

VERNON COUNTY



2021 Audit Presentation
to the
Board of Supervisors
Vernon County, Wisconsin

October 18, 2022

*Prepared by:
Johnson Block & Company, Inc.
Certified Public Accountants*

VERNON COUNTY

2021 AUDIT OVERVIEW

- We have completed our audit of Vernon County for the year ended December 31, 2021, and issued an unmodified opinion on the financial statements.
- The scope of our audit included all funds and activities of the County.
- We have also issued a report on compliance with Federal and State awards programs and on internal control. The County spent \$3,529,938 in federal funds.
- We also prepared a regulatory report for 2021 that was filed with the Wisconsin Department of Revenue.
- A separate audit communications document designed for the County Board should be read in conjunction with the audited financial statements.

VERNON COUNTY

INTERNAL CONTROL AND ACCOUNTING MATTERS – DISCUSSED IN AUDIT COMMUNICATION LETTER

Material Weaknesses reported include:

- 1. Reconcile cash**
- 2.Reconciling subsidiary ledgers for tax certificates receivable and delinquent special assessments held in trust**
- 3.Material audit entries**
- 4.Segregation of duties**
- 5.Preparation of financial statements**
- 6.Preparation of schedules of federal and state awards.**

We commented on internal control matters that include:

- *Record Cash Accounts and Funds on General Ledger**
- *Develop Centralized Accounting System/Department and Processes Manuals**
- *Develop Centralized Purchasing and Resource Asset Management**
- *Wednesday Checks Should have the Same Controls as Monthly Checks**
- *Credit Cards Controls and Turnover in Employment**
 - 1. Listing of credit cards that need to be obtained and closed**
 - 2. On-line County programs that need to have access restricted to them**
 - 3. Email passwords changed and emails forwarded**
 - 4. Computer password changed**
 - 5. Door codes/locks changed**
- *Centralization of Credit Cards/Lack of Supporting Documentation**
- *Lapsing Funds with Accumulating Balances**
- *Follow-up of Vendor Checks Used for Employee Pay During 2020**
- *Reconciliation of Payroll Liabilities**
- *Solid Waste/Recycling Accounts Receivable Reconciliation**
- *VSN Cash Management**

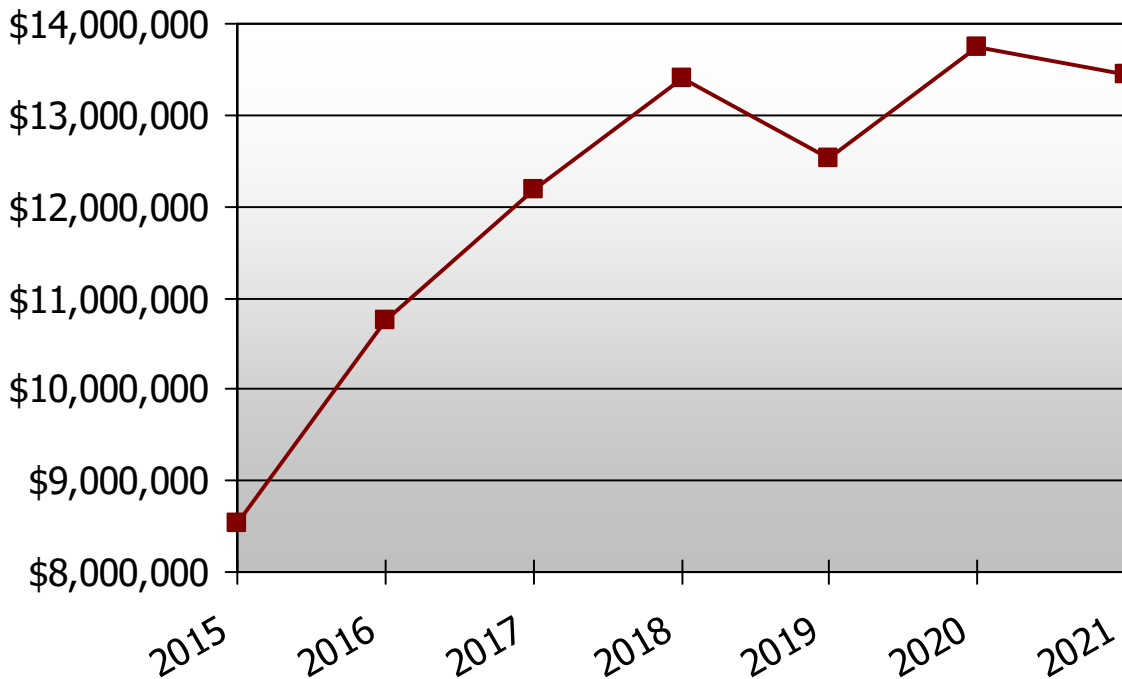
VERNON COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

