

**PUBLIC HEALTH - MADISON AND
DANE COUNTY**

Madison, Wisconsin

Financial Statements

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2023

PUBLIC HEALTH - MADISON AND DANE COUNTY

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Independent Auditors' Report

To the Board of Health of
Public Health - Madison and Dane County

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 Public Health - Madison and Dane County (the department), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the department's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 department as of December 31, 2023 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 (*Government Auditing Standards*). 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 department 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 department adopted the provisions of GASB Statement No. 96, Subscription-based information technology arrangements, effective January 1, 2023. 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 department'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 *Government Auditing Standards* 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 *Government Auditing Standards*, 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 department'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 department'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 the 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 department's basic financial statements. The supplementary information which includes the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Guidelines as listed in the table of contents is presented for purposes of additional analysis and is 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 June 26, 2023 on our consideration of the department'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 department'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 department's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Madison, Wisconsin
June 26, 2024

PUBLIC HEALTH - MADISON AND DANE COUNTY

Statement of Net Position
December 31, 2023

	<u>Governmental Activities</u>
Assets	
Cash and investments	\$ 12,597,873
Receivables	
Accounts	56,741
Due from other governments	1,971,933
Prepaid items	382,291
Capital Assets	
Construction in progress	29,055
Leasehold improvements	2,411,196
Leased buildings and improvements	4,408,054
Subscriptions	7,648
Machinery and equipment	647,811
Intangibles	450,000
Less: Accumulated depreciation	<u>(2,581,720)</u>
Total assets	<u>20,380,882</u>
Deferred Outflows of Resources	
Pension related amounts	16,079,066
OPEB related amounts - health	685,577
OPEB related amounts - life	<u>281,595</u>
Total deferred outflows of resources	<u>17,046,238</u>
Liabilities	
Accounts payable	718,476
Accrued liabilities	9,043
Due to other governments	2,636,550
Noncurrent Liabilities	
Due within one year	1,924,335
Due in more than one year	10,022,246
OPEB related amounts - health	4,081,942
OPEB related amounts - life	623,986
Net Pension Liability	<u>4,141,236</u>
Total liabilities	<u>24,157,814</u>
Deferred Inflows of Resources	
Unearned revenues	3,729
Pension related amounts	8,571,908
OPEB related amounts - health	577,428
OPEB related amounts - life	<u>432,991</u>
Total deferred inflows of resources	<u>9,586,056</u>
Net Position	
Net investment in capital assets	537,891
Unrestricted	<u>3,145,359</u>
Total net position	<u><u>\$ 3,683,250</u></u>

See accompanying notes to financial statements.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Health and human services	\$ 32,709,245	\$ 3,890,553	\$ 28,670,852	\$ -	(147,840)
Interest and fiscal charges	99,154	-	-	-	(99,154)
Total governmental activities	\$ 32,808,399	\$ 3,890,553	\$ 28,670,852	\$ -	(246,994)
Change in Net Position					\$ (246,994)
Net Position - Beginning of Year					<u>3,930,244</u>
Net Position - End of Year					<u>\$ 3,683,250</u>

See accompanying notes to financial statements.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Balance Sheet
Governmental Funds
December 31, 2023

Assets

Cash and investments	\$ 12,597,873
Receivables	
Accounts	56,741
Due from other governments	1,971,933
Prepaid items	<u>382,291</u>
Total assets	<u>\$ 15,008,838</u>

Liabilities, Deferred Inflows of Resources and Fund Balance

Liabilities:

Accounts payable	718,476
Due to other governments	<u>2,636,550</u>
Total liabilities	<u>3,355,026</u>

Deferred inflows of resources:

Unearned revenues	3,729
Unavailable revenues	<u>1,048,518</u>
Total deferred inflows of resources:	<u>1,052,247</u>

Fund balance:

Nonspendable - prepaid items	382,291
Assigned - subsequent year's budget	1,238,980
Unassigned	<u>8,980,294</u>
Total fund balance	<u>10,601,565</u>

Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 15,008,838</u>
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See accompanying notes to financial statements.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2023

Total Fund Balance - Governmental Fund	\$ 10,601,565
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	
Leasehold improvements	2,411,196
Leased buildings and improvements	4,408,054
Subscriptions	7,648
Machinery and equipment	647,811
Intangibles	450,000
Construction in progress	29,055
Less: Accumulated depreciation	(2,581,720)
Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note III. B.	1,048,518
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(4,141,236)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	16,079,066
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(8,571,908)
The OPEB liability does not relate to current financial resources and is not reported in the governmental funds.	(4,705,928)
Deferred outflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds.	967,172
Deferred inflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds.	(1,010,419)
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds and notes payable	(1,153,016)
Compensated absences	(7,012,432)
Lease and subscriptions payable	(3,781,133)
Accrued interest	(9,043)
Net position of governmental activities	<u>\$ 3,683,250</u>

See accompanying notes to financial statements.

PUBLIC HEALTH - MADISON AND DANE COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
For the Year Ended December 31, 2023

Revenues	
Intergovernmental	\$ 31,103,954
Public charges for services	3,841,304
Intergovernmental charges for services	46,737
Miscellaneous	<u>349,027</u>
Total revenues	<u>35,341,022</u>
Expenditures	
Current	
Health and human services	30,418,025
Debt service	
Principal	257,073
	45,749
Lease principal payment	293,326
Lease interest payment	55,635
Subscription principal payment	(1,731)
Subscription interest payment	<u>(164)</u>
Total expenditures	<u>31,071,703</u>
Net Change in Fund Balance	4,269,319
Fund Balance, Beginning	<u>6,332,246</u>
Fund Balance, Ending	<u><u>\$ 10,601,565</u></u>

See accompanying notes to financial statements.

PUBLIC HEALTH - MADISON AND DANE COUNTY
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balance of Governmental Funds
 to the Statement of Activities
 December 31, 2023

Net Change in Fund Balance - Total Governmental Funds	\$	4,269,319
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>		
Depreciation and amortization is reported in the government-wide financial statements		(529,989)
<p>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.</p>		
		(2,779,617)
<p>Debt issued provides current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Principal repaid		257,073
Lease principal repaid		293,326
SBITA principal repaid		1,731
<p>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.</p>		
Compensated absences		(600,841)
Other postemployment benefits		(554,496)
Accrued interest on debt		2,394
Net pension asset (liability)		(10,028,687)
Deferred outflows of resources related to pensions		4,952,201
Deferred inflows of resources related to pensions		4,482,805
Deferred outflows of resources related to OPEB		245,752
Deferred inflows of resources related to OPEB		(257,965)
Change in Net Position of Governmental Activities	\$	<u>(246,994)</u>

See accompanying notes to financial statements.

PUBLIC HEALTH - MADISON AND DANE COUNTY

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As of and for the Year Ended December 31, 2023

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PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Public Health - Madison and Dane County, Wisconsin ("department") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

This report includes all of the funds of the department. The reporting entity for the department consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The department has not identified any organizations that meet this criteria.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, 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. The department 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. Taxes 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 department 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, net position/fund balance, revenues, and expenditures/expenses.

The department reports the following major governmental fund:

General Fund - accounts for the department's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide and Fund Financial Statements

In May 2020, the GASB issued statement No. 96, Subscription-Based Information Technology Arrangements. This statement establishes accounting and financial reporting requirements related to subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This standard was implemented January 1, 2023.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont.)

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.

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, the department 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 unmaturing 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 the department is entitled the resources and the amounts are available. Amounts owed to the department 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.

Revenues susceptible to accrual include public charges for services and interest. Other general revenues such as fines and forfeitures, inspection fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

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/expenses during the reporting period. Actual results could differ from those estimates.

