

Calumet County, Wisconsin

Annual Financial Report

December 31, 2019



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CALUMET COUNTY, WISCONSIN
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2019

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Independent auditors' report

To the County Board
Calumet 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 Calumet County, Wisconsin (the "County") as of and for the year ended December 31, 2019, 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 auditor considers 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Human Services, and County Roads and Bridges special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Prior Year Summarized Financial Information

We have previously audited the County's 2018 financial statements, and our report dated July 24, 2019, 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 from which the prior year summarized financial information was derived. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 16 and the schedules relating to pensions and other postemployment benefits on pages 63 through 65 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 supplementary information as listed in the Table of Contents and schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate 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 and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2020, 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 solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
July 24, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
December 31, 2019

As management, we offer readers of the County's basic financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2019. I encourage readers to consider the information presented here in conjunction with additional information provided in the notes to the basic financial statements, which can be found on pages 32 - 62 of this report.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$51,000,858 (*net position*). Of this amount, \$10,327,622 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position decreased by \$191,635. Several factors contributed to the overall decrease as follows:
 - Fringe benefit costs of pension and other post-employment benefits increased by \$5,400,000.
 - Capital outlay reported in the governmental fund financial statements exceeded depreciation expense by \$4,419,649. In addition, long-term debt proceeds in the governmental funds exceeded long-term debt principal repaid. Related activities include the following:
 - The issuance of debt in the amount of \$17,000,000 for the construction of a new jail facility and the renovation of the third floor of the courthouse.
 - The partial construction costs associated with the 3rd floor remodeling of the courthouse expected to be completed in 2020 and the jail expected to be completed in 2021 increased capital outlay expenditures by \$4,800,000 over the previous year.
 - The increased expenditures in road construction projects over the prior year of \$2,020,000.
 - Highway operations resulted in a net loss of \$460,000.
- As of the close of the current year, the County's governmental funds reported combined ending fund balances of \$31,646,491, an increase of \$12,706,297 in comparison with the prior year. The majority of the increase or approximately \$11.7 million is attributed to unspent bond proceeds issued for the construction of a new jail facility. Approximately 33% of the total fund balance, \$10,460,002 is *available for spending* at the County's discretion (*unassigned fund balance*).
- At the end of the current year, unassigned fund balance for the general fund was \$10,460,342, or approximately 60% of total general fund expenditures.
- The County has established a minimum fund balance policy; the minimum unassigned fund balance to be retained for 2019 is \$6,438,838. The County has also established a working capital requirement of \$1,900,000.
- The County's total general-obligation debt increased by \$14,710,000 (92%) during the current year. The key factor is the scheduled debt repayments of \$2.3 million of the County's outstanding debt and the issuance of new debt in the amount of \$17.0 million for the remodeling of the 3rd floor of the courthouse and the construction of a new jail facility.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the County's assets, liabilities, and deferred outflows and inflows 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 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 the 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, sanitation, health and social services, public works, education and recreation, conservation and development and interest on long-term debt. The business-type activities of the County include a highway construction and maintenance operation.

The government-wide financial statements can be found on pages 17-19 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 two categories: governmental funds and proprietary 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 year. Such information may be useful in evaluating the County's near-term financing requirements.

Management's Discussion and Analysis
December 31, 2019

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 County'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*.

The County maintains thirteen 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, the human services special revenue fund, the county roads and bridges special revenue fund, the county sales tax fund, the capital projects fund and the debt service fund, all of which are considered to be major funds. Data from the other 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.

The County adopts an annual appropriated budget for all of its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and for each individual major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 20-28 of this report.

Proprietary funds. The County maintains a single type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses an enterprise fund to account for its highway construction and maintenance operation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the highway construction and maintenance operation, which is considered to be a major fund of the County.

The basic proprietary fund financial statements can be found on pages 29-31 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 basic financial statements can be found on pages 32-62 of this report.

Other information. Required supplementary information for the County's other postemployment and pension benefit plans as well as the combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements. Required supplementary information and combining and individual fund statements and schedules can be found on pages 63-83 of this report.

Management's Discussion and Analysis
December 31, 2019

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$51,000,858 at the close of the most recent year. By far the largest portion of the County's net position (74%) 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.

The remaining balance of restricted and unrestricted net position amounting to \$13,152,583 may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current year, the County is able to report positive balances in all categories of net position, for the County as a whole. The County's business-type activities reflect positive balances in the categories of net position and negative balances in unrestricted net position. The County's total net position decreased by \$191,635 during the current year.

| Calumet County's Net Position | | | | |
|--------------------------------------|--------------------------------|---------------------------------|----------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total 2019 | Total 2018 |
| Current and other assets | \$ 58,348,557 | \$ (1,066,388) | \$ 57,282,169 | \$ 45,337,338 |
| Capital assets | 47,271,952 | 10,341,980 | 57,613,932 | 53,311,900 |
| Total assets | 105,620,509 | 9,275,592 | 114,896,101 | 98,649,238 |
| Deferred outflows of resources | 9,466,291 | 794,893 | 10,261,184 | 5,703,468 |
| Long-term liabilities outstanding | 40,237,667 | 773,323 | 41,010,990 | 22,389,727 |
| Other liabilities | 4,417,474 | 1,198,344 | 5,615,818 | 3,579,676 |
| Total liabilities | 44,655,141 | 1,971,667 | 46,626,808 | 25,969,403 |
| Deferred inflows of resources | 27,118,226 | 411,393 | 27,529,619 | 27,190,810 |
| Net Position: | | | | |
| Net investment in capital assets | 27,506,295 | 10,341,980 | 37,848,275 | 36,552,889 |
| Restricted | 2,824,961 | - | 2,824,961 | 5,489,547 |
| Unrestricted | 12,982,177 | (2,654,555) | 10,327,622 | 9,150,057 |
| Total net position | \$ 43,313,433 | \$ 7,687,425 | \$ 51,000,858 | \$ 51,192,493 |

Management's Discussion and Analysis
December 31, 2019

Governmental activities. Governmental activities increased the County's net position by \$268,571. Key elements of this increase are as follows:

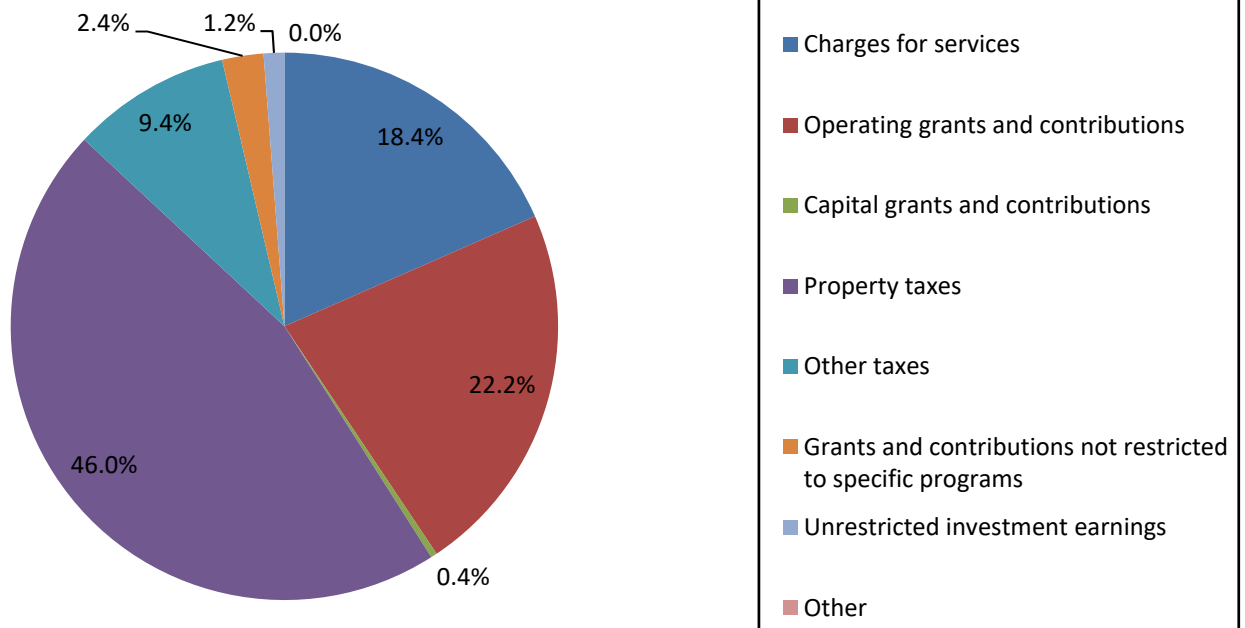
| Calumet County's Change in Net Position | | | | |
|--|--------------------------------|---------------------------------|----------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total 2019 | Total 2018 |
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for service | \$ 7,763,127 | \$ 6,982,463 | \$ 14,745,590 | \$ 11,940,847 |
| Operating grants and contributions | 10,454,808 | - | 10,454,808 | 10,662,400 |
| Capital grants and contributions | 165,851 | - | 165,851 | 58,063 |
| General revenues: | | | | |
| Property taxes | 21,174,475 | - | 21,174,475 | 20,282,826 |
| Other taxes | 4,328,680 | - | 4,328,680 | 2,899,610 |
| Grants and contributions not restricted to specific programs | 1,127,610 | - | 1,127,610 | 1,031,932 |
| Other | 560,102 | - | 560,102 | 353,783 |
| Total revenues | 45,574,653 | 6,982,463 | 52,557,116 | 47,229,461 |
| Expenses: | | | | |
| General government | 6,853,398 | - | 6,853,398 | 6,311,446 |
| Public safety | 7,997,635 | - | 7,997,635 | 7,626,338 |
| Sanitation | 81,758 | - | 81,758 | 33,205 |
| Health and social services | 17,548,481 | - | 17,548,481 | 16,609,312 |
| Public works | 4,670,326 | - | 4,670,326 | 4,610,507 |
| Education and recreation | 4,283,326 | - | 4,283,326 | 4,009,359 |
| Conservation and development | 3,170,694 | - | 3,170,694 | 1,920,550 |
| Interest on long-term debt | 700,464 | - | 700,464 | 393,249 |
| Highway operations | - | 7,442,669 | 7,442,669 | 5,483,675 |
| Total expenses | 45,306,082 | 7,442,669 | 52,748,751 | 46,997,641 |
| Increase (decrease) in net position | 268,571 | (460,206) | (191,635) | 231,820 |
| Change in accounting principle | - | - | - | (606,598) |
| Net position - beginning | 43,044,862 | 8,147,631 | 51,192,493 | 51,567,271 |
| Net position - ending | \$ 43,313,433 | \$ 7,687,425 | \$ 51,000,858 | \$ 51,192,493 |

- Property taxes increased by \$891,649 (4.4%) during the year. Most of the increase was directed toward General Fund Operations \$703,201 and Health & Human Services \$96,464.
- Other taxes increased by \$1,429,070 (49%) mainly as the result having a full year of County Sales Tax collection when compared to the prior year which only accounted for a partial year implementation of the 0.5% County Sale Tax. This tax was implemented with the intention of eliminating debt issued for the capital project expenditures.

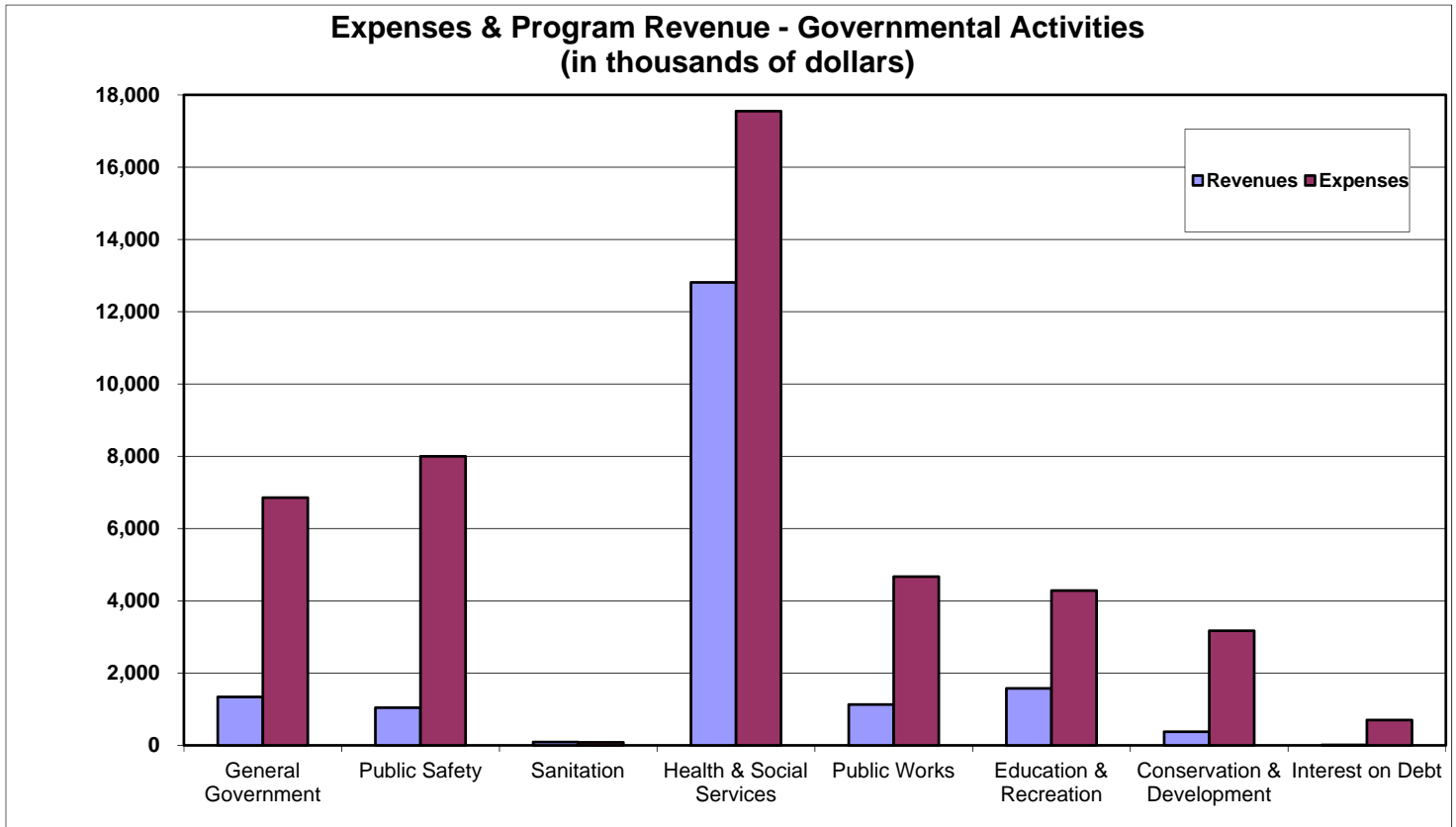
Management's Discussion and Analysis
December 31, 2019

- Charges for Service for governmental activities increased by \$799,029 from the previous period; primarily as a result of an increase in charges to government operations from road repair and reconstruction activities within the Public Works category in the amount of \$1,129,661; and a decrease from Conservation and Development revenue in the amount of \$244,948 as a result of a large revolving loan being written off in the implementation of the State of Wisconsin CDBG Close program implementation.
- Operating expense for governmental activities increased by \$3,792,116 primarily as a result of: General Government incurring capital construction and replace cost of the courthouse in the amount of \$541,952; Conservation & Development implemented a closing out of it revolving loan program and transferring those fund to the State of Wisconsin amounting to a \$1,250,144 increase and increases in client activities in the Health & Human Services programs in the amount of \$939,169.

Revenue by Source - Governmental Activities



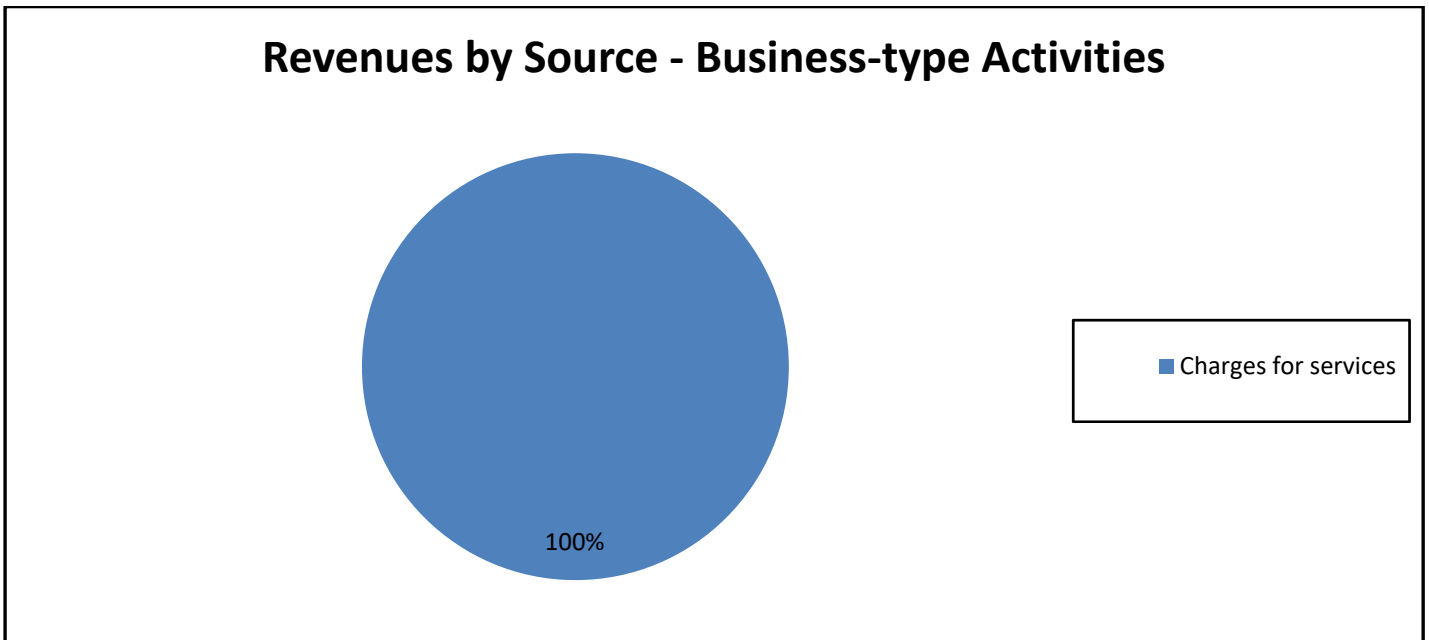
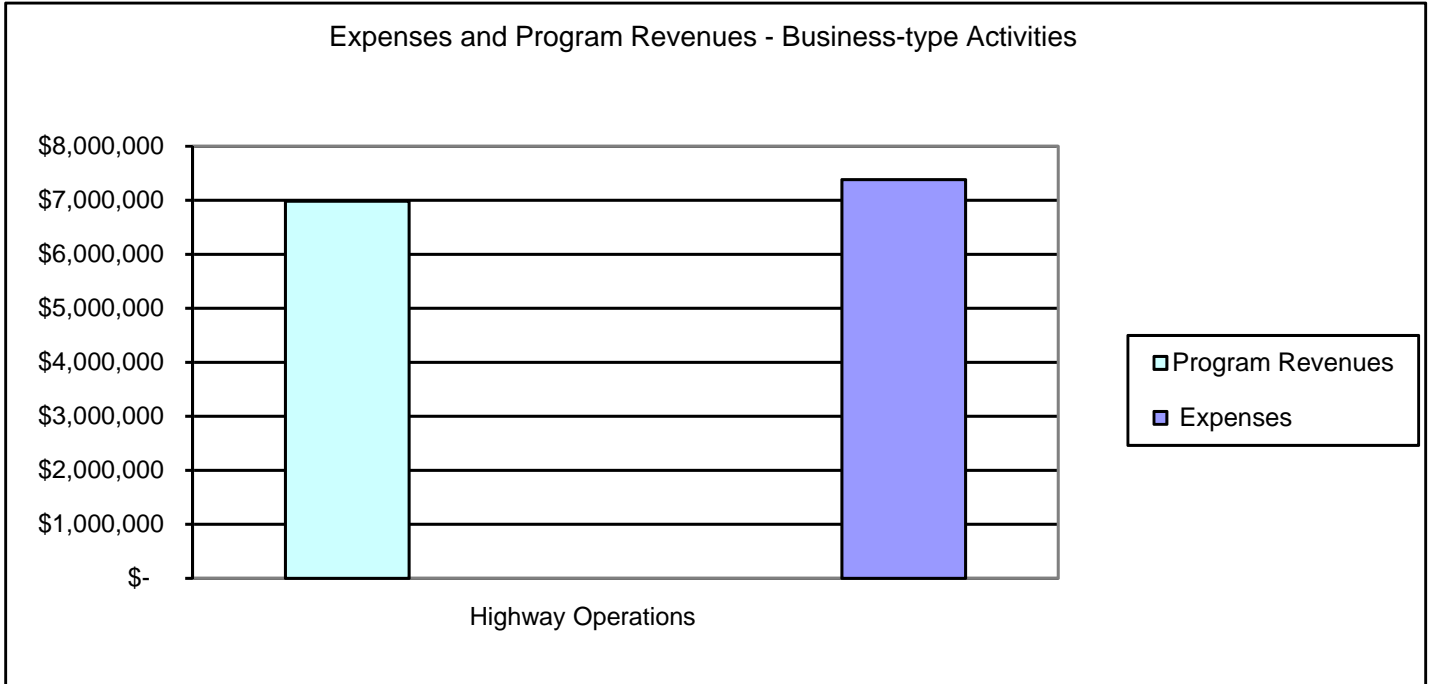
Management's Discussion and Analysis
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Business-type activities. Business-type activities decreased the County's net position by \$460,206. The following items played a role in the increased growth of business-type activities:

- Charges for services for business-type activities increased by \$2,005,714 (40.0%). Highway construction and maintenance operations accounted for this increase. There was a significant increase in road construction projects budgeted when compared to the previous year as a result of State and Federal transportation grant awards.
- Expenditures for business-type activities increased by \$1,958,994 (35.7%). Highway maintenance operations on the County highway road system accounted for the majority of this increase as a result of a significant State and Federal transportation grant award.