	Major Funds				Nonmajor Funds	Totals	
	General	Human Services	Revolving Loan Fund	Ho-Chunk Nation Fund		2021	2020 (Memorandum Only)
Revenues:							
General property taxes	\$ 4,703,049	\$ 2,555,465	\$ -	\$ -	\$ 907,601	\$ 8,166,115	\$ 8,362,610
Other taxes	2,810,395	-	-	-	-	2,810,395	2,499,754
Intergovernmental	3,722,989	4,915,419	-	1,200,000	916,001	10,754,409	11,944,436
Licenses and permits	171,854	-	-	-	11,561	183,415	170,852
Penalties and forfeitures	71,926	-	-	-	-	71,926	82,970
Public charges for services	998,562	163,237	-	-	127,646	1,289,445	1,268,663
Miscellaneous general revenues	290,855	-	21,181	955	13,820	326,811	652,920
Total revenues	12,769,630	7,634,121	21,181	1,200,955	1,976,629	23,602,516	24,982,205
Expenditures:							
Current:							
General government	3,800,769	-	-	183,144	-	3,983,913	3,741,876
Public safety	5,478,050	-	-	-	-	5,478,050	5,994,988
Health and social services	1,160,948	7,564,187	-	11,165	819,199	9,555,499	8,739,676
Culture and recreation	831,622	-	-	25,000	-	856,622	1,088,401
Conservation and development	1,542,086	-	19,003	148,345	451,232	2,160,666	2,486,256
Capital outlay	89,395	-	-	50,000	-	139,395	308,597
Debt service:							
Principal retirement	199,305	-	474,279	-	645,000	1,318,584	858,123
Interest and fiscal charges	17,567	-	4,686	-	77,325	99,578	132,745
Total expenditures	13,119,742	7,564,187	497,968	417,654	1,992,756	23,592,307	23,350,662
Excess (deficiency) of revenues over expenditures	(350,112)	69,934	(476,787)	783,301	(16,127)	10,209	1,631,543
Other financing sources (uses):							
Proceeds from long-term debt	-	-	-	-	-	-	35,575
Transfer from (to) other funds	69,081	(69,081)	-	(540,000)	-	(540,000)	2,024
Total other financing sources (uses)	69,081	(69,081)	-	(540,000)	-	(540,000)	37,599
Net change in fund balances	(281,031)	853	(476,787)	243,301	(16,127)	(529,791)	1,669,142
Fund balances, January 1	13,734,832	816,699	1,528,429	1,174,642	620,356	17,874,958	15,755,083
Prior period adjustment	-	-	-	-	-	-	450,733
Fund balances, January 1, restated	13,734,832	816,699	1,528,429	1,174,642	620,356	17,874,958	16,205,816
Fund balances, December 31	\$ 13,453,801	\$ 817,552	\$ 1,051,642	\$ 1,417,943	\$ 604,229	\$ 17,345,167	\$ 17,874,958

VERNON COUNTY

TREND IN GENERAL FUND BALANCES



General Fund Balance	
2015	\$ 8,530,583
2016	\$ 10,746,389
2017	\$ 12,195,382
2018	\$ 13,392,927
2019	\$ 12,522,364
2020	\$ 13,734,832
2021	\$ 13,453,801

OBSERVATIONS AND COMMENTS:

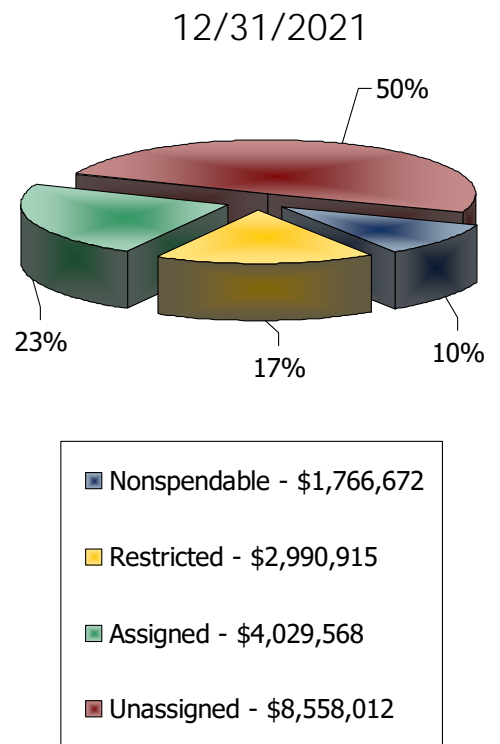
➤ The human services funds (Fund 78, 79, & 80) returned the following:

- 2016 - \$1,011,982
- 2017 - \$ 998,448
- 2018 - \$1,238,693
- 2019 - \$ 498,989
- 2020 - \$ 608,121
- 2021 - \$ 69,081

