

**CHIPPEWA COUNTY, WISCONSIN
EXECUTIVE AUDIT SUMMARY (EAS)**

DECEMBER 31, 2022



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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, 2022. 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, 2022, and have issued our report thereon dated July 19, 2023. 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 11, 2022. 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.87, *Leases*, in 2022. The adoption of this standard resulted in adjustments to beginning capital asset balances, lease liability, lease receivable, and deferred inflows of resources.

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. 87, *Leases*.

Management representations

We have requested certain representations from management that are included in the management representation letter dated July 19, 2023.

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 19, 2023, 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 19, 2023.

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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 19, 2023

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.

	12/31/2022	12/31/2021	12/31/2020	12/31/2019
General Fund Balance Sheet Summary:				
Cash and Investments	\$ 14,880,230	\$ 22,810,640	\$ 22,697,113	\$ 26,349,462
Taxes Receivable:				
Current Taxes Receivable	18,189,548	17,918,220	17,416,017	16,935,347
Delinquent Taxes Receivable	949,206	988,984	1,116,380	970,906
Tax Deeds Owned by County	-	37	37	8,835
Accounts Receivable	1,191,200	885,429	662,746	1,014,927
Due from Other Funds	6,871,133	626,429	3,045,550	117,506
Other Assets	614,400	196,188	103,321	88,862
Total Assets	\$ 42,695,717	\$ 43,425,927	\$ 45,041,164	\$ 45,485,845
Payables	\$ 1,834,107	\$ 1,680,387	\$ 1,624,379	\$ 2,763,994
Unearned Revenue & Deferred Inflows of Resources	18,562,269	18,006,177	17,549,274	17,095,641
Total Liabilities & Deferred Inflows of Resources	20,396,376	19,686,564	19,173,653	19,859,635
Fund Balance:				
Nonspendable - Delinquent Taxes	949,206	989,021	1,116,417	979,741
Nonspendable - Other Purposes	386,307	196,188	103,321	88,862
Assigned	8,472,451	9,724,777	12,364,810	13,029,778
Unassigned	12,491,377	12,829,377	12,282,963	11,527,829
Total Fund Balance	\$ 22,299,341	\$ 23,739,363	\$ 25,867,511	\$ 25,626,210
	\$ 42,695,717	\$ 43,425,927	\$ 45,041,164	\$ 45,485,845
% of Unassigned Fund Balance to General Fund Expenditures				
	32.0%	39.0%	37.1%	34.2%
Revenues	\$ 35,188,093	\$ 30,473,525	\$ 30,624,704	\$ 31,225,169
Expenditures	(39,043,280)	(32,921,424)	(33,120,881)	(33,676,835)
Lease Proceeds	6,518			
Transfers In	3,264,123	3,097,679	3,525,449	3,932,644
Transfers Out	(855,476)	(2,777,928)	(787,971)	(64,528)
Net Change in Fund Balance	\$ (1,440,022)	\$ (2,128,148)	\$ 241,301	\$ 1,416,450

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.

Special Revenue Fund Balances:	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Human Services	\$ 104,863	\$ 76,463	\$ 42,972	\$ 44,181
County Sales Tax	14,010,658	11,936,498	10,879,414	7,971,310
C.D.B.G. Grant Fund	206,558	189,756	440,049	140,632
WRRWC Fund	-	-	-	-
Public Health	200,000	200,000	200,000	92,083
Shelter Care	25,712	25,712	25,712	25,712
Dog Licenses	899	899	1,000	1,000
Aging and Disability Resource Center	550,000	550,000	550,000	550,848
Land Management	350,000	300,279	287,689	350,000
Jail Assessment Fees	22,868	41,091	114,939	120,026
American Rescue Plan Act	26,273	2,092	-	-
Economic Development	649,256	639,312	402,665	525,669
Opioid Settlement	330,610	-	-	-
	<u>\$ 16,477,697</u>	<u>\$ 13,962,102</u>	<u>\$ 12,944,440</u>	<u>\$ 9,821,461</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.

Capital Project Fund Balances:	12/31/2022	12/31/2021	12/31/2020	12/31/2019
2018 Capital Projects Fund	\$ -	\$ -	\$ -	\$ 5,007,087
2020 Capital Projects Fund	-	1,302,433	3,000,832	-
2022 Capital Projects Fund	3,026,266	-	-	-
	<u>\$ 3,026,266</u>	<u>\$ 1,302,433</u>	<u>\$ 3,000,832</u>	<u>\$ 5,007,087</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.