Management's Discussion and Analysis
December 31, 2019



Financial Analysis of the Government Funds

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

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 year.

As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$31,646,491 an increase of \$12,706,297 in comparison with the prior year. Approximately 33% of this amount (\$10,460,002) constitutes unassigned fund balance, which is available for spending at the County's discretion, as previously discussed. The remainder of the fund balance is restricted, committed or non-spendable to indicate that it is not available for new spending because it has already been obligated 1) for current year purchases of inventory and prepayments that benefit periods beyond the end of the current year (\$342,214), 2) for non-liquid delinquent taxes (\$554,505), 3) for advances to other funds that are not expected to be liquidated in the next year (\$2,008,234), 4) for incomplete projects that are requested to be carrying into the next budget cycle (\$1,164,382), and 5) for funds which are restricted or committed for a variety of other purposes (\$18,281,536).

The general fund is the main operating fund of the County. At the end of the current year, unassigned fund balance of the general fund was \$10,460,342, while total fund balance reached \$15,279,337. 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 60 percent of the total general fund expenditures, while total fund balance represents 88 percent of that same amount.

The fund balance of the County's general fund increased by \$1,027,443 during the current year.

Key factors of this decrease are as follows:

- Revenues from all categories excluding taxes increased \$604,393 compared to the prior year.
- Intergovernmental revenues increased by \$409,458 over the prior year mainly as a result of a increases (\$139,675) in a cost sharing project within the county clerk's office for the updating of election equipment within the County's municipalities; an increase (\$102,299) in snowmobile trail and development projects in the county parks department; an increase (\$95,678) in state aids for the exempting of a portion of personal property taxes and an increase (\$80,792) in the re-establishment of the state grant program for the replacement of failing private on-site waste treatment systems.
- Interest earnings on idle funds increased by \$206,431 over the prior year as a result of increasing interest rates.
- Expenditures net of the increases in property tax revenue decreased by \$678,922 over the prior year. While increases in overall general fund expenditures were minor when compared to the prior year.
- Net transfers to the general fund were \$736,755 contributing to the increase in fund balance noted above.

Management's Discussion and Analysis
December 31, 2019

The human services fund excess of revenues over expenditures amounted to \$775,259. This balance was then transferred to the general fund unassigned fund balance. Key factors influencing the excess revenues over expenditures are as follows:

- Intergovernmental revenue increased by \$740,176 and charges for services increased by \$72,977 during the current year.
- Property tax revenue increased by \$96,464 over the prior year.
- Human services fund expenditures, increased by \$545,388 or less than 4%, which was completely offset by intergovernmental revenues, charges for services and taxes used in support of these programs. Various program expenditures for the Human services fund continue to be at historic lows leading to less than anticipated spending which generated an excess of revenues over expenditures.

The county roads and bridges fund had an excess of revenues over expenditures amounting to \$38,627 mainly as a result of an increase in property tax revenue of \$108,235 and county road and bridges expenditures of \$271,157; and an increase intergovernmental revenues of \$149,268.

The county sales tax fund was created as a result of the county implementing a 0.5% sale tax in 2018. The fund is used to account for the proceeds of the sales tax revenue collections and the expenditure of capital projects, mainly road projects that would have been previously financed by general obligation debt. Revenue collected for the year amounted to \$4,073,899 of which \$3,480,288 were spent of various capital projects. The remaining excess of revenue over expenditures was applied in the 2020 county sales tax budget.

The capital projects fund has a \$11,685,507 fund balance at the end of 2019 as a result of the county issuing debt for the construction of a new jail and the remodeling of the 3rd floor of the courthouse. The fund balance represents the unspent proceeds for the issuance of general obligation debt in 2019. Additional expenditures and debt issues will be occurring in 2020 as the 3rd floor remodeling project is completed and ongoing construction of the new jail facility. A final debt issuance will be occurring in 2021 with the completion of the new jail project.

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. The unrestricted net position of the highway construction and maintenance operations amounted to a negative \$2,654,555. The change in total net position was a \$460,206 decrease. For the most part the decrease in total net position is as a result of the \$398,963 loss from operations in the current fiscal year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget amounted to a \$1,188,011 increase in appropriations and \$864,307 increase in estimated revenues, both of which can be briefly summarized as follows:

- \$215,044 in increases to programs within general government activities mainly as a result of project budgets that weren't completed in 2018 and carried forward into the 2019 budget.
- \$340,821 in increase to cost sharing grant programs within conservation and development as a result of project not completing in 2018 and the award of \$369,998 in economic development grants from the environmental protection agency and housing and urban development.
- \$110,257 in increases to programs within education and recreation as a result of carrying forward projects for the completion of a parking lot at the Brothertown harbor facility new parks administration building and various maintenance projects at Calumet County Park.
- \$340,821 in intergovernmental revenue increases to programs within conservation & development related to the cost sharing projects carried forward from the prior year and the award of \$369,998 in economic development grants and \$79,638 in additional grants for development of county park systems.

Of the \$323,704 net increase, the County intended it to be funded by additional intergovernmental grants and aids and unassigned fund balance. During the year, overall revenue budgetary estimates and expenditure budgetary estimates were better than expected, thus reducing the need to draw upon additional fund balance for any budgetary shortfalls.

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounts to \$57,613,932 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, public domain infrastructure (highways and bridges) and work in progress. The total increase in the County's net investment in capital assets for the current year was approximately 1 percent (a 5 percent increase for governmental activities and 9% percent decrease for business-type activities.) The net investment in capital assets is derived by subtracting outstanding debt from capital assets net of accumulated depreciation. The governmental activities net investment in capital assets increase as a result of the County issuing debt for the construction of the new jail facility and remodeling of the 3rd floor of the courthouse. Approximately \$12 million of the \$17 million new debt issue is unspent as of the end of the fiscal year.

Major capital asset events during the year included the following:

- A variety of County Trunk Highway construction projects (public domain infrastructure) were completed during the year at a cost of \$3,063,227.
- A variety of machinery & equipment purchases were completed during the year including the installation of various hardware/software systems \$72,324 and an enhancement to the Public Safety equipment and radio systems \$183,105.

Management's Discussion and Analysis
December 31, 2019

- Work in Progress increased as a result of the new jail facility being constructed and the remodeling of the 3rd floor of the courthouse. The jail project is expected to be completed in fall of 2021 and the 3rd remodeling is expected to be completed in the summer of 2020.

| Calumet County's Capital Assets (net of accumulated depreciation) | | | | | | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental activities | | Business-type activities | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 3,678,171 | \$ 3,536,318 | \$ 26,191 | \$ 26,191 | \$ 3,704,362 | \$ 3,562,509 |
| Land Impr. | 1,522,797 | 1,678,168 | - | - | 1,522,797 | 1,678,168 |
| Buildings | 7,153,240 | 7,378,213 | 7,412,519 | 7,583,123 | 14,565,759 | 14,961,336 |
| Machinery & Equip. | 4,273,100 | 4,220,554 | 2,631,489 | 2,816,712 | 6,904,589 | 7,037,266 |
| Infrastructure | 25,272,569 | 25,027,775 | - | - | 25,272,569 | 25,027,775 |
| Work in Progress | 5,372,075 | 1,044,846 | 271,781 | - | 5,643,856 | 1,044,846 |
| Total | \$ 47,271,952 | \$ 42,885,874 | \$ 10,341,980 | \$ 10,426,026 | \$ 57,613,932 | \$ 53,311,900 |

Additional information on the County's capital assets can be found in note 3.D pages 44 - 45 of this report.

Long-term debt. At the end of the current year, the County had total general obligation debt outstanding of \$30,650,000. The full faith and credit of the County back all of this debt.

| Calumet County's Outstanding Debt General Obligation Debt | | | | | | |
|--|-------------------------|---------------|--------------------------|------|---------------|---------------|
| | Governmental activities | | Business-type activities | | Total | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| G.O. Debt: | | | | | | |
| Notes | \$ 30,650,000 | \$ 15,940,000 | \$ - | \$ - | \$ 30,650,000 | \$ 15,940,000 |

The County's total general obligation debt increased by \$14,710,000 (92%) during the current year. The key factor in this increase was the scheduled repayment of debt in 2019 in the amount of \$2,290,000 and the issuance of new debt in the amount of \$17,000,000.

The County maintains a "Aa2" rating from Moody's Investor Services and a "AA+" rating from Standard and Poor's for long-term general obligation debt.

State statutes limit the amount of general obligation debt the County may issue to 5 percent of its total equalized valuation. The current debt limitation for the County is \$224,507,000; which is significantly greater than the County's \$30,650,000 in outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 3.F on pages 47 - 48 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Calumet County as of June 2020 is currently 11.8 percent, which is an increase from a rate of 2.6 percent a year ago. This is well below the state's average unemployment of 14.1 percent and the nation's unemployment rate of 14.7 percent. Calumet County is currently ranked as the 7th lowest unemployment rate of the state's 72 counties.
- The population of Calumet County grew at an estimated rate of 8.26% since the 2010 census, continuing a pattern of rapid growth, which has placed the county as the 2nd fastest growing county in the state. This growth outpaces the population growth of the state at 2.75%.
- The 2018 Per Capita Personal Income of Calumet County was \$50,776 ranked sixteenth highest in the State and an increase of 3.5% over the previous year. The state wide Per Capita Personal Income for the same time period was \$51,592.

All of these factors were considered in preparing the County's budget for the 2020 fiscal year.

Wisconsin enacted legislation in 2009 to impose a limit on the amount of the annual tax levy increase. This limit imposed on Wisconsin counties uses the baseline of 2010 levy adopted for the 2011 budget. The legislation limits the increase in the amount of the levy to the greater of 0.0% or growth in net new construction within the county for the 2020 budget. Net new construction is defined as "changes to equalized value due to construction of buildings and improvements to land minus changes to equalized value due to the demolishing or destruction of buildings and the removal of land improvements." Calumet County increased the 2019 tax levy for the 2020 budget by the maximum allowed under this legislation.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Finance Director, Calumet County Finance Department, 206 Court Street, Chilton, WI 53014-1198.

BASIC FINANCIAL STATEMENTS

CALUMET COUNTY, WISCONSIN

Statement of Net Position

December 31, 2019

(With summarized financial information as of December 31, 2018)

| | Governmental Activities | Business-type Activity | Total | |
|---|----------------------------|---------------------------|----------------------|----------------------|
| | | | 2019 | 2018 |
| Assets | | | | |
| Cash and investments | \$ 31,270,508 | \$ 50 | \$ 31,270,558 | \$ 17,723,118 |
| Receivables | 24,811,033 | 297,222 | 25,108,255 | 23,943,669 |
| Internal balances | 1,924,802 | (1,924,802) | - | - |
| Inventories | 40,234 | 293,977 | 334,211 | 218,109 |
| Prepaid items | 247,080 | 67,165 | 314,245 | 235,988 |
| Other assets | 54,900 | - | 54,900 | 54,900 |
| Net pension asset | - | - | - | 2,961,554 |
| Committed assets: | | | | |
| Cash and investments | - | 200,000 | 200,000 | 200,000 |
| Capital assets (net of accumulated depreciation): | | | | |
| Land | 3,678,171 | 26,191 | 3,704,362 | 3,562,509 |
| Land improvements | 1,522,797 | - | 1,522,797 | 1,678,168 |
| Buildings and improvements | 7,153,240 | 7,412,519 | 14,565,759 | 14,961,336 |
| Machinery and equipment | 4,273,100 | 2,631,489 | 6,904,589 | 7,037,266 |
| Infrastructure | 25,272,569 | - | 25,272,569 | 25,027,775 |
| Construction in progress | 5,372,075 | 271,781 | 5,643,856 | 1,044,846 |
| Total assets | 105,620,509 | 9,275,592 | 114,896,101 | 98,649,238 |
| Deferred outflows of resources | | | | |
| Deferred outflows related to pension | 8,952,119 | 750,775 | 9,702,894 | 5,405,853 |
| Deferred outflows related to OPEB | 514,172 | 44,118 | 558,290 | 297,615 |
| Total deferred outflows of resources | 9,466,291 | 794,893 | 10,261,184 | 5,703,468 |
| Liabilities | | | | |
| Accounts payable and accrued expenses | 4,047,299 | 1,198,344 | 5,245,643 | 3,118,411 |
| Accrued interest payable | 131,917 | - | 131,917 | 34,338 |
| Unearned revenue | 238,258 | - | 238,258 | 411,969 |
| Noncurrent liabilities: | | | | |
| Due within one year | 3,369,299 | 30,033 | 3,399,332 | 3,625,511 |
| Due in more than one year | 30,075,193 | 90,459 | 30,165,652 | 15,199,498 |
| Net pension liability | 3,304,277 | 276,065 | 3,580,342 | - |
| Other postemployment health benefits liability | 3,488,898 | 376,766 | 3,865,664 | 3,579,676 |
| Total liabilities | 44,655,141 | 1,971,667 | 46,626,808 | 25,969,403 |
| Deferred inflows of resources | | | | |
| Property taxes levied for subsequent year | 22,231,723 | - | 22,231,723 | 21,270,692 |
| Deferred inflows related to pension | 4,620,577 | 386,039 | 5,006,616 | 5,887,925 |
| Deferred inflows related to OPEB | 265,926 | 25,354 | 291,280 | 32,193 |
| Total deferred inflows of resources | 27,118,226 | 411,393 | 27,529,619 | 27,190,810 |
| Net Position | | | | |
| Net investment in capital assets | 27,506,295 | 10,341,980 | 37,848,275 | 36,552,889 |
| Restricted | 2,824,961 | - | 2,824,961 | 5,489,547 |
| Unrestricted (deficit) | 12,982,177 | (2,654,555) | 10,327,622 | 9,150,057 |
| Total net position | \$ 43,313,433 | \$ 7,687,425 | \$ 51,000,858 | \$ 51,192,493 |

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

CALUMET COUNTY, WISCONSIN

Statement of Activities

For the Year Ended December 31, 2019

(With summarized financial information for the year ended December 31, 2018)

| Program Revenues | | | |
|------------------|----------------------|------------------------------------|----------------------------------|
| Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |

Functions/Programs

Primary Government:

Governmental activities:

| | | | | |
|--------------------------------------|-------------------|------------------|-------------------|----------------|
| General government | \$ 6,853,398 | \$ 1,070,903 | \$ 269,093 | \$ - |
| Public safety | 7,997,635 | 926,591 | 117,545 | - |
| Sanitation | 81,758 | - | 91,292 | - |
| Health and social services | 17,548,481 | 4,270,846 | 8,541,227 | - |
| Public works | 4,670,326 | 1,130,630 | - | - |
| Education and recreation | 4,283,326 | 351,486 | 1,068,203 | 156,997 |
| Conservation and development | 3,170,694 | - | 367,448 | 8,854 |
| Interest on long-term debt | 700,464 | 12,671 | - | - |
| Total governmental activities | 45,306,082 | 7,763,127 | 10,454,808 | 165,851 |

Business-type activity:

| | | | | |
|--------------------|-----------|-----------|---|---|
| Highway operations | 7,442,669 | 6,982,463 | - | - |
|--------------------|-----------|-----------|---|---|

| | | | | |
|---------------------------------|----------------------|----------------------|----------------------|-------------------|
| Total primary government | \$ 52,748,751 | \$ 14,745,590 | \$ 10,454,808 | \$ 165,851 |
|---------------------------------|----------------------|----------------------|----------------------|-------------------|

General revenues:

| |
|--|
| Property taxes |
| Other taxes |
| Grants and contributions not restricted to specific programs |
| Unrestricted investments earnings |
| Total general revenues |

Change in net position

Net position - beginning

Net position - ending

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 Activity | Total | |
| | | 2019 | 2018 |

| | | | |
|----------------------|---------------------|----------------------|----------------------|
| \$ (5,513,402) | \$ - | \$ (5,513,402) | \$ (4,990,211) |
| (6,953,499) | - | (6,953,499) | (6,769,360) |
| 9,534 | - | 9,534 | (21,546) |
| (4,736,408) | - | (4,736,408) | (4,772,611) |
| (3,539,696) | - | (3,539,696) | (3,628,175) |
| (2,706,640) | - | (2,706,640) | (2,167,267) |
| (2,794,392) | - | (2,794,392) | (1,144,595) |
| (687,793) | - | (687,793) | (335,640) |
| <u>(26,922,296)</u> | <u>-</u> | <u>(26,922,296)</u> | <u>(23,829,405)</u> |
| - | (460,206) | (460,206) | (506,926) |
| <u>(26,922,296)</u> | <u>(460,206)</u> | <u>(27,382,502)</u> | <u>(24,336,331)</u> |
| 21,174,475 | - | 21,174,475 | 20,282,826 |
| 4,328,680 | - | 4,328,680 | 2,899,610 |
| 1,127,610 | - | 1,127,610 | 1,031,932 |
| 560,102 | - | 560,102 | 353,783 |
| <u>27,190,867</u> | <u>-</u> | <u>27,190,867</u> | <u>24,568,151</u> |
| 268,571 | (460,206) | (191,635) | 231,820 |
| <u>43,044,862</u> | <u>8,147,631</u> | <u>51,192,493</u> | <u>50,960,673</u> |
| <u>\$ 43,313,433</u> | <u>\$ 7,687,425</u> | <u>\$ 51,000,858</u> | <u>\$ 51,192,493</u> |