VERNON COUNTY

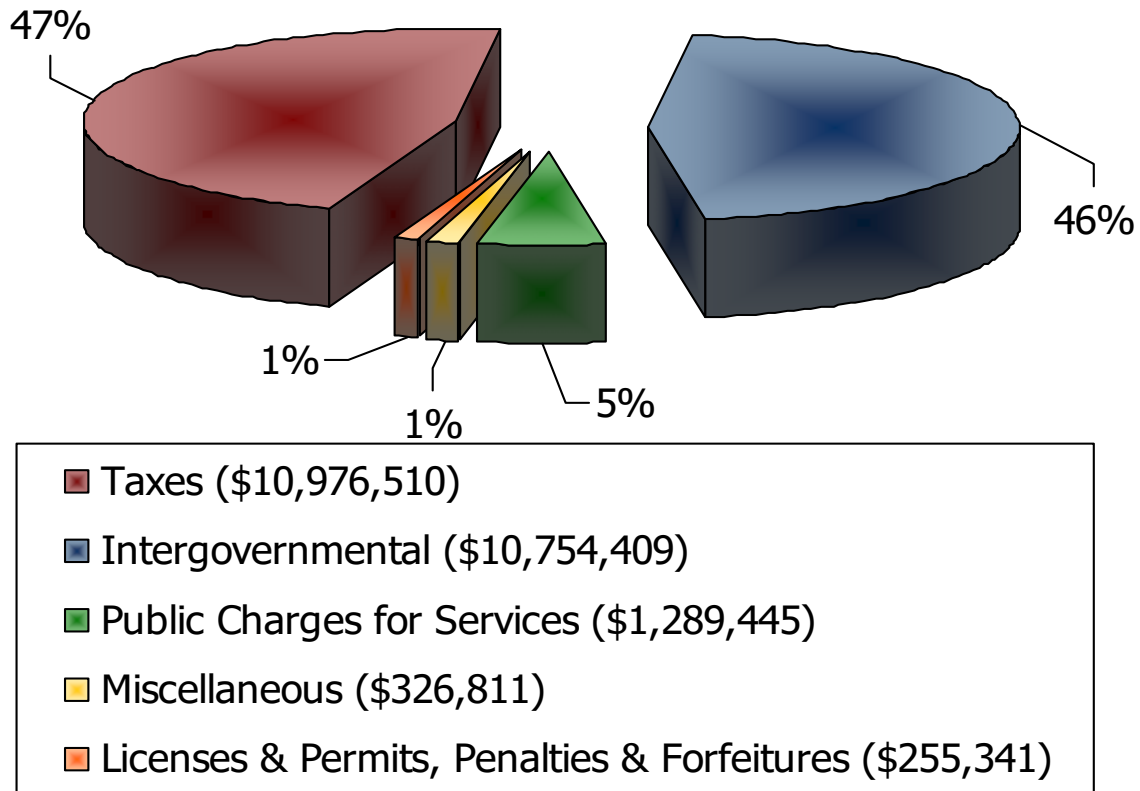
GOVERNMENTAL FUND BALANCES

	2021	2020
<u>Nonspendable</u>		
Major Funds:		
Delinquent taxes	\$ 1,007,162	\$ 1,215,339
Economic development loans receivable	409,391	1,159,265
Prepays	350,119	7,625
Total nonspendable	1,766,672	2,382,229
<u>Restricted</u>		
Major Funds:		
Tower project unspent loan proceeds	-	111,355
Ho-Chunk Nation carryforward appropriations	1,417,943	1,174,642
Housing loans	105,455	124,372
Human Services:		
Donation and education fund	16,757	17,491
ADRC expenditures	397,170	350,948
Foundation program	55,773	60,191
Comprehensive community service program	347,852	388,069
Nonmajor Funds:		
Debt service	909	908
Grants	-	17,452
Council on Aging	648,406	601,633
Dog license expenditures	650	363
Total restricted	2,990,915	2,847,424
<u>Assigned</u>		
Major Funds:		
Revolving Loan Fund	536,796	244,792
General Fund:		
Insurance	629,061	597,886
Election	25,539	21,509
UW Extension	18,153	17,587
General administrative	42,421	40,173
Land conservation and forestry	1,546,241	1,461,075
Sheriff/emergency management	357,063	376,734
Health and human services	333,805	414,962
Health and human services future budget	400,000	400,000
Building and improvements	15,504	32,319
District attorney	18,436	25,371
Multi-use path	75,701	68,682
Economic development and tourism	26,712	17,326
Veterans	4,136	-
Family court commissioner	-	20,430
Total assigned	4,029,568	3,738,846
<u>Unassigned</u>		
Major Fund - General Fund	8,603,748	8,906,459
Nonmajor Fund - Grant Fund	(45,736)	-
Total unassigned	8,558,012	8,906,459
Total governmental fund balance	\$ 17,345,167	\$ 17,874,958



VERNON COUNTY

GOVERNMENTAL FUNDS - 2021 REVENUES



OBSERVATIONS AND COMMENTS:

