

Aging and Disability Resource Center of Central Wisconsin

Financial Statements and
Report on Federal and State Awards

December 31, 2022

Aging and Disability Resource Center of Central Wisconsin

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Independent Auditors' Report

To the Board Members of
Aging and Disability Resource Center of Central Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Aging and Disability Resource Center of Central Wisconsin (the ADRC-CW), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the ADRC-CW's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the ADRC-CW as of December 31, 2022 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the ADRC-CW and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the ADRC-CW adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ADRC-CW's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 ADRC-CW's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ADRC-CW's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ADRC-CW's basic financial statements. The schedule of expenditures of federal and state awards, the notes to the schedule of expenditures of federal and state awards and the ADRC-CW grant settlement of DHS cost reimbursement award as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 is 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 September 7, 2023 on our consideration of the ADRC-CW'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 ADRC-CW'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 ADRC-CW's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Madison, Wisconsin
September 7, 2023

Aging and Disability Resource Center of Central Wisconsin

Statement of Net Position

December 31, 2022

	Governmental Activities
Assets	
Accounts receivable	\$ 28,330
Due from other governments	1,267,587
Restricted assets:	
Net pension asset	1,321,638
Capital assets being depreciated	492,409
Right-to-use lease assets	913,095
Less accumulated depreciation and amortization	<u>(519,135)</u>
 Total assets	 <u>3,503,924</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions	2,765,157
Other post-employment benefit related amounts	<u>52,692</u>
 Total deferred inflows of resources	 <u>2,817,849</u>
Liabilities	
Accounts payable	78,446
Accrued liabilities and deposits	277,514
Due to other governments	93,727
Noncurrent liabilities:	
Due within one year	323,138
Due in more than one year	717,604
Other post-employment benefit	<u>335,825</u>
 Total liabilities	 <u>1,826,254</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions	3,361,965
Other post-employment benefit related amounts	<u>22,005</u>
 Total deferred inflows of resources	 <u>3,383,970</u>
Net Position	
Net investment in capital assets	563,231
Restricted for pension	1,321,638
Unrestricted (deficit)	<u>(773,320)</u>
 Total net position	 <u>\$ 1,111,549</u>

See notes to financial statements

Aging and Disability Resource Center of Central Wisconsin

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Human services	\$ 6,968,859	\$ 858,552	\$ 5,591,203	\$ (519,104)
Interest on long-term debt	6,290	-	-	(6,290)
Total governmental activities	<u>\$ 6,975,149</u>	<u>\$ 858,552</u>	<u>\$ 5,591,203</u>	<u>(525,394)</u>
General revenues:				
Donations				560,531
Miscellaneous				<u>3,500</u>
Total general revenues				<u>564,031</u>
Change in net position				38,637
Net Position, Beginning				<u>1,072,912</u>
Net Position, Ending				<u>\$ 1,111,549</u>

See notes to financial statements

Aging and Disability Resource Center of Central Wisconsin

Balance Sheet -
General Fund
December 31, 2022

Assets

Accounts receivable	\$ 28,330
Due from other governments	1,267,587
	<hr/>
Total assets	\$ 1,295,917

Liabilities, Deferred Inflows of Resources and Fund Balance

Liabilities

Accounts payable	\$ 78,446
Accrued liabilities	277,110
Due to other governments	93,727
Deposit	404
	<hr/>
Total liabilities	449,687

Deferred Inflows of Resources

Unavailable revenues	640,735
	<hr/>

Fund Balance

Restricted	205,495
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Total liabilities, deferred inflows of resources and fund balance	\$ 1,295,917
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Reconciliation of the Balance Sheet to the Statement of Net Position

Total fund balance	\$ 205,495
Capital and right to use assets used in governmental funds are not financial resources and, therefore, are not reported in the fund statements.	886,369
Unavailable receivables reported in the fund statements but recognized when earned in the government-wide statements.	640,735
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	1,321,638
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,765,157
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(3,361,965)
The other post-employment benefit liability does not relate to current financial resources and are not reported in the governmental funds.	(335,825)
Deferred outflows of resources related to other post-employment benefits do not relate to current financial resources and are not reported in the governmental funds.	52,692
Deferred inflows of resources related to other post-employment benefits do not relate to current financial resources and are not reported in the governmental funds.	(22,005)
Lease obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(688,268)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(352,474)
	<hr/>
Net position of governmental activities	\$ 1,111,549

See notes to financial statements

Aging and Disability Resource Center of Central Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balance -