CALUMET COUNTY, WISCONSIN
 Balance Sheet - Governmental Funds
 December 31, 2019

(With summarized financial information as of December 31, 2018)

| | General | Human Services | County Roads & Bridges |
|---|----------------------|---------------------|------------------------------|
| Assets | | | |
| Cash and investments | \$ 14,343,940 | \$ 175 | \$ 1,301,503 |
| Receivables | | | |
| Taxes receivable | 11,873,854 | 4,985,024 | 507,036 |
| Delinquent property taxes | 742,628 | - | - |
| Accounts | 318,339 | 1,262,315 | 124,774 |
| Advances to other funds | 2,008,234 | - | - |
| Due from other funds | - | - | - |
| Inventories | 40,234 | - | - |
| Prepaid items | 246,740 | 340 | - |
| Insurance capital deposits | 54,900 | - | - |
| Total assets | <u>\$ 29,628,869</u> | <u>\$ 6,247,854</u> | <u>\$ 1,933,313</u> |
| Liabilities, deferred inflows of resources and fund balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 1,562,437 | \$ 1,175,005 | \$ - |
| Advances from general fund | - | 83,432 | - |
| Due to other funds | - | - | - |
| Unearned revenue | 233,865 | 4,393 | - |
| Total liabilities | <u>1,796,302</u> | <u>1,262,830</u> | <u>-</u> |
| Deferred inflows of resources: | | | |
| Property taxes levied for subsequent year | 12,540,657 | 4,985,024 | 507,036 |
| Special assessments | 12,573 | - | - |
| Loans receivable | - | - | - |
| Total deferred inflows of resources | <u>12,553,230</u> | <u>4,985,024</u> | <u>507,036</u> |
| Fund balances: | | | |
| Nonspendable | 2,904,613 | 340 | - |
| Restricted | - | - | 1,426,277 |
| Committed | 1,914,382 | - | - |
| Unassigned | 10,460,342 | (340) | - |
| Total fund balances | <u>15,279,337</u> | <u>-</u> | <u>1,426,277</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 29,628,869</u> | <u>\$ 6,247,854</u> | <u>\$ 1,933,313</u> |

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

| County Sales Tax | Capital Projects | Debt Service Fund | Other Governmental Funds | Total Governmental Funds | |
|------------------------|----------------------|----------------------|--------------------------------|-----------------------------|----------------------|
| | | | | 2019 | 2018 |
| \$ 1,352,444 | \$ 12,764,622 | \$ 593,783 | \$ 914,041 | \$ 31,270,508 | \$ 17,723,068 |
| - | - | 3,164,735 | 1,021,698 | 21,552,347 | 20,514,489 |
| - | - | - | - | 742,628 | 645,051 |
| 410,243 | - | - | 277,485 | 2,393,156 | 2,374,246 |
| - | - | - | - | 2,008,234 | 2,099,558 |
| - | - | - | - | - | 47,678 |
| - | - | - | - | 40,234 | 19,988 |
| - | - | - | - | 247,080 | 224,247 |
| - | - | - | - | 54,900 | 54,900 |
| <u>\$ 1,762,687</u> | <u>\$ 12,764,622</u> | <u>\$ 3,758,518</u> | <u>\$ 2,213,224</u> | <u>\$ 58,309,087</u> | <u>\$ 43,703,225</u> |
| \$ - | \$ 1,079,115 | \$ - | \$ 230,742 | \$ 4,047,299 | \$ 2,667,150 |
| - | - | - | - | 83,432 | - |
| - | - | - | - | - | 47,678 |
| - | - | - | - | 238,258 | 330,136 |
| - | 1,079,115 | - | 230,742 | 4,368,989 | 3,044,964 |
| - | - | 3,164,735 | 1,021,698 | 22,219,150 | 21,260,033 |
| - | - | - | - | 12,573 | 10,659 |
| - | - | - | 61,884 | 61,884 | 447,375 |
| - | - | 3,164,735 | 1,083,582 | 22,293,607 | 21,718,067 |
| - | - | - | - | 2,904,953 | 2,951,598 |
| - | 11,685,507 | 593,783 | 874,934 | 14,580,501 | 2,095,779 |
| 1,762,687 | - | - | 23,966 | 3,701,035 | 4,538,070 |
| - | - | - | - | 10,460,002 | 9,354,747 |
| <u>1,762,687</u> | <u>11,685,507</u> | <u>593,783</u> | <u>898,900</u> | <u>31,646,491</u> | <u>18,940,194</u> |
| <u>\$ 1,762,687</u> | <u>\$ 12,764,622</u> | <u>\$ 3,758,518</u> | <u>\$ 2,213,224</u> | <u>\$ 58,309,087</u> | <u>\$ 43,703,225</u> |

CALUMET COUNTY, WISCONSIN
 Balance Sheet - Governmental Funds
 December 31, 2019
 (With summarized financial information as of December 31, 2018)

| 2019 | 2018 |
|------|------|
|------|------|

RECONCILIATION TO THE STATEMENT OF NET POSITION

| | | |
|---|----------------------|----------------------|
| Total fund balances as shown on previous page | \$ 31,646,491 | \$ 18,940,194 |
| 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. | 47,271,952 | 42,885,874 |
| Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds. | | |
| Net pension asset | - | 2,727,321 |
| Loans receivable | 61,884 | 447,375 |
| Accounts receivable | 122,902 | 203,154 |
| Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds. | | |
| Deferred outflows related to pensions | 8,952,119 | 4,983,545 |
| Deferred inflows related to pensions | (4,620,577) | (5,422,242) |
| Deferred outflows related to other postemployment benefits | 514,172 | 271,292 |
| Deferred inflows related to other postemployment benefits | (265,926) | (29,128) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bonds and notes payable | (30,650,000) | (15,940,000) |
| Debt premiums | (774,924) | - |
| Capital leases | (26,240) | (819,011) |
| Compensated absences | (1,993,328) | (1,967,526) |
| Net pension liability | (3,304,277) | - |
| Other postemployment benefit liability | (3,488,898) | (3,201,648) |
| Accrued interest on long-term obligations | (131,917) | (34,338) |
| Net position of governmental activities as reported on the statement of net position (see page 17) | <u>\$ 43,313,433</u> | <u>\$ 43,044,862</u> |

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

CALUMET COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2019
(With summarized financial information for the year ended December 31, 2018)

| | General | Human Services | County Roads & Bridges |
|--|----------------------|-------------------|------------------------------|
| Revenues | | | |
| Taxes | \$ 12,314,132 | \$ 4,898,865 | \$ 741,254 |
| Intergovernmental | 2,240,884 | 8,247,412 | 1,130,630 |
| Regulation and compliance | 84,068 | - | - |
| Public charges for services | 1,880,887 | 1,865,571 | - |
| Interest | 561,158 | - | - |
| Miscellaneous | 505,334 | - | - |
| Total revenues | <u>17,586,463</u> | <u>15,011,848</u> | <u>1,871,884</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 5,987,245 | - | - |
| Public safety | 6,750,202 | - | - |
| Sanitation | 81,758 | - | - |
| Health and social services | 137,549 | 14,236,589 | - |
| Public works | - | - | 1,833,257 |
| Education and recreation | 1,941,461 | - | - |
| Conservation and development | 1,573,234 | - | - |
| Capital outlay | 31,555 | - | - |
| Debt service: | | | |
| Principal retirement | 824,326 | - | - |
| Interest and other charges | - | - | - |
| Total expenditures | <u>17,327,330</u> | <u>14,236,589</u> | <u>1,833,257</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>259,133</u> | <u>775,259</u> | <u>38,627</u> |
| Other financing sources (uses) | | | |
| Long term debt issued | - | - | - |
| Capital leases issued | 31,555 | - | - |
| Premium on long term debt issued | - | - | - |
| Transfers in | 834,497 | - | - |
| Transfers out | (97,742) | (775,259) | - |
| Total other financing sources (uses) | <u>768,310</u> | <u>(775,259)</u> | <u>-</u> |
| Net change in fund balances | 1,027,443 | - | 38,627 |
| Fund balances - beginning | <u>14,251,894</u> | <u>-</u> | <u>1,387,650</u> |
| Fund balances - ending | <u>\$ 15,279,337</u> | <u>\$ -</u> | <u>\$ 1,426,277</u> |

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

| County Sales Tax | Capital Projects | Debt Service Fund | Other Governmental Funds | Total Governmental | |
|------------------------|----------------------|----------------------|--------------------------------|-----------------------|----------------------|
| | | | | 2019 | 2018 |
| \$ 4,073,899 | \$ - | \$ 2,657,005 | \$ 818,000 | \$ 25,503,155 | \$ 23,182,436 |
| - | - | - | 1,087,226 | 12,706,152 | 11,894,343 |
| - | - | - | 18,778 | 102,846 | 119,675 |
| - | - | - | 2,586,642 | 6,333,100 | 6,218,478 |
| - | 34,519 | - | - | 595,677 | 361,314 |
| - | - | - | 281,461 | 786,795 | 652,097 |
| <u>4,073,899</u> | <u>34,519</u> | <u>2,657,005</u> | <u>4,792,107</u> | <u>46,027,725</u> | <u>42,428,343</u> |
| 211,763 | 272,949 | - | - | 6,471,957 | 5,978,786 |
| 159,865 | 5,076,063 | - | - | 11,986,130 | 6,936,981 |
| - | - | - | - | 81,758 | 33,205 |
| - | - | - | 2,425,264 | 16,799,402 | 16,289,664 |
| 3,106,710 | - | - | - | 4,939,967 | 2,919,828 |
| 1,950 | - | - | 2,116,744 | 4,060,155 | 3,901,104 |
| - | - | - | 1,506,116 | 3,079,350 | 1,882,360 |
| - | - | - | - | 31,555 | - |
| - | - | 2,290,000 | - | 3,114,326 | 3,232,527 |
| - | - | 575,978 | - | 575,978 | 383,231 |
| <u>3,480,288</u> | <u>5,349,012</u> | <u>2,865,978</u> | <u>6,048,124</u> | <u>51,140,578</u> | <u>41,557,686</u> |
| 593,611 | (5,314,493) | (208,973) | (1,256,017) | (5,112,853) | 870,657 |
| - | 17,000,000 | - | - | 17,000,000 | 2,945,000 |
| - | - | - | - | 31,555 | - |
| - | - | 787,595 | - | 787,595 | 57,609 |
| - | - | - | 97,742 | 932,239 | 1,009,839 |
| - | - | - | (59,238) | (932,239) | (1,009,839) |
| - | 17,000,000 | 787,595 | 38,504 | 17,819,150 | 3,002,609 |
| 593,611 | 11,685,507 | 578,622 | (1,217,513) | 12,706,297 | 3,873,266 |
| 1,169,076 | - | 15,161 | 2,116,413 | 18,940,194 | 15,066,928 |
| <u>\$ 1,762,687</u> | <u>\$ 11,685,507</u> | <u>\$ 593,783</u> | <u>\$ 898,900</u> | <u>\$ 31,646,491</u> | <u>\$ 18,940,194</u> |

CALUMET COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019
(With summarized information for the year ended December 31, 2018)

| | 2019 | 2018 |
|---|-------------------|-------------------|
| RECONCILIATION TO THE STATEMENT OF ACTIVITIES | | |
| Net change in fund balances as shown on previous page | \$ 12,706,297 | \$ 3,873,266 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| 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 assets reported as capital outlay in governmental fund statements | 8,060,299 | 3,162,578 |
| Depreciation expense reported in the statement of activities | (3,640,650) | (4,207,374) |
| Net book value of disposals | (33,571) | (1,623,646) |
| Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned. | | |
| Net pension asset | (2,727,321) | 2,727,321 |
| Loans receivable | (385,491) | (134,848) |
| Accounts receivable | (80,252) | (98,391) |
| Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | | |
| Long-term debt issued | (17,000,000) | (2,945,000) |
| Capital leases issued | (31,555) | (13,135) |
| Long-term debt principal paid | 2,290,000 | 2,390,000 |
| Capital leases principal paid | 824,326 | 842,527 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds: | | |
| Accrued interest on long-term debt | (97,579) | (10,018) |
| Amortization of premiums, discounts and loss on advance refunding | (774,924) | - |
| Compensated absences | (25,802) | 62,991 |
| Net pension liability | (3,304,277) | 738,448 |
| Deferred outflows of resources related to pensions | 3,968,574 | (700,581) |
| Deferred inflows of resources related to pensions | 801,665 | (3,058,739) |
| Other postemployment benefits liability | (287,250) | (452,244) |
| Deferred outflows of resources related to other postemployment benefits | 242,880 | 193,164 |
| Deferred inflows of resources related to other postemployment benefits | (236,798) | (7,573) |
| Change in net position of governmental activities as reported in the statement of activities (see pages 18 - 19) | <u>\$ 268,571</u> | <u>\$ 738,746</u> |

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

CALUMET COUNTY, WISCONSIN

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|----------------------|---|
| Revenues | | | | |
| Taxes | \$ 12,261,451 | \$ 12,261,451 | \$ 12,314,132 | \$ 52,681 |
| Intergovernmental | 2,613,639 | 3,429,890 | 2,240,884 | (1,189,006) |
| Regulation and compliance | 100,000 | 100,000 | 84,068 | (15,932) |
| Public charges for services | 2,063,583 | 2,111,639 | 1,880,887 | (230,752) |
| Interest | 235,600 | 235,600 | 561,158 | 325,558 |
| Miscellaneous | 494,380 | 494,380 | 505,334 | 10,954 |
| Total revenues | 17,768,653 | 18,632,960 | 17,586,463 | (1,046,497) |
| Expenditures | | | | |
| Current: | | | | |
| General government | 6,543,412 | 6,758,456 | 5,987,245 | 771,211 |
| Public safety | 8,265,194 | 8,340,138 | 6,750,202 | 1,589,936 |
| Sanitation | 45,475 | 45,475 | 81,758 | (36,283) |
| Health and social services | 157,452 | 162,033 | 137,549 | 24,484 |
| Education and recreation | 1,918,482 | 2,028,739 | 1,947,890 | 80,849 |
| Conservation and development | 2,188,737 | 2,971,922 | 1,566,805 | 1,405,117 |
| Capital outlay | - | - | 31,555 | (31,555) |
| Debt service: | | | | |
| Principal retirement | - | - | 824,326 | (824,326) |
| Total expenditures | 19,118,752 | 20,306,763 | 17,327,330 | 2,979,433 |
| Excess of revenues over (under) expenditures | (1,350,099) | (1,673,803) | 259,133 | 1,932,936 |
| Other financing sources (uses) | | | | |
| Proceeds from capital leases | - | - | 31,555 | 31,555 |
| Transfers in | - | - | 834,497 | 834,497 |
| Transfers out | - | (137,000) | (97,742) | 39,258 |
| Total other financing sources (uses) | - | (137,000) | 768,310 | 905,310 |
| Net change in fund balance | (1,350,099) | (1,810,803) | 1,027,443 | 2,838,246 |
| Fund balance - beginning | 14,251,894 | 14,251,894 | 14,251,894 | - |
| Fund balance - ending | \$ 12,901,795 | \$ 12,441,091 | \$ 15,279,337 | \$ 2,838,246 |

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

CALUMET COUNTY, WISCONSIN
Human Services - Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------|-------------------|-------------------|---|
| Revenues | | | | |
| Taxes | \$ 4,898,865 | \$ 4,898,865 | \$ 4,898,865 | \$ - |
| Intergovernmental | 8,337,772 | 8,337,772 | 8,247,412 | (90,360) |
| Public charges for services | 2,087,504 | 2,087,504 | 1,865,571 | (221,933) |
| Total revenues | 15,324,141 | 15,324,141 | 15,011,848 | (312,293) |
| Expenditures | | | | |
| Current: | | | | |
| Health and social services | 15,324,141 | 15,329,831 | 14,236,589 | 1,093,242 |
| Excess (deficiency) of revenues over (under) expenditures | - | (5,690) | 775,259 | 780,949 |
| Other financing uses | | | | |
| Transfers out | - | - | (775,259) | (775,259) |
| Net change in fund balance | - | (5,690) | - | 5,690 |
| Fund balance - beginning | - | - | - | - |
| Fund balance - ending | \$ - | \$ (5,690) | \$ - | \$ 5,690 |

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

CALUMET COUNTY, WISCONSIN
County Roads & Bridges - Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|----------------------------|---------------------|---------------------|---------------------|---|
| Revenues | | | | |
| Taxes | \$ 741,254 | \$ 741,254 | \$ 741,254 | \$ - |
| Intergovernmental | 1,344,680 | 1,344,680 | 1,130,630 | (214,050) |
| Total revenues | <u>2,085,934</u> | <u>2,085,934</u> | <u>1,871,884</u> | <u>(214,050)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public works | 2,085,934 | 2,118,260 | 1,833,257 | 285,003 |
| Net change in fund balance | - | (32,326) | 38,627 | 70,953 |
| Fund balance - beginning | <u>1,387,650</u> | <u>1,387,650</u> | <u>1,387,650</u> | - |
| Fund balance - ending | <u>\$ 1,387,650</u> | <u>\$ 1,355,324</u> | <u>\$ 1,426,277</u> | <u>\$ 70,953</u> |

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

CALUMET COUNTY, WISCONSIN

Proprietary Fund

Statement of Net Position

December 31, 2019

(With summarized financial information as of December 31, 2018)

| | Highway Operations | |
|--|---------------------|---------------------|
| | 2019 | 2018 |
| Assets | | |
| Current assets: | | |
| Petty cash | \$ 50 | \$ 50 |
| Accounts receivable | 297,222 | 206,729 |
| Inventories | 293,977 | 198,121 |
| Prepaid items | 67,165 | 11,741 |
| Total current assets | <u>658,414</u> | <u>416,641</u> |
| Noncurrent Assets: | | |
| Committed cash and investments | 200,000 | 200,000 |
| Net pension asset | - | 234,233 |
| Capital assets: | | |
| Construction in progress | 271,781 | - |
| Land | 26,191 | 26,191 |
| Buildings | 8,189,785 | 8,189,785 |
| Machinery and equipment | 7,136,042 | 7,190,449 |
| Less: accumulated depreciation | 5,281,819 | 4,980,399 |
| Total noncurrent assets | <u>10,541,980</u> | <u>10,860,259</u> |
| Total Assets | <u>11,200,394</u> | <u>11,276,900</u> |
| Deferred outflows of resources | | |
| Deferred outflows related to pension | 750,775 | 422,308 |
| Deferred outflows related to OPEB | 44,118 | 26,323 |
| Total deferred outflows of resources | <u>794,893</u> | <u>448,631</u> |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts payable | 1,198,344 | 451,261 |
| Advances from general fund | 1,924,802 | 2,099,558 |
| Unearned revenue | - | 81,833 |
| Compensated absences | 30,033 | 24,618 |
| Total current liabilities | <u>3,153,179</u> | <u>2,657,270</u> |
| Noncurrent liabilities: | | |
| Compensated absences payable | 90,459 | 73,854 |
| Net pension liability | 276,065 | - |
| Other postemployment health benefits liability | 376,766 | 378,028 |
| Total noncurrent liabilities | <u>743,290</u> | <u>451,882</u> |
| Total Liabilities | <u>3,896,469</u> | <u>3,109,152</u> |
| Deferred inflows of resources | | |
| Deferred inflows related to pension | 386,039 | 465,683 |
| Deferred inflows related to OPEB | 25,354 | 3,065 |
| Total deferred inflows of resources | <u>411,393</u> | <u>468,748</u> |
| Net Position | | |
| Net investment in capital assets | 10,341,980 | 10,426,026 |
| Restricted for pension benefits | - | 234,233 |
| Unrestricted (deficit) | (2,654,555) | (2,512,628) |
| Total Net Position | <u>\$ 7,687,425</u> | <u>\$ 8,147,631</u> |

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

CALUMET COUNTY, WISCONSIN
Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2019
(With summarized financial information for the year ended December 31, 2018)

| | Highway Operations | |
|---|----------------------------|----------------------------|
| | 2019 | 2018 |
| Operating revenues | | |
| Charges for services | \$ 6,982,463 | \$ 4,976,749 |
| Operating expenses | | |
| Highway operations | 6,824,138 | 4,888,070 |
| Depreciation | 557,288 | 564,324 |
| Total operating expenses | <u>7,381,426</u> | <u>5,452,394</u> |
| Operating loss | (398,963) | (475,645) |
| Nonoperating revenues (expense) | | |
| Gain (loss) on disposal of capital assets | <u>(61,243)</u> | <u>(31,281)</u> |
| Net loss | (460,206) | (506,926) |
| Total net position - beginning | <u>8,147,631</u> | <u>8,654,557</u> |
| Total net position - ending | <u><u>\$ 7,687,425</u></u> | <u><u>\$ 8,147,631</u></u> |

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

CALUMET COUNTY, WISCONSIN
Proprietary Fund
Statement of Cash Flows
For the Year Ended December 31, 2019
(With summarized financial information for the year ended December 31, 2018)

| | Highway Operations | |
|---|--------------------|-------------------|
| | 2019 | 2018 |
| Cash flows from operating activities | | |
| Receipts from customers and users | \$ 2,258,744 | \$ 2,071,029 |
| Receipts from interfund services provided | 4,518,174 | 3,220,069 |
| Payments to suppliers | (4,195,617) | (1,998,797) |
| Payments to employees | (1,872,060) | (2,692,649) |
| Net cash provided by operating activities | <u>709,241</u> | <u>599,652</u> |
| Cash flows from noncapital financing activities | | |
| Advances returned to the general fund | <u>(174,756)</u> | <u>(16,049)</u> |
| Cash flows from capital and related financing activities | | |
| Purchase of capital assets | <u>(534,485)</u> | <u>(583,603)</u> |
| Net change in cash and cash equivalents | - | - |
| Cash and cash equivalents - January 1 | <u>200,050</u> | <u>200,050</u> |
| Cash and cash equivalents - December 31 | <u>\$ 200,050</u> | <u>\$ 200,050</u> |
| Reconciliation of operating loss to net cash provided by operating activities: | | |
| Operating loss | \$ (398,963) | \$ (475,645) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | |
| Depreciation | 557,288 | 564,324 |
| Change in WRS pension asset / liability | 510,298 | (298,930) |
| Change in WRS pension related deferred outflows | (328,467) | 72,605 |
| Change in WRS pension related deferred inflows | (79,644) | 210,634 |
| Change in OPEB liability | (1,262) | 94,531 |
| Change in OPEB related deferred outflows | (17,795) | (17,225) |
| Change in OPEB related deferred inflows | 22,289 | 205 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (90,493) | 233,834 |
| Inventories and prepaid items | (151,280) | 34,001 |
| Accounts payable | 747,083 | 121,320 |
| Unearned revenue | (81,833) | 80,515 |
| Compensated absences payable | 22,020 | (20,517) |
| Net cash provided by operating activities | <u>\$ 709,241</u> | <u>\$ 599,652</u> |

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

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

Calumet County is a municipal corporation governed by an elected twenty-one member board. In accordance with GAAP, the basic financial statements are required to include the County 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.