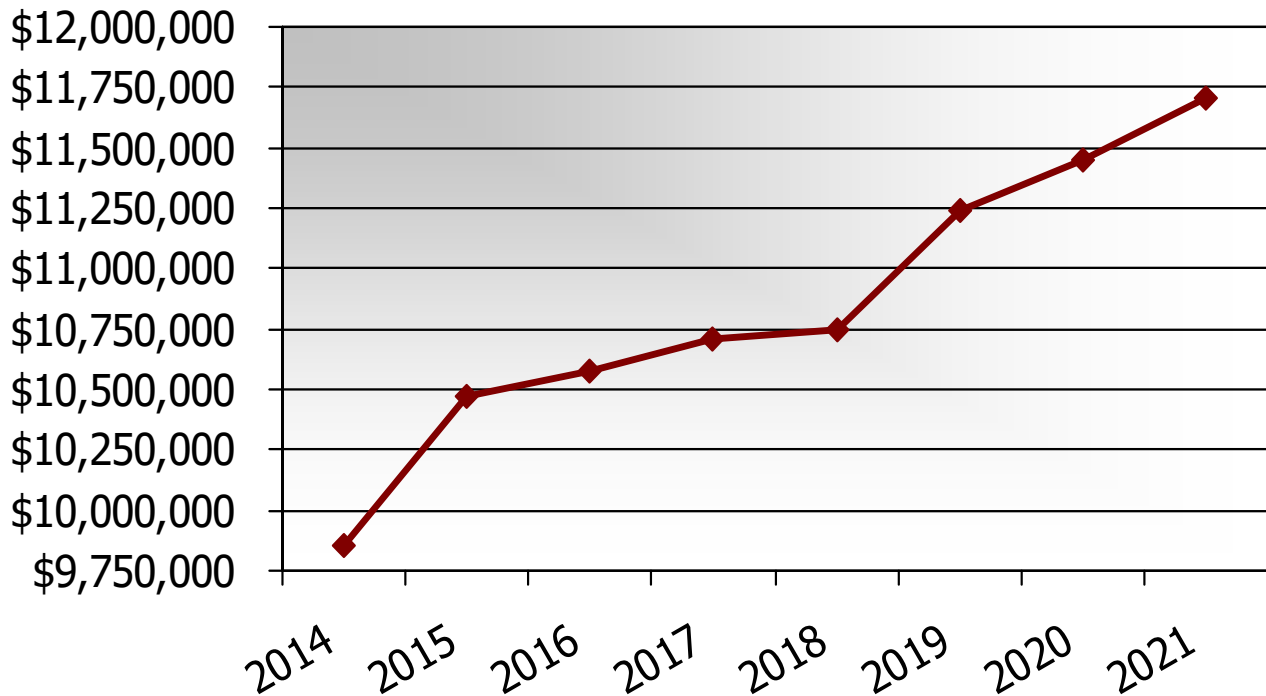
- Property taxes are settled with taxing districts in January and August.
- The most significant intergovernmental revenues and their payment dates follow:

Shared taxes	\$ 1,317,196	- Payable in July & November
Human Services	\$ 4,915,419	- Payable monthly based upon contract
Ho-Chunk Nation	\$ 1,200,000	
CDBG	\$ 149,263	
Outside inmate housing	\$ 768,936	
FEMA	\$ 126,967	
COVID	\$ 219,169	
- Public charges for services include fees for general government, Human Services, Council on Aging, jail/sheriff fees and other miscellaneous programs.
- Miscellaneous revenues include interest income, insurance refunds, sale of County Farm land, and other miscellaneous sources.

Source: 12/31/21 financial statements.

VERNON COUNTY

PROPERTY TAXES



Year of Property Tax Levy

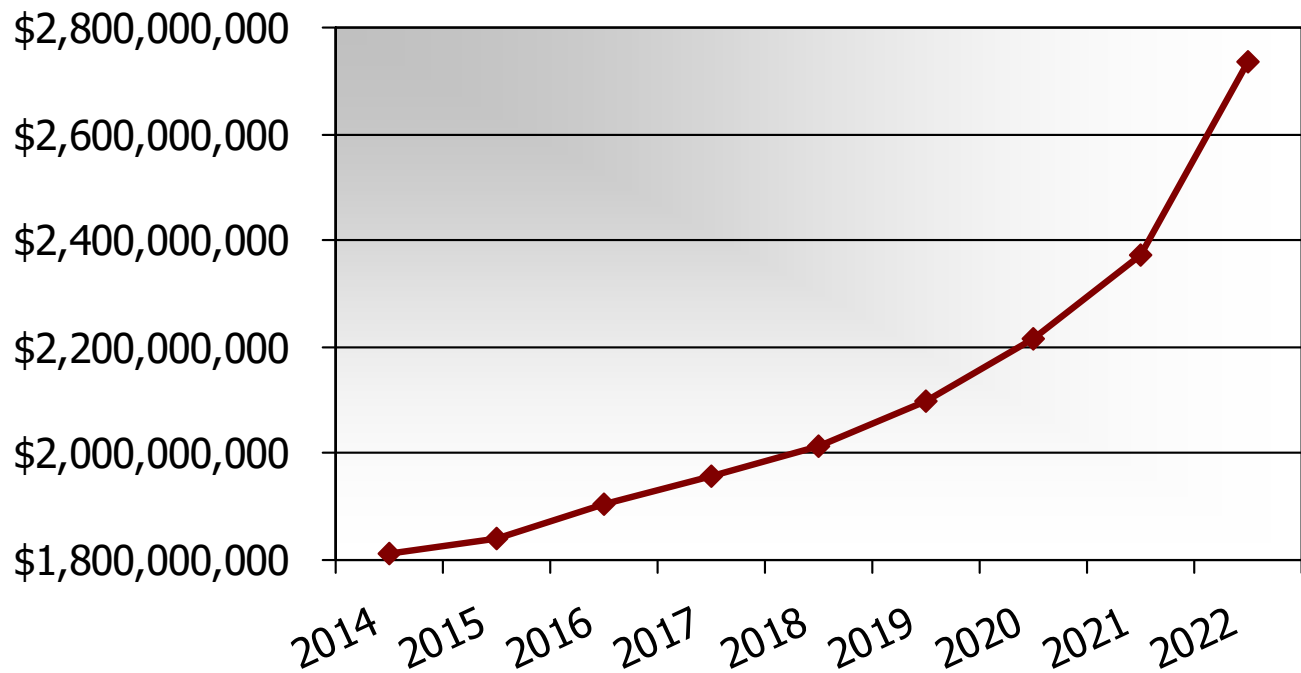
2014	\$ 9,852,492
2015	\$ 10,474,598
2016	\$ 10,575,553
2017	\$ 10,711,362
2018	\$ 10,748,002
2019	\$ 11,242,200
2020	\$ 11,452,904
2021	\$ 11,709,933

OBSERVATIONS AND COMMENTS:

- The overall County tax levy has increased 19% from 2014 to 2021.