General Fund

Year Ended December 31, 2022

Revenues

Intergovernmental	\$ 5,436,376
Charges for services	371
Intergovernmental charges for services:	
Marathon County	395,367
Wood County	198,278
Lincoln County	149,466
Langlade County	115,070
Donations	<u>560,531</u>
Total revenues	<u>6,855,459</u>

Expenditures

Human services:	
Personal services	4,618,673
Contractual services	1,662,214
Supplies	379,920
Fixed charges	98,861
Grants, contributions and other	149,903
Capital outlay	144,454
Debt service:	
Principal	224,827
Interest	<u>6,290</u>
Total expenditures	<u>7,285,142</u>

Excess of revenues over expenditures (429,683)

Other Financing Sources

Proceeds from lease issuance	191,800
Sale of property	<u>3,500</u>
Total other financing sources	<u>195,300</u>

Net change in fund balance (234,383)

Fund Balance, Beginning

439,878

Fund Balance, Ending

\$ 205,495

See notes to financial statements

Aging and Disability Resource Center of Central Wisconsin

Reconciliation of The Statement of Revenues, Expenditures and Changes in
Fund Balance of the General Fund to the Statement of Activities
Year Ended December 31, 2022

Net Change in Fund Balance, General Fund \$ (234,383)

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 net position the cost of these assets are capitalized and they are
depreciated over their estimated useful lives and reported as depreciation expense
in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements, but is capitalized in the government-wide financial statements.	144,454
Depreciation/amortization is reported in the government-wide statements.	(274,324)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements, but are recognized as revenue when earned in the government-wide financial statements.	154,827
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Some expenses 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.

Compensated absences	12,464
Net pension asset/liability	179,028
Deferred inflows of resources related to pensions	(857,237)
Deferred outflows of resources related to pensions	868,598
Lease payments	224,827
Other post-employment benefits	(155,134)
Deferred outflows of resources related to other post-employment benefits	(24,295)
Deferred inflows of resources related to other post-employment benefits	(188)

Change in Net Position of Governmental Activities \$ 38,637

Aging and Disability Resource Center of Central Wisconsin

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Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements
December 31, 2022

1. Summary of Significant Accounting Policies

Reporting Entity

The Aging and Disability Resource Center of Central Wisconsin (ADRC-CW) is a joint venture of Marathon, Wood, Lincoln and Langlade counties located in Central Wisconsin. The financial statements of ADRC-CW have been prepared in conformity with generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are described below.

In 2006, Marathon and Wood Counties entered into an Intergovernmental Cooperative Agreement under Section 66.0301 of the Wisconsin Statutes to operate a joint venture to provide aging and disability resource services to citizens of both counties. The joint venture began operations in 2007. Lincoln and Langlade counties joined in 2011.

As part of the agreement, the counties have adopted resolutions creating the Aging and Disability Resource Center of Central Wisconsin. The Aging and Disability Resource Center of Central Wisconsin Board consists of fifteen members as required under Wisconsin Statutes.

Two members are appointed by each governing body of each member county and seven members of ADRC-CW's board are citizen members. Each of the seven citizen members shall be approved by the governing body of each member county.

Representatives shall be appointed for terms of no less than three (3) years or until the occurrence of any one of the following events: (1) the board receives written notice from the appointment member county of the replacement of the representative, (2) the withdrawal of the member county from this Agreement or (3) the death or resignation of the representative. In such event, the member county may appoint a representative to replace the previously appointed representative for the remainder of the term of that representative.

The initial term of the representatives shall be designated as one year, two years or three years in order to create a rotating schedule for representatives to serve on the board from each member county. The governing body of each member county shall designate the terms of the initial representatives.

Representatives are entitled to reimbursement by his/her member county as authorized by the governing body of his/her member county. Citizen members shall be reimbursed by the board as set forth in its fiscal policy.

Upon becoming a party to this Agreement, each member county shall be entitled to appoint one nonvoting ex officio member of the board to serve for a one-time limited term of one year from the date of the appointment.

Upon admission of a county and that county's approval and execution of this Agreement, the county shall be entitled to appoint a representative(s) and an alternate representative to the board as specified in this agreement.

The employees of the Aging and Disability Resource Center of Central Wisconsin are considered employees of Marathon County for payroll and benefit purposes.

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements
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Each member county retains ownership of the current real property facilities used by each county. Personal property may be owned by ADRC-CW.