Debt Service Fund Balances:	12/31/2022	12/31/2021	12/31/2020	12/31/2019
2011 Refunding Bonds	\$ -	\$ -	\$ -	\$ 614,709
2013 Capital Projects Debt	-	-	4,801	4,801
2018 Capital Projects Debt	94,458	94,458	94,458	94,458
2020 Capital Projects Debt	673,962	673,962	733,652	-
2022 Capital Projects Debt	61,970	-	-	-
	<u>\$ 830,390</u>	<u>\$ 768,420</u>	<u>\$ 832,911</u>	<u>\$ 713,968</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			
	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Balance Sheet Summary:				
Cash and Investments	\$ 3,755,989	\$ 2,971,638	\$ 2,094,003	\$ 1,068,348
Accounts Receivable	1,677,584	2,103,426	1,298,113	1,624,559
Property Held for Resale	1,286,171	1,311,380	1,718,645	1,718,645
Capital Assets (Net)	22,653	22,653	22,653	22,653
	<u><u>\$ 6,742,397</u></u>	<u><u>\$ 6,409,097</u></u>	<u><u>\$ 5,133,414</u></u>	<u><u>\$ 4,434,205</u></u>
Current Liabilities	\$ 7,332	\$ 4,589	\$ 4,589	\$ 20,653
Net Position:				
Net Investment in Capital Assets	22,653	22,653	22,653	22,653
Unrestricted	<u>6,712,412</u>	<u>6,381,855</u>	<u>5,106,172</u>	<u>4,390,899</u>
	<u><u>\$ 6,742,397</u></u>	<u><u>\$ 6,409,097</u></u>	<u><u>\$ 5,133,414</u></u>	<u><u>\$ 4,434,205</u></u>
Income Statement Summary:				
Operating Income (Loss)	\$ 330,557	\$ 775,683	\$ 215,273	\$ 423,196
Transfers In	-	500,000	500,000	-
Change in Net Position	<u>\$ 330,557</u>	<u>\$ 1,275,683</u>	<u>\$ 715,273</u>	<u>\$ 423,196</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			
	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Summary Balance Sheets:				
Current Assets	\$ 7,644,458	\$ 7,911,723	\$ 7,000,854	\$ 6,468,530
Restricted Assets - WRS	1,939,065	1,555,556	766,112	-
Capital Assets (Net)	11,198,002	11,025,402	10,713,880	11,037,033
Deferred Outflows - WRS & OPEB	3,974,311	2,795,368	1,965,348	2,604,053
	<u>\$ 24,755,836</u>	<u>\$ 23,288,049</u>	<u>\$ 20,446,194</u>	<u>\$ 20,109,616</u>
Current Liabilities	\$ 1,906,729	\$ 1,467,558	\$ 1,423,702	\$ 1,373,505
Noncurrent Accrued Employee Leave	193,398	204,221	229,432	164,796
WRS Liability	-	-	-	944,967
Other Postemployment Benefits	459,889	793,081	656,584	528,469
Deferred Inflows - WRS & OPEB	4,683,703	3,496,867	2,393,377	1,368,589
Net Position:				
Net Investment in Capital Assets	11,198,002	11,025,402	10,713,880	11,037,033
Restricted	1,939,065	1,555,556	766,112	-
Unrestricted	4,375,050	4,745,364	4,263,107	4,692,257
Total Net Position	<u>\$ 17,512,117</u>	<u>\$ 17,326,322</u>	<u>\$ 15,743,099</u>	<u>\$ 15,729,290</u>
	<u>\$ 24,755,836</u>	<u>\$ 23,288,049</u>	<u>\$ 20,446,194</u>	<u>\$ 20,109,616</u>
Income Statement Summary:				
Operating Income (Loss)	\$ (4,467,482)	\$ (2,879,406)	\$ (2,510,231)	\$ (2,656,441)
Nonoperating Rev (Expenses)	1,560	(2,004)	(22,750)	(23,549)
Contributions and Transfers	4,651,717	4,464,633	2,546,790	2,682,129
Change in Net Position	<u>\$ 185,795</u>	<u>\$ 1,583,223</u>	<u>\$ 13,809</u>	<u>\$ 2,139</u>