VERNON COUNTY

TREND IN EQUALIZED VALUE OF PROPERTY



Total Equalized Value (including TID value increments)

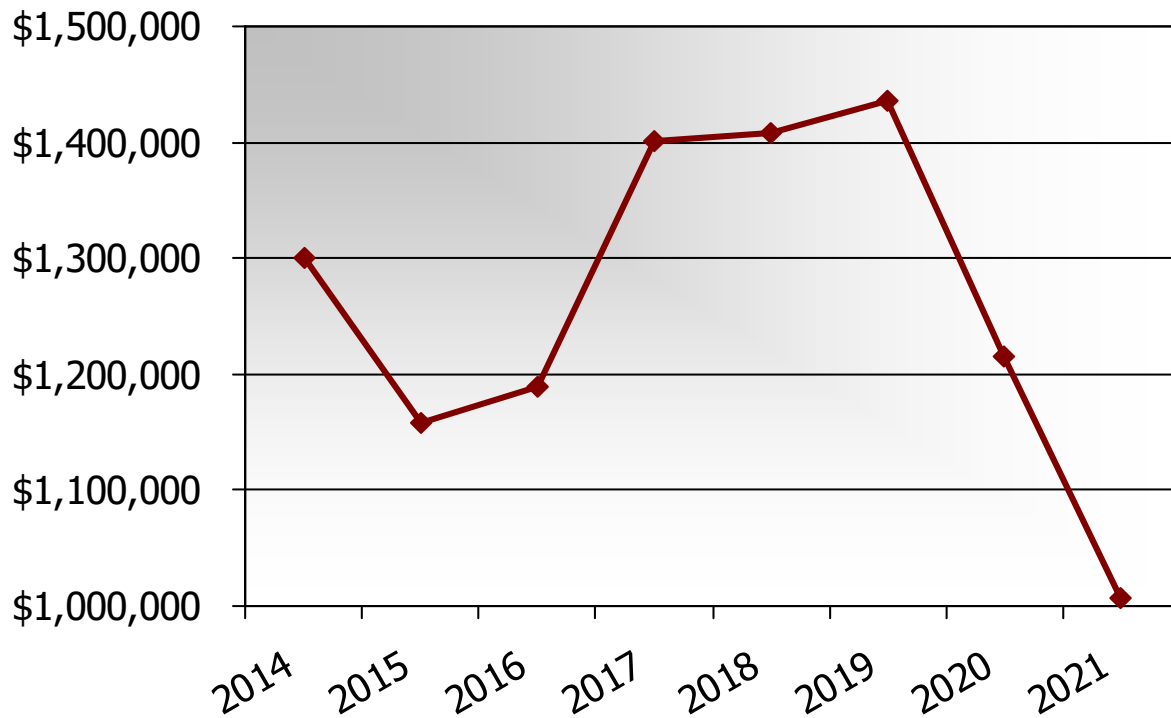
2014	\$ 1,813,055,000
2015	\$ 1,841,678,700
2016	\$ 1,905,263,700
2017	\$ 1,956,310,400
2018	\$ 2,014,104,400
2019	\$ 2,098,673,500
2020	\$ 2,216,533,700
2021	\$ 2,373,696,800
2022	\$ 2,733,856,700

OBSERVATIONS AND COMMENTS:

- The County's valuation over the nine year period has increased by 51%.

