



# Jefferson County, Wisconsin

Audit of Financial Statements  
December 31, 2016



# Your Team Members

- Daniel A. Berg – Partner
- Marc DeVries– Manager
- Debi Kozeniecki– Audit Senior
- Matt Evenoff– Audit Senior
- Kao Saepharm



# Financial Statement Highlights

# Your Comprehensive Annual Financial Report

- **The Comprehensive Annual Financial Report (CAFR):**
  - Refers specifically to the financial statement document containing all information required by the Government Finance Officers Association's (GFOA) Certificate of Excellence in the Financial Reporting program
  - The CAFR program and resulting award represent the highest reporting standards in the industry
  - These reporting standards exceed those of the Governmental Accounting Standards Board (GASB), and require extra effort
  - The award is renewed annually; the certificate is good for one year
  - Awarded certificate for 2012 - 2015 audit
  - Expected to be awarded for 2016 audit



# Auditor's Report

- Financial statements are the responsibility of management
- Auditor's responsibility is to express an opinion on the fair presentation of the financial statements in accordance with the Generally Accepted Accounting Principles
- In our opinion, the statements are fairly presented (clean or unmodified opinion)**



# Key Sections of CAFR

## ▫ Transmittal Letter

- Profile of the government
- Local economy
- Relevant financial policies
- Long-term financial planning
- Major initiatives, Budgeting controls
- Awards and acknowledgements

## ▫ Management's Discussion and Analysis

- Financial highlights
- Overview of financial statements
- Financial activity
- Governmental fund balances
- General fund activity
- Future economic trends

# Key Sections of CAFR – Statement of Net Position

## GOVERNMENT-WIDE STATEMENT OF NET POSITION

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	Governmental Activities	Business-type Activities
Current assets	\$ 66,005,556	\$ (1,411,288)
Capital assets	97,915,862	38,323,325
Def Outflows	14,123,208	1,673,258
Total assets	<u>178,044,626</u>	<u>38,585,295</u>
Current liabilities	11,300,886	848,954
Long-term liabilities	20,091,096	577,361
Def Inflows	29,492,825	6,414,209
Total liabilities	<u>60,884,807</u>	<u>1,426,315</u>
Net position		
Net investment in capital assets	97,915,862	23,623,325
Restricted	7,772,678	771,444
Unrestricted	11,471,279	6,350,002
Total net position	<u>\$ 117,159,819</u>	<u>\$ 30,744,771</u>

- Net investment in capital assets equals capital assets, and net of accumulated depreciation less any outstanding debt used to buy/build assets
- Restricted must be spent on stated purpose
- Unrestricted is the amount of spendable net position

# GOVERNMENTAL FUNDS

	<u>General</u>	<u>Human Services</u>	<u>Capital Projects</u>	<u>Health Services</u>	<u>Debt Service</u>	<u>Total</u>
Revenues	\$29,702,066	\$ 21,789,659	\$ 68,008	\$ 1,441,733	\$1,138,284	\$ 54,139,750
Expenditures	29,944,920	22,423,590	134,284	1,528,477	1,213,668	55,244,939
Revenues over (under) expenditures	(242,854)	(633,931)	(66,276)	(86,744)	(75,384)	(1,105,189)
Other financing sources (uses)	(241,008)	280,314	-	(4,485)	-	34,821
Change in fund balances	(483,862)	(353,617)	(66,276)	(91,229)	(75,384)	(1,070,368)
Fund balance Jan 1, 2014	30,021,264	992,258	1,848,046	832,482	75,384	33,769,434
Fund balance Dec 31, 2014	<u>\$29,537,402</u>	<u>\$ 638,641</u>	<u>\$ 1,781,770</u>	<u>\$ 741,253</u>	<u>\$ -</u>	<u>\$32,699,066</u>
Fund balances						
Nonspendable	\$ 4,024,758	\$ 237,811	\$ -	\$ 19,037	\$ -	\$ 4,281,606
Restricted	1,801,012	75,620	1,781,770	722,216	-	4,380,618
Committed	197,593	-	-	-	-	197,593
Assigned	5,563,121	325,210	-	-	-	5,888,331
Unassigned	17,950,918	-	-	-	-	17,950,918
Total	<u>\$29,537,402</u>	<u>\$ 638,641</u>	<u>\$ 1,781,770</u>	<u>\$ 741,253</u>	<u>\$ -</u>	<u>\$32,699,066</u>