B. 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 funds. The County has no 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 primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Human Services Fund

This fund accounts for the County's many comprehensive and integrated programs which deal with the physical, social, mental, emotional, economic, vocational and nutritional needs of individuals and families. Primary revenues consist of property taxes, federal and state aids.

County Roads and Bridges Fund

This fund accounts for the financial resources of the County's road and bridge system. Primary revenues consist of property taxes, federal and state aids.

County Sales Tax Fund

This fund accounts for financial resources to be used for the future acquisition or construction of capital expenditures. Primary revenues consist of sales tax proceeds.

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

Capital Projects Fund

This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. Primary revenues consist of debt proceeds.

Debt Service Fund

This fund accounts for financial resources to be used for the payment of long-term principal and interest of debt.

The County reports the following major proprietary fund:

Highway operations fund accounts for the activities associated with the maintenance and/or construction of roadways located within the County.

Additionally, the County reports the following fund types:

- ▶ *Special revenue funds* are used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes. Non-major special revenue funds consist of the following:

| | |
|------------------------|----------------------------|
| Home Nursing | Economic Development Loans |
| School for Handicapped | Micro Loan Program |
| Jail Maintenance | Dog Licenses |
| Land Records | |

C. 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. 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. 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, public charges for services and interest. Other revenues such as licenses and permits, 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 public works 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.

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

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 fund are charges to customers for services. Operating expenses for enterprise funds include the costs 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.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. 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 from date of acquisition are considered to be cash equivalents.

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 a deferred inflows of resources 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 \$22,219,150 are recorded on December 31, 2019 for collection in 2020 for the County apportionment. The County apportionment is for financing 2020 operations and will be transferred in 2020 from deferred inflows of resources to current revenues of the County's governmental and proprietary funds.

3. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. Loans Receivable

The County has received federal and state grant funds for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The County records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the County records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

5. 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. 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 and business-type activities.

6. 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 classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

7. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepayments and are expensed in the periods benefitted.

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

8. 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 a 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.

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:

| Assets | Governmental Activities | Business-type Activities |
|----------------------------|----------------------------|-----------------------------|
| | Years | |
| Land improvements | 20 | - |
| Buildings and improvements | 50 | 15 - 50 |
| Machinery and equipment | 5 - 25 | 3 - 25 |
| Infrastructure | 20 - 100 | - |

9. Compensated Absences

It is the County’s policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or 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.

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

10. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The County reports unavailable revenues for loan receivables. These inflows are recognized as revenues in the government-wide financial statements.

11. 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 are deferred and amortized over the life of the bonds when considered material. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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.

12. 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.

13. Other Postemployment Benefits Other Than Pensions (OPEB)

Single Employer Plan

Qualifying employees are provided with other postemployment benefits. The OPEB is a single employer defined benefit plan administered by the County. For purposes of measuring the OPEB liability, related deferred outflows and inflows and OPEB expense, the County has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Local Retiree Life Insurance Fund

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

14. 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 not authorized a County position 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 not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would 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.

E. 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.

F. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the County's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

G. 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.

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The County prepares an annual budget in accordance with Chapter 65 of the Wisconsin Statutes for each year ending December 31.

The County adopts annual appropriated budgets for the general, special revenue, debt service, capital project, and enterprise funds. For the proprietary fund types, the budget is viewed as an approved operating plan.

During September and October of each year, all departments of Calumet County submit written requests for appropriations to the County Administrator so that a budget may be prepared.

The County's Administrator and the Administrative Services Committee hold several budgetary review meetings to consider departmental budgets.

Any modifications of budget items as a result of these meetings require notification to the departments and/or committees of jurisdiction.

If the department or committee of jurisdiction request to be heard in rebuttal, the County's Administrator and the Administrative Services Committee shall grant that opportunity.

1. In October, the preliminary budget as approved by the Administrative Services Committee is introduced by the County Administrator to the County Board of Supervisors. Fifteen days before final adoption of the budget, a public hearing notice is posted, and the public is invited to inspect the budget. The public hearing on the budget is held. Discussion and/or changes may be made to the budget. Subsequently, the final version of the budget is approved (a majority vote of members present is required) through the County's property tax resolution and the budget is formally adopted at the functional level of expenditures.
2. Major budgetary transfers and changes must be introduced by the Administrative Services Committee through resolutions. All such resolutions must be approved by the County Board of Supervisors. Minor budgetary transfers and changes, defined as ten percent or less of a department's annual approved budget, are approved by the County's Finance Director. The final budgeted amounts presented in the basic financial statements include any amendments made.
3. All annual appropriations lapse at year-end unless specifically authorized as non-lapsing appropriations by the County's Administrative Services Committee. The portion of fund balance representing non-lapsing appropriations is reported as a committed fund balance.
4. Encumbrance accounting is used by the County as an extension of formal budgetary control during the year. Encumbrances outstanding at year-end (e.g., construction related purchase orders and contracts) are reported as committed fund balances.

The County did not have any material violations of legal or contractual provisions for the fiscal year ended December 31, 2019.

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

B. EXCESS OF EXPENDITURES OVER BUDGET APPROPRIATIONS

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2019 as follows:

| <u>Funds</u> | <u>Excess Expenditures</u> |
|-----------------------|--------------------------------|
| General fund | |
| Sanitation | \$ 36,283 |
| Capital outlay | 31,555 |
| Debt service | |
| Principal retirement | 824,326 |
| Capital projects fund | |
| General government | 159,449 |

C. 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 2019 and 2020 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the County's January 1 equalized value as a result of net new construction. The actual limit for the County for the 2019 budget was 2.50%. The actual limit for the County for the 2020 budget was 2.29%. 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.

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. 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 on 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.

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

The carrying amount of the County's cash and investments totaled \$31,470,558 on December 31, 2019 as summarized below:

| | |
|--|----------------------|
| Petty cash and cash on hand | \$ 2,040 |
| Deposits with financial institutions | 19,219,171 |
| Investments | |
| U.S. Treasury securities | 380,215 |
| Money market mutual fund | 526,276 |
| Federal Home Loan Mortgage Corporation | 1,228,934 |
| Federal Home Loan Bank | 844,377 |
| Federal Farm Credit Bureau | 3,190,927 |
| Federal Agricultural Mortgage Corporation | 398,020 |
| Wisconsin local government investment pool | 5,680,598 |
| | <u>\$ 31,470,558</u> |

Reconciliation to the basic financial statements:

| | |
|---|----------------------|
| Government-wide statement of net position | |
| Cash and investments | \$ 31,270,558 |
| Committed cash and investments | 200,000 |
| | <u>\$ 31,470,558</u> |

Fair Value Measurements

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, 2019:

| | Fair Value Measurements Using: | | |
|---|--------------------------------|---------------------|-------------|
| | Level 1 | Level 2 | Level 3 |
| Investments | | | |
| U.S. Treasury securities | \$ - | \$ 380,215 | \$ - |
| Money market mutual fund | 526,276 | - | - |
| Federal Home Loan Mortgage Corporation | - | 1,228,934 | - |
| Federal Home Loan Bank | - | 844,377 | - |
| Federal Farm Credit Bureau | - | 3,190,927 | - |
| Federal Agricultural Mortgage Corporation | - | 398,020 | - |
| | <u>\$ 526,276</u> | <u>\$ 6,042,473</u> | <u>\$ -</u> |

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.

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

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 has the following additional custodial credit policy.

- ▶ Limiting investments to the safest types of securities.
- ▶ Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the County will do business.
- ▶ Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

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. This coverage has been considered in determining custodial credit risk.

As of December 31, 2019, \$10,126,264 of the County's deposits with financial institutions were in excess of federal and state depository insurance limits, which was fully collateralized with securities held by the pledging financial institution or its trust department or an agent.

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 investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

| Investment Type | Amount | Exempt from Disclosure | AAA | Not Rated |
|--|----------------------|------------------------------|---------------------|---------------------|
| U.S. Treasury securities | \$ 380,215 | \$ 380,215 | \$ - | \$ - |
| Money market mutual fund | 526,276 | - | 526,276 | - |
| Federal Home Loan Mortgage Corporation | 1,228,934 | - | 1,228,934 | - |
| Federal Home Loan Bank | 844,377 | - | 844,377 | - |
| Federal Farm Credit Bureau | 3,190,927 | - | 3,190,927 | - |
| Federal Agricultural Mortgage Corporation | 398,020 | - | - | 398,020 |
| Wisconsin local government investment pool | 5,680,598 | - | - | 5,680,598 |
| Totals | <u>\$ 12,249,347</u> | <u>\$ 380,215</u> | <u>\$ 5,790,514</u> | <u>\$ 6,078,618</u> |

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

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 total County investments are as follows:

| <u>Issuer</u> | <u>Investment Type</u> | <u>Reported Amount</u> | <u>Percent of Total Investments</u> |
|--|------------------------|------------------------|-------------------------------------|
| Federal Home Loan Mortgage Corporation | Bonds | \$ 1,228,934 | 10% |
| Federal Home Loan Bank | Bonds | 844,377 | 7% |
| Federal Farm Credit Bureau | Bonds | 3,190,927 | 26% |

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 has the following formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates:

- ▶ Structuring the investment portfolio so that securities mature to meet cash requirement for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- ▶ Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

| <u>Investment Type</u> | <u>Amount</u> | <u>Remaining Maturity (in Months)</u> | | | |
|--|---------------------|---------------------------------------|------------------------|------------------------|----------------------------|
| | | <u>12 Months or Less</u> | <u>13 to 24 Months</u> | <u>25 to 60 Months</u> | <u>More Than 60 Months</u> |
| U.S Treasury securities | \$ 380,215 | \$ 380,215 | \$ - | \$ - | \$ - |
| Money market mutual fund | 526,276 | 526,276 | - | - | - |
| Federal Home Loan Mortgage Corporation | 1,228,934 | 400,100 | - | 828,834 | - |
| Federal Home Loan Bank | 844,377 | - | 263,837 | 580,540 | - |
| Federal Farm Credit Bureau | 3,190,927 | 624,409 | 1,396,332 | 1,170,186 | - |
| Federal Agricultural Mortgage Corporation | 398,020 | - | 398,020 | - | - |
| Wisconsin local government investment pool | 5,680,598 | 5,680,598 | - | - | - |
| Totals | \$12,249,347 | \$ 7,611,598 | \$ 2,058,189 | \$ 2,579,560 | \$ - |

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):

| <u>Highly Sensitive Investments</u> | <u>Fair Value at Year End</u> |
|---|-------------------------------|
| 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. | \$ 5,662,258 |

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

Wisconsin Local Government Investment Pool

The County has investments in the Wisconsin Local Government Investment Pool of \$5,680,598 at year-end. The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

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. The County does not have an additional credit risk policy. The County's investment in the Wisconsin Local Government Investment Pool is not rated.

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. The investment held by the Wisconsin Local Government Investment Pool mature in 12 months or less.

B. 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, 2019, the County's general fund showed an investment of \$727,819 in delinquent taxes as follows:

| | |
|------------------|-------------------|
| Tax certificates | \$ 724,271 |
| Tax deeds | 3,548 |
| Total | <u>\$ 727,819</u> |

An aging of the delinquent taxes and special assessments of \$727,819 on December 31, 2019 follows:

| Year Acquired | General |
|---------------|-------------------|
| 2014 | \$ 521 |
| 2015 | 4,296 |
| 2016 | 38,768 |
| 2017 | 189,338 |
| 2018 | 491,348 |
| | <u>724,271</u> |
| Tax deeds | 3,548 |
| Total | <u>\$ 727,819</u> |

Of the total of \$727,819 for delinquent taxes and special assessments, \$173,314 was collected within 60 days of year-end. The remaining balance of \$554,505 is recorded as nonspendable fund balance for the general fund.

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

C. COMMITTED ASSETS

Committed assets on December 31, 2019 totaled \$200,000 and consisted of cash and investments held for the following purpose:

| Funds | Amount | Purpose |
|--------------------|-------------------|--|
| Proprietary Fund | | Available funds committed to Calumet County Highway |
| Highway operations | <u>\$ 200,000</u> | Department. These funds can be used for highway capital asset purchases. |

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|---------------------|-------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets, nondepreciable: | | | | |
| Land | \$ 3,536,318 | \$ 141,853 | \$ - | \$ 3,678,171 |
| Construction in progress | 1,044,846 | 5,230,151 | 902,922 | 5,372,075 |
| Total capital assets, nondepreciable | <u>4,581,164</u> | <u>5,372,004</u> | <u>902,922</u> | <u>9,050,246</u> |
| Capital assets, depreciable: | | | | |
| Land improvements | 5,425,335 | 7,462 | - | 5,432,797 |
| Buildings and improvements | 14,647,312 | 74,693 | 10,849 | 14,711,156 |
| Machinery and equipment | 8,633,645 | 445,835 | 495,620 | 8,583,860 |
| Infrastructure | 83,103,974 | 3,063,227 | - | 86,167,201 |
| Subtotals | <u>111,810,266</u> | <u>3,591,217</u> | <u>506,469</u> | <u>114,895,014</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | 3,747,167 | 162,833 | - | 3,910,000 |
| Buildings and improvements | 7,269,099 | 293,048 | 4,231 | 7,557,916 |
| Machinery and equipment | 4,413,091 | 366,336 | 468,667 | 4,310,760 |
| Infrastructure | 58,076,199 | 2,818,433 | - | 60,894,632 |
| Subtotals | <u>73,505,556</u> | <u>3,640,650</u> | <u>472,898</u> | <u>76,673,308</u> |
| Total capital assets, depreciable, net | <u>38,304,710</u> | <u>(49,433)</u> | <u>33,571</u> | <u>38,221,706</u> |
| Governmental activities capital assets, net | <u>\$ 42,885,874</u> | <u>\$ 5,322,571</u> | <u>\$ 936,493</u> | 47,271,952 |
| Less: Capital related general obligation debt | | | | <u>19,765,657</u> |
| Net investment in capital assets | | | | <u>\$ 27,506,295</u> |

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------------|------------------|----------------------|
| Business-type activities: | | | | |
| Capital assets, nondepreciable: | | | | |
| Land | \$ 26,191 | \$ - | \$ - | \$ 26,191 |
| Construction in progress | - | 271,781 | - | 271,781 |
| Total capital assets, nondepreciable | <u>26,191</u> | <u>271,781</u> | <u>-</u> | <u>297,972</u> |
| Capital assets, depreciable: | | | | |
| Buildings and improvements | 8,189,785 | - | - | 8,189,785 |
| Machinery and equipment | 7,190,449 | 262,704 | 317,111 | 7,136,042 |
| Subtotals | <u>15,380,234</u> | <u>262,704</u> | <u>317,111</u> | <u>15,325,827</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 606,662 | 170,604 | - | 777,266 |
| Machinery and equipment | 4,373,737 | 386,684 | 255,868 | 4,504,553 |
| Subtotals | <u>4,980,399</u> | <u>557,288</u> | <u>255,868</u> | <u>5,281,819</u> |
| Total capital assets, depreciable, net | <u>10,399,835</u> | <u>(294,584)</u> | <u>61,243</u> | <u>10,044,008</u> |
| Business-type activities capital assets, net | <u>\$ 10,426,026</u> | <u>\$ (22,803)</u> | <u>\$ 61,243</u> | 10,341,980 |
| Less: Capital related debt | | | | <u>-</u> |
| Net investment in capital assets | | | | <u>\$ 10,341,980</u> |

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

| | |
|--|---------------------|
| Governmental activities | |
| General government | \$ 610,210 |
| Public safety | 416,063 |
| Public works | 2,376,286 |
| Health and social services | 21,804 |
| Education and recreation | 204,843 |
| Conservation and development | 11,444 |
| Total depreciation expense - governmental activities | <u>\$ 3,640,650</u> |
| Business-type activities | |
| Highway operations | <u>\$ 557,288</u> |

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

E. 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, 2019 are detailed below:

| | Interfund Receivables | Interfund Payables |
|--|--------------------------|-----------------------|
| Long-term advances to finance operating cash deficits | | |
| Governmental fund | | |
| General | \$ 1,924,802 | \$ - |
| Proprietary fund | | |
| Highway operations | - | 1,924,802 |
| Subtotal | 1,924,802 | 1,924,802 |
| Temporary cash advances to finance operating cash deficits | | |
| Governmental funds | | |
| General | 83,432 | - |
| Human Services | - | 83,432 |
| Totals | \$ 2,008,234 | \$ 2,008,234 |

Interfund transfers for the year ended December 31, 2019 were as follows:

| Fund | Transfer In | Transfer Out |
|----------------------------|----------------|-----------------|
| General | \$ 834,497 | \$ 97,742 |
| Human Services | - | 775,259 |
| Home Nursing | - | 59,238 |
| Economic Development Loans | 97,742 | - |
| | \$ 932,239 | \$ 932,239 |

Transfers were used for the following purposes:

| | |
|---|------------|
| Excess fund balance transfer | \$ 834,497 |
| Close community development block grant loans | 97,742 |
| | \$ 932,239 |

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

F. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2019:

| | Beginning Balance | Issued | Retired | Ending Balance | Due Within One Year |
|--|----------------------|----------------------|---------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| General obligation debt | | | | | |
| Bonds | \$ - | \$ 17,000,000 | \$ - | \$ 17,000,000 | \$ 525,000 |
| Notes | 15,940,000 | - | 2,290,000 | 13,650,000 | 2,340,000 |
| Total general obligation debt | 15,940,000 | 17,000,000 | 2,290,000 | 30,650,000 | 2,865,000 |
| Debt premium | - | 787,595 | 12,671 | 774,924 | - |
| Capital leases | 819,011 | 31,555 | 824,326 | 26,240 | 5,967 |
| Compensated absences | 1,967,526 | 1,993,328 | 1,967,526 | 1,993,328 | 498,332 |
| Governmental activities Long-term obligations | <u>\$ 18,726,537</u> | <u>\$ 19,812,478</u> | <u>\$ 5,094,523</u> | <u>\$ 33,444,492</u> | <u>\$ 3,369,299</u> |
| Business-type activities: | | | | | |
| Compensated absences | <u>\$ 98,472</u> | <u>\$ 120,492</u> | <u>\$ 98,472</u> | <u>\$ 120,492</u> | <u>\$ 30,033</u> |

Total interest paid during the year on long-term debt totaled \$575,978.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

| | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance 12/31/19 |
|---|------------------|-------------------|-------------------|--------------------------|----------------------|
| General obligation notes | 12/1/10 | 11/1/20 | 2.25 - 3.00% | \$ 5,000,000 | \$ 910,000 |
| General obligation notes | 10/6/14 | 12/1/23 | 2.00 - 2.30% | 3,200,000 | 1,650,000 |
| General obligation notes | 12/1/15 | 11/1/25 | 1.00 - 2.00% | 5,000,000 | 3,780,000 |
| General obligation notes | 11/7/16 | 12/1/25 | 2.00% | 7,640,000 | 4,465,000 |
| General obligation notes | 11/19/18 | 12/1/27 | 3.00 - 3.50% | 2,945,000 | 2,845,000 |
| General obligation bonds | 9/9/19 | 12/1/38 | 2.00 - 3.00% | 17,000,000 | 17,000,000 |
| Total outstanding general obligation debt | | | | | <u>\$ 30,650,000</u> |

Annual principal and interest maturities of the outstanding general obligation debt of \$30,650,000 on December 31, 2019 are detailed below:

| Year Ended December 31, | Governmental Activities | | |
|----------------------------|-------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 2,865,000 | \$ 848,104 | \$ 3,713,104 |
| 2021 | 2,165,000 | 681,738 | 2,846,738 |
| 2022 | 2,205,000 | 632,638 | 2,837,638 |
| 2023 | 2,250,000 | 584,788 | 2,834,788 |
| 2024 | 2,050,000 | 534,938 | 2,584,938 |
| 2025-2029 | 6,725,000 | 2,069,938 | 8,794,938 |
| 2030-2034 | 6,665,000 | 1,202,438 | 7,867,438 |
| 2035-2038 | 5,725,000 | 326,313 | 6,051,313 |
| | <u>\$ 30,650,000</u> | <u>\$ 6,880,893</u> | <u>\$ 37,530,893</u> |

For governmental activities, the other long-term liabilities are generally funded by the general fund.