VERNON COUNTY

DELINQUENT TAXES RECEIVABLE BALANCES



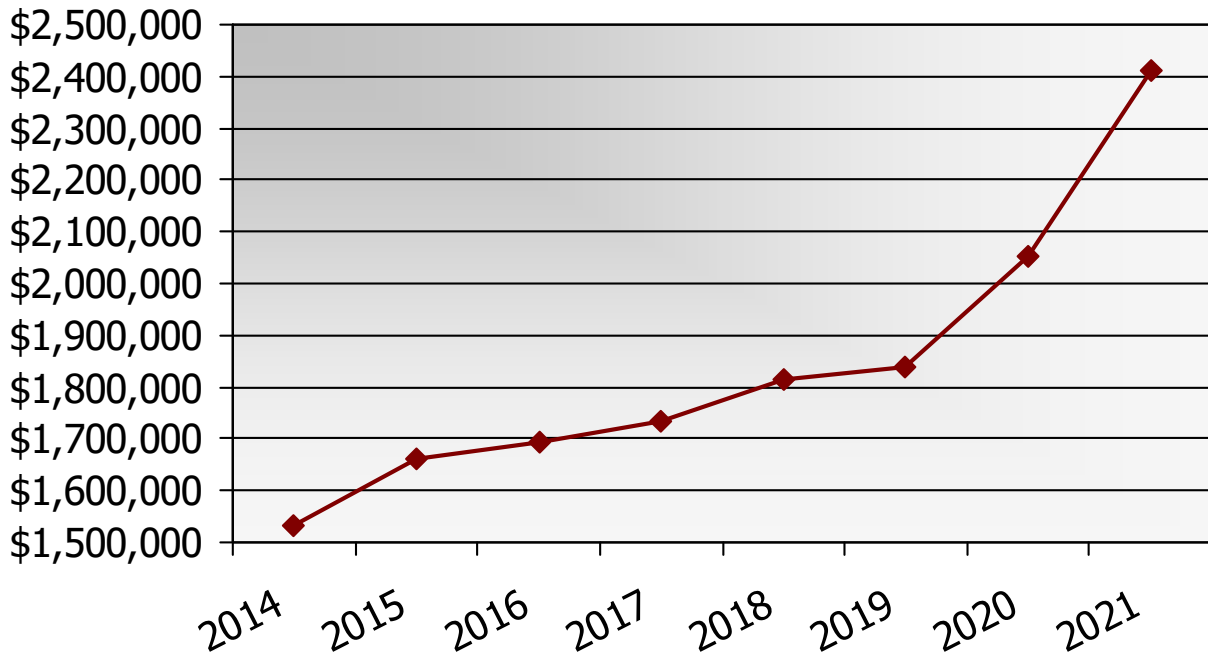
The following are the delinquent taxes receivable balances that consist of tax certificates and tax deeds held at year end.

Year of Property Tax Levy

2014	\$ 1,300,903
2015	\$ 1,157,592
2016	\$ 1,189,568
2017	\$ 1,401,312
2018	\$ 1,407,157
2019	\$ 1,436,400
2020	\$ 1,215,339
2021	\$ 1,007,162

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TREND IN SALES TAX REVENUE



Trend in Sales Tax Revenue

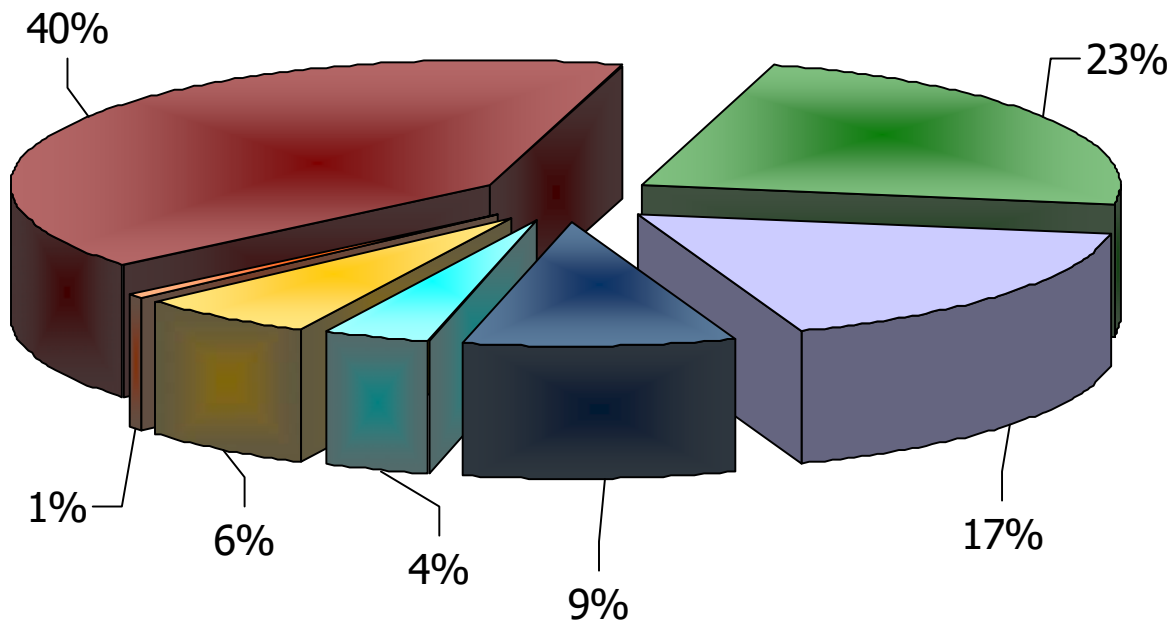
2014	\$ 1,533,734
2015	\$ 1,661,608
2016	\$ 1,694,806
2017	\$ 1,735,389
2018	\$ 1,814,217
2019	\$ 1,838,422
2020	\$ 2,051,558
2021	\$ 2,412,603

OBSERVATIONS AND COMMENTS:

- Like other Wisconsin counties, Vernon County has used the ½% sales tax to mitigate property tax increases.

VERNON COUNTY

GOVERNMENTAL FUNDS - 2021 EXPENDITURES



Health & Social Services	(\$9,555,499)
Public Safety	(\$5,478,050)
General Government	(\$3,983,913)
Conservation & Development	(\$2,160,666)
Culture & Recreation	(\$856,622)
Debt Service	(\$1,418,162)
Capital Outlay	(\$139,395)

Source: 12/31/21 financial statements.