Marathon County serves as the fiscal agent for ADRC-CW. Marathon County also provides legal and employee resource services. Workers compensation and liability insurance is provided through Wisconsin Municipal Mutual Insurance Company (WMMIC).

Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the ADRC-CW's leasing activities. This standard was implemented January 1, 2022.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. The statements present governmental activities. Governmental activities generally are financed through charges to member counties, intergovernmental revenues and other nonexchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. ADRC-CW does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Donations and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures.

Funds are organized as major funds or nonmajor funds within the governmental statements. A fund is considered major if it is the primary operating fund of ADRC-CW or meets the following criteria:

- a. Total assets, liabilities, deferred inflows of resources, revenues or expenditures of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type and
- b. In addition, any other governmental fund that ADRC-CW believes is particularly important to financial statement users may be reported as a major fund.

ADRC-CW accounts for all transactions in the general fund, which is considered a major fund.

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements

December 31, 2022

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, ADRC-CW considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Intergovernmental aids and grants are recognized as revenues in the period ADRC-CW is entitled to the resources and the amounts are available. Amounts owed to ADRC-CW, which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Deposits and Investments

Investment of ADRC-CW funds is restricted by state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements
December 31, 2022

3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

ADRC-CW does not have any investments. If it did, ADRC-CW would be subject to Marathon County's investment policy as they are pooled together.

See Note 2. Deposits and Investments for further information.

Receivables

Accounts receivable have not been shown net of an allowance for uncollectible accounts because of the likelihood of the collectability for all significant receivables.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by other external parties. Current liabilities payable from these restricted assets, if any, are so classified. The excess of restricted assets over current liabilities is shown as restricted net position.

Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, equipment and right-to-use lease assets, are defined by ADRC-CW as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Capital assets purchased by member counties for the use of ADRC-CW shall be carried on the books and depreciated by the member county that purchased the capital asset. Depreciable capital assets shall be rented to ADRC-CW by the owning member county for a period to coincide with the county's membership in ADRC-CW at a rate negotiated and set during the annual budgeting process.

If capital assets are purchased by ADRC-CW, the capital appropriations shall be carried on the books and depreciation amounts for capital assets shall be included in program operating expenses. Each member county shall receive a credit to its equity fund balance account for the amount of the capital appropriation provided for the purchase of capital assets.

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements

December 31, 2022

Depreciation of all exhaustible capital assets purchased by ADRC-CW is recorded as an expense in the Statement of Revenues, Expenses and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful lives by type of asset are as follows:

	<u>Years</u>
Equipment	5-10

Lease assets are typically amortized over the lease term.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured; for example, as a result of employee resignations and retirements or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2022 are determined on the basis of current salary rates and include salary related payments.

Leases

ADRC-CW is a lessee because it leases capital assets from other entities. As a lessee, ADRC-CW reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) on the government-wide financial statements. In the governmental fund financial statements, ADRC-CW recognizes lease proceeds and capital outlay at initiation of the lease, and the outflow of resources for the lease liability as a debt service payment.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements
December 31, 2022

Equity Classifications

Government-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either 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.
- c. **Unrestricted Net Position** - All other net position that does not meet the definition of restricted or net investment in capital assets.

When both restricted and unrestricted resources are available for use, it is ADRC-CW's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

Governmental fund net position is classified as fund balance. In accordance with GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, ADRC-CW classifies governmental fund balance as restricted. It is restricted because it consists of fund balance with constraints placed on its use either 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. Negative unassigned fund balance may also exist if deficit balances result from the fund's operations.

Pension

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.

Postemployment Benefits Other Than Pensions (OPEB)

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 post-employment benefits, OPEB expense and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs 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.

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements
December 31, 2022

2. Detailed Notes on All Funds

Deposits and Investments

ADRC-CW's cash balances at year-end were pooled with other funds of Marathon County, the fiscal agent. ADRC-CW reported a negative cash position at year-end in the amount of \$93,727 due to timing issues for reimbursement by granting agencies. This liability is reported within due to other governments since it is Marathon County's pooled cash being used to fund the deficit.

Receivables

All receivables are expected to be collected within one year.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *unavailable revenue* reported in the governmental fund consists of grants and other charges related to reimbursement for ADRC-CW services in the amount of \$640,735.

Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets being depreciated/amortized:				
Equipment	\$ 376,088	\$ 144,454	\$ (28,133)	\$ 492,409
Lease asset, equipment	-	108,610	-	108,610
Lease asset, buildings *	721,295	83,190	-	804,485
Less accumulated depreciation/amortization	<u>(272,944)</u>	<u>(274,324)</u>	<u>28,133</u>	<u>(519,135)</u>
Total net capital assets being depreciated	<u>\$ 824,439</u>	<u>\$ 61,930</u>	<u>\$ -</u>	<u>\$ 886,369</u>

Depreciation/amortization expense was charged entirely to the human services function.

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Other liabilities:					
Vested compensated absences	\$ 364,938	\$ 34,978	\$ (47,442)	\$ 352,474	\$ 59,921
Leases payable *	<u>764,031</u>	<u>149,064</u>	<u>(224,827)</u>	<u>688,268</u>	<u>263,217</u>
Total governmental activities long-term liabilities	<u>\$ 1,128,969</u>	<u>\$ 184,042</u>	<u>\$ (272,269)</u>	<u>\$ 1,040,742</u>	<u>\$ 323,138</u>

* Amounts have been adjusted to reflect the implementation of GASB Statement No. 87, *Leases*.

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements

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In addition to the liabilities above, information on the net pension liability (asset) and net life insurance OPEB liability is provided in Note 3.

Lease Disclosures

Lessee - Lease Liabilities

Governmental Activities

Lease Liabilities Description	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2022
Stewart Center Facility	12/01/2016	12/01/2026	.6857 %	\$ 490,588	\$ 396,194
Ricoh Copier	09/15/2022	09/15/2025	2.1843	54,305	48,471
Ricoh Copier	09/13/2022	09/15/2025	2.1843	54,305	48,471
Marshfield Facility	03/23/2022	03/31/2024	.6857	83,190	52,122
Langlade Facility	12/31/2016	12/31/2026	.6857	89,619	71,946
Lincoln Facility	01/01/2019	12/31/2023	.6857	43,387	22,044
Wisconsin Rapids Facility	12/01/2003	12/31/2023	.6857	97,701	49,020
					<u>\$ 688,268</u>

Principal and Interest Requirements to Maturity

Governmental Activities

Fiscal Year Payments	Principal Payments	Interest Payments	Total
2023	\$ 263,217	\$ 5,878	\$ 269,095
2024	162,593	3,448	166,041
2025	143,200	1,850	145,050
2026	119,258	823	120,081
Total	<u>\$ 688,268</u>	<u>\$ 11,999</u>	<u>\$ 700,267</u>

3. Other Information

Employees' Retirement System

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, expected to work at least 1,200 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 Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements

December 31, 2022

Vesting

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.

Benefits Provided

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

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and makes 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 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.

Postretirement 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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2012	(7.0) %	(7.0) %
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

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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 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 reporting period, the WRS recognized \$190,432 in contributions from the ADRC-CW.

Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (executives & elected officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.75 %
Protective without Social Security	6.75 %	16.35 %

Pension Liability / (Asset), Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, ADRC-CW reported an asset of \$1,321,638 for its proportionate share of the net pension liability / (asset). The net pension liability / (asset) was measured as of December 31, 2021 and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The ADRC-CW's proportion of the net pension liability / (asset) was based on ADRC-CW's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, ADRC-CW's proportion was .01639955%, which was a decrease of .00007986% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, ADRC-CW recognized pension expense (revenue) of \$108,639.

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements

December 31, 2022

At December 31, 2022, ADRC-CW reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 2,308,610	\$ 211,594
Changes of actuarial assumptions	255,774	-
Net differences between projected and actual earnings on pension plan investment	-	3,148,397
Changes in proportion and differences between employer contributions and proportionate share of contributions	902	1,964
Employer contributions subsequent to the measurement date	199,871	-
Total	<u>\$ 2,765,157</u>	<u>\$ 3,361,955</u>

\$199,871 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Deferred Outflows of Resources and Deferred Inflows or Resources (Net)
Years ending December 31:	
2023	\$ (67,183)
2024	(386,673)
2025	(169,996)
2026	(172,817)

Aging and Disability Resource Center of Central Wisconsin

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Actuarial Assumptions

The total pension asset in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 – December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
PostRetirement Adjustments*:	1.7%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. 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, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

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Notes to Financial Statements

December 31, 2022

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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns* as of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund***	115	6.6	4.0
Variable Fund Asset			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

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

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

*** The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

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Notes to Financial Statements

December 31, 2022

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's 20-year Municipal GO AA Index as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 investment 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 ADRC-CW's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the ADRC-CW's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the ADRC-CW'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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
ADRC-CW's proportionate share of the net pension liability/(asset)	\$ 937,935	\$ (1,321,638)	\$ (2,948,447)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2022, ADRC-CW reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

Other Postemployment Benefits

Local Retiree Life Insurance Fund (LRLIF)

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 post-employment life insurance benefits for all eligible employees.

