ 11,336,936</u>	<u>\$ 12,880,067</u>
General Obligation Debt as Percent of Debt Limitation	1.9%	2.9%	2.7%	3.4%