VERNON COUNTY

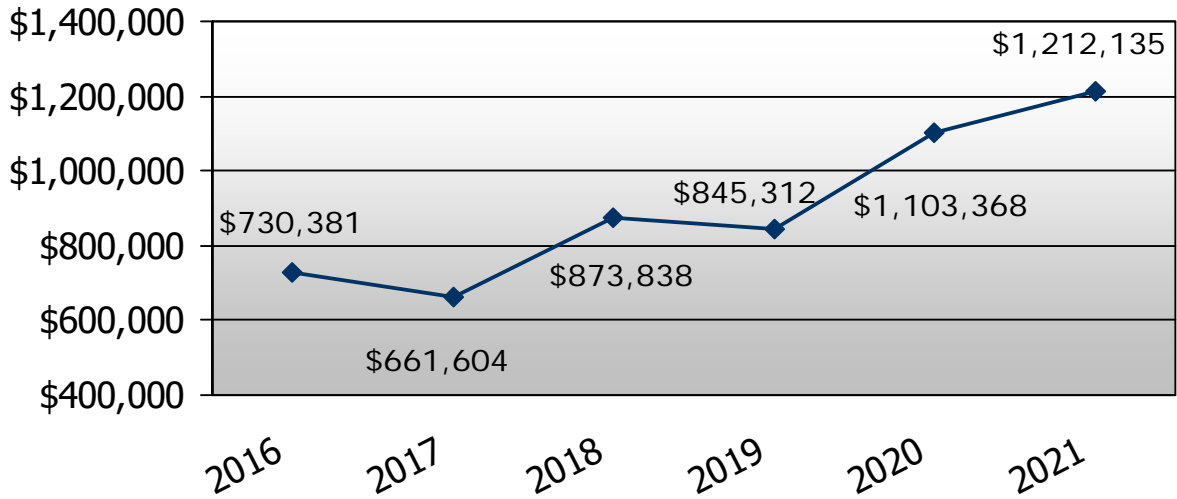
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS

	Enterprise Funds				Total Enterprise Funds		Internal Service Highway	
	Major		Solid Waste/ Recycling	Nonmajor County Farm	2021	2020 (Memorandum Only)	2021	2020 (Memorandum Only)
	Vernon Manor	Vernon Acres						
Operating revenues:								
Charges for services	\$ 5,907,420	\$ -	\$ 1,169,016	\$ -	\$ 7,076,436	\$ 7,355,995	\$ 3,028,242	\$ 3,122,417
Intergovernmental	-	-	144,359	-	144,359	142,365	885,006	1,302,306
Rental income	-	-	-	78,303	78,303	78,120	-	-
Other operating revenues	101,830	34,775	17,298	-	153,903	209,129	36,283	9,934
Total operating revenues	6,009,250	34,775	1,330,673	78,303	7,453,001	7,785,609	3,949,531	4,434,657
Operating expenses:								
Operation and maintenance	6,435,600	163,832	1,271,174	262	7,870,868	8,174,133	8,218,035	6,362,558
Administration	439,701	-	71,030	-	510,731	535,260	527,577	425,404
Depreciation	130,184	97,004	196,843	1,747	425,778	360,471	597,031	767,934
Total operating expenses	7,005,485	260,836	1,539,047	2,009	8,807,377	9,069,864	9,342,643	7,555,896
Operating income (loss)	(996,235)	(226,061)	(208,374)	76,294	(1,354,376)	(1,284,255)	(5,393,112)	(3,121,239)
Nonoperating revenues (expenses):								
Donations	1,194	-	-	-	1,194	1,984	-	-
General property taxes	99,200	270,815	-	-	370,015	-	2,916,774	2,879,590
Medicaid/FFP/Medicare appeals/grants	933,684	-	-	-	933,684	818,783	-	-
CARES Act provider relief funds	69,638	-	-	-	69,638	480,436	-	-
Interest income	4	-	7,874	-	7,878	23,689	-	-
Interest expense	-	(22,076)	-	-	(22,076)	-	(92,878)	(163,267)
Total nonoperating revenues (expenses)	1,103,720	248,739	7,874	-	1,360,333	1,324,892	2,823,896	2,716,323
Net income (loss) before contributions and transfers	107,485	22,678	(200,500)	76,294	5,957	40,637	(2,569,216)	(404,916)
Capital contributions:								
Grant revenue	-	578,126	-	-	578,126	1,169,836	-	-
Transfer from (to) other funds	40,000	-	-	-	40,000	319,138	500,000	(321,162)
Change in net position	147,485	600,804	(200,500)	76,294	624,083	1,529,611	(2,069,216)	(726,078)
Net position, January 1	407,781	1,550,040	932,800	131,155	3,021,776	1,492,165	9,038,872	9,764,950
Net position, December 31	\$ 555,266	\$ 2,150,844	\$ 732,300	\$ 207,449	\$ 3,645,859	\$ 3,021,776	\$ 6,969,656	\$ 9,038,872