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

1. Deposits and Investments

Investment of department funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. *Time deposits in any credit union, bank, savings bank or trust company.*
- b. *Bonds or securities of any county, CDA, 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.*
- c. *Bonds or securities issued or guaranteed by the federal government.*
- d. *The local government investment pool.*

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

1. Deposits and Investments (cont.)

- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.*
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.*
- g. Repurchase agreements with public depositories, with certain conditions.*

The City of Madison, the fiscal agent for the department, has adopted an investment policy which includes the department. That policy contains the following guidelines for allowable investments: obligations of the U.S. Government; obligations of U.S. Government agencies; time deposits (defined as savings accounts or certificates of deposits); and repurchase agreements with a public depository, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the U.S. Government.

Custodial Credit Risk

The city's investment policy states that funds in excess of insured or guaranteed limits be secured by some form of collateral. The fair market value of all collateral pledged will not be less than 110% of the amount of public funds to be secured at each institution.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note II. A. for further information.

2. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

3. Restricted assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by external parties and are shown as restricted net position.

4. Leases

The City is a lessee because it leases capital assets from other entities. As a lessee, the City 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, the City recognizes lease proceeds and capital outlay at the initiation of the lease, and the outflow of resources for the lease liability as a debt service payment. The City has a policy to recognize leases over \$10,000 as a lease liability and intangible capital asset.

5. Subscription Liabilities

The City reports a subscription liability and an intangible right-to-use capital asset (known as the subscription asset) on the government-wide financial statements and proprietary fund statements. In the governmental fund financial statements, the City recognized subscription proceeds and capital outlay at initiation of the subscription, and the outflow of resources for the subscription liability as a debt service payment. The City has a policy to recognize subscriptions over \$10,000 as a subscription liability and intangible capital asset.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

6. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant, equipment and right-to-use lease assets, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets 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. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position.

Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Leasehold Improvements	20 Years
Machinery and Equipment	10 Years
Intangibles	5 Years
Lease assets	Lease Term
Subscription assets	Agreement 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.

7. Deferred Outflows of Resources

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

8. 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. Vested vacation pay and comp time are also recorded as a liability.

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, and 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, 2023, are determined on the basis of current salary rates and include salary related payments.

9. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes payable and accrued compensated absences.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

9. Long-Term Obligations (cont.)

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

10. Deferred Inflows of Resources

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

11. Equity Classifications

Government-Wide 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/amortization and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.*
- 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 positions that do not meet the definitions of "restricted" or "net investment in capital assets."*

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. *Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.*
- b. *Restricted - Consists of fund balances 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. *Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the department. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the department that originally created the commitment.*
- d. *Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The department has not adopted specific financial policies regarding assigned fund balances, however, financial managers have authority to assign fund balances for specific purposes. Assignments may take place after the end of the reporting period.*

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (cont.)

11. Equity Classifications (cont.)

- e. *Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.*

The department considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the department would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note II. E. for further information.

12. Pension

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

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

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they were reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the City OPEB Plan. For this purpose, the City OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE II - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The department's deposits and investments at year-end were comprised of the following:

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

	Carrying Value	Associated Risks
Deposits	\$ 12,597,523	Custodial Credit
Petty Cash	350	N/A
Total Deposits and Investments	\$ 12,597,873	

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the department's deposits may not be returned to the department.

The department does not have any deposits exposed to custodial credit risk.

See Note I.D.1. for further information on deposit and investment policies.

B. Receivables

All of the receivables on the balance sheet 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. Property taxes levied for the subsequent year are not earned and cannot be used 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, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Unavailable intergovernmental payments that were received after the availability period	\$ 1,048,518	\$ 3,729	\$ 1,052,247
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 1,048,518	\$ 3,729	\$ 1,052,247

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE II - DETAILED NOTES ON ALL FUNDS (CONT.)

C. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Construction in progress	\$ 29,055	\$ -	\$ -	\$ 29,055
Total Capital Assets Not Being Depreciated/Amortized	<u>29,055</u>	<u>-</u>	<u>-</u>	<u>29,055</u>
Capital assets being depreciated/amortized				
Leasehold improvements	2,411,196	-	-	2,411,196
Leased Buildings and improvements	4,759,651	-	(351,597)	4,408,054
Subscriptions	-	7,648	-	7,648
Machinery and equipment	665,239	-	(17,427)	647,812
Intangibles	450,000	-	-	450,000
Total Capital Assets Being Depreciated/Amortized	<u>8,286,086</u>	<u>7,648</u>	<u>(369,024)</u>	<u>7,924,710</u>
Total Capital Assets	<u>8,315,141</u>	<u>7,648</u>	<u>(369,024)</u>	<u>7,953,765</u>
Less: Accumulated depreciation/amortization for				
Leasehold improvements	(553,760)	(107,002)	-	(660,762)
Leased Buildings and improvements	(422,831)	(407,974)	-	(830,805)
Subscriptions	-	(1,912)	-	(1,912)
Machinery and equipment	(642,567)	(13,101)	17,427	(638,241)
Intangibles	(450,000)	-	-	(450,000)
Total Accumulated Depreciation/Amortization	<u>(2,069,158)</u>	<u>(529,989)</u>	<u>17,427</u>	<u>(2,581,720)</u>
Net Capital Assets Being Depreciated/Amortized	<u>6,245,983</u>	<u>(522,341)</u>	<u>(351,597)</u>	<u>5,372,045</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/ Amortization	<u>\$ 6,245,983</u>	<u>\$ (522,341)</u>	<u>\$ (351,597)</u>	<u>\$ 5,372,045</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE II - DETAILED NOTES ON ALL FUNDS (CONT.)

D. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable:					
Other long-term liabilities	\$ 1,410,089	\$ -	\$ 257,073	\$ 1,153,016	\$ 247,031
Other Liabilities					
Vested compensated absences	6,411,591	2,556,731	1,955,890	7,012,432	1,369,737
Leases (see note II.E.)	4,420,139	-	644,923	3,775,216	305,650
Subscriptions (see note II.F)	-	7,648	1,731	5,917	1,917
Total Other Liabilities	<u>10,831,730</u>	<u>2,564,379</u>	<u>2,602,544</u>	<u>10,793,565</u>	<u>1,677,304</u>
Total Governmental Activities Long-Term Liabilities	<u>\$12,241,819</u>	<u>\$ 2,564,379</u>	<u>\$ 2,859,617</u>	<u>\$11,946,581</u>	<u>\$ 1,924,335</u>

Other Long-Term Liabilities

The department's other long-term liabilities consist of general obligation debt issued by the City of Madison. The department's repayment schedule to the city equals the city's debt repayment schedule. Information on this debt is included below.

Other long-term liabilities at December 31, 2023 consist of the following:

Governmental Activities					
Other Long-Term Liabilities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/23
2016 City of Madison notes	10/21/2016	10/01/2026	0.050 - 4.000	\$ 348,401	\$ 89,986
2017 City of Madison notes	10/19/2017	10/01/2027	2.150 - 4.000	305,000	122,000
2018 City of Madison notes	10/02/2018	10/01/2028	3.000 - 4.000	1,564,929	782,282
2019 City of Madison notes	10/17/2019	10/01/2029	2.250 - 3.000	29,399	17,636
2020 City of Madison notes	10/15/2020	10/01/2030	1.375 - 4.000	190,000	132,984
2020 City of Madison notes	10/15/2020	10/01/2030	0.230 - 0.470	45,178	<u>8,128</u>
Total Governmental Activities Other Long-Term Liabilities					<u>\$ 1,153,016</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE II - DETAILED NOTES ON ALL FUNDS (CONT.)

