

# City of Appleton, WI

2020 Audit Results and Report –  
Finance Committee

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor



Create Opportunities

# Agenda

- Introduction of the Service Team
- Executive Summary
  - Services Provided to the City
  - Financial Statement Audit Results
  - Required Communications
- Current Environment
  - COVID-19
  - New GASB Pronouncements



# Service Team

## CLA

- Over 100 office locations nationally
- 18 office locations in Wisconsin
- Serve over 2,100 governmental clients nationally
- Serve over 400 governmental clients in Wisconsin
- Serve over half of all of the counties in Wisconsin



# Service Team

**Jake Lenell, Principal, CPA, MBA**



Over 19 years serving governmental clients

**Bryan Grunewald, Principal, CPA**



Over 20 years serving governmental and not-for-profit clients

**Leah Lasecki, Manager, CPA**



Over 15 years serving governmental and not-for-profit clients

**Service experience includes:**

- Auditing and Other Assurance Services
- Outsourced accounting
- Operational and Financial Systems Consulting
- Budgeting
- IT Security
- Search and Placement



# Executive Summary

## Results of Professional Services

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# Services Provided to the City

- City of Appleton – Audit of Financial Statements
- Valley Transit – Audit of Financial Statements (Enterprise Fund of the City)
- Business Improvement District – Audit of Financial Statements (Component Unit of the City)
- Federal/State Compliance Audit in Accordance with Federal Uniform Guidance and the State Single Audit Guidelines (“Single Audit”)
- Compilation of the Public Service Commission Annual Financial Report
- Independent Auditor’s Report on the City’s Administrative Rule – Tax 16 Report



# Financial Statement Audit Results

## Opinion

- Unmodified (“Clean”)

## Internal Control Deficiencies

- There were no deficiencies in internal control over financial reporting reported.
- There were no deficiencies in internal control over compliance reported.

## Compliance Findings

- There were no compliance findings reported.



# Financial Statement Audit Results (continued)

Federal  
and State  
Programs  
Audited  
as Major  
Programs

- Coronavirus Relief Fund (Federal)
- 2018 State VW Capital Grant Program (State)



# Required Communications

Topic	Communication
<p>Our responsibility under Generally Accepted Auditing Standards, Uniform Guidance, and State Single Audit Guidelines</p>	<ul style="list-style-type: none"> <li>• Express an opinion on the fair presentation of the financial statements in conformity with GAAP</li> <li>• Plan and perform the audit to obtain reasonable, not absolute assurance that the financial statements are free of material misstatement</li> <li>• Evaluate internal control over financial reporting and compliance and overall compliance with Federal and State Major Programs</li> <li>• Utilize a risk based audit approach</li> <li>• Communicate significant matters to appropriate parties</li> </ul>
<p>Planned Scope and Timing of the Audit</p>	<ul style="list-style-type: none"> <li>• Performed the audit according to the planned scope and timing previously communicated.</li> </ul>
<p>Other Information in Documents Containing the Audited Financial Statements</p>	<ul style="list-style-type: none"> <li>• Financial statements may only be used in their entirety</li> <li>• Our approval is required to use our audit report in a client prepared document</li> <li>• We have no responsibility to perform procedures beyond those related to the financial statements</li> </ul>



# Required Communications (continued)

Topic	Communication
Significant Accounting Policies	<ul style="list-style-type: none"> <li>• Management is responsible for the accounting policies of the organization</li> <li>• Accounting policies are outlined in Note 1 to the financial statements</li> <li>• No new accounting policies were adopted and the application of existing policies was not changed during 2020.</li> <li>• Accounting policies deemed appropriate</li> <li>• No unusual transactions occurred</li> </ul>
Significant Accounting Estimates	<ul style="list-style-type: none"> <li>• An area of focus under a risk based audit approach</li> <li>• Significant estimates include:               <ul style="list-style-type: none"> <li>a. Pension liability and related deferred outflows\inflows of resources and expense</li> <li>b. Retiree health OPEB liability and related deferred outflows\inflows of resources and expense</li> <li>c. Accumulated sick leave</li> <li>d. Fair Value of investments</li> <li>e. IBNR for the Self-Funded Plans</li> <li>f. Amortization of intangible assets and deferred costs</li> <li>g. Useful lives of capital assets</li> </ul> </li> <li>• Estimates determined by management based on their knowledge and experience</li> <li>• No management bias indicated</li> <li>• Estimates were deemed reasonable</li> <li>• Estimate uncertainty is disclosed in the financial statements</li> </ul>



# Required Communications (continued)

Topic	Communication
Sensitive Financial Statement Disclosures	<ul style="list-style-type: none"> <li>• None that are particularly sensitive.</li> </ul>
Management Representation Letter	<ul style="list-style-type: none"> <li>• Management provided signed representation letters prior to finalization of the audit reports</li> </ul>
Other	<ul style="list-style-type: none"> <li>• No uncorrected misstatements, other than those that are clearly trivial, were identified.</li> <li>• No material misstatements were identified as part of audit procedures.</li> <li>• No difficulties encountered in performing the audit</li> <li>• No issues discussed prior to retention as independent auditors</li> <li>• No disagreements with management regarding accounting, reporting, or other matters</li> <li>• No consultations with other independent auditors</li> <li>• No other findings or issues were discussed with, or communicated to, management</li> </ul>





# Current Environment

COVID-19

New GASB Pronouncements

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# COVID-19

- Challenges
  - Additional Costs
  - Staffing considerations
  - Technology considerations
  - Planning
- Grant funding – Coronavirus Relief Fund and ARPA

# New Accounting Standards

Effective for 2022

GASB Statement No. 87 *“Leases”*

GASB Statement No. 91 *“Conduit Debt Obligations”*

*Additional information on both standards is provided in Appendix B  
in the Executive Audit Summary.*



# Questions





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