# Conversion from Governmental Funds to Governmental Activities

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Fund balances - Governmental Funds	\$ 32,699,066
Capital assets	97,915,862
Accrued interest payable	(115,479)
Long-term debt	
Bonds payable	(15,659,000)
Premium on bonds	(418,938)
Compensated absences payable	(4,013,158)
Net NPL, deferred in/outflows	5,154,790
Long-term assets deferred in funds	<u>1,596,673</u>
Total net position of governmental activities	<u><u>\$ 117,159,816</u></u>

# ENTERPRISE FUND

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	<u>Highway</u>
Revenues	\$ 4,026,427
Expenses	(10,764,107)
Depreciation	<u>(1,641,203)</u>
Operating loss	<u>(8,378,883)</u>
Nonoperating revenues	
Property taxes	5,808,537
Intergovernmental revenue	1,632,225
Gain on disposal of assets	<u>(184,952)</u>
Total nonoperating revenues	<u>7,255,810</u>
Transfer out	(34,821)
Change in net position	(1,157,894)
Net position Jan 1, 2014	<u>31,902,666</u>
Net position Dec 31, 2014	<u><u>\$ 30,744,772</u></u>
Invested in capital assets	\$ 23,623,325
Restricted for muni road projects	771,444
Unrestricted	<u>6,350,003</u>
	<u><u>\$ 30,744,772</u></u>



# Governance Communication and Management Letter

# Governance Communication

- No significant changes in accounting policies
- No sensitive estimates
- No difficulties in performing the audit
- There were no misstatements found that were material
- All proposed adjustments were recorded by management
- There were no disagreements with management
- Management has made certain representations and the representation letter is available upon request
- There were no consultations with other auditors
- There were no sensitive matters discussed prior to our retention
- We did not audit Required Supplementary Information

# Management Letter

## ▫ Three Levels of Findings

- Material weakness
- Significant deficiency
- Other matters

## ▫ No MW to Report this Year

- This, combined with minimal audit adjustments, implies that the financial information you receive from management throughout the year is reliable
- Only comment is SD that there were a few invoices charged to the wrong period and revenue accrued to the wrong period. Not material.

# Single Audit Report

- Currently in draft status
- Grant findings - none noted
- Financial statement findings - none noted



# Questions?

- | A special thank you to the Finance Department and Staff at the Departments for their tremendous patience and professionalism. They did a terrific job of getting ready for us and were very responsive in answering questions and gathering documents for us.
- | The CAFR was written by Brian and edited by Marc.
- | Thank you for your time.
- | Questions



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## **Jefferson County, Wisconsin Real Estate Tax Foreclosure Policy**

### **Definition**

The legal process by which ownership interest in real property is terminated due to delinquent property tax payments. This process typically results in the sale of the property by competitive bidding, public auction or other methods allowed by law which are determined to be in the best interests of the County, with the proceeds being applied to the delinquent property taxes and interest.

### **Policy**

This policy provides guidance to Administration and staff on dealing with the various issues related to tax foreclosures, such as setting minimum bids, allowing the repurchase of land by former owners and the eviction process.

### **Procedure**

The Treasurer will send out a letter to the property owner that the County is starting the process of foreclosing on the property.

The first step in the foreclosure process is to establish a list of properties that meet the criteria for foreclosure. Properties are able to be foreclosed on after 2 years of being tax delinquent. For example, if the Treasurer issues a tax certificate for the 2016 delinquent taxes on September 1, 2017, then delinquent taxes from 2014 or earlier would be subject to a tax foreclosure action. (s. 75.20, Wis. Stats.) (Tax certificates shall be void 11 years following December 31<sup>st</sup> of the year in which such certificates were dated.) (s. 75.521 (3)(a)4, Wis. Stats.)

Administration will determine if there are any properties that should not be foreclosed on. For example, if the property owner is making payments that are greater than the amount of delinquent taxes and interest each year, a decision not to commence a foreclosure action on that property may be appropriate.