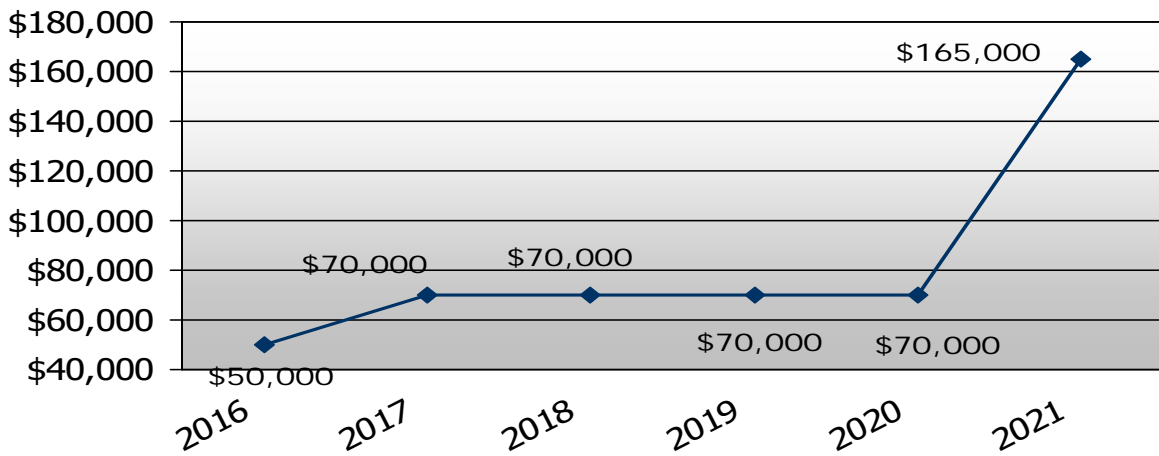
VERNON COUNTY

VERNON MANOR TRENDS

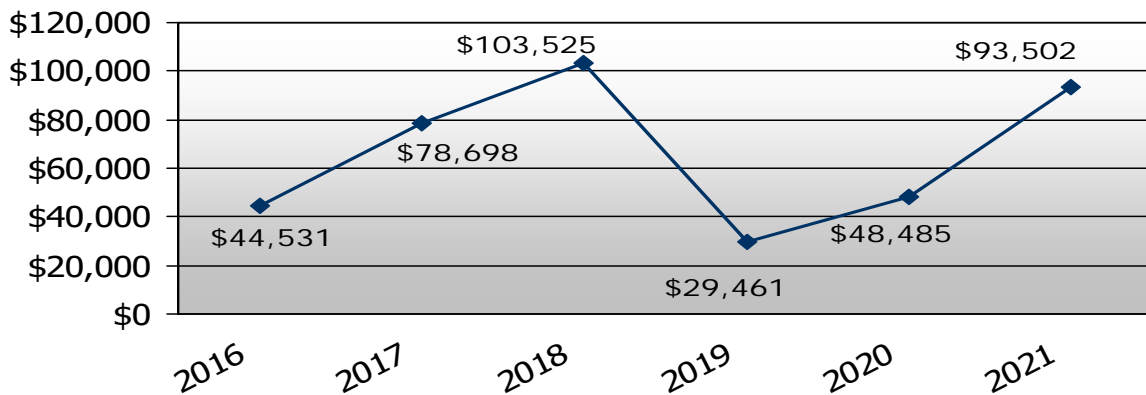
ACCOUNTS RECEIVABLE



ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS



BAD DEBT EXPENSE



VERNON COUNTY

CHANGES IN LONG-TERM OBLIGATIONS

➤ The following is a summary of long-term debt obligations:

	Balance 1/1/2021	Increases	Decreases	Balance 12/31/2021	Amounts Due Within One Year
Governmental Activities					
Notes and bonds payable:					
Notes from direct borrowings and direct placements	\$ 6,687,862	\$ 1,900,000	\$ 955,789	\$ 7,632,073	\$ 538,417
Bonds	2,900,000	-	645,000	2,255,000	665,000
Premium on bonds	100,867	-	25,217	75,650	-
Total notes and bonds payable	9,688,729	1,900,000	1,626,006	9,962,723	1,203,417
Other liabilities:					
Capital lease	97,256	65,650	81,891	81,015	15,309
Forestry loan	940,436	-	2,334	938,102	-
Vested compensated absences	392,097	-	45,467	346,630	-
Total other liabilities	1,429,789	65,650	129,692	1,365,747	15,309
Total governmental activities long-term liabilities	\$ 11,118,518	\$ 1,965,650	\$ 1,755,698	\$ 11,328,470	\$ 1,218,726
Business-Type Activities					
Notes payable:					
Notes from direct borrowings and direct placements	\$ -	\$ 4,300,000	\$ 691	\$ 4,299,309	\$ 30,000
Total notes payable	-	4,300,000	691	4,299,309	30,000
Other liabilities:					
Vested compensated absences	54,415	11,678	-	66,093	-
Accrued long-term landfill closure costs	4,009,974	188,625	-	4,198,599	-
Total other liabilities	4,064,389	200,303	-	4,264,692	-
Total business-type activities long-term liabilities	\$ 4,064,389	\$ 4,500,303	\$ 691	\$ 8,564,001	\$ 30,000

OBSERVATIONS AND COMMENTS:

➤ General obligation debt limitation totals \$118,684,840; debt subject to limitation totals \$14,186,382. The County has approximately 88% of its debt capacity remaining.

➤ The accrued long-term landfill closure costs liability is offset through restricted cash held totaling \$3,474,433 for landfill care and closure.