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2019 was \$194,450,783 as follows:

| | | |
|---|---------------|-----------------|
| Equalized valuation of the County | | \$4,490,140,000 |
| Statutory limitation percentage | | (x) 5% |
| General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes | | 224,507,000 |
| Total outstanding general obligation debt applicable to debt limitation | \$ 30,650,000 | |
| Less: Amounts available for financing general obligation debt | | |
| Debt service fund | 593,783 | |
| Net outstanding general obligation debt applicable to debt limitation | | 30,056,217 |
| Legal margin for new debt | | \$ 194,450,783 |

Capital Lease

The County has entered into lease agreements as lessee for financing the acquisition of various units of equipment for use in the County's governmental funds. Equipment acquired through these lease agreements includes tractor/mower and copiers/printers. No down payments were required for these lease agreements. The agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at present value of their future minimum lease payments as of the date of their inception. The cost of the capital assets under capital leases is \$1,693,093 and the related accumulated depreciation is \$580,972 as of December 31, 2019.

The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at December 31, 2019:

| Year Ending | Governmental Activities |
|--|----------------------------|
| 2020 | \$ 8,706 |
| 2021 | 8,706 |
| 2022 | 8,706 |
| 2023 | 6,113 |
| Subtotal | 32,231 |
| Less: Amount representing interest | 5,991 |
| Present value of future minimum lease payments | \$ 26,240 |

G. PENSION PLAN

1. Plan Description

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

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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.

CALUMET COUNTY, WISCONSIN
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Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

2. 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 |
|------|----------------------|--------------------------|
| 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 |
| 2016 | 0.5 | (5) |
| 2017 | 2 | 4 |
| 2018 | 2.4 | 17 |

3. 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, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. 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 year ending December 31, 2019, the WRS recognized \$1,076,567 in contributions from the County.

CALUMET COUNTY, WISCONSIN
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December 31, 2019

Contribution rates for the reporting period ending December 31, 2018 are:

| Employee Category | Employee | Employer |
|---|----------|----------|
| General (including executives, and elected officials) | 6.7% | 6.7% |
| Protective with Social Security | 6.7% | 10.7% |
| Protective without Social Security | 6.7% | 14.9% |

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

At December 31, 2019, the County reported a liability of \$3,580,342 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the County's proportion was 0.10063682%, which was an increase of 0.00089159% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the County recognized pension expense of \$2,403,508.

At December 31, 2019, 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 | \$ 2,788,543 | \$ 4,967,880 |
| Net differences between projected and actual earnings on pension plan investments | 5,228,845 | - |
| Changes in assumptions | 603,514 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 5,425 | 38,736 |
| Employer contributions subsequent to the measurement date | 1,076,567 | - |
| Total | <u>\$ 9,702,894</u> | <u>\$ 5,006,616</u> |

The \$1,076,567 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended December 31, | Expense |
|----------------------------|---------------------|
| 2020 | \$ 1,319,084 |
| 2021 | 324,728 |
| 2022 | 580,956 |
| 2023 | 1,394,943 |
| Total | <u>\$ 3,619,711</u> |

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

5. Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--------------------------------|
| Actuarial valuation date: | December 31, 2017 |
| Measurement date of net pension liability (asset): | December 31, 2018 |
| Actuarial cost method: | Entry Age |
| Asset valuation method: | Fair Market Value |
| Long-term expected rate of return: | 7.0% |
| Discount rate: | 7.0% |
| Salary increases: | |
| Inflation | 3.0% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality | Wisconsin 2018 Mortality Table |
| Post-retirement adjustments* | 1.9% |

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 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 % | Long-term Expected Nominal Rate of Return % | Long-term Expected Real Rate of Return % |
|----------------------------------|-------------------------------|---|--|
| <u>Core Fund Asset Class</u> | | | |
| Global Equities | 49% | 8.1% | 5.5% |
| Fixed Income | 24.5% | 4.0% | 1.5% |
| Inflation Sensitive Assets | 15.5% | 3.8% | 1.3% |
| Real Estate | 9% | 6.5% | 3.9% |
| Private Equity/Debt | 8% | 9.4% | 6.7% |
| Multi-asset | 4% | 6.7% | 4.1% |
| Total Core Fund | 110% | 7.3% | 4.7% |
| <u>Variable Fund Asset Class</u> | | | |
| U.S. Equities | 70% | 7.6% | 5.0% |
| International Equities | 30% | 8.5% | 5.9% |
| Total Variable Fund | 100% | 8.0% | 5.0% |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

CALUMET COUNTY, WISCONSIN
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December 31, 2019

Single Discount Rate. A single discount rate of 7.00% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 municipal bond 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 7.0 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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

| | 1% Decrease to Discount Rate (6.0%) | Current Discount Rate (7.0%) | 1% Increase to Discount Rate (8.0%) |
|--|---|------------------------------------|---|
| County's proportionate share of the net pension liability (asset) | \$ 14,228,656 | \$ 3,580,342 | \$ (4,337,504) |

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>.

6. Payables to the Pension Plan

At December 31, 2019, the County reported no amount outstanding for contributions to the pension plan for the year ended December 31, 2019.

H. OTHER POSTEMPLOYMENT BENEFITS

The County reports OPEB related balances at December 31, 2019 as summarized below:

| | OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense |
|---|-------------------|-----------------------------------|----------------------------------|-----------------|
| Local Retiree Life Insurance Fund (LRLIF) | \$ 716,180 | \$ 136,970 | \$ 191,571 | \$ 80,305 |
| Single-employer defined OPEB plan | 3,149,484 | 421,320 | 99,709 | 361,291 |
| Total pension liability | \$ 3,865,664 | \$ 558,290 | \$ 291,280 | \$ 441,596 |

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

1. Single-employer Defined Postemployment Benefit Plan

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the County. Eligible retired employees have access to group medical coverage through the County's group plan. County paid medical benefits are paid for as indicated below. All employees of the County are eligible for the Plan if they meet the following age and service requirements below.

Benefits Provided

The County provides medical (including prescription drugs) and dental coverage for retired employees through the County's self-insured plans.

Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefit payments | 17 |
| Active employees | 243 |
| | 260 |
| | 260 |

Contributions

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of insurance premiums based on the employee group and their retirement date. County paid medical and dental benefits are paid until the retiree or surviving spouse becomes eligible for Medicare.

OPEB Liability

The County's OPEB liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2019.

Actuarial Assumptions. The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------------------|--|
| Inflation: | 3.00% |
| Salary increases: | |
| Inflation | 3.00% |
| Seniority/Merit | 0.2% - 4.8% |
| Investment rate of return: | 4.10% |
| Healthcare cost trend rates: | 6.10% for 2019, decreasing to 6.00% by 2022. 3.90% ultimate rate |

Mortality rates are the same as those used in the 2018 Wisconsin Retirement System Actuarial Valuation reports. The actuarial assumptions used in the January 1, 2019 valuation were based on the "Wisconsin Retirement System 2015 - 2017 Experience Study".

The long-term expected rate of return on OPEB plan investments was valued at 4.10%. A blend of expected earnings on County funds and the current yield for 20 year tax-exempt municipal bond yield as of the measurement date was used for all years of benefit payments.

Discount Rate. The discount rate used to measure the total OPEB liability was 4.10%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates.

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

Changes in the OPEB Liability

| | Increase (Decrease) |
|--|-------------------------|
| | Total OPEB Liability |
| Balance at December 31, 2018 | \$ 2,756,005 |
| Changes for the year: | |
| Service cost | 238,050 |
| Interest | 101,027 |
| Effect of economic/demographic gains or losses | (93,610) |
| Effect of assumptions changes or inputs | 263,449 |
| Benefit payments | (115,437) |
| Net changes | 393,479 |
| Balance at December 31, 2019 | \$ 3,149,484 |

Sensitivity of the OPEB liability to changes in the discount rate. The following presents the OPEB liability of the County, as well as what the County's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10%) than the current rate:

| | 1% Decrease to Discount Rate (3.10%) | Current Discount Rate (4.10%) | 1% Increase to Discount Rate (5.10%) |
|----------------|--|-------------------------------------|--|
| OPEB liability | \$ 3,409,924 | \$ 3,149,484 | \$ 2,906,071 |

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates. The following presents the OPEB liability of the County, as well as what the County's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease | Current Healthcare Cost Trend Rates | 1% Increase |
|----------------|--------------|--|--------------|
| OPEB liability | \$ 2,794,000 | \$ 3,149,484 | \$ 3,568,473 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the County recognized OPEB expense of \$361,291. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 82,948 |
| Changes in assumptions | 269,472 | 16,761 |
| County contributions subsequent to the measurement date | 151,848 | - |
| Total | \$ 421,320 | \$ 99,709 |

CALUMET COUNTY, WISCONSIN
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The \$151,848 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019, and reported in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other postemployment benefits expense as follows:

| Year Ended December 31, | Expense |
|----------------------------|-------------------|
| 2020 | \$ 22,214 |
| 2021 | 22,214 |
| 2022 | 22,214 |
| 2023 | 22,214 |
| 2024 | 24,588 |
| Thereafter | 56,319 |
| Total | <u>\$ 169,763</u> |

Payable to the OPEB Plan

At December 31, 2019, the County reported no amount payable for contributions to the Plan required for the year ended December 31, 2019.

Plan Financial Report

The County has not established a separate, irrevocable trust to fund the annual OPEB cost and does not issue separate plan statements.

2. Local Retiree Life Insurance Fund

Plan Description

The LRLIF is a cost-sharing, multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2019 are:

| Coverage Type | Employer Contribution |
|------------------------------|------------------------------|
| 50% Post-retirement coverage | 40% of employee contribution |
| 25% Post-retirement coverage | 20% of employee contribution |

CALUMET COUNTY, WISCONSIN
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Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are listed below:

| Life Insurance Employee Contribution Rates For the Year Ended December 31, 2018 | |
|---|--------|
| Attained Age | Basic |
| Under 30 | \$0.05 |
| 30 - 34 | 0.06 |
| 35 - 39 | 0.07 |
| 40 - 44 | 0.08 |
| 45 - 49 | 0.12 |
| 50 - 54 | 0.22 |
| 55 - 59 | 0.39 |
| 60 - 64 | 0.49 |
| 65 - 69 | 0.57 |

During the year ending December 31, 2019, the LRLIF recognized \$5,347 in contributions from the employer.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2019, the County reported a liability (asset) of \$716,180 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the County's proportion was 0.27753000%, which was an increase of 0.00377900% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the County recognized OPEB expense of \$80,305.

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 36,331 |
| Net differences between projected and actual earnings on OPEB plan investments | 17,115 | - |
| Changes in assumptions | 68,335 | 155,240 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 51,520 | - |
| Total | \$ 136,970 | \$ 191,571 |

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended December 31, | Expense |
|----------------------------|--------------------|
| 2020 | \$ (4,939) |
| 2021 | (4,939) |
| 2022 | (4,939) |
| 2023 | (7,343) |
| 2024 | (9,819) |
| Thereafter | (22,622) |
| Total | <u>\$ (54,601)</u> |

Actuarial assumptions. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|--------------------------------|
| Actuarial valuation date: | January 1, 2018 |
| Measurement date of net OPEB liability (asset): | December 31, 2018 |
| Actuarial cost method: | Entry age normal |
| 20 year tax-exempt municipal bond yield: | 4.10% |
| Long-term expected rate of return: | 5.00% |
| Discount rate: | 4.22% |
| Salary increases: | |
| Inflation | 3.00% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table |

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

| <u>Asset Class</u> | <u>Index</u> | <u>Target Allocation</u> | <u>Long-term Expected Geometric Real Rate of Return %</u> |
|-----------------------------------|-------------------------|--------------------------|---|
| U.S. Government Bonds | Barclays Government | 1% | 1.44% |
| U.S. Credit Bonds | Barclays Credit | 40% | 2.69% |
| U.S. Long Credit Bonds | Barclays Long Credit | 4% | 3.01% |
| U.S. Mortgages | Barclays MBS | 54% | 2.25% |
| U.S. Municipal Bonds | Bloomberg Barclays Muni | 1.0% | 1.68% |
| Inflation | | | 2.30% |
| Long-term expected rate of return | | | 5.00% |

Single discount rate. A single discount rate of 4.22% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

Sensitivity of the County's proportionate share of net OPEB liability (asset) to changes in the discount rate. The following presents the County's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.22%, as well as what the County's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22%) or 1-percentage-point higher (5.22%) than the current rate:

| | <u>1% Decrease to Discount Rate (3.22%)</u> | <u>Current Discount Rate (4.22%)</u> | <u>1% Increase to Discount Rate (5.22%)</u> |
|--|---|--------------------------------------|---|
| County's proportionate share of the net OPEB liability (asset) | \$ 1,018,814 | \$ 716,180 | \$ 482,767 |

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

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

I. FUND EQUITY

Nonspendable Fund Balance

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, 2019, nonspendable fund balance was as follows:

| | |
|--|----------------------------|
| General Fund | |
| Nonspendable | |
| Delinquent property taxes | \$ 554,505 |
| Advances to other funds | 2,008,234 |
| Inventories | 40,234 |
| Prepaid items | 246,740 |
| Insurance capital deposits | 54,900 |
| Total General Fund nonspendable fund balance | <u>2,904,613</u> |
| | |
| Special Revenue Funds | |
| Nonspendable | |
| Human services - prepaid items | <u>340</u> |
| | |
| Total nonspendable fund balance | <u><u>\$ 2,904,953</u></u> |

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2019, restricted fund balance was as follows:

| | |
|---|-----------------------------|
| Special Revenue Funds | |
| Restricted for | |
| County roads and bridges | \$ 1,426,277 |
| Home nursing program | 281,461 |
| School for handicapped | 465,801 |
| Jail maintenance | 89,053 |
| Micro loan program | 37,619 |
| Dog licenses | 1,000 |
| Total Special Revenue Funds restricted fund balance | <u>2,301,211</u> |
| | |
| Debt Service Fund | |
| Restricted for | |
| Debt service | <u>593,783</u> |
| | |
| Capital Projects Fund | |
| Restricted for | |
| Capital projects | <u>11,685,507</u> |
| | |
| Total restricted fund balance | <u><u>\$ 14,580,501</u></u> |

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by County Board action. At December 31, 2019, governmental fund balance was committed as follows:

| | |
|--|---------------------|
| General Fund | |
| Committed for subsequent years' expenditures | |
| Self insurance retention | \$ 300,000 |
| Finance | 1,178,410 |
| Information services | 216,379 |
| County board | 46,733 |
| Personnel outlays | 44,276 |
| Parks | 58,070 |
| Land and water conservation | 12,014 |
| Sheriff enforcement | 58,500 |
| Total General Fund committed fund balance | <u>1,914,382</u> |
| | |
| Special Revenue Funds | |
| Committed for | |
| Capital projects | 1,762,687 |
| Land records | 23,966 |
| Total Special Revenue Funds committed fund balance | <u>1,786,653</u> |
| | |
| Total committed fund balance | <u>\$ 3,701,035</u> |

Minimum General Fund Balance Policy

The County has also adopted a minimum fund balance policy of 15% of current year expenditures for the governmental funds except debt service and capital projects. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

| | |
|-------------------------------------|---------------------|
| 2019 Governmental Fund Expenditures | \$ 51,140,578 |
| Less: | |
| Debt service fund expenditures | (2,865,978) |
| Capital projects fund expenditures | (5,349,012) |
| Subtotal | <u>42,925,588</u> |
| Minimum Fund Balance % | (x) 15% |
| Minimum Fund Balance Amount | <u>\$ 6,438,838</u> |

The County is in compliance with the minimum fund balance policy.

Net Position

The County reports restricted net position at December 31, 2019 as follows:

| | |
|-------------------------------|---------------------|
| Governmental activities | |
| Restricted for | |
| County roads and bridges | \$ 1,426,277 |
| Home nursing | 281,461 |
| School for handicapped | 465,801 |
| Jail maintenance | 89,053 |
| Micro loan programs | 99,503 |
| Dog licenses | 1,000 |
| Debt service | 461,866 |
| Total restricted net position | <u>\$ 2,824,961</u> |

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

NOTE 4: OTHER INFORMATION

A. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The County completes an annual review of its insurance coverage to ensure adequate coverage. A description of the County's risk management programs is presented below:

Property and Liability Insurance

The County is a member of the Wisconsin County Mutual insurance Corporation (WCMIC). WCMIC was created by several governmental units within the State of Wisconsin to provide general, auto and other liability insurance services to its members. The County pays premiums to WCMIC for its liability insurance coverage. The actuary for WCMIC determines charges to its members for the expected losses and loss adjustment expenses on which premiums are based. Premium charges for WCMIC are recorded as expenditures or expenses in various funds of the County. The County's self-insured retention limit was \$25,000 for each occurrence for 2019, with a maximum limit of \$150,000 annually. A separate financial report is issued annually by WCMIC.

The County also purchases commercial insurance policies for various property and other liability risks. Payments of premiums for these policies are also recorded as expenditures or expenses in various funds of the County. Settlements have not exceeded insurance coverage for each of the past three years. There have also been no significant changes in insurance coverage from the prior year.

B. WORKERS COMPENSATION

The County has established a worker's compensation program to finance workers compensation awards for County employees. The program is funded by charges to County departments. The program is supplemented by stop loss protection, which limits the County's annual liability to \$300,000 per specific claim. Expenses consist of payments for claims, stop loss insurance premiums and administrative costs. A claims liability was reported in the general fund at December 31, 2019, based on the requirements of GASB Statement No. 10, which requires that a liability be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability for 2019 and 2018 follow:

| | Liability January 1 | Current Year Claims and Changes in Estimates | Claims Payments | Liability December 31 |
|------|------------------------|---|--------------------|--------------------------|
| 2018 | \$ 375,754 | \$ 22,697 | \$ 53,763 | \$ 344,688 |
| 2019 | 344,688 | 60,043 | 207,190 | 197,541 |

For the County's self-insured risk management areas, there have been no significant reductions in insurance coverage in comparison to the prior year. Also, the amount of insurance settlements for each of the County's self-insured risk management areas has not exceeded insurance coverage in any of the past three years.

CALUMET COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2019

C. CONTINGENCIES

The County has identified the following items as potential liabilities not recorded on the basic financial statements:

1. The County participates in a number of federal and state assisted grant agreements. These programs are subject to program compliance audits by the grantors or their representatives. An audit under Federal *Uniform Guidance* and the *State Audit Guidelines* 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 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.
2. From time to time, the County is party to other pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the 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.

D. UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes a criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2019. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after June 15, 2021. The County is currently evaluating the impact this standard will have on the financial statements when adopted.

E. SUBSEQUENT EVENTS

Subsequent to year end, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having a significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

CALUMET COUNTY, WISCONSIN
Schedule of Changes in OPEB Liability and Related Ratios
Last 10 Fiscal Years *

| | 2019 | 2018 | 2017 |
|--|---------------------|---------------------|---------------------|
| Total OPEB liability | | | |
| Service cost | \$ 238,050 | \$ 219,343 | \$ 218,172 |
| Interest | 101,027 | 100,186 | 87,899 |
| Changes of assumptions | 169,839 | 49,423 | (28,242) |
| Benefit payments | (115,437) | (87,226) | (94,257) |
| Net change in total OPEB liability | 393,479 | 281,726 | 183,572 |
| Total OPEB liability - beginning | 2,756,005 | 2,474,279 | 2,290,707 |
| Total OPEB liability - ending | <u>\$ 3,149,484</u> | <u>\$ 2,756,005</u> | <u>\$ 2,474,279</u> |
| Covered-employee payroll | \$15,252,852 | \$14,614,753 | \$ 14,053,383 |
| County's total OPEB liability as a percentage of covered payroll | 20.65% | 18.86% | 17.61% |

* The amounts presented for each fiscal year were determined as of the current fiscal year end. Amounts for prior years were not available.

See notes to required supplementary information.

CALUMET COUNTY, WISCONSIN

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

| Plan 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) |
|------------------|---|--|-----------------|---|--|
| 12/31/14 | 0.09459513% | \$ (2,323,515) | \$ 12,531,666 | 18.54% | 102.74% |
| 12/31/15 | 0.09618635% | 1,563,010 | 13,435,242 | 11.63% | 98.20% |
| 12/31/16 | 0.09744080% | 803,145 | 13,442,417 | 5.97% | 99.12% |
| 12/31/17 | 0.09974523% | (2,961,554) | 14,053,383 | 21.07% | 102.93% |
| 12/31/18 | 0.10063682% | 3,580,342 | 14,614,753 | 24.50% | 96.45% |

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 | \$ 962,845 | \$ 962,845 | \$ - | \$ 13,435,242 | 7.17% |
| 12/31/16 | 935,915 | 935,915 | - | 13,442,417 | 6.96% |
| 12/31/17 | 1,027,293 | 1,027,293 | - | 14,053,383 | 7.31% |
| 12/31/18 | 1,053,342 | 1,053,342 | - | 14,614,753 | 7.21% |
| 12/31/19 | 1,076,567 | 1,076,567 | - | 15,252,852 | 7.06% |

CALUMET COUNTY, WISCONSIN

Schedule of Proportionate Share of the Net OPEB Liability (Asset)

Local Retiree Life Insurance Fund

Last 10 Fiscal Years

| <u>Plan Year Ending</u> | <u>Proportion of the Net OPEB Liability (Asset)</u> | <u>Proportionate Share of the Net OPEB Liability (Asset)</u> | <u>Covered-Employee Payroll</u> | <u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u> |
|-----------------------------|---|--|-------------------------------------|--|--|
| 12/31/17 | 0.27377400% | \$ 823,671 | \$ 11,512,980 | 7.15% | 44.81% |
| 12/31/18 | 0.27755300% | 716,180 | 13,722,000 | 5.22% | 144.81% |

Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years

| <u>Fiscal Year Ending</u> | <u>Contractually Required Contributions</u> | <u>Contributions in Relation to the Contractually Required Contributions</u> | <u>Contribution Deficiency (Excess)</u> | <u>Covered-Employee Payroll</u> | <u>Contributions as a Percentage of Covered- Employee Payroll</u> |
|-------------------------------|---|--|---|-------------------------------------|---|
| 12/31/18 | \$ 5,369 | \$ 5,369 | \$ - | \$ 13,722,000 | 0.04% |
| 12/31/19 | 5,347 | 5,347 | - | 15,252,852 | 0.04% |

CALUMET COUNTY, WISCONSIN
Notes to Required Supplementary Information
December 31, 2019

A. WISCONSIN RETIREMENT SYSTEM

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

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.

B. OTHER POSTEMPLOYMENT BENEFITS

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.

Single-employer Defined Postemployment Benefit Plan

There were no changes in benefit terms. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Local Retiree Life Insurance Fund (LRLIF)

There were no changes of benefit terms or assumptions for any participating employer in LRLIF. The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SUPPLEMENTARY INFORMATION

CALUMET COUNTY, WISCONSIN

Nonmajor Governmental Funds

Combining Balance Sheet

December 31, 2019

| | Special Revenue | | | |
|---|-------------------|------------------------------|---------------------|------------------|
| | Home Nursing | School for Handicapped | Jail Maintenance | Land Records |
| Assets | | | | |
| Cash and investments | \$ 401,990 | \$ 331,886 | \$ 89,053 | \$ 36,089 |
| Receivables | | | | |
| Property taxes levied for subsequent year | - | 958,287 | - | 63,411 |
| Accounts | 81,362 | 133,915 | - | 324 |
| Loans | - | - | - | - |
| Total assets | \$ 483,352 | \$ 1,424,088 | \$ 89,053 | \$ 99,824 |
| Liabilities, deferred inflows of resources and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 201,891 | \$ - | \$ - | \$ 12,447 |
| Deferred inflows of resources: | | | | |
| Property taxes levied for subsequent year | - | 958,287 | - | 63,411 |
| Loans receivable | - | - | - | - |
| Total Deferred inflows of resources | - | 958,287 | - | 63,411 |
| Fund balances: | | | | |
| Restricted for: | | | | |
| Home nursing program | 281,461 | - | - | - |
| School for handicapped | - | 465,801 | - | - |
| Jail maintenance | - | - | 89,053 | - |
| Dog licenses | - | - | - | - |
| Micro loan program | - | - | - | - |
| Committed for: | | | | |
| Land records | - | - | - | 23,966 |
| Total fund balances | 281,461 | 465,801 | 89,053 | 23,966 |
| Total liabilities, deferred inflows of resources resources and fund balances | \$ 483,352 | \$ 1,424,088 | \$ 89,053 | \$ 99,824 |

| Economic Development Loans | Micro Loan Program | Dog Licenses | Total Nonmajor Governmental Funds |
|----------------------------------|--------------------------|------------------|--------------------------------------|
| | | | 2019 |
| \$ - | \$ 37,619 | \$ 17,404 | \$ 914,041 |
| - | - | - | 1,021,698 |
| - | - | - | 215,601 |
| - | 61,884 | - | 61,884 |
| <u>\$ -</u> | <u>\$ 99,503</u> | <u>\$ 17,404</u> | <u>\$ 2,213,224</u> |

| | | | |
|------|------|-----------|------------|
| \$ - | \$ - | \$ 16,404 | \$ 230,742 |
|------|------|-----------|------------|

| | | | |
|---|--------|---|-----------|
| - | - | - | 1,021,698 |
| - | 61,884 | - | 61,884 |
| - | 61,884 | - | 1,083,582 |

| | | | |
|---|--------|-------|---------|
| - | - | - | 281,461 |
| - | - | - | 465,801 |
| - | - | - | 89,053 |
| - | - | 1,000 | 1,000 |
| - | 37,619 | - | 37,619 |
| - | - | - | 23,966 |
| - | 37,619 | 1,000 | 898,900 |

| | | | |
|------|-----------|-----------|--------------|
| \$ - | \$ 99,503 | \$ 17,404 | \$ 2,213,224 |
|------|-----------|-----------|--------------|

CALUMET COUNTY, WISCONSIN

Nonmajor Governmental Funds

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
For the Year Ended December 31, 2019

| | Special Revenue | | | |
|--|------------------|------------------------------|---------------------|-----------------|
| | Home Nursing | School for Handicapped | Jail Maintenance | Land Records |
| Revenues | | | | |
| Taxes | \$ - | \$ 760,193 | \$ - | \$ 57,807 |
| Intergovernmental | - | 976,802 | - | 56,560 |
| Regulation and compliance | - | - | 18,778 | - |
| Public charges for services | 2,466,697 | - | - | 51,432 |
| Miscellaneous | 281,461 | - | - | - |
| Total revenues | 2,748,158 | 1,736,995 | 18,778 | 165,799 |
| Expenditures | | | | |
| Current: | | | | |
| Health and social services | 2,407,459 | - | - | - |
| Education and recreation | - | 2,116,744 | - | - |
| Conservation and development | - | - | - | 177,628 |
| Total expenditures | 2,407,459 | 2,116,744 | - | 177,628 |
| Excess (deficiency) of revenues over (under) expenditures | 340,699 | (379,749) | 18,778 | (11,829) |
| Other financing uses | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (59,238) | - | - | - |
| Total other financing sources (uses) | (59,238) | - | - | - |
| Net change in fund balances | 281,461 | (379,749) | 18,778 | (11,829) |
| Fund balances - beginning | - | 845,550 | 70,275 | 35,795 |
| Fund balances - ending | \$ 281,461 | \$ 465,801 | \$ 89,053 | \$ 23,966 |

| Economic Development Loans | Micro Loan Program | Dog Licenses | Total Nonmajor Governmental Funds | |
|----------------------------------|--------------------------|-----------------|---|--------------------|
| | | | 2019 | |
| \$ - | \$ - | \$ - | \$ | 818,000 |
| 53,864 | - | - | | 1,087,226 |
| - | - | - | | 18,778 |
| 13,059 | 37,649 | 17,805 | | 2,586,642 |
| - | - | - | | 281,461 |
| <u>66,923</u> | <u>37,649</u> | <u>17,805</u> | | <u>4,792,107</u> |
| - | - | 17,805 | | 2,425,264 |
| - | - | - | | 2,116,744 |
| 1,328,458 | 30 | - | | 1,506,116 |
| <u>1,328,458</u> | <u>30</u> | <u>17,805</u> | | <u>6,048,124</u> |
| <u>(1,261,535)</u> | <u>37,619</u> | <u>-</u> | | <u>(1,256,017)</u> |
| 97,742 | - | - | | 97,742 |
| - | - | - | | (59,238) |
| <u>97,742</u> | <u>-</u> | <u>-</u> | | <u>38,504</u> |
| <u>(1,163,793)</u> | <u>37,619</u> | <u>-</u> | | <u>(1,217,513)</u> |
| 1,163,793 | - | 1,000 | | 2,116,413 |
| <u>\$ -</u> | <u>\$ 37,619</u> | <u>\$ 1,000</u> | <u>\$</u> | <u>898,900</u> |

CALUMET COUNTY, WISCONSIN

Home Nursing

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

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--------------------------------------|--------------------|------------------|-------------------|---|
| Revenues | | | | |
| Public charges for services | \$ 2,145,658 | \$ 2,407,459 | \$ 2,466,697 | \$ 59,238 |
| Miscellaneous | - | - | 281,461 | 281,461 |
| Total revenues | <u>2,145,658</u> | <u>2,407,459</u> | <u>2,748,158</u> | <u>340,699</u> |
| Expenditures | | | | |
| Current: | | | | |
| Health and social services | 2,145,658 | 2,407,459 | 2,407,459 | - |
| Excess of revenues over expenditures | <u>-</u> | <u>-</u> | <u>340,699</u> | <u>340,699</u> |
| Other financing uses | | | | |
| Transfers out | - | | (59,238) | (59,238) |
| Net change in fund balance | - | - | 281,461 | 281,461 |
| Fund balance - beginning | - | - | - | - |
| Fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 281,461</u> | <u>\$ 281,461</u> |

CALUMET COUNTY, WISCONSIN
School for Handicapped
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|----------------------------|--------------------|-------------------|-------------------|---|
| Revenues | | | | |
| Taxes | \$ 760,193 | \$ 760,193 | \$ 760,193 | \$ - |
| Intergovernmental | 1,174,897 | 1,174,897 | 976,802 | (198,095) |
| Total revenues | <u>1,935,090</u> | <u>1,935,090</u> | <u>1,736,995</u> | <u>(198,095)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Education and recreation | 2,085,090 | 2,116,744 | 2,116,744 | - |
| Net change in fund balance | (150,000) | (181,654) | (379,749) | (198,095) |
| Fund balance - beginning | <u>845,550</u> | <u>845,550</u> | <u>845,550</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 695,550</u> | <u>\$ 663,896</u> | <u>\$ 465,801</u> | <u>\$ (198,095)</u> |

CALUMET COUNTY, WISCONSIN

Jail Maintenance

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

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|----------------------------|--------------------|------------------|-------------------|---|
| Revenues | | | | |
| Regulation and compliance | \$ 20,000 | \$ 20,000 | \$ 18,778 | \$ (1,222) |
| Net change in fund balance | 20,000 | 20,000 | 18,778 | (1,222) |
| Fund balance - beginning | 70,275 | 70,275 | 70,275 | - |
| Fund balance - ending | <u>\$ 90,275</u> | <u>\$ 90,275</u> | <u>\$ 89,053</u> | <u>\$ (1,222)</u> |

CALUMET COUNTY, WISCONSIN

Land Records

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

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|------------------------------|--------------------|------------------|-------------------|---|
| Revenues | | | | |
| Taxes | \$ 57,807 | \$ 57,807 | \$ 57,807 | \$ - |
| Intergovernmental | 96,000 | 96,000 | 56,560 | (39,440) |
| Public charges for services | 57,000 | 57,000 | 51,432 | (5,568) |
| Total revenues | <u>210,807</u> | <u>210,807</u> | <u>165,799</u> | <u>(45,008)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Conservation and development | 210,807 | 210,807 | 177,628 | 33,179 |
| Net change in fund balance | - | - | (11,829) | (11,829) |
| Fund balance - beginning | 35,795 | 35,795 | 35,795 | - |
| Fund balance - ending | <u>\$ 35,795</u> | <u>\$ 35,795</u> | <u>\$ 23,966</u> | <u>\$ (11,829)</u> |

CALUMET COUNTY, WISCONSIN
Economic Development Loans - Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------|------------------|-------------------|---|
| Revenues | | | | |
| Intergovernmental | \$ 73,361 | \$ 73,361 | \$ 53,864 | \$ (19,497) |
| Public charges for services | 13,561 | 13,561 | 13,059 | (502) |
| Total revenues | <u>86,922</u> | <u>86,922</u> | <u>66,923</u> | <u>(19,999)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Conservation and development | 86,922 | 1,328,458 | 1,328,458 | - |
| Deficiency of revenues under expenditures | - | (1,241,536) | (1,261,535) | (19,999) |
| Other Financing Sources | | | | |
| Transfer in | - | 137,000 | 97,742 | (39,258) |
| Net change in fund balance | - | (1,104,536) | (1,163,793) | (59,257) |
| Fund balance - beginning | <u>1,163,793</u> | <u>1,163,793</u> | <u>1,163,793</u> | <u>-</u> |
| Fund balance - ending | <u>\$ 1,163,793</u> | <u>\$ 59,257</u> | <u>\$ -</u> | <u>\$ (59,257)</u> |

CALUMET COUNTY, WISCONSIN
Micro Loan Program - Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|------------------------------|--------------------|-----------------|-------------------|---|
| Revenues | | | | |
| Public charges for services | \$ - | \$ 30 | \$ 37,649 | \$ 37,619 |
| Expenditures | | | | |
| Current: | | | | |
| Conservation and development | - | 30 | 30 | - |
| Net change in fund balance | - | - | 37,619 | 37,619 |
| Fund balance - beginning | - | - | - | - |
| Fund balance - ending | \$ - | \$ - | \$ 37,619 | \$ 37,619 |

CALUMET COUNTY, WISCONSIN

Dog Licenses

Statement of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|-----------------------------|--------------------|-----------------|-------------------|---|
| Revenues | | | | |
| Public charges for services | \$ 19,429 | \$ 19,429 | \$ 17,805 | \$ (1,624) |
| Expenditures | | | | |
| Current: | | | | |
| Health and social services | 19,429 | 19,429 | 17,805 | 1,624 |
| Net change in fund balance | - | - | - | - |
| Fund balance - beginning | 1,000 | 1,000 | 1,000 | - |
| Fund balance - ending | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ - |

CALUMET COUNTY, WISCONSIN

Debt Service

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

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|--------------------|------------------|-------------------|---|
| Revenues | | | | |
| Taxes | \$ 2,657,005 | \$ 2,657,005 | \$ 2,657,005 | \$ - |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal retirement | 2,290,000 | 2,290,000 | 2,290,000 | - |
| Interest and other charges | 367,005 | 575,978 | 575,978 | - |
| Total expenditures | <u>2,657,005</u> | <u>2,865,978</u> | <u>2,865,978</u> | - |
| Deficiency of revenues under expenditures | - | (208,973) | (208,973) | - |
| Other Financing Sources | | | | |
| Premium on long term debt issued | - | 208,973 | 787,595 | 578,622 |
| Net change in fund balance | - | - | 578,622 | 578,622 |
| Fund balance - beginning | 15,161 | 15,161 | 15,161 | - |
| Fund balance - ending | <u>\$ 15,161</u> | <u>\$ 15,161</u> | <u>\$ 593,783</u> | <u>\$ 578,622</u> |

CALUMET COUNTY, WISCONSIN
County Sales Tax - Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|----------------------------|--------------------|-------------------|---------------------|---|
| Revenues | | | | |
| Taxes | \$ 2,695,902 | \$ 3,577,795 | \$ 4,073,899 | \$ 496,104 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 200,000 | 225,600 | 211,763 | 13,837 |
| Public safety | 250,000 | 450,000 | 159,865 | 290,135 |
| Public works | 2,569,018 | 3,546,220 | 3,106,710 | 439,510 |
| Education and recreation | - | 215,000 | 1,950 | 213,050 |
| Total Expenditures | <u>3,019,018</u> | <u>4,436,820</u> | <u>3,480,288</u> | <u>956,532</u> |
| Net change in fund balance | (323,116) | (859,025) | 593,611 | 1,452,636 |
| Fund balance - beginning | <u>1,169,076</u> | <u>1,169,076</u> | <u>1,169,076</u> | - |
| Fund balance - ending | <u>\$ 845,960</u> | <u>\$ 310,051</u> | <u>\$ 1,762,687</u> | <u>\$ 1,452,636</u> |

CALUMET COUNTY, WISCONSIN

Capital Projects

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

For the Year Ended December 31, 2019

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|-------------------|---|
| Revenues | | | | |
| Interest | \$ - | | \$ 34,519 | \$ 34,519 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 113,500 | 113,500 | 272,949 | (159,449) |
| Public safety | 1,407,766 | 34,907,766 | 5,076,063 | 29,831,703 |
| Total expenditures | 1,521,266 | 35,021,266 | 5,349,012 | 29,672,254 |
| Deficiency of revenues under expenditures | (1,521,266) | (35,021,266) | (5,314,493) | 29,706,773 |
| Other Financing Sources | | | | |
| Long term debt issued | 1,521,266 | 35,021,266 | 17,000,000 | (18,021,266) |
| Net change in fund balance | - | - | 11,685,507 | 11,685,507 |
| Fund balance - beginning | - | - | - | - |
| Fund balance - ending | \$ - | \$ - | \$ 11,685,507 | \$ 11,685,507 |

CALUMET COUNTY, WISCONSIN
 Capital Assets Used in the Operation of Governmental Funds
 Schedule by Source
 December 31, 2019

| | 2019 |
|--|----------------|
| Governmental funds capital assets: | |
| Land | \$ 3,678,171 |
| Land improvements | 5,432,797 |
| Buildings | 14,711,156 |
| Machinery and equipment | 8,583,860 |
| Infrastructure | 86,167,201 |
| Total governmental funds capital assets | \$ 118,573,185 |
| Investments in governmental funds capital assets by source: | |
| General fund | \$ 32,314,504 |
| Special revenue funds | 86,258,681 |
| Total governmental funds capital assets | \$ 118,573,185 |

