

City of Appleton, WI

2021 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
 - MD&A, Statistical Data, and Financial Trends
- 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

Leah Lasecki, Principal, CPA



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

Bryan Grunewald, Principal, CPA



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

Combined 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

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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

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

| CFDA Number | Name of Federal Programs/Clusters |
|-----------------|--|
| 14.231 | Emergency Solutions Grant Program |
| 21.027 | COVID-19 Coronavirus State and Local Fiscal Recovery Funds |
| 93.323 | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) |
| State ID Number | Name of State Programs |
| VW-BUS-APPL-01 | 2018 State VW Capital Grant |

Federal and State programs are selected for audit based on risk and any requirements as imposed by the grantors. As an overall low risk auditee, Federal and State programs audited must be at least 20% of total expenditures.

All 3 federal programs were being audited for the first time due to additional funding (largely COVID related). \$5.9M total federal programs with \$1.3M being audited within these three programs.

State program was previously audited in 2020. Audited again in order to achieve testing coverage. State funded programs of the City are not overly significant (\$5.6M total state programs with \$2.45M being the State VW Capital grant audited).

As noted, we noted no compliance findings related to these programs based on our audit.

Required Communications

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



Required Communications (continued)

| Topic | Communication |
|----------------------------------|---|
| Significant Accounting Policies | <ul style="list-style-type: none"> • Management is responsible for the accounting policies of the organization • Accounting policies are outlined in Note 1 to the financial statements • No new accounting policies were adopted and the application of existing policies was not changed during 2021. • Accounting policies deemed appropriate • No unusual transactions occurred |
| Significant Accounting Estimates | <ul style="list-style-type: none"> • An area of focus under a risk based audit approach • Significant estimates include: <ul style="list-style-type: none"> a. Pension liability and related deferred outflows\inflows of resources and expense b. Retiree health OPEB liability and related deferred outflows\inflows of resources and expense c. Accumulated sick leave d. Fair Value of investments e. IBNR for the Self-Funded Plans f. Amortization of intangible assets and deferred costs g. Useful lives of capital assets • Estimates determined by management based on their knowledge and experience • No management bias indicated • Estimates were deemed reasonable • Estimate uncertainty is disclosed in the financial statements |



Required Communications (continued)

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



MD&A, Statistical Data and Financial Trends

- City Finance has prepared the Management's Discussion and Analysis and partial ACFR statistical data included in the audit report.
- Financial Trends are in appendix A in the Executive Summary as prepared by CLA.



Current Environment

COVID-19

New GASB Pronouncements

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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

COVID-19

- Challenges
 - Additional Costs
 - Staffing considerations
 - Technology considerations
 - Planning
- Grant funding – ARPA – will continue to have a significant impact on future audits and the City's compliance with its requirements.



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





CLAconnect.com

©2019 CliftonLarsonAllen LLP

Leah Lasecki, CPA
Principal
(920) 455-4201
leah.lasecki@claconnect.com