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements

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ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at the link above.

Vesting

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.

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 contribution 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 member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of December 31, 2022 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of member contribution
25% Post Retirement Coverage	20% of member contribution

Aging and Disability Resource Center of Central Wisconsin

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Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the plan year are as listed below:

Life Insurance Member Contribution Rates* for the Plan Year		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefits

During the reporting period, the LRLIF recognized \$655 in contributions from the employer.

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2022, the ADRC-CW reported a liability of \$335,825 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The ADRC-CW's proportion of the net OPEB liability was based on the ADRC-CW's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the ADRC-CW's proportion was .05625144%, which was a decrease of .00122988% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the ADRC-CW recognized OPEB expense (revenue) of \$179,617.

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements

December 31, 2022

At December 31, 2022, the ADRC-CW reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 10,457
Net differences between projected and investment earnings on plan investments	2,348	-
Changes in actuarial assumptions	47,442	6,749
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,755	4,799
Employer contributions subsequent to the measurement date	<u>1,147</u>	<u>-</u>
Total	<u>\$ 52,692</u>	<u>\$ 22,005</u>

\$1,147 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
Years ending December 31:	
2023	\$ 6,903
2024	6,692
2025	5,984
2026	7,254
2027	2,986
Thereafter	(279)

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements

December 31, 2022

Actuarial Assumptions

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 – December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience 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. The Total OPEB liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 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.

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements

December 31, 2022

State OPEB Life Insurance Asset Allocation Targets and Expected Returns as of December 31, 2021

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	45.00%	1.68%
U.S. Long Credit Bonds	Bloomberg U.S. Long Credit	5.00%	1.82%
U.S. Mortgages	Bloomberg U.S. MBS	50.00%	1.94%
Inflation			2.30%
Long-term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. 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. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount Rate

A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. 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.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements
December 31, 2022

Sensitivity of the ADRC-CW's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the ADRC-CW's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.17%, as well as what the ADRC-CW's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	<u>1% Decrease to Discount Rate (1.17%)</u>	<u>Current Discount Rate (2.17%)</u>	<u>1% Increase to Discount Rate (3.17%)</u>
ADRC-CW's proportionate share of the net OPEB liability (asset)	<u>\$ 455,593</u>	<u>\$ 335,825</u>	<u>\$ 247,542</u>

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>.

Risk Management

ADRC-CW is exposed to various risks of loss, including torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to and health care of employees. ADRC-CW participates in Marathon County's risk management program for insurance. The county has chosen to retain a portion of the risks through self-insurance programs and has also purchased insurance to transfer other risks to outside parties. A description of the county's risk management program can be found in Marathon County's 2022 financial statements.

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in the governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements as expenses when the related liabilities are incurred.

From time to time, ADRC-CW is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and ADRC-CW's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on ADRC-CW's financial position or results of operations.

ADRC-CW has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Aging and Disability Resource Center of Central Wisconsin

Notes to Financial Statements

December 31, 2022

Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Aging and Disability Resource Center of Central Wisconsin

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 5,395,730	\$ 6,176,025	\$ 5,436,376	\$ (739,649)
Charges for services	5,225	5,225	371	(4,854)
Intergovernmental charges for services:				
Marathon County	395,367	395,367	395,367	-
Wood County	198,278	198,278	198,278	-
Lincoln County	149,467	149,467	149,466	(1)
Langlade County	115,070	115,070	115,070	-
Donations	597,423	566,023	560,531	(5,492)
Total revenues	6,856,560	7,605,455	6,855,459	(749,996)
Expenditures				
Human services:				
Personal services	4,770,068	4,873,153	4,618,673	254,480
Contractual services	1,250,006	1,796,779	1,662,214	134,565
Supplies	362,380	420,690	379,920	40,770
Fixed charges	119,698	119,698	98,861	20,837
Grants, contributions and other	143,161	255,631	149,903	105,728
Capital outlay	57,100	137,100	144,454	(7,354)
Debt service:				
Principal	224,827	224,827	224,827	-
Interest	6,290	6,290	6,290	-
Total expenditures	6,933,530	7,834,168	7,285,142	549,026
Excess (deficiency) of revenues over (under) expenditures	(76,970)	(228,713)	(429,683)	(200,970)
Other Financing Sources				
Proceeds from lease issuance	-	-	191,800	191,800
Sale of property	-	-	3,500	3,500
Total other financing sources	-	-	195,300	195,300
Net change in fund balance	(76,970)	(228,713)	(234,383)	(5,670)
Fund Balance, Beginning	439,878	439,878	439,878	-
Fund Balance, Ending	\$ 362,908	\$ 211,165	\$ 205,495	\$ (5,670)