D. Long-Term Obligations (cont.)

Other Long-Term Liabilities (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities Other Long-Term Liabilities	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 247,031	\$ 36,171
2025	238,903	26,635
2026	238,883	18,479
2027	208,888	11,858
2028	178,388	5,850
2029-2030	40,923	972
Totals	<u>\$ 1,153,016</u>	<u>\$ 99,965</u>

E. Lease Disclosures

Lessee - Lease Liabilities

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2023</u>
Governmental Activities					
Building Lease	8/16/2011	8/31/2031	0.935864	\$ 2,787,142	\$ 2,296,648
Building Lease	1/1/2017	12/31/2031	0.935864	647,887	538,547
Building Lease	1/1/2021	12/31/2040	0.935864	1,324,622	940,021
Total governmental activities lease liabilities					<u>\$ 3,775,216</u>

<u>Years</u>	Governmental Activities Lease Liabilities	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 305,650	\$ 58,910
2025	362,502	55,261
2026	379,341	50,955
2027	396,799	46,406
2028	414,896	41,604
2029-2033	1,356,682	137,403
2034-2038	371,229	67,952
2039-2040	188,116	6,556
Totals	<u>\$ 3,775,216</u>	<u>\$ 465,046</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE II - DETAILED NOTES ON ALL FUNDS (CONT.)

F. Subscription Disclosures

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance December 31, 2023
Governmental Activities					
Software Lease	1/1/2022	12/31/2026	2.813855 %	\$ 7,648	\$ 5,917
Total governmental activities subscription liabilities					<u>\$ 5,917</u>

Years	Governmental Activities Subscription Liabilities	
	Principal	Interest
2024	\$ 1,917	\$ 111
2025	1,972	56
2026	2,028	-
Totals	<u>\$ 5,917</u>	<u>\$ 167</u>

G. Net Position

Net position reported on the government wide statement of net position at December 31, 2023, includes the following:

Governmental Activities	
Net Investment in Capital Assets	
Other capital assets, net of accumulated depreciation/amortization	\$ 5,372,045
Less: Long-term capital debt outstanding	(1,153,016)
Less: Long-term leases and subscription liabilities outstanding	(3,781,133)
Plus: Unspent capital related debt proceeds	<u>99,995</u>
Total Net Investment in Capital Assets	<u>537,891</u>
 Unrestricted	 <u>3,145,359</u>
Total Governmental Activities Net Position	<u>\$ 3,683,250</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION

A. 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, and expected to work at least 1,200 hours a year (880 hours teachers and school district educational support employees) 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, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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 executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings, and creditable service.

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 made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at 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.

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (CONT.)

A. Employees' Retirement System (cont.)

Year	Core Fund Adjustment	Variable Fund Adjustment
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	.5.0	(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
2022	7.4	15.0

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category 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 \$931,801 in contributions from the department.

Contribution rates for the plan year reported as of December 31, 2023 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

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

At December 31, 2023, the department reported a liability of \$4,141,236 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The department's proportion of the net pension liability was based on the department's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the department's proportion was 0.07808735%, which was an increase of 0.0013345329% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the department recognized pension expense of \$593,681.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (CONT.)

A. Employees' Retirement System (cont.)

At December 31, 2023, the department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,626,207	\$ 8,531,055
Changes in assumptions	796,685	-
Net differences between projected and actual earnings on pension plan investments	8,443,563	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,294	40,853
Employer contributions subsequent to the measurement date	1,200,317	-
Totals	\$ 16,079,066	\$ 8,571,908

\$1,200,317 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2024	\$ 259,161
2025	1,303,396
2026	1,333,335
2027	3,410,949

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (CONT.)

A. Employees' Retirement System (cont.)

Actuarial assumptions. The total pension asset in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.80%
Discount Rate:	6.80%
Salary Increases:	
Inflation:	3%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2020 WRS Experience Mortality Table
Post-retirement 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 2020 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, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (CONT.)

A. Employees' Retirement System (cont.)

Asset Allocation Targets and Expected Returns¹ As of December 31, 2022

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % ²
Global Equities	48.0	7.6	5.0
Fixed Income	25.0	5.3	2.7
Inflation Sensitive	19.0	3.6	1.1
Real Estate	8.0	5.2	2.6
Private Equity/Debt	15.0	9.6	6.9
Total Core Fund ³	115.0	7.4	4.8
<u>Variable Fund Asset</u>			
U.S. Equities	70.0	7.2	4.6
International Equities	30.0	8.1	5.5
Total Variable Fund	100.0	7.7	5.1

¹Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%.

³The 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%.

Single discount rate. A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.80% and a long term bond rate of 4.05%. (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, 2022. 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 6.80% expected rate of return implies that a dividend of approximately 1.70% 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 long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (CONT.)

A. Employees' Retirement System (cont.)

Sensitivity of the department's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the department's proportionate share of the net pension liability/(asset) calculated using the discount rate of 6.80%, as well as what the department'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%)
Department's proportionate share of the net pension liability / (asset)	\$ 13,744,627	\$ 4,141,236	\$ (2,465,074)

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-reportsand-statements>.

At December 31, 2023, the department reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. Risk Management

The department is covered by the City of Madison's and the County of Dane's insurance policies. Refer to the City's and County's financial statements for more information.

C. 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 are only reported in 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, the department 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 the department attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the department's financial position or results of operations.

The department 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.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (CONT.)

D. Other Post-Employment Benefits (OPEB)

Health Insurance Benefits

Employees of the department are employed by the County of Dane. Refer to the financial statements of the county for details on other post employment benefits.

Employees covered by benefit terms. At December 31, 2023, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments		192
Active plan members		10
		202

Total OPEB Liability

The department's total OPEB liability of \$4,081,942 was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2023.

Changes in the Total OPEB Liability

		Total OPEB Liability
Balances at December 31, 2021	\$	3,219,294
Changes for the year:		
Service cost		282,524
Interest		148,571
Change in benefit terms		128,009
Differences between expected and actual experience		182,535
Changes in assumptions or other inputs		231,573
Benefit payments		(110,564)
Net changes		862,648
Balances at December 31, 2023	\$	4,081,942

Changes of assumptions and other inputs reflect a change in the discount rate from 4.31 percent in 2022 to 4.00 percent in 2023.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the department, as well as what the department's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current discount rate:

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (CONT.)

D. Other Post-Employment Benefits (OPEB) (cont.)

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability	\$ 4,411,300	\$ 4,081,942	\$ 3,774,174

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The following presents the net OPEB liability of the department, as well as what the department's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0 percent decreasing to 3.5 percent) or 1-percentage-point higher (9.0 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease (7.0% Decreasing to 3.5%)	Healthcare Cost Trend Rates (8.0% Decreasing to 4.5%)	1% Increase (9.0% Increasing to 5.5%)
Net OPEB liability	\$ 3,756,007	\$ 4,081,942	\$ 4,469,213

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

For the year ended December 31, 2023, the department recognized OPEB expense of \$607,995. At December 31, 2023, the department reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 210,568	\$ 159,590
Changes of assumptions or other inputs	475,009	417,838
Employer contributions - subsequent to measurement date	-	-
Total	<u>\$ 685,577</u>	<u>\$ 577,428</u>

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability in the year ended December 31, 2024. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (CONT.)

D. Other Post-Employment Benefits (OPEB) (cont.)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (cont.)

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2024	\$ 48,891
2025	48,898
2026	28,836
2027	17,385
2028	(34,012)
Thereafter	(1,849)

Local Retiree Life Insurance Fund (LRLIF)

Plan description. The LRLIF is a 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.