Administration will send a listing to the municipalities where the properties are located informing them that the County is starting the foreclosure process and requesting that they inform the county of any issues with the property. (i.e. zoning issues, environmental issues, bankruptcy etc.)

Administration will send a listing of the properties to the title company to conduct a title search.

Administration will conduct a search to determine if any properties are the subject of a bankruptcy petition. If any property is the subject of a bankruptcy petition, the county is stayed from proceeding on the foreclosure until the bankruptcy petition is dismissed or the property owner is granted a discharge.

Commence Legal Action Pursuant to § 75.521, Wis. Stats.:

After the title search is completed and the title letters are received from the title company, a petition, notice and list of delinquent tax parcels is drafted and filed with the Clerk of Courts. These 3 documents are published as a class 3 notice in the County's official newspaper and are sent out by certified mail with return receipt requested to property owners and all lien holders.

The property owner has eight weeks from the first publication of the notice to redeem the property by paying the delinquent taxes and interest for the delinquent tax years. If full payment is received, a redemption certificate is filed with the Clerk of Courts.

After the redemption date has expired, any person having any right, title or interest in or lien upon the property may serve an answer (such as disputing the foreclosure) to the Treasurer, which has to be filed with the Clerk of Courts within 30 days.

If there is an answer, Corporation Counsel will appear in court and represent the County's interests.

If there is no answer, an affidavit of default and judgement are filed with the Clerk of Courts, recorded with the Register of Deeds and sent to the Finance Director for sending notice to municipal clerks informing them of the tax exempt status of the properties.

On a foreclosed property, notices will be sent out to the occupants for payment of rent to be sent to the County in the future. A determination will need to be made on how much rent should be paid. Anyone living on the property when the county takes title will be given a 5 day notice to pay rent and expenses (gas, water, sewer etc.) and enter into a month to month rental agreement to continue to pay rent and expenses, as well as to perform general maintenance on the property (snow removal, lawn care, etc.) or vacate the premises. If the tenants agree to pay rent and continue to reside on the property, the property will be advertised as tenant occupied and inform prospective purchasers they could have a rental unit with tenants, or upon request of the prospective purchaser, the county will commence eviction proceedings.

The foreclosed property will be brought forward to the Finance Committee for authorization to sell the foreclosed property (Resolution 2002-16, 05-14-2002).

If requested by the former property owner, the committee may allow the repurchase of the foreclosed property by the former property owner by payment of (1) all delinquent taxes together with interest thereon to the date of payment; (2) specific costs attributable to the property including special assessments, interest and foreclosure costs; and (3) an additional sum equal to 125 percent of the foregoing year's taxes. (Ordinance 2002-12).

The Finance Committee may offer sale of the land to the municipality where the foreclosed property is located, at the cost of the delinquent taxes and interest. Note: If any property is sold to the municipality, it shall be approved by County Board action. Notice may be given

to any other state and local agencies that may be interested in the property.

Administration will place the property for sale at a minimum bid of the property's assessed value which the Finance Committee has determined will be equal to the estimated fair market value of the property for no less than 20 days.

If the property does not sell at a minimum bid of the estimated fair market value, administration will place the property for sale at a minimum of the total delinquent taxes and interest for no less than 20 days.

If the property does not sell at the minimum of the total delinquent taxes and interest, administration will place the property for sale at a minimum of the delinquent taxes for no less than 20 days.

If the property does not sell for an amount equal to or greater than the delinquent taxes, administration will bring forward to the Finance Committee for discussion on how to dispose of the property.

Administration has the authority to accept bids following these guidelines.

Any properties that Administration feels would not be able to follow this procedure will be brought to the Finance Committee for discussion and possible action.

Jefferson County reserves the right to reject any bid or refuse to sell any tax delinquent parcel of property to anyone who has delinquent real estate taxes owing to Jefferson County or who has any ownership interest in a company or corporation that has delinquent real estate taxes owing to Jefferson County.

### **Administration**

This policy is for use in guiding financing decisions of the County, and can be interpreted by the Finance Committee as part of overall discussions related to foreclosed properties. It is administered by the Finance Committee in conjunction with the County's other fiscal policies. It may be amended or revised from time to time as determined by the Finance Committee.

Policy Approved by Finance Committee on August 11, 2016