See notes to required supplementary information

Aging and Disability Resource Center of Central Wisconsin

Schedule of Proportionate Share of the Net Pension Liability/(Asset) -
Wisconsin Retirement System
Year Ended December 31, 2022

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability/(Asset)</u>	<u>Proportionate Share of the Net Pension Liability/(Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/2015	0.01837169 %	\$ 451,259	\$ 2,424,189	18.61 %	102.74 %
12/31/2016	0.01864127	302,917	2,520,108	12.02	98.20
12/31/2017	0.01884253	155,196	2,625,755	5.91	99.12
12/31/2018	0.01858380	(551,775)	2,690,360	(20.51)	102.93
12/31/2019	0.01840477	655,024	2,687,860	24.37	96.45
12/31/2020	0.01819854	(587,012)	2,680,013	(21.90)	102.96
12/31/2021	0.01828664	(1,142,610)	2,779,834	(41.10)	105.26
12/31/2022	0.01639955	(1,321,638)	2,555,561	(51.72)	106.02

Schedule of Employer Contributions - Wisconsin Retirement System
Year Ended December 31, 2022

<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 Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2015	\$ 180,180	\$ 180,180	\$ -	\$ 2,520,108	7.15 %
12/31/2016	180,576	180,576	-	2,410,001	7.49
12/31/2017	188,399	188,399	-	2,474,502	7.61
12/31/2018	188,451	188,451	-	2,457,220	7.67
12/31/2019	189,016	189,016	-	2,448,425	7.72
12/31/2020	199,817	199,817	-	2,449,420	8.16
12/31/2021	201,631	201,631	-	2,518,267	8.01
12/31/2022	199,871	199,871	-	2,337,393	8.55

Schedule of Proportionate Share of the Net Life Insurance OPEB Liability - Local Retiree Life Insurance Fund
Year Ended December 31, 2022

<u>Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
12/31/2021	0.032846470%	\$ 180,691	\$ 1,592,240	11.35 %	31.36 %
12/31/2022	0.056251440%	335,825	2,770,180	12.12	29.57

Schedule of Employer Contributions - Local Retiree Life Insurance Fund
Year Ended December 31, 2022

<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 Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2021	\$ 1,831	\$ 1,831	\$ -	\$ 2,857,343	0.06 %
12/31/2022	1,147	1,147	-	2,760,243	0.08

See notes to required supplementary information

Aging and Disability Resource Center of Central Wisconsin

Notes to Required Supplementary Information

December 31, 2022

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the modified accrual basis of accounting as described in Note 1, *Measurement Focus, Basis of Accounting and Financial Statement Presentation*.

An operating budget is adopted each fiscal year for the general fund in accordance with Section 65.90 of the Wisconsin Statutes.

The legally adopted budget and budgetary expenditure control is exercised at the function level in the general fund. Amendments to the budget are by a vote of two-thirds of the full ADRC-CW Board and, when applicable, the affected county entire board membership. Amendments are required any time the amounts of the appropriations (at the department/function level) are to be changed. Within the ADRC joint operation functions this only involves those changes that would affect the amount of levy support or fund balance provided by the member counties. For those budgeted functions administered for specific counties, amendments are required any time the amount or purpose/function of the appropriations changes. Amendments to the functions within the ADRC joint operations are required any time the appropriations need to be changed at the function level. Amendments to these functions are to be approved by two-thirds of the entire ADRC-CW Board and are reflected in the minutes to be distributed to the member counties. The ADRC-CW Board has the authority by majority vote to transfer funds between budgeted functions within ADRC-CW joint operations.

Appropriations lapse at year-end unless specifically carried over. No appropriations were carried over to the following year.

Wisconsin Retirement System

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The ADRC-CW 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.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%

Aging and Disability Resource Center of Central Wisconsin

Notes to Required Supplementary Information

December 31, 2022

- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

Local Retiree Life Insurance Fund

The ADRC-CW 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.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in LRLIF.