CALUMET COUNTY, WISCONSIN

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

December 31, 2019

| | Land | Land Improvements | Buildings | Machinery and Equipment | Infrastructure | Total |
|--|---------------------|---------------------|----------------------|-------------------------|----------------------|-----------------------|
| General government: | | | | | | |
| Circuit court | \$ - | \$ - | \$ - | \$ 14,545 | \$ - | \$ 14,545 |
| County buildings | 174,416 | 1,048,845 | 12,261,231 | 519,702 | 1,127,605 | 15,131,799 |
| Information services | - | - | - | 1,998,495 | - | 1,998,495 |
| Register of deeds | - | - | - | 107,750 | - | 107,750 |
| Total general government | 174,416 | 1,048,845 | 12,261,231 | 2,640,492 | 1,127,605 | 17,252,589 |
| Public safety: | | | | | | |
| Sheriff | 141,853 | - | 222,424 | 4,876,325 | 66,319 | 5,306,921 |
| Total public safety | 141,853 | - | 222,424 | 4,876,325 | 66,319 | 5,306,921 |
| Public works: | | | | | | |
| County roads and bridges | 1,151,000 | - | - | - | 84,729,690 | 85,880,690 |
| Health and social services: | | | | | | |
| Health & human services | - | - | - | 312,082 | - | 312,082 |
| Education and recreation: | | | | | | |
| Calumet county parks system | 2,210,902 | 4,383,952 | 2,227,501 | 624,491 | 243,587 | 9,690,433 |
| Conservation and development: | | | | | | |
| Land and water conservation | - | - | - | 64,561 | - | 64,561 |
| Planning | - | - | - | 65,909 | - | 65,909 |
| Total conservation and development | - | - | - | 130,470 | - | 130,470 |
| Total governmental funds capital assets | \$ 3,678,171 | \$ 5,432,797 | \$ 14,711,156 | \$ 8,583,860 | \$ 86,167,201 | \$ 118,573,185 |

CALUMET COUNTY, WISCONSIN
 Capital Assets Used in the Operation of Governmental Funds
 Footnote Data
 For the Year Ended December 31, 2019

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|-------------------|----------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 3,536,318 | \$ 141,853 | \$ - | \$ 3,678,171 |
| Construction in progress | 1,044,846 | 5,230,151 | 902,922 | 5,372,075 |
| Total capital assets, not being depreciated | <u>4,581,164</u> | <u>5,372,004</u> | <u>902,922</u> | <u>9,050,246</u> |
| Capital assets, being depreciated: | | | | |
| Land improvements | 5,425,335 | 7,462 | - | 5,432,797 |
| Buildings | 14,647,312 | 74,693 | 10,849 | 14,711,156 |
| Machinery and equipment | 8,633,645 | 445,836 | 495,621 | 8,583,860 |
| Infrastructure | 83,103,974 | 3,063,227 | - | 86,167,201 |
| Subtotals | <u>111,810,266</u> | <u>3,591,218</u> | <u>506,470</u> | <u>114,895,014</u> |
| Less accumulated depreciation for: | | | | |
| Land Improvements | (3,747,167) | (162,833) | - | (3,910,000) |
| Buildings | (7,269,099) | (293,048) | (4,231) | (7,557,916) |
| Machinery and equipment | (4,413,091) | (366,336) | (468,667) | (4,310,760) |
| Infrastructure | (58,076,199) | (2,818,433) | - | (60,894,632) |
| Subtotals | <u>(73,505,556)</u> | <u>(3,640,650)</u> | <u>(472,898)</u> | <u>(76,673,308)</u> |
| Total capital assets, being depreciated, net | <u>38,304,710</u> | <u>(49,432)</u> | <u>33,572</u> | <u>38,221,706</u> |
| Governmental activities capital assets, net | <u>\$ 42,885,874</u> | <u>\$ 5,322,572</u> | <u>\$ 936,494</u> | 47,271,952 |
| Less related long-term debt outstanding | | | | <u>19,765,657</u> |
| Net investment in capital assets | | | | <u>\$ 27,506,295</u> |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 26,191 | \$ - | \$ - | \$ 26,191 |
| Construction in progress | - | 271,781 | - | 271,781 |
| Total capital assets, not being depreciated | <u>26,191</u> | <u>271,781</u> | <u>-</u> | <u>297,972</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 8,189,785 | - | - | 8,189,785 |
| Machinery and equipment | 7,190,449 | 262,704 | 317,111 | 7,136,042 |
| Subtotals | <u>15,380,234</u> | <u>262,704</u> | <u>317,111</u> | <u>15,325,827</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (606,662) | (170,604) | - | (777,266) |
| Machinery and equipment | (4,373,737) | (386,684) | (255,868) | (4,504,553) |
| Subtotals | <u>(4,980,399)</u> | <u>(557,288)</u> | <u>(255,868)</u> | <u>(5,281,819)</u> |
| Total capital assets, being depreciated, net | <u>10,399,835</u> | <u>(294,584)</u> | <u>61,243</u> | <u>10,044,008</u> |
| Business-type activities capital assets, net | <u>\$ 10,426,026</u> | <u>\$ (22,803)</u> | <u>\$ 61,243</u> | 10,341,980 |
| Less related long-term debt outstanding | | | | <u>(851,849)</u> |
| Net investment in capital assets | | | | <u>\$ 9,490,131</u> |

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS



Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the County Board
Calumet County, Wisconsin

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Calumet County, Wisconsin (the "County") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 24, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-002 that we consider to be a material weakness.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

COUNTY’S RESPONSE TO FINDING

The County’s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
July 24, 2020

FEDERAL AND STATE AWARDS



Independent auditors' report on compliance for each major and federal and state program and on internal control over compliance required by the Uniform Guidance and the *State Single Audit Guidelines*

To the County Board
Calumet County, Wisconsin

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM

We have audited Calumet County, Wisconsin's ("the County's") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the County's major federal and state programs for the year ended December 31, 2019. The County's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the County's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the County's compliance.

OPINION ON EACH MAJOR FEDERAL AND STATE PROGRAM

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2019.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
July 24, 2020

Calumet County, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

| Grantor Agency/Federal Program Title | CFDA Number | Pass-Through Agency | Pass-Through Entity Identifying Number | (Accrued) Deferred Revenue 1/1/19 | Cash Received (Refunded) | Accrued (Deferred) Revenue 12/31/19 | Total Expenditures | Subrecipient Payment |
|--|-------------|------------------------------------|--|-----------------------------------|--------------------------|-------------------------------------|--------------------|----------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | WI DHS | 154710 | \$ (34,615) | \$ 141,573 | \$ 42,993 | \$ 149,951 | \$ - |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | WI DHS | 154746 | - | 2,783 | - | 2,783 | - |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | WI DHS | 154760 | (2,941) | 8,038 | 2,903 | 8,000 | - |
| Total Special Supplemental Nutrition Program for Women, Infants, and Children | | | | <u>(37,556)</u> | <u>152,394</u> | <u>45,896</u> | <u>160,734</u> | <u>-</u> |
| SNAP Cluster | | | | | | | | |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | Marquette County | 61 | (264) | 2,082 | 451 | 2,269 | - |
| State Administrative Matching Grants for Food Stamp Program | 10.561 | Marquette County | 284 | (44,024) | 157,118 | 31,969 | 145,063 | - |
| Total SNAP Cluster | | | | <u>(44,288)</u> | <u>159,200</u> | <u>32,420</u> | <u>147,332</u> | <u>-</u> |
| WIC Grants To States (WGS) | 10.578 | WI DHS | 154740 | - | 13,656 | - | 13,656 | - |
| Total U.S. Department of Agriculture | | | | <u>(81,844)</u> | <u>325,250</u> | <u>78,316</u> | <u>321,722</u> | <u>-</u> |
| U.S. DEPARTMENT OF JUSTICE | | | | | | | | |
| CEASE | 16.UNK | WI DOJ | Not available | - | 11,772 | - | 11,772 | - |
| Total U.S. Department of Justice | | | | <u>-</u> | <u>11,772</u> | <u>-</u> | <u>11,772</u> | <u>-</u> |
| ENVIRONMENTAL PROTECTION AGENCY | | | | | | | | |
| Great Lakes Program | 66.469 | Fox Wolf Watershed Alliance, Inc. | GL 00E01906 | (45,612) | 110,105 | 17,723 | 82,216 | - |
| Great Lakes Program | 66.469 | Great Lakes Restoration Initiative | 18009-10N-01 | (5,000) | - | - | (5,000) | - |
| Total Environmental Protection Agency | | | | <u>(50,612)</u> | <u>110,105</u> | <u>17,723</u> | <u>77,216</u> | <u>-</u> |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | |
| Special Education - Grants for Infants and Families | 84.181 | WI DHS | 550 | - | 57,508 | - | 57,508 | - |
| Total U.S. Department of Education | | | | <u>-</u> | <u>57,508</u> | <u>-</u> | <u>57,508</u> | <u>-</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | | |
| Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services | 93.043 | GWAAR | 560510 | - | 1,753 | - | 1,753 | - |
| Aging Cluster | | | | | | | | |
| Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers | 93.044 | GWAAR | 560340 | (13,921) | 43,701 | - | 29,780 | - |
| Special Programs for the Aging Title III, Part C Nutrition Services | 93.045 | GWAAR | 560350 | - | 23,738 | - | 23,738 | - |
| Special Programs for the Aging Title III, Part C Nutrition Services | 93.045 | GWAAR | 560360 | - | 25,580 | - | 25,580 | - |
| Total Special Programs for the Aging Title III, Part C Nutrition Services | | | | <u>-</u> | <u>49,318</u> | <u>-</u> | <u>49,318</u> | <u>-</u> |
| Nutrition Services Incentive Program | 93.053 | GWAAR | 560422 | - | 17,848 | - | 17,848 | - |
| Total Aging Cluster | | | | <u>(13,921)</u> | <u>110,867</u> | <u>-</u> | <u>96,946</u> | <u>-</u> |
| National Family Caregiver Support, Title III, Part E | 93.052 | GWAAR | 560520 | - | 14,354 | - | 14,354 | - |
| Public Health Emergency Preparedness | 93.069 | WI DHS | 155015 | (2,850) | 44,175 | 49 | 41,374 | - |
| Public Health Emergency Preparedness | 93.069 | WI DHS | 155050 | - | 1,657 | 6,718 | 8,375 | - |
| Total Public Health Emergency Preparedness | | | | <u>(2,850)</u> | <u>45,832</u> | <u>6,767</u> | <u>49,749</u> | <u>-</u> |
| Environmental Public Health and Emergency Response | 93.070 | WI DHS | 155078 | - | 9,948 | - | 9,948 | - |
| Medicare Enrollment Assistance Program | 93.071 | WI DHS | 560620 | (468) | 2,886 | - | 2,418 | - |

Calumet County, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

| Grantor Agency/Federal Program Title | CFDA Number | Pass-Through Agency | Pass-Through Entity Identifying Number | (Accrued) Deferred Revenue 1/1/19 | Cash Received (Refunded) | Accrued (Deferred) Revenue 12/31/19 | Total Expenditures | Subrecipient Payment |
|---|-------------|---------------------|--|-----------------------------------|--------------------------|-------------------------------------|--------------------|----------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued) | | | | | | | | |
| Immunization Cooperative Agreements | 93.268 | WI DHS | 155020 | - | 7,644 | - | 7,644 | - |
| State Health Assistance Program | 93.324 | WI DHS | 560432 | - | 631 | - | 631 | - |
| Promoting Safe and Stable Families | 93.556 | WI DCF | 3306 | (3,569) | 39,259 | 7,137 | 42,827 | - |
| TANF Cluster | | | | | | | | |
| Temporary Assistance for Needy Families | 93.558 | WI DHS | 561 | - | 56,391 | - | 56,391 | - |
| Child Support Enforcement (Title IV-D) | 93.563 | WI DCF | 7477 | (141,893) | 459,884 | 126,339 | 444,330 | - |
| Child Support Enforcement (Title IV-D) | 93.563 | WI DCF | 7482 | 916 | (2,536) | (714) | (2,334) | - |
| Child Support Enforcement (Title IV-D) | 93.563 | WI DCF | 7506 | (63) | 873 | 509 | 1,319 | - |
| Child Support Enforcement (Title IV-D) | 93.563 | WI DCF | 7560 | - | 1,566 | - | 1,566 | - |
| Child Support Enforcement (Title IV-D) | 93.563 | WI DCF | 7332 | - | 7,611 | 574 | 8,185 | - |
| Child Support Enforcement (Title IV-D) | 93.563 | WI DCF | 7617 | - | 63,420 | - | 63,420 | - |
| Child Support Enforcement (Title IV-D) | 93.563 | WI DCF | 7477C | - | (1,034) | - | (1,034) | - |
| Total Child Support Enforcement (Title IV-D) | | | | (141,040) | 529,784 | 126,708 | 515,452 | - |
| Low Income Home Energy Assistance | 93.568 | WI DOA | AD1599973.08 | (4,608) | 4,608 | - | - | - |
| Low Income Home Energy Assistance | 93.568 | WI DOA | WHEAP19.8 | - | 15,239 | - | 15,239 | - |
| Total Low Income Home Energy Assistance | | | | (4,608) | 19,847 | - | 15,239 | - |
| CCDF Cluster | | | | | | | | |
| Child Care and Development Block Grant | 93.575 | WI DCF | 831 | (353) | 353 | 2,143 | 2,143 | - |
| Child Care and Development Block Grant | 93.575 | WI DCF | 840 | (2,127) | 3,201 | - | 1,074 | - |
| Child Care and Development Block Grant | 93.575 | WI DCF | 852 | - | 65,638 | 8,099 | 73,737 | - |
| Total Child Care and Development Block Grant and CCDF Cluster | | | | (2,480) | 69,192 | 10,242 | 76,954 | - |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | WI DCF | 3413 | - | 2,908 | 90 | 2,998 | - |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | WI DCF | 3561 | - | 16,319 | - | 16,319 | - |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | WI DCF | 3681 | - | 1,306 | - | 1,306 | - |
| Total Stephanie Tubbs Jones Child Welfare Services Program | | | | - | 20,533 | 90 | 20,623 | - |
| Foster Care (Title IV-E) | 93.658 | WI DCF | 3413 | - | 5,214 | 161 | 5,375 | - |
| Foster Care (Title IV-E) | 93.658 | WI DCF | 3554 | - | - | 13 | 13 | - |
| Foster Care (Title IV-E) | 93.658 | WI DCF | 3561 | - | 183,142 | - | 183,142 | - |
| Foster Care (Title IV-E) | 93.658 | WI DCF | 3604 | - | 2,030 | - | 2,030 | - |
| Foster Care (Title IV-E) | 93.658 | WI DCF | 3681 | - | 14,659 | - | 14,659 | - |
| Total Foster Care (Title IV-E) | | | | - | 205,045 | 174 | 205,219 | - |
| Social Services Block Grant | 93.667 | WI DHS | 561 | - | 105,121 | - | 105,121 | - |
| Children's Health Insurance Program | 93.767 | Marquette County | 284 | (5,670) | 20,477 | 4,186 | 18,993 | - |

Calumet County, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

| Grantor Agency/Federal Program Title | CFDA Number | Pass-Through Agency | Pass-Through Entity Identifying Number | (Accrued) Deferred Revenue 1/1/19 | Cash Received (Refunded) | Accrued (Deferred) Revenue 12/31/19 | Total Expenditures | Subrecipient Payment |
|--|-------------|---------------------|--|-----------------------------------|--------------------------|-------------------------------------|---------------------|----------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued) | | | | | | | | |
| Grants to States for Access and Visitation Programs | 93.597 | WI DCF | 155032 | (519) | 519 | - | - | - |
| Medicaid Cluster | | | | | | | | |
| Medical Assistance Program | 93.778 | GWAAR | 560029 | - | 477 | - | 477 | - |
| Medical Assistance Program | 93.778 | WI DHS | 560058 | (6,809) | 31,576 | 7,842 | 32,609 | - |
| Medical Assistance Program | 93.778 | WI DHS | 560061 | (12,312) | 44,071 | 10,876 | 42,635 | - |
| Medical Assistance Program | 93.778 | WI DHS | 560071 | (5,336) | 16,482 | 4,722 | 15,868 | - |
| Medical Assistance Program | 93.778 | WI DHS | 560081 | (20,996) | 87,416 | 21,819 | 88,239 | - |
| Medical Assistance Program | 93.778 | WI DHS | 560087 | (192,766) | 612,061 | 167,727 | 587,022 | - |
| Medical Assistance Program | 93.778 | WI DHS | 560097 | (102,459) | 384,080 | 146,495 | 428,116 | - |
| Medical Assistance Program | 93.778 | Marquette County | 62 | (592) | 7,866 | 1,804 | 9,078 | - |
| Medical Assistance Program | 93.778 | Marquette County | 284 | (56,083) | 202,547 | 41,402 | 187,866 | - |
| Medical Assistance Program | 93.778 | WI DHS | TPA | - | 1,038,714 | - | 1,038,714 | - |
| Medical Assistance Program | 93.778 | WI DHS | 877 | - | 34,312 | - | 34,312 | - |
| Medical Assistance Program | 93.778 | WI DHS | 880 | - | 11,959 | - | 11,959 | - |
| Medical Assistance Program | 93.778 | WI DHS | Unknown | - | 79,944 | - | 79,944 | - |
| Total Medicaid Cluster | | | | (397,353) | 2,551,505 | 402,687 | 2,556,839 | - |
| Block Grants for Community Mental Health Services | 93.958 | WI DHS | 515 | (1,471) | 7,550 | 2,021 | 8,100 | - |
| Block Grants for Community Mental Health Services | 93.958 | WI DHS | 569 | (2,068) | 12,835 | 1,621 | 12,388 | - |
| Block Grants for Community Mental Health Services | 93.958 | WI DHS | 533277 | - | 5,915 | - | 5,915 | - |
| Total Block Grants for Community Mental Health Services | | | | (3,539) | 26,300 | 3,642 | 26,403 | - |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | WI DHS | 570 | (7,718) | 19,763 | (2,486) | 9,559 | - |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | WI DHS | 545 | - | - | 5,120 | 5,120 | - |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | WI DHS | 546 | - | - | 5,559 | 5,559 | - |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | WI DHS | 533165 | - | 22,890 | - | 22,890 | - |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | WI DHS | 515 | (243) | 1,230 | 328 | 1,315 | - |
| Total Block Grants for Prevention and Treatment of Substance Abuse | | | | (7,961) | 43,883 | 8,521 | 44,443 | - |
| Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF) | 93.991 | WI DHS | 159220 | - | 5,406 | - | 5,406 | - |
| Maternal and Child Health Services Block Grant to the States | 93.994 | WI DHS | 159320 | - | 11,796 | - | 11,796 | - |
| Total U.S. Department of Health and Human Services | | | | (583,978) | 3,898,973 | 570,154 | 3,885,149 | - |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | | | | | |
| Homeland Security Grant Program | 97.067 | WI DMA | 2015-HSW-05-10663 | (17,594) | 35,401 | - | 17,807 | - |
| Total U.S. Department of Homeland Security | | | | (17,594) | 35,401 | - | 17,807 | - |
| TOTAL FEDERAL AWARDS | | | | \$ (734,028) | \$ 4,439,009 | \$ 666,193 | \$ 4,371,174 | \$ - |