	Self-Funded Workers' Compensation			
	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Summary Balance Sheets:				
Current Assets	\$ 1,791,637	\$ 1,937,877	\$ 1,561,995	\$ 1,774,787
Current Liabilities	\$ 930,040	\$ 937,877	\$ 561,995	\$ 774,787
Net Position:				
Unrestricted	861,597	1,000,000	1,000,000	1,000,000
	<u>\$ 1,791,637</u>	<u>\$ 1,937,877</u>	<u>\$ 1,561,995</u>	<u>\$ 1,774,787</u>
Income Statement Summary:				
Operating Income (Loss)	\$ (100,330)	\$ 41,292	\$ 716,227	\$ 745,584
Nonoperating Rev (Expenses)	8,645	313	2,643	11,799
Contributions and Transfers	(46,718)	(41,605)	(718,870)	(757,383)
Change in Net Position	<u>\$ (138,403)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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6 Internal Service Funds (continued):

	Self-Funded Health Insurance			
	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Summary Balance Sheets:				
Current Assets	\$ 3,071,786	\$ 1,446,273	\$ -	\$ -
Current Liabilities	\$ 270,740	\$ -	\$ -	\$ -
Net Position: Unrestricted	<u>2,801,046</u>	<u>1,446,273</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 3,071,786</u></u>	<u><u>\$ 1,446,273</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Income Statement Summary:				
Operating Income (Loss)	\$ 1,420,042	\$ (103,766)	\$ -	\$ -
Nonoperating Rev (Expenses)	27,231	39	-	-
Contributions and Transfers	(92,500)	1,550,000	-	-
Change in Net Position	<u><u>\$ 1,354,773</u></u>	<u><u>\$ 1,446,273</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
	Self-Funded Liability Insurance	12/31/2022	12/31/2021	12/31/2020
	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Summary Balance Sheets:				
Current Assets	\$ 275,288	\$ 280,530	\$ 266,451	\$ 333,237
Investment in WMMIC	750,327	750,327	750,327	750,327
	<u><u>\$ 1,025,615</u></u>	<u><u>\$ 1,030,857</u></u>	<u><u>\$ 1,016,778</u></u>	<u><u>\$ 1,083,564</u></u>
Current Liabilities	\$ 998,390	\$ 991,040	\$ 724,901	\$ 727,793
Net Position: Unrestricted	27,225	39,817	291,877	355,771
	<u><u>\$ 1,025,615</u></u>	<u><u>\$ 1,030,857</u></u>	<u><u>\$ 1,016,778</u></u>	<u><u>\$ 1,083,564</u></u>
Income Statement Summary:				
Operating Income (Loss)	\$ (4,993)	\$ (288,541)	\$ (94,253)	\$ (53,363)
Nonoperating Rev (Expenses)	28,901	36,481	30,359	40,287
Contributions and Transfers	(36,500)	-	-	-
Change in Net Position	<u><u>\$ (12,592)</u></u>	<u><u>\$ (252,060)</u></u>	<u><u>\$ (63,894)</u></u>	<u><u>\$ (13,076)</u></u>
	Flexible Benefits Fund	12/31/2022	12/31/2021	12/31/2019
	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Summary Balance Sheets:				
Current Assets	\$ 150,380	\$ 144,483	\$ 122,133	\$ 79,151
Current Liabilities	\$ 58,825	\$ 60,532	\$ 45,303	\$ -
Net Position: Unrestricted	91,555	83,951	76,830	79,151
	<u><u>\$ 150,380</u></u>	<u><u>\$ 144,483</u></u>	<u><u>\$ 122,133</u></u>	<u><u>\$ 79,151</u></u>
Income Statement Summary:				
Operating Income (Loss)	\$ 1,604	\$ 1,121	\$ (8,321)	\$ (9,666)
Contributions and Transfers	6,000	6,000	6,000	6,000
Change in Net Position	<u><u>\$ 7,604</u></u>	<u><u>\$ 7,121</u></u>	<u><u>\$ (2,321)</u></u>	<u><u>\$ (3,666)</u></u>

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7 Long-Term Obligations

	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
General Obligation Notes	\$ 10,040,000	\$ 8,615,000	\$ 10,160,000	\$ 8,725,000
Lease Liability	103,712	-	-	-
	<u>10,143,712</u>	<u>8,615,000</u>	<u>10,160,000</u>	<u>8,725,000</u>
Vested Employee Benefits:				
General County	2,086,312	2,129,803	2,153,096	1,863,264
Highway	586,212	592,133	566,971	496,414
	<u>\$ 12,816,236</u>	<u>\$ 11,336,936</u>	<u>\$ 12,880,067</u>	<u>\$ 11,084,678</u>
General Obligation Debt as Percent of Debt Limitation	2.5%	2.5%	3.1%	2.9%



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