Changes in assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

Aging and Disability Resource Center of Central Wisconsin

Schedule of Expenditures of Federal and State Awards

Year Ended December 31, 2022

Federal Grantor Agency Program Title	Federal AL Number	Passed Through Agency	Grant/Passed Through Agency ID	Expenditures
Federal Programs				
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	20073	\$ 6,938
COVID-19 Special Program for the Aging, Title IV, and Title II, Discretionary Projects	93.048	GWAAR	10130	24,912
Aging cluster:				
Special Programs for the Aging, Title III, Part B,				
Grants for Supportive Services and Senior Centers	93.044	GWAAR	10100	306,367
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	GWAAR	20060	35,111
Total AL # 93.044				<u>341,478</u>
COVID 19 Special Programs for the Aging, Title III, Part C, Nutrition Services				
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	GWAAR	20071	118,945
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	GWAAR	10110	181,057
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	GWAAR	10120	516,570
COVID 19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	GWAAR	20050	143,758
Total AL # 93.045				<u>960,330</u>
Nutrition Services Incentive Program	93.053	GWAAR	15020	121,051
Total Aging Cluster				<u>1,422,859</u>
National Family Caregiver Support, Title III, Part E	93.052	GWAAR	10140	154,629
Total AL # 93.052				<u>154,629</u>
Medicare Enrollment Assistance Program	93.071	DHS	435100-G22-37-225 X1	19,263
State Health Insurance Assistance Program	93.324	DHS	435100-G22-37-225	17,581
Medicaid cluster:				
Medical Assistance Program	93.778	DHS	435100-G22-37-225 X DPH	1,243,373
Total Medicaid cluster				<u>1,243,373</u>
Total U.S. Department of Health and Human Services				<u>2,889,555</u>
Total federal programs				<u>\$ 2,889,555</u>

See notes to schedule of expenditures of federal and state awards

Aging and Disability Resource Center of Central Wisconsin

Schedule of Expenditures of Federal and State Awards

Year Ended December 31, 2022

State Grantor Agency / Program Title	State ID Number	Expenditures
State Programs		
Wisconsin Department of Health Services:		
Aging and Disability Resource Center/Family Care Resources	435.560100	\$ 1,903,966
Benefit Specialist County	435.560320	118,083
Title VII Elder Abuse Service	435.560490	282
ADRC SPAP EBS	435.560328	27,601
Passed through Greater Wisconsin Agency on Aging Resources:		
State Senior Community Service Program	435.560330	35,146
Title III-C C/1 Cong Meal Program	435.560350	221,203
Title III-C C/2 Home Meals	435.560360	31,922
Alzheimers Family and Caregiver Support Program	435.560381	132,902
Total passed through Greater Wisconsin Agency on Aging Resources		<u>421,173</u>
Total Wisconsin Department of Health Services		<u>2,471,105</u>
Total state programs		<u>\$ 2,471,105</u>
Total federal and state programs		<u>\$ 5,360,660</u>

See notes to schedule of expenditures of federal and state awards

Aging and Disability Resource Center of Central Wisconsin

Notes to the Schedule of Expenditures of Federal and State Awards
December 31, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of the Aging and Disability Resource Center of Central Wisconsin (ADRC-CW) under programs of the federal and state government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements 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*. Because the Schedule presents only a selected portion of the operations of ADRC-CW it is not intended to and does not present the financial position or changes in net position of ADRC-CW.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

3. Indirect Cost Rate

ADRC-CW has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.

4. Pass-Through Agencies

ADRC-CW received federal awards from the following pass-through agencies:

DHS
GWAAR

Wisconsin Department of Health Services
Greater Wisconsin Agency on Aging Resources

Aging and Disability Resource Center of Central Wisconsin

Aging and Disability Resource Center Grant -
Settlement of DHS Cost Reimbursement Award
Year Ended December 31, 2022