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Calumet County, Wisconsin

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

| Grantor Agency/State Program Title | State I.D. Number | Pass-Through Agency | Pass-Through Entity Identifying Number | (Accrued) Deferred Revenue 1/1/19 | Cash Received (Refunded) | Accrued (Deferred) Revenue 12/31/19 | Total Expenditures | Subrecipient Payment |
|---|-------------------|---------------------|--|-----------------------------------|--------------------------|-------------------------------------|--------------------|----------------------|
| DEPARTMENT OF AGRICULTURE, TRADE AND CONSUMER PROTECTION | | | | | | | | |
| Farmland Preservation Grant | 115.708 | Direct Program | NA | \$ - | \$ 21,888 | \$ - | \$ 21,888 | \$ - |
| County Staff and Support | 115.15 | Direct Program | NA | - | 136,568 | - | 136,568 | - |
| Clean Sweep Program | 115.778 | Direct Program | NA | - | 10,500 | - | 10,500 | - |
| LWRM Plan Implementation Projects | 115.40 | Direct Program | NA | (9,049) | 96,316 | - | 87,267 | - |
| Total Department of Agriculture, Trade and Consumer Protection | | | | (9,049) | 265,272 | - | 256,223 | - |
| DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES | | | | | | | | |
| Wisconsin Fund Private Sewerage System | 165.236 | Direct Program | 2019-70 | - | 80,792 | - | 80,792 | - |
| DEPARTMENT OF PUBLIC INSTRUCTION | | | | | | | | |
| Children with Disability Education Board | 255.334 | Direct Program | NA | - | 570,825 | - | 570,825 | - |
| DEPARTMENT OF NATURAL RESOURCES | | | | | | | | |
| Acquisition Development Rights | 370.TA100 | Direct Program | NA | - | 153,045 | - | 153,045 | - |
| Snowmobile Enforcement | 370.212 | Direct Program | NA | - | 5,362 | - | 5,362 | - |
| Wildlife Damage Abatement and Claims | 370.553 | Direct Program | NA | (8,241) | 9,794 | 851 | 2,404 | - |
| County Conservation Aids | 370.563 | Direct Program | CC-F5074 | - | 3,892 | - | 3,892 | - |
| Nine Key Elements | 370.004 | Direct Program | NA | (5,366) | 32,410 | - | 27,044 | - |
| Recreational Aids - Snowmobile Trail and Area Aid | 370.575 | Direct Program | RTP-791-16M | - | 78,582 | 20,211 | 98,793 | - |
| Stormwater Management Planning | 370.658 | Direct Program | USP08000Y16 | (1,453) | 8,239 | - | 6,786 | - |
| Lake Protection (Aquatic Invasive Species) | 370.678 | Direct Program | AEP-382-13 | - | 3,996 | - | 3,996 | - |
| Total Department of Natural Resources | | | | (15,060) | 295,320 | 21,062 | 301,322 | - |
| DEPARTMENT OF HEALTH SERVICES | | | | | | | | |
| FPI Non-Fed | 435.060 | Marquette County | 60 | - | 2,862 | - | 2,862 | - |
| IMAA State Share | 435.283 | Marquette County | 283 | (704) | 98,166 | - | 97,462 | - |
| IMAA Federal Share | 435.284 | Marquette County | 284 | - | 1,878 | 531 | 2,409 | - |
| APS-Adult Protective Services | 435.312 | Direct Program | 312 | (1,367) | 23,482 | 2,629 | 24,744 | - |
| Children's COP | 435.377 | Direct Program | 377 | (146,856) | 162,051 | 134,854 | 150,049 | - |
| Alzheimers Family Support | 435.381 | Direct Program | 381 | (15,840) | 22,819 | 9,348 | 16,327 | - |
| Enhanced IM Funding | 435.468 | Marquette County | 468 | - | 72,697 | - | 72,697 | - |
| Coordinated Services - County | 435.515 | Direct Program | 515 | (8,254) | 46,219 | 12,620 | 50,585 | - |
| Community Mental Health | 435.516 | Direct Program | 516 | - | 36,297 | - | 36,297 | - |
| Non-Resident 997 | 435.531 | Direct Program | 531 | (7,556) | 7,556 | - | - | - |
| Birth To Three Initiative | 435.550 | Direct Program | 550 | - | 55,253 | - | 55,253 | - |
| Basic County Allocation | 435.561 | Direct Program | 561 | - | 604,676 | - | 604,676 | - |
| State/County Match | 435.681 | Direct Program | 681 | - | 84,286 | - | 84,286 | - |
| CLTS Waiver GPR | 435.871 | Direct Program | TPA | - | 190,877 | - | 190,877 | - |
| CLTS Grandfather GPR | 435.874 | Direct Program | TPA | - | 170,077 | - | 170,077 | - |
| CLTS Waiver CWA Admin GPR | 435.877 | Direct Program | 877 | - | 34,312 | - | 34,312 | - |
| CLTS Grandfather Admin GPR | 435.880 | Direct Program | 880 | - | 11,959 | - | 11,959 | - |
| WIC Farmers Market | 435.154720 | Direct Program | 154720 | - | 1,475 | - | 1,475 | - |
| Comm Disease Ctrl & Prev | 435.155800 | Direct Program | 155800 | - | 1,806 | 2,294 | 4,100 | - |
| Cons Contracts CHHD LD | 435.157720 | Direct Program | 157720 | - | 1,553 | - | 1,553 | - |

Calumet County, Wisconsin

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

| Grantor Agency/State Program Title | State I.D. Number | Pass-Through Agency | Pass-Through Entity Identifying Number | (Accrued) Deferred Revenue 1/1/19 | Cash Received (Refunded) | Accrued (Deferred) Revenue 12/31/19 | Total Expenditures | Subrecipient Payment |
|--|-------------------|---------------------|--|-----------------------------------|--------------------------|-------------------------------------|---------------------|----------------------|
| DEPARTMENT OF HEALTH SERVICES (Continued) | | | | | | | | |
| ADRC Money Follows the Person - Nursing Home Relocation | 435.560065 | Direct Program | 560065 | (15,411) | 56,628 | 14,311 | 55,528 | - |
| Aging Disability Resource Center | 435.560100 | Direct Program | 560100 | (519,948) | 1,616,531 | 458,450 | 1,555,033 | - |
| Benefit Specialist County | 435.560320 | GWAAR | 560320 | (2,440) | 2,440 | - | - | - |
| EBS OCI Replacement | 435.560327 | GWAAR | 560327 | (2,671) | 2,671 | - | - | - |
| State Senior Community Services | 435.560330 | GWAAR | 560330 | (4,894) | 9,788 | - | 4,894 | - |
| Title III-CI Congregate Meals | 435.560350 | GWAAR | 560350 | - | 29,048 | - | 29,048 | - |
| Title III-C2 Home Delivered Meals | 435.560360 | GWAAR | 560360 | - | 1,595 | - | 1,595 | - |
| Total Department of Health Services | | | | (725,941) | 3,349,002 | 635,037 | 3,258,098 | - |
| DEPARTMENT OF CHILDREN AND FAMILIES | | | | | | | | |
| Child Support Fingerprint | 437.961 | Direct Program | 961 | - | 360 | - | 360 | - |
| Medicaid Agency Incentives | 437.965 | Direct Program | 965 | (212) | 5,157 | 277 | 5,222 | - |
| Medicaid Agency Incentives | 437.980 | Direct Program | 980 | (697) | 8,043 | 629 | 7,975 | - |
| Kinship Care Program - Benefits | 437.3377 | Direct Program | 3377 | (12,369) | 12,369 | - | - | - |
| Kinship Care Program - Benefits | 437.3377 | Direct Program | 3377A | - | 22,685 | - | 22,685 | - |
| Kinship Care Program - Benefits | 437.3377 | Direct Program | 3377B | - | 33,166 | 9,760 | 42,926 | - |
| Kinship Care Program - Assessments | 437.3380 | Direct Program | 3380 | (789) | 789 | - | - | - |
| Kinship Care Program - Assessments | 437.3380 | Direct Program | 3380A | - | 1,512 | - | 1,512 | - |
| Kinship Care Program - Assessments | 437.3380 | Direct Program | 3380B | - | 2,268 | 759 | 3,027 | - |
| Youth Aids AODA | 437.3411 | Direct Program | 3411 | (840) | 5,050 | 840 | 5,050 | - |
| Youth Aids | 437.3413 | Direct Program | 3413 | - | 326,101 | 10,073 | 336,174 | - |
| Basic County Allocation | 437.3561 | Direct Program | 3561 | - | 187,242 | - | 187,242 | - |
| State County match | 437.3681 | Direct Program | 3681 | - | 14,987 | - | 14,987 | - |
| Child Support Activities | 437.7502 | Direct Program | 7502 | - | 41,382 | - | 41,382 | - |
| Child Support Medical Support | 437.7606 | Direct Program | 7606 | - | 1,351 | - | 1,351 | - |
| Total Department of Children and Families | | | | (14,907) | 662,462 | 22,338 | 669,893 | - |
| DEPARTMENT OF JUSTICE | | | | | | | | |
| Victim Witness Cluster | 455. (1) | Direct Program | NA | (30,796) | 57,249 | 30,735 | 57,188 | - |
| Law Enforcement Block Grant | 455.208 | Direct Program | NA | - | 23,436 | - | 23,436 | - |
| DNA Sample Reimbursement Grant | 455.221 | Direct Program | NA | - | 6,080 | - | 6,080 | - |
| Law Enforcement Training Fund Local Assistance | 455.231 | Direct Program | NA | - | 2,500 | - | 2,500 | - |
| Total Department of Justice | | | | (30,796) | 89,265 | 30,735 | 89,204 | - |
| DEPARTMENT OF MILITARY AFFAIRS | | | | | | | | |
| Computer and Hazmat Equipment Grant | 465.308 | Direct Program | NA | - | 7,464 | - | 7,464 | - |
| Federal Aid Local Assistance | 465.342 | Direct Program | NA | (19,358) | 58,048 | - | 38,690 | - |
| Total Department of Military Affairs | | | | (19,358) | 65,512 | - | 46,154 | - |
| DEPARTMENT OF VETERANS AFFAIRS | | | | | | | | |
| County Veterans Service Officer | 485.001 | Direct Program | NA | - | - | - | - | - |
| DEPARTMENT OF ADMINISTRATION | | | | | | | | |
| Land Information Fund | 505.173 | Direct Program | NA | - | 56,560 | - | 56,560 | - |
| Strategic Initiative Grant | 505.142 | Direct Program | NA | - | 15,120 | - | 15,120 | - |
| Public Benefits - Low Income Energy Assistance Program | 505.371 | Direct Program | AD1599973.08 | (10,984) | 17,300 | - | 6,316 | - |
| Public Benefits - Low Income Energy Assistance Program | 505.371 | Direct Program | WHEAP19.08 | - | 335 | 10,404 | 10,739 | - |
| Total Public Benefits - Low Income Energy Assistance Program | | | | (10,984) | 17,635 | 10,404 | 17,055 | - |
| Total Department of Administration | | | | (10,984) | 89,315 | 10,404 | 88,735 | - |
| TOTAL STATE PROGRAMS | | | | \$ (826,095) | \$ 5,467,765 | \$ 719,576 | \$ 5,361,246 | \$ - |

(1) Victim Witness is a cluster program funded by the following State ID Numbers: 455.503, 455.532, 455.536, 455.537 and 455.539

The notes to the schedule of expenditures of state awards are an integral part of this schedule.

CALUMET COUNTY, WISCONSIN

Notes to the Schedules of Expenditures of Federal and State Awards
For the Year Ended December 31, 2019

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards for Calumet County, Wisconsin are presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The Schedules of Expenditures of Federal and State Awards include all federal and state awards of Calumet County. Because the schedules present only a selected portion of the operations of Calumet County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Calumet County.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in Calumet County's 2019 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and *State Single Audit* Guidelines, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to Calumet County in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded Calumet County expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

Calumet County has not elected to charge a de minimis rate of 10% of modified total costs.

NOTE 3: OVERSIGHT AGENCIES

The federal and state oversight agencies for Calumet County are as follows:

Federal - U.S. Department of Justice

State - Wisconsin Department of Health Services

NOTE 4: TITLE 19 MEDICAL ASSISTANCE PAYMENTS

The Schedules of Expenditures of Federal and State Awards do not include recorded revenues of received by the County for Title 19 Medical Assistance programs. The payments are considered a contract for services between the State and the County and therefore are not reported as federal or state awards.

NOTE 5: PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

GWAAR - Greater Wisconsin Agency on Aging Resources

WI - DCF - Wisconsin Department of Children and Families

WI DHS - Wisconsin Department of Health Services

WI DMA - Wisconsin Department of Military Affairs

WI DOA - Wisconsin Department of Administration

WI DOJ - Wisconsin Department of Justice

WI DOT - Wisconsin Department of Transportation

CALUMET COUNTY, WISCONSIN

Notes to the Schedules of Expenditures of Federal and State Awards
For the Year Ended December 31, 2019

NOTE 6: STATE DIRECT PAYMENTS

Payments made directly to recipients and vendors by the State of Wisconsin under the FoodShare Wisconsin program on behalf of Calumet County are not included in the Schedules of Expenditures of Federal and State Awards.

NOTE 7: STATE OF WISCONSIN COMMUNITY AIDS REPORTING SYSTEM

The Wisconsin Departments of Health Services (DHS) and Children and Families (DCF) utilize the Community Aids Reporting System (CARS) and the System for Payments and Reports of Contracts (SPARC) for reimbursing Calumet County for various federal and state program expenditures. The expenditures reported on the Schedules of Expenditures of Federal and State Awards for various DHS & DCF programs agree with the expenditures reported on the March 2020 CARS for the Human Services and Public Health Departments, and the December 2019 SPARC for Child Support and Child Care programs.

CALUMET COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2019

BASIC FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- ▶ Material weakness(es) identified? Yes
- ▶ Significant deficiency(ies) identified? None Reported

Noncompliance material to basic financial statements noted? No

FEDERAL AND STATE AWARDS

Internal control over major program:

- ▶ Material weakness(es) identified? No
- ▶ Significant deficiency(ies) identified? Yes

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? Yes

Identification of major federal programs:

| CFDA Number | Name of Federal Program |
|-------------|--|
| 93.778 | Medicaid Cluster Medical Assistance Program |

Identification of major state programs:

| State ID Number | Name of State Program |
|-----------------|---|
| N/A | WIMCR (Community Services Deficit Reduction) |
| 435.060 | Fraud Prevention Investigation, State Share |
| 435.283 | IMAA State Share |
| 435.284 | IMAA Federal Share |
| 435.468 | Enhanced IM Funding |
| 435.561 | Basic County Allocation |
| 435.871 | CLTS Other GPR |
| 435.874 | CLTS Autism Fed |
| 435.877 | CLTS Waiver CWA Admin GPR |
| 435.880 | CLTS Grandfather Admin fed |
| 435.560065 | ADRC Money Follows the Person - Nursing Home Relocation |
| 435.560100 | Aging and Disability Resource Center |

Audit threshold used to determine between Type A and Type B programs:

Federal Awards \$750,000

State Awards \$250,000

Auditee qualified as low-risk auditee No

CALUMET COUNTY, WISCONSIN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

| FINDING NO. | CONTROL DEFICIENCIES |
|---------------------------------|--|
| 2019-002 | Adjustments to the County's Financial Records |
| Type of Finding: | Material Weakness in Internal Control over Financial Reporting |
| Condition: | As part of our audit, we proposed an adjusting journal entry that was material to the County's financial statements. |
| Criteria: | Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency. |
| Context: | While performing audit procedures, a weakness in internal control related to year end closing procedures was identified. |
| Cause: | The entry that was proposed by the auditors related to retainage payable. This was not recorded by the County as part of the year end adjusting and closing entries. |
| Effect: | Year-end financial records prepared by the County contained one material misstatement. |
| Recommendation: | We recommend the County evaluate its internal control process related to year end procedures and specifically those related to retainage payables. |
| Views of responsible officials: | There is no disagreement with the finding. Refer to the management response per the corrective action plan. |

CALUMET COUNTY, WISCONSIN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

SECTION III - FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

FINDING NO. UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES FINDINGS

2019-001 **Financial Reporting for Federal and State Awards**

Federal CFDA - All
State IDs - All

Federal Agency: All
Federal program title: All
CFDA Number: All
Pass-Through Agency: All
Pass-Through Numbers(s): All
Award Period: All

Type of Finding: • Significant Deficiency in Internal Control over Compliance

Criteria: Having staff with expertise in federal and state financial reporting prepare the County's single audit report is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal and state awards, or accompanying notes to the schedules.

Condition: Uniform Guidance and the *State Single Audit Guidelines* require the County to prepare appropriate financial statements, including the schedules of expenditures of federal and state awards. While the current staff of the County maintains financial records supporting amounts reported in the schedules of expenditures of federal and state awards, the County contracts with CliftonLarsonAllen, LLP to compile the data from these records and assist in the preparation of the single audit report for the County.

Questioned Costs: None identified.

Context: Amounts reported to state government are funded by multiple funding sources which are identified subsequent to disbursement. The audit firm has developed templates as a convenience to our client to summarize these funding sources for reporting purposes.

Cause: The additional costs associated with hiring staff sufficiently experienced to prepare the County's single audit report, including the additional training time, outweigh the derived benefits.

Effect: The County could receive federal or state grant awards which are not included in the accompanying schedules of expenditures of federal and state awards.

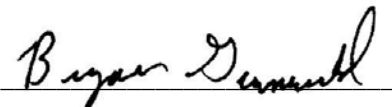
Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2018-001.

Recommendation: We recommend County personnel continue reviewing the County's single audit report. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the County is necessary to ensure all federal and state financial assistance programs are properly reported in the County's single audit report.

Views of responsible officials: There is no disagreement with the audit finding. Please refer to the management response in the County's corrective action plan.

CALUMET COUNTY, WISCONSIN
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2019

SECTION IV - OTHER ISSUES

- | | |
|--|--|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| Department of Agriculture, Trade and Consumer Protection | Yes |
| Department of Public Instruction | Yes |
| Department of Natural Resources | Yes |
| Department of Transportation | Yes |
| Department of Health Services | Yes |
| Department of Children and Families | Yes |
| Department of Justice | Yes |
| Department of Military Affairs | Yes |
| Department of Administration | Yes |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. Name and signature of partner |  <hr style="width: 200px; margin-left: auto; margin-right: 0;"/> Bryan Grunewald, CPA |
| 5. Date of report | July 24, 2020 |

CALUMET COUNTY MANAGEMENT RESPONSE

CALUMET COUNTY, WISCONSIN

Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended December 31, 2019

PRIOR YEAR AUDIT FINDINGS

The finding noted in the 2018 schedule of findings and questioned costs has been reported to the proper federal and state agencies. The current status of the prior year audit finding, as provided by management, follows:

| <u>Finding No.</u> | <u>Prior Year Audit Finding</u> |
|--------------------|---|
| 2018-001 | Financial Reporting for Federal and State Awards Management continues to rely upon the audit firm to prepare schedule of expenditures of federal and state awards. The finding is repeated as 2019-001. |

CORRECTIVE ACTION PLAN

| <u>Finding No.</u> | <u>Corrective Action Plan</u> |
|--------------------|---|
| 2019-001 | Financial Reporting for Federal and State Awards Reporting objectives relate to the preparation of reports for use by the County, its stakeholders, or other external parties. Reporting includes External Financial Reporting Objectives related to the release of the County's financial performance in accordance with professional standards, applicable laws and regulations, as well as expectations of stakeholders. |

Historically, the independent audit firm has assisted the County with financial statement preparation, footnote disclosures, required supplemental information (RSI) disclosures, the schedule of expenditures of federal and state awards (SEFSA) and the adjustments necessitated by multiple basis of accounting requirements (including GASB #34). As a matter of convenience, use of the independent audit firm results in several benefits to the County:

1. External auditors, by definition, work with multiple counties. Footnotes, RSI, SEFSA and basis adjustments become uniform among entities more rapidly when the external auditor serves as the information centric location. This uniformity is useful to the County and its stakeholders for comparison purposes.
2. External auditors, by necessity to perform their single audit compliance testing, obtain information needed to develop the SEFSA from multiple County reporting systems with federal and state funding sources. This provides the efficiency of a central data collection point.
3. The County and its representative: Dan DeBonis, CPA, Finance Director, possess the skill, knowledge and experience to accept, review and approve all non-audit services performed for the County by the independent auditor. We formally acknowledge that responsibility annually in the engagement letter and the management representation letter. Our review prior to acceptance includes but is not limited to:

1. Reconciliation of general ledger amounts to the preliminary draft report.
2. Reconciliation of the draft report to those reports previously submitted to multiple County reporting systems of federal and state funding sources. This includes state agencies such as the Department of Health Service, Department of Transportation and Department of Revenue.
3. Review and approval of all proposed accounting adjustments and those adjustments necessitated for reporting only along with supporting documentation.
4. Maintenance of our skill, knowledge and experience by utilization of continuing education programs, government-specific training provided by funding sources and related professional organizations.

Finding No.
2019-002

Corrective Action Plan
Adjustments to the County's financial records

Management does not disagree with the comment. During the audit, the auditors identified a material adjusting journal entry related to retainage payable that was presented on one construction contractor invoice. The County does have and will continue to follow year end procedures which are designed to ensure that expenditures are reported in the proper period. Procedures will be reviewed to also reevaluate and incorporate retainage payable.

We believe our current approach to the audit finding remains appropriate and cost effective.

Contact for corrective action plan:
Dan DeBonis, CPA
Finance Director
206 Court Street
Chilton, WI 53014