OPEB Plan Fiduciary Net Position. ETF issues a standalone Annual Comprehensive Financial Report, 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 <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

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 employee 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, 2023 are:

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

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (CONT.)

D. Other Post-Employment Benefits (OPEB) (cont.)

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

**Life Insurance Employee Contribution Rates For
the Plan Year**

<u>Attained Age</u>	<u>Basic</u>
Under 30	\$0.05
30 - 34	0.06
34 - 39	0.07
40 - 44	0.08
45 - 49	0.12
50 - 54	0.22
55 - 59	0.39
60 - 64	0.49
65 - 69	0.57

During the reporting period, the LRLIF recognized \$3,263 in contributions from the employer.

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

At December 31, 2023, the department reported a liability of \$623,986 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The department's proportion of the net OPEB liability was based on the department's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the department's proportion was 0.16261711%, which was an increase of .00646103% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the department recognized OPEB expense of \$69,278.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (CONT.)

D. Other Post-Employment Benefits (OPEB) (cont.)

At December 31, 2023, the department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 60,682
Changes in assumptions	207,128	372,309
Net differences between projected and actual earnings on OPEB plan investments	12,427	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	59,227	-
Employer contributions subsequent to the measurement date	2,813	-
Total	\$ 281,595	\$ 432,991

\$2,813 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 in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2024	\$ (547)
2025	(5,808)
2026	4,820
2027	(31,052)
2028	(61,077)
Thereafter	(60,545)

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, 2022
Measurement Date of Net OPEB Liability	December 31, 2022
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76
Salary Increases:	0
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2020 WRS Experience Mortality Table

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (CONT.)

D. Other Post-Employment Benefits (OPEB) (cont.)

Actuarial assumptions are based upon an experience study conducted in 2020 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total OPEB Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 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.

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2022**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Expected Geometric Real Rate of Return</u>
US Intermediate Credit Bonds	Bloomberg US Interm Credit	50.00%	2.45%
US Mortgages Inflation	Bloomberg US MBS	50.00%	2.83 2.30
Long-Term Expected Rate of Return			4.25%

Single discount rate. A single discount rate of 3.76 percent was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.17 percent for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06 percent as of December 31, 2022 to 3.72 percent as of December 31, 2023. 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, 2039.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Financial Statements
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (CONT.)

D. Other Post-Employment Benefits (OPEB) (cont.)

Sensitivity of the department's proportionate share of the net OPEB liability to changes in the discount rate.
The following presents the department's proportionate share of the net OPEB liability calculated using the discount rate of 3.76 percent, as well as what the department's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76 percent) or 1-percentage-point higher (4.76 percent) than the current rate:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
Department's proportionate share of the net OPEB liability	\$850,739	\$623,986	\$450,206

OPEB plan fiduciary net position. Detailed information about the OPEB 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>.

E. Effect of New Accounting Standards on Current-Period Financial Statements

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

- > *Statement No. 100, Accounting Changes and Error Corrections - an Amendment of GASB No. 62*
- > *Statement No. 101, Compensated Absences*
- > *Statement No. 102, Certain Risk Disclosures*

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

REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC HEALTH - MADISON AND DANE COUNTY

Detailed Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual -General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 26,635,909	\$ 28,241,237	\$ 31,103,954	\$ 2,862,717
Public charges for services	4,125,099	4,231,234	3,841,304	(389,930)
Intergovernmental charges for services	11,500	11,500	46,737	35,237
Miscellaneous revenues	309,596	333,486	349,027	15,541
Total revenues	31,082,104	32,817,457	35,341,022	2,523,565
Expenditures				
Current				
Health and human services	31,850,646	34,406,815	30,418,025	3,988,790
Debt service				
Principal	257,073	257,073	257,073	-
Interest and fiscal charges	45,749	45,749	45,749	-
Lease principal payment	-	-	293,326	293,326
Lease interest payment	-	-	55,635	55,635
Subscription principal payment	-	-	(1,731)	1,731
Subscription interest payment	-	-	(164)	164
Total Expenditures	32,153,468	34,709,637	31,071,703	3,637,934
Other Financing Sources				
Debt issued	-	400,000	-	(400,000)
Total Other Financing Sources	-	400,000	-	(400,000)
Net Change in Fund Balance	(1,071,364)	(1,492,180)	4,269,319	5,761,499
Fund Balance, Beginning	6,332,246	6,332,246	6,332,246	-
Fund Balance, Ending	\$ 5,260,881	\$ 4,840,066	\$ 10,601,565	\$ 5,761,499

See accompanying notes to required supplementary information and independent auditors' report.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Schedule of Proportionate Share of the Net Pension Liability (Asset) -
Wisconsin Retirement System
For the Year Ended December 31, 2023

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/23	0.07808735%	\$ 4,141,236	\$ 18,466,415	34.18%	95.72%
12/31/22	0.07303816%	(5,887,451)	14,225,969	55.29%	106.02%
12/31/21	0.07125746%	(4,446,587)	12,774,061	41.74%	105.26%
12/31/20	0.06418504%	(2,072,591)	12,824,168	22.78%	102.96%
12/31/19	0.06043650%	2,150,141	9,581,418	22.44%	96.45%
12/31/18	0.05917695%	(1,757,034)	9,219,471	19.06%	102.93%
12/31/17	0.06065925%	499,977	8,052,937	6.21%	99.12%
12/31/16	0.06393689%	1,038,962	8,286,613	12.56%	98.20%
12/31/15	0.06337564%	1,556,679	9,269,634	16.79%	102.74%

Schedule of Employer Contributions - Wisconsin Retirement System
For the Year Ended December 31, 2023

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/23	\$ 1,200,317	\$ 1,200,317	\$ -	\$ 17,651,721	6.80%
12/31/22	931,801	931,801	-	13,804,459	6.75%
12/31/21	836,701	836,701	-	12,395,570	6.75%
12/31/20	839,983	839,983	-	12,444,193	6.75%
12/31/19	680,247	680,247	-	10,385,450	6.55%
12/31/18	641,955	641,955	-	9,581,418	6.70%
12/31/17	626,924	626,924	-	9,219,471	6.80%
12/31/16	587,706	587,706	-	8,604,770	6.83%
12/31/15	614,386	614,386	-	9,035,091	6.80%

See accompanying notes to required supplementary information and independent auditors' report.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Schedule of Proportionate Share of the Net Life Insurance OPEB Liability Local Retiree Life Insurance Fund For the Year Ended December 31, 2023

Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/23	0.16261711%	\$ 623,986	\$ 8,226,293	7.59%	38.81%
12/31/22	0.16905490%	932,138	8,238,531	11.31%	29.57%
12/31/21	0.12616882%	755,287	6,976,326	10.83%	31.36%
12/31/20	0.14609185%	567,165	6,750,306	8.40%	37.58%
12/31/19	0.14963837%	378,648	6,321,622	5.37%	48.69%
12/31/18	0.16524243%	497,148	6,948,952	7.15%	44.84%

Schedule of Employer Contributions - Local Retiree Life Insurance Fund For the Year Ended December 31, 2023

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/23	\$ 2,813	\$ 2,813	\$ -	\$ 7,091,806	0.04%
12/31/22	3,263	3,263	-	7,769,578	0.04%
12/31/21	3,460	3,460	-	9,593,845	0.04%
12/31/20	2,516	2,516	-	6,430,712	0.04%
12/31/19	2,641	2,641	-	7,346,185	0.04%
12/31/18	2,883	2,883	-	7,363,101	0.04%

See accompanying notes to required supplementary information and independent auditors' report.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Schedule of Changes in Employer's Total OPEB Liability and Related Ratios Health Insurance December 31, 2023