	ADRC ADRC BASE GPR REIMB	ADRC LTCFS/DATA MA REIMB	ADRC I & A MA REIMB	ADRC EBS GPR REIMB	ADRC EBS SPAP REIMB	HEALTH INS INFORMATN SHIP	MIPPA-ADRC
	CARS profile 560100	CARS profile 560152	CARS profile 560155	CARS profile 560320	CARS profile 560328	CARS profile 560432	CARS profile 560622
DHS Identification Number							
Award amount	1,975,415	Sum Sufficient	Sum Sufficient	118,083	27,601	17,581	19,263
Award period	1/1/22- 12/31/22	1/1/22 - 12/31/22	1/1/22 - 12/31/22	1/1/22 - 12/31/22	7/1/21 - 6/30/22	4/1/2021-3/31/2022	10/1/21-8/31/22
Period of award within audit period	1/1/22 - 12/31/22	1/1/22 - 12/31/22	1/1/22 - 12/31/22	1/1/22 - 12/31/22	1/1/22 - 12/31/22	1/1/22-3/31/22	1/1/22-8/31/22
Expenditures reported to DHS for payment	\$ 1,903,966	\$ 505,131	\$ 738,242	\$ 118,083	\$ 27,601	\$ 17,581	\$ 19,263
Actual allowable cost of reward:							
Program expenses:							
ADRC program personnel	1,348,443	357,749	522,845	83,630	19,548	12,451	13,643
Direct expenses (travel, training, postage, Outreach, etc.)	237,168	62,921	91,958	14,709	3,438	2,190	2,399
Subcontracts	-	-	-	-	-	-	-
Total program expenses	1,585,611	420,670	614,803	98,339	22,986	14,641	16,042
Management and general expenses:							
Administration Sal/Fringe (allocated first by FTE in program, then by 100% time reporting by ADRC Program Personal)							
Total management/general expenses	318,355	84,461	123,439	19,744	4,615	2,940	3,221
Less program revenue and other offsets to costs - Local Match	-	-	-	-	-	-	-
Total allowable costs	\$ 1,903,966	\$ 505,131	\$ 738,242	\$ 118,083	\$ 27,601	\$ 17,581	\$ 19,263

**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***

Independent Auditors' Report

To the Board Members of
Aging and Disability Resource Center of Central 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 (*Government Auditing Standards*), the financial statements of the governmental activities and the major fund of the Aging and Disability Resource Center of Central Wisconsin (the ADRC-CW), which comprise the ADRC-CW's basic financial statements as of December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated September 7, 2023. ADRC-CW adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our report is not modified because of this implementation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the ADRC-CW's internal control over financial reporting (internal control) as a basis for designing 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 ADRC-CW's internal control. Accordingly, we do not express an opinion on the effectiveness of the ADRC-CW'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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ADRC-CW'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 financial statements. 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin
September 7, 2023

**Report on Compliance
for Each Major Federal and Major State Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance and the *State Single Audit Guidelines***

Independent Auditors' Report

To the Board Members of
Aging and Disability Resource Center of Central Wisconsin

Report on Compliance for Each Major Federal and Major State Program

Opinion on Each Major Federal and Major State Program

We have audited Aging and Disability Resource Center of Central Wisconsin's (the ADRC-CW) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* (the *Guidelines*) that could have a direct and material effect on each of the ADRC-CW's major federal and major state programs for the year ended December 31, 2022. The ADRC-CW's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the ADRC-CW complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal and Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 *Guidelines*. Our responsibilities under those standards, the Uniform Guidance, and the *Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the ADRC-CW and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and major state program. Our audit does not provide a legal determination of the ADRC-CW's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the ADRC-CW's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the ADRC-CW's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the ADRC-CW's compliance with the requirements of each major federal and major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *Guidelines*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the ADRC-CW's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the ADRC-CW's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the ADRC-CW's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 *Guidelines*. Accordingly, this report is not suitable for any other purpose.

Baker Tilly US, LLP

Madison, Wisconsin
September 7, 2023

Aging And Disability Resource Center of Central Wisconsin

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I - Summary of Auditors' Results Federal Programs

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
93.044/93.045/93.053	Aging Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

Aging And Disability Resource Center of Central Wisconsin

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I - Summary of Auditors' Results State Programs

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

State Awards

Internal control over major state programs:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Guidance? _____ yes X no

Identification of major state programs:

<u>State Number</u>	<u>Name of State Program or Cluster</u>
435.560100	Aging and Disability Resource Center Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$250,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II - Financial Statement Findings

No findings were reported.

Section III - Federal and State Award Findings and Questioned Costs

No findings were reported.

Aging and Disability Resource Center of Central Wisconsin

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

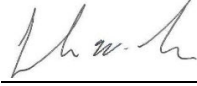
Section IV - Other Issues

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? _____ yes X no

2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
Department of Health Services _____ yes X no

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? X yes _____ no

4. Name and signature of firm director



John Rader, CPA, Managing Director

5. Date of Report September 7, 2023