	Fiscal Year Ending					
	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service Cost	\$ 116,450	\$ 123,009	\$ 142,735	\$ 366,098	\$ 355,094	\$ 282,524
Interest	43,045	56,998	54,512	76,212	83,698	148,571
Changes of benefit terms	-	-	1,191,258	-	-	128,009
Differences between expected and actual experience	162,689	10,336	(56,801)	(158,709)	(39,107)	182,535
Changes of assumptions	(2,635)	81,295	468,003	(34,438)	(483,607)	231,573
Benefit payments	(75,167)	(110,696)	(96,519)	(103,932)	(122,499)	(110,564)
Net change in Total OPEB Liability	<u>244,382</u>	<u>160,942</u>	<u>1,703,188</u>	<u>145,231</u>	<u>(206,421)</u>	<u>862,648</u>
Total OPEB Liability, Beginning	<u>1,171,972</u>	<u>1,416,354</u>	<u>1,577,296</u>	<u>3,280,484</u>	<u>3,425,715</u>	<u>3,219,294</u>
Total OPEB Liability, Ending	<u>\$ 1,416,354</u>	<u>\$ 1,577,296</u>	<u>\$ 3,280,484</u>	<u>\$ 3,425,715</u>	<u>\$ 3,219,294</u>	<u>\$ 4,081,942</u>

Covered-employee payroll \$ 8,963,671 \$ 9,250,508 \$ 11,715,870 \$ 11,560,326 \$ 12,168,961 \$ 15,858,806

Total OPEB Liability as a percentage of covered-employee payroll 15.00 % 17.00 % 28.00 % 29.63 % 26.45 % 25.74 %

Notes to Schedule:

Valuation Date:

January 1, 2023 with results actuarially projected on a "no gain / no loss" basis to get to the December 31, 2023 measurement date. Liabilities as of January 1, 2023 are based on an actuarial valuation date of January 1, 2023 with no adjustments.

Methods and assumptions used to determine total OPEB liability:

Actuarial cost method	Entry age normal
Amortization method	Average remaining member service life
Amortization period	8 years
Asset valuation method	N/A
Inflation	2.40 percent
Healthcare cost trend rates	8.00 percent initial, decreasing to an ultimate rate of 4.5 percent
Salary increases	3.00 percent average, including inflation
Investment rate of return	N/A
Retirement age	Based upon rates from the December 31, 2022 actuarial valuation for the Wisconsin Retirement System (WRS)
Mortality	Assumed life expectancies were based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2017 mortality improvements backed out.

Benefit changes. There were no changes to the benefits.

Changes in assumptions. The discount rate changed from 2.25% to 4.31%.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The department implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Required Supplementary Information For the Year Ended December 31, 2023

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented include any amendments made. The director may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

Wisconsin Retirement System

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

The department is required to present the last ten 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. Actuarial assumptions are based upon an experience study conducted in 2021 using experience from 2018 – 2021. Based on the experience study conducted in 2021, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

Local Retiree Life Insurance Fund

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

The department is required to present the last ten 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. Actuarial assumptions are based upon an experience study conducted in 2020 using experience from 2018 – 2020. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

SUPPLEMENTARY INFORMATION

PUBLIC HEALTH - MADISON AND DANE COUNTY

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Grantor's Number	Expenditures	Payments to Subrecipients
FEDERAL AWARDS					
U.S. Department of Agriculture					
Special Supplemental /Nutrition Program for Women, Infants, and Children					
WIC Total Grants	10.557	WI DHS	360-154710	\$ 1,095,170	\$ -
Breastfeeding Peer Counseling	10.557	WI DHS	360-154760	96,440	-
Total - Special Supplemental /Nutrition Program for Women, Infants, and Children				<u>1,191,610</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>1,191,610</u>	<u>-</u>
U.S. Department of the Treasury					
COVID-19 Coronavirus State & Local Fiscal Recovery Fund					
ARPA-PH Response And Recovery (03/01/2021 - 12/31/2024)	21.027	WI DHS	460-155811	655,870	-
ARPA-PHMDC Violence Prevention (03/03/2021 - 12/31/2024)	21.027	City of Madison	13971	724,313	525,607
ARPA-PFAS Ed, Outreach, Coord (03/03/2021 - 12/31/2024)	21.027	City of Madison	13979	44,997	27,054
MCH - FIMR FANS Grant	21.027	WI DHS	435100-G23-MatChHlthEq-00	45,378	-
Total - COVID-19 Coronavirus State & Local Fiscal Recovery Fund				<u>1,470,558</u>	<u>552,661</u>
Total U.S. Department of the Treasury				<u>1,470,558</u>	<u>552,661</u>
U.S. Environmental Protection Agency					
State Indoor Radon Grants					
Radon Regional Information Center	66.032	WI DHS	360-150321	10,413	-
WI LEAD-In-Water Testing & Remediation (08/01/2022 - 09/30/2023)	66.444	WI DHS	435100	2,507	-
Total U.S. Environmental Protection Agency				<u>12,920</u>	<u>-</u>
U.S. Department of Health and Human Services					
NEHA-FDA Retail Grants					
NEHA-FDA Retail Flexible Funding Model (RFFM) Grant Program (02/01/2022 - 12/31/2024)	93.103	NEHA	G-BM&A-202110-01058	33,910	-
NEHA-FDA Retail Flexible Funding Model (RFFM) Grant Program (02/01/2022 - 06/30/2023)	93.103	NEHA	G-OASP-202110-01061	4,308	-
NEHA-FDA Retail Flexible Funding Model (RFFM) Grant Program (01/02/2023 - 12/31/2023)	93.103	NEHA	G-OAME-202208-02387	13,858	-
NEHA-FDA Retail Flexible Funding Model (RFFM) Grant Program (01/02/2023 - 12/31/2023)	93.103	NEHA	G-OATR-202210-02813	7,500	-
Total - NEHA-FDA Retail Grants				<u>59,576</u>	<u>-</u>
Injury Prevention and Control Research and State and Community Based Programs					
Opioid RX Pathway project (09/01/2022 - 08/31/2023)	93.136	WI DHS	360-150211	75,613	-
Overdose Fatality Review (09/01/2022 - 08/31/2023)	93.136	WI DOJ	360-150216	12,009	-
Overdose Fatality Review (09/01/2022 - 08/31/2023)	93.136	WI DOJ	460-150216	30	-
Total - Injury Prevention and Control Research and State and Community Based Programs				<u>87,652</u>	<u>-</u>
Hospital Preparedness (HIPP) and Pulich Health Emergency Preparedness (PHEP) Aligned Cooperative Contracts					
Bioterrorism Focus A Planning (07/01/2022 - 06/30/2023)	93.069	WI DHS	360-155015	103,505	-
Bioterrorism Focus A Planning (07/01/2023 - 06/30/2024)	93.069	WI DHS	460-155015	96,304	-
Bioterrorism Preparedness	93.069	WI DHS	360-155050	80,788	-
Total - Hospital Preparedness (HIPP) and Pulich Health Emergency Preparedness (PHEP) Aligned Cooperative Contracts				<u>280,597</u>	<u>-</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Grantor's Number	Expenditures	Payments to Subrecipients
FEDERAL AWARDS					
Immunization Cooperative Agreements					
Immunization	93.268	WI DHS	360-155020	\$ 119,142	\$ -
Immunization COVID Supp3 - (07/01/2021 - 06/30/2024)	93.268	WI DHS	460-155809	511,238	-
Total - Immunization Cooperative Agreements				<u>630,380</u>	<u>-</u>
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)					
Enhancing Detection - COVID - (10/01/2020 - 10/31/2023)	93.323	WI DHS	360-155817	494,444	-
HAI LHD IP Trng 2 - (09/01/2023 - 04/30/2024)	93.323	WI DHS	460-155819	5,117	-
Total - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)				<u>499,561</u>	<u>-</u>
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises					
DU Health Using SSP-COVID - (06/01/2022 05/31/2023)	93.391	WI DHS	360-155816	61,566	-
DU Health Using SSP-COVID - (06/01/2023 05/31/2024)	93.391	WI DHS	460-155816	33,807	-
Total - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises				<u>95,373</u>	<u>-</u>
NON-ACA/PPHF-Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations					
NACCHO Health Equity & OD Prev	93.424	NACCHO	2022-012103	5,887	-
NACCHO CIC Scholarship Community (03/02/2023 - 06/30/2023)	93.424	NACCHO	N/A	2,417	-
Total - NON-ACA/PPHF-Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations				<u>8,304</u>	<u>-</u>
Temporary Assistance for Needy Families					
Fam Found HV Prog-ARP Emer Supplies (10/01/2022 - 09/30/2023)	93.558	WI DCF	437003-G16-0000701-R05-04	22,412	-
Fam Found HV Prog-ARP Emer Supplies (10/01/2023 - 09/30/2024)	93.558	WI DCF	437003-G16-0000701-R07-04	8,240	-
Total - Temporary Assistance for Needy Families				<u>30,652</u>	<u>-</u>
Medical Assistance Cluster - Medical Assistance Program					
Reproductive Health	93.778	WI DHS	360-159322	3,154	-
Total - Medical Assistance Cluster - Medical Assistance Program				<u>3,154</u>	<u>-</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance					
MKE Screening B&C (7/1/2022 - 6/30/2023)	93.898	WI DHS	360-157120	4,929	-
MKE Screening B&C (7/1/2023 - 6/30/2024)	93.898	WI DHS	460-157120	2,582	-
Total - Centers for Disease Control and Prevention - Investigations and Technical Assistance				<u>7,511</u>	<u>-</u>
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease					
UW-Ryan White HIV/AIDS Prog Part C (05/01/2022 - 04/30/2023)	93.918	UW Madison	0000002270	44,278	-
UW-Ryan White HIV/AIDS Prog Part C (05/01/2023 - 04/30/2024)	93.918	UW Madison	0000003007	58,608	-
Total - Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease				<u>102,886</u>	<u>-</u>
HIV Prevention Activities Health Department Based					
HIV DIS	93.940	WI DHS	260-155962	2,881	-
HIV DIS	93.940	WI DHS	360-155962	215,000	-
Total - HIV Prevention Activities Health Department Based				<u>217,881</u>	<u>-</u>
Prevention Health and Human Services Block Grant					
Prevention--Health and Human Services (10/01/2021 - 09/30/2023)	93.991	WI DHS	360-159220	33,906	-

PUBLIC HEALTH - MADISON AND DANE COUNTY

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Grantor's Number	Expenditures	Payments to Subrecipients
FEDERAL AWARDS					
Maternal, Infant, and Early Childhood Home Visiting Program					
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program (10/01/2022 - 09/30/2023)	93.505	WI DCF	437003-G16-0000701-R06-04	\$ 259,228	\$ -
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program (10/01/2023 - 09/30/2024)	93.505	WI DCF	437003-G16-0000701-R07-04	<u>86,553</u>	<u>-</u>
Total - Maternal, Infant, and Early Childhood Home Visiting Program				<u>345,781</u>	<u>-</u>
Public Health Workforce					
COVID Public Health Workforce (07/01/2021 - 06/30/2023)	93.354	WI DHS	360-155812	241,465	-
COVID Public Health Workforce (07/01/2021 - 06/30/2024)	93.354	WI DHS	460-155812	<u>157,983</u>	<u>-</u>
Total - Public Health Workforce				<u>399,448</u>	<u>-</u>
Mobilizing Communities for a Just Response					
COVID 19 Just Response (01/01/2022 - 05/31/2023)	93.391	WI DHS	360-155813	<u>66,667</u>	<u>66,666</u>
Block Grants for Prevention and Treatment of Substance Abuse					
IDU Prevention	93.959	WI DHS	360-533143	<u>146,477</u>	<u>-</u>
Prevention Health and Human Services Block Grant					
Maternal Child Health--Consolidated	93.994	WI DHS	260-159320	12,040	-
Maternal Child Health--Consolidated	93.994	WI DHS	360-159320	179,091	-
FP Dual Protection Site	93.994	WI DHS	360-159316	15,000	-
MCH Support Program	93.994	WI DHS	360-159365	<u>49,960</u>	<u>-</u>
Total - Prevention Health and Human Services Block Grant				<u>256,091</u>	<u>-</u>
Total U.S. Department of Health and Human Services				<u>3,271,897</u>	<u>66,666</u>
TOTAL FEDERAL AWARDS				<u>\$ 5,946,985</u>	<u>\$ 619,327</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

Schedule of Expenditures of State Awards
For the Year Ended December 31, 2023

State Grantor/Program Title	State ID Number	Direct Grant Number	Expenditures	Payments to Subrecipients
STATE AWARDS				
Well Woman GPR (7/1/2022- 6/30/2023)	435.157010	360-157010	\$ 40,078	\$ -
Well Woman GPR (7/1/2023- 6/30/2024)	435.157010	460-157010	61,117	-
Subtotal			<u>101,195</u>	<u>-</u>
TUFTS Telehealth Grant (THIS-WIC)	435.154711	360-154711	1,698	-
WIC Farmers Market	435.154720	360-154720	10,537	-
HIV Prev PS & Linkages	435.155957	360-155957	74,746	-
Communicable Disease Prevention (07/01/2022 - 06/30/2023)	435.155800	360-155800	20,641	-
Communicable Disease Prevention (07/01/2023 - 06/30/2024)	435.155800	460-155800	6,684	-
Subtotal			<u>27,325</u>	<u>-</u>
Childhood Lead	435.157720	360-157720	29,133	-
TPCP-Com Intrvntns-LHD (07/01/2022 - 06/30/2023)	435.181010	360-181010	47,166	-
TPCP-Com Intrvntns-LHD (07/01/2023 - 06/30/2024)	435.181010	460-181010	46,974	-
Subtotal			<u>94,140</u>	<u>-</u>
TPCP-Wis-WINS (07/01/2022 - 06/30/2023)	435.181004	360-181004	12,712	-
TPCP-Wis-WINS (07/01/2023 - 06/30/2024)	435.181004	460-181004	17,191	-
Subtotal			<u>29,903</u>	<u>-</u>
Reproductive Health	435.159322	360-159322	3,154	-
JUUL Settlement	435.181023	360-181023	35,000	-
HIV CRT Testing		435100-G23-HIVCTR-00	16,125	-
TOTAL STATE AWARDS			<u>\$ 422,956</u>	<u>\$ -</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

Notes to Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "schedule") includes the federal and state award activity of Public Health - Madison and Dane County ("department") under programs of the federal and state government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of the department, it is not intended to and does not present the financial position or changes in net position of the department.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the 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 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.

NOTE 3 - INDIRECT COST RATE

The department has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.

NOTE 4 - CARS/ GEARS REPORT DATES

The Schedule of Expenditures of Federal and State Awards includes adjustments through the May 22, 2023 Community Aids Reporting System (CARS) report and the March 21, 2024 Grant Enrollment, Application and Reporting System (GEARS) report.

NOTE 5 - PASS-THROUGH AGENCIES

Federal funds were passed through the following agencies:

- WI DHS – Wisconsin Department of Health Services
- WI DCF – Wisconsin Department of Children and Families
- WI DOJ – Wisconsin Department of Justice
- City of Madison - City of Madison, Wisconsin
- NACCHO – National Association of County and City Health Officials
- NEHA – National Environmental Health Association
- UW Madison - University of Wisconsin - Madison

**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 of Health of
Public Health - Madison and Dane County

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 Public Health - Madison and Dane County (the department), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the department's basic financial statements, and have issued our report thereon dated June 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the department'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 department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department'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 department'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.

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

Madison, Wisconsin
June 26, 2024

**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 of Health of
Public Health - Madison and Dane County

Report on Compliance for Each Major Federal and Major State Program

Opinion on Each Major Federal and Major State Program

We have audited Public Health - Madison and Dane County's (the department) 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 department's major federal and major state programs for the year ended December 31, 2023. The department'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 department 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, 2023.

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 department 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 department'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 department'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 department'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 department'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 department'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 department'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 department'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
June 26, 2024

PUBLIC HEALTH – MADISON AND DANE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *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 OR STATE AWARDS

Internal control over major programs:

- | | Federal Programs | State Programs |
|--------------------------------------------|--------------------------------------|--------------------------------------|
| > Material weakness (es) identified? | _____ yes <u> X </u> no | _____ yes <u> X </u> no |
| > Significant deficiency (ies) identified? | _____ yes <u> X </u> none reported | _____ yes <u> X </u> none reported |

Type of auditor's report issued on compliance for major programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*? _____ yes X no

	Federal Programs	State Programs
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no	<u> X </u> yes _____ no

	Federal	State
Dollar threshold used to distinguish between type A and type B programs:	<u> \$750,000 </u>	<u> \$250,000 </u>

PUBLIC HEALTH – MADISON AND DANE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

SECTION I – SUMMARY OF AUDITORS’ RESULTS (cont.)

FEDERAL OR STATE AWARDS (cont.)

Identification of major federal programs:

<u>AL Number</u>	<u>Name of Federal Program</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Identification of major state programs:

<u>State Number</u>	<u>Name of State Program</u>
435.157010	Well Women GPR

**SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

No findings were reported.


SECTION III – FEDERAL OR STATE AWARDS FINDINGS AND QUESTIONED COSTS

No findings were reported.

PUBLIC HEALTH – MADISON AND DANE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

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 non-compliance, non-material non-compliance, 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 | <u> X </u> | no |
| Department of Children and Families | _____ yes | <u> X </u> | no |
| Department of Justice | _____ yes | <u> X </u> | no |
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? _____ yes X no
4. Name and signature of partner 

Amanda Blomberg, CPA, Firm Director
5. Date of report June 26, 2024

PUBLIC HEALTH - MADISON AND DANE COUNTY

Opioid RX Pathway Project
 Settlement of DHS Cost Reimbursement Award
 For the Year Ended 12/31/2023

DHS identification number	CARS profile 150211
Award amount	\$ 115,840
Award period	09/01/2022 - 08/31/2023
Period of award within audit period	01/01/2023 - 08/31-2023
A. Expenditures reported to DHS for payment	\$ 75,613
B. Actual allowable cost of award	
Program expenses	
Wages	48,221
Benefits	27,392
Purchased Services	
Supplies	-
Capital Outlay	-
Total program expenses	\$ 75,613
Management and general expenses allocated to program	
Total management and general expenses allocated to program	\$ -
C. Less program revenue and other offsets to costs	\$ -
F. Total Allowable costs	<u>\$ 75,613</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

WIC Total Grants
 Settlement of DHS Cost Reimbursement Award
 For the Year Ended 12/31/2023

DHS identification number	CARS profile 154710
Award amount	\$ 1,095,170
Award period	01/01/2023 - 12/31/2023
Period of award within audit period	01/01/2023 - 12/31/2023
A. Expenditures reported to DHS for payment	\$ 1,095,170
B. Actual allowable cost of award	
Program expenses	
Wages	698,948
Benefits	330,797
Purchased Services	28,731
Supplies	36,694
Capital Outlay	-
Total program expenses	\$ 1,095,170
Management and general expenses allocated to program	
Total management and general expenses allocated to program	\$ -
C. Less program revenue and other offsets to costs	\$ -
F. Total Allowable costs	<u>\$ 1,095,170</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

BIOT Focus A Planning
Settlement of DHS Cost Reimbursement Award
For the Year Ended 12/31/2023

DHS identification number	CARS profile 155015	CARS profile 155015
Award amount	\$ 251,752	\$ 251,752
Award period	07/01/2022 - 06/30/2023	07/01/2023 - 06/30/2024
Period of award within audit period	01/01/2023 - 06/30/2023	07/01/2023 - 12/31/2023
A. Expenditures reported to DHS for payment	\$ 103,505	\$ 96,304
B. Actual allowable cost of award		
Program expenses		
Wages	60,009	67,875
Benefits	29,348	25,270
Purchased Services	11,997	1,363
Supplies	2,151	1,796
Capital Outlay	-	-
Total program expenses	\$ 103,505	\$ 96,304
Management and general expenses allocated to program		
Total management and general expenses allocated to program	\$ -	\$ -
C. Less program revenue and other offsets to costs	\$ -	\$ -
F. Total Allowable costs	\$ 103,505	\$ 96,304

PUBLIC HEALTH - MADISON AND DANE COUNTY

Consolidated Contracts Immunization Program
Settlement of DHS Cost Reimbursement Award
For the Year Ended 12/31/2023

DHS identification number	CARS profile 155020
Award amount	\$ 108,545
Award period	01/01/2023 - 12/31/2023
Period of award within audit period	01/01/2023 - 12/31/2023
A. Expenditures reported to DHS for payment	\$ 119,142
B. Actual allowable cost of award	
Program expenses	
Wages	69,465
Benefits	36,522
Purchased Services	3,900
Supplies	9,255
Capital Outlay	-
Total program expenses	\$ 119,142
Management and general expenses allocated to program	
Total management and general expenses allocated to program	\$ -
C. Less program revenue and other offsets to costs	\$ -
F. Total Allowable costs	<u>\$ 119,142</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

Bioterrorism Preparedness
 Settlement of DHS Cost Reimbursement Award
 For the Year Ended 12/31/2023

DHS identification number	CARS profile 155050
Award amount	\$ 108,172
Award period	01/01/2023 - 12/31/2023
Period of award within audit period	01/01/2023 - 12/31/2023
A. Expenditures reported to DHS for payment	\$ 80,788
B. Actual allowable cost of award	
Program expenses	
Wages	22,671
Benefits	8,233
Purchased Services	7,967
Supplies	41,917
Capital Outlay	-
Total program expenses	\$ 80,788
Management and general expenses allocated to program	
Total management and general expenses allocated to program	\$ -
C. Less program revenue and other offsets to costs	\$ -
F. Total Allowable costs	<u>\$ 80,788</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

IMM COVID Supplement Cons
Settlement of DHS Cost Reimbursement Award
For the Year Ended 12/31/2023

DHS identification number	CARS profile 155809
Award amount	\$ 695,500
Award period	07/01/2021 - 06/30/2024
Period of award within audit period	01/01/2023 - 06/30/2023
A. Expenditures reported to DHS for payment	\$ 511,238
B. Actual allowable cost of award	
Program expenses	
Wages	395,739
Benefits	73,633
Purchased Services	41,142
Supplies	724
Capital Outlay	-
Total program expenses	\$ 511,238
Management and general expenses allocated to program	
Total management and general expenses allocated to program	\$ -
C. Less program revenue and other offsets to costs	\$ -
F. Total Allowable costs	<u>\$ 511,238</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

ARPA COVID Recovery Fund
 Settlement of DHS Cost Reimbursement Award
 For the Year Ended 12/31/2023

DHS identification number	CARS profile 155811
Award amount	\$ 3,339,800
Award period	03/01/2021 - 12/31/2024
Period of award within audit period	01/01/2023 - 06/30/2023
A. Expenditures reported to DHS for payment	\$ 655,870
B. Actual allowable cost of award	
Program expenses	
Wages	419,645
Benefits	112,907
Purchased Services	107,541
Supplies	15,777
Capital Outlay	-
Total program expenses	\$ 655,870
Management and general expenses allocated to program	
Total management and general expenses allocated to program	\$ -
C. Less program revenue and other offsets to costs	\$ -
F. Total Allowable costs	<u>\$ 655,870</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

COVID Public Health Workforce
Settlement of DHS Cost Reimbursement Award
For the Year Ended 12/31/2023

DHS identification number	CARS profile 155812	CARS profile 155812
Award amount	\$ 561,200	\$ 157,984
Award period	07/01/2021 - 06/30/2023	07/01/2022 - 06/30/2024
Period of award within audit period	01/01/2023 - 06/30/2023	07/01/2023 - 12/31/2023
A. Expenditures reported to DHS for payment	\$ 241,465	\$ 157,983
B. Actual allowable cost of award		
Program expenses		
Wages	170,843	111,777
Benefits	55,020	35,998
Purchased Services	15,603	10,208
Supplies	-	-
Capital Outlay	-	-
Total program expenses	\$ 241,465	\$ 157,983
Management and general expenses allocated to program		
Total management and general expenses allocated to program	\$ -	\$ -
C. Less program revenue and other offsets to costs	\$ -	\$ -
F. Total Allowable costs	\$ 241,465	\$ 157,983

PUBLIC HEALTH - MADISON AND DANE COUNTY

ELC Enhancing Detection
Settlement of DHS Cost Reimbursement Award
For the Year Ended 12/31/2023

DHS identification number	CARS profile 155817
Award amount	\$ 668,397
Award period	10/01/2020 - 12/31/2023
Period of award within audit period	01/01/2023 - 12/31/2023
A. Expenditures reported to DHS for payment	\$ 494,444
B. Actual allowable cost of award	
Program expenses	
Wages	348,847
Benefits	139,200
Purchased Services	5,045
Supplies	1,351
Capital Outlay	-
Total program expenses	\$ 494,444
Management and general expenses allocated to program	
Total management and general expenses allocated to program	\$ -
C. Less program revenue and other offsets to costs	\$ -
F. Total Allowable costs	\$ 494,444

PUBLIC HEALTH - MADISON AND DANE COUNTY

HIV DIS

Settlement of DHS Cost Reimbursement Award

For the Year Ended 12/31/2023

DHS identification number	CARS profile 155962	CARS profile 155962
Award amount	\$ 125,254	\$ 215,000
Award period	01/01/2022 - 12/31/2022	01/01/2023 - 12/31/2023
Period of award within audit period		01/01/2023 - 12/31/2023
A. Expenditures reported to DHS for payment	\$ 2,881	\$ 107,283
B. Actual allowable cost of award		
Program expenses		
Wages	-	157,087
Benefits	-	57,913
Purchased Services	-	-
Supplies	2,881	-
Capital Outlay	-	-
Total program expenses	<u>\$ 2,881</u>	<u>\$ 215,000</u>
Management and general expenses allocated to program		
Total management and general expenses allocated to program	\$ -	\$ -
C. Less program revenue and other offsets to costs	<u>\$ -</u>	<u>\$ -</u>
F. Total Allowable costs	<u>\$ 2,881</u>	<u>\$ 215,000</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

Well Woman GPR EDU and MJA
Settlement of DHS Cost Reimbursement Award
For the Year Ended 12/31/2023

DHS identification number	CARS profile 157010	
Award amount	\$ 126,975	\$ 126,975
Award period	07/01/2022 - 06/30/2023	07/01/2023 - 06/30/2024
Period of award within audit period	01/01/2023 - 06/30/2023	07/01/2023 - 12/31/2023
A. Expenditures reported to DHS for payment	\$ 40,078	\$ 61,117
B. Actual allowable cost of award		
Program expenses		
Wages	24,331	45,812
Benefits	15,747	15,305
Purchased Services	-	-
Supplies	-	-
Capital Outlay	-	-
Total program expenses	<u>\$ 40,078</u>	<u>\$ 61,117</u>
Management and general expenses allocated to program		
Total management and general expenses allocated to program	\$ -	\$ -
C. Less program revenue and other offsets to costs	<u>\$ -</u>	<u>\$ -</u>
F. Total Allowable costs	<u>\$ 40,078</u>	<u>\$ 61,117</u>

PUBLIC HEALTH - MADISON AND DANE COUNTY

Maternal and Child Health Services Block Grant to the States
Settlement of DHS Cost Reimbursement Award
For the Year Ended 12/31/2023

DHS identification number	CARS profile 159320		CARS profile 159320	
Award amount	\$	179,317	\$	179,091
Award period		01/01/2022 - 12/31/2022		01/01/2023 - 12/31/2023
Period of award within audit period				01/01/2023 - 12/31/2023
 A. Expenditures reported to DHS for payment	\$	12,040	\$	179,091
B. Actual allowable cost of award				
Program expenses				
Wages				98,350
Benefits				33,979
Purchased Services		12,040		46,677
Supplies				84
Capital Outlay		-		-
Total program expenses	\$	12,040	\$	179,091
Management and general expenses allocated to program				
Total management and general expenses allocated to program	\$	-	\$	-
C. Less program revenue and other offsets to costs	\$	-	\$	-
F. Total Allowable costs	\$	12,040	\$	179,091

PUBLIC HEALTH - MADISON AND DANE COUNTY

TPCP Community Interventions
Settlement of DHS Cost Reimbursement Award
For the Year Ended 12/31/2023

DHS identification number	CARS profile 181010	CARS profile 181010
Award amount	\$ 121,000	\$ 121,000
Award period	07/01/2022 - 06/30/2023	07/01/2023 - 06/30/2024
Period of award within audit period	01/01/2023 - 06/30/2023	07/01/2023 - 12/31/2023
A. Expenditures reported to DHS for payment	\$ 47,166	\$ 46,974
B. Actual allowable cost of award		
Program expenses		
Wages	30,603	31,685
Benefits	14,364	14,819
Purchased Services	819	383
Supplies	1,380	87
Capital Outlay	-	-
Total program expenses	\$ 47,166	\$ 46,974
Management and general expenses allocated to program		
Total management and general expenses allocated to program	\$ -	\$ -
C. Less program revenue and other offsets to costs	\$ -	\$ -
F. Total Allowable costs	\$ 47,166	\$ 46,974

PUBLIC HEALTH - MADISON AND DANE COUNTY

IDU Prevention
Settlement of DHS Cost Reimbursement Award
For the Year Ended 12/31/2023

DHS identification number	CARS profile 533143
Award amount	\$ 146,477
Award period	01/01/2023 - 12/31/2023
Period of award within audit period	01/01/2023 - 12/31/2023
A. Expenditures reported to DHS for payment	\$ 146,477
B. Actual allowable cost of award	
Program expenses	
Wages	89,842
Benefits	28,520
Purchased Services	2,921
Supplies	25,194
Capital Outlay	-
Total program expenses	\$ 146,477
Management and general expenses allocated to program	
Total management and general expenses allocated to program	\$ -
C. Less program revenue and other offsets to costs	\$ -
F. Total Allowable costs	<u>\$ 146,477</u>