

Item 25-1007: Leah Lasecki, CPA with CliftonLarsenAllen, LLP - Presentation of the 2024 Audit and Executive Summary

Finance Committee

Mon, Aug 25, 2025 5:30PM

Aldersperson Brad Firkus (District 3) 01:10

We have a public hearing tonight. Item 25-1007, Leah Lasecki CPA, with Clifton—CliftonLarsonAllen, LLP, presentation of the 2024 audit and executive summary. So, thank you and go ahead when you're ready.

Leah Lasecki (CliftonLarsenAllen) 01:25

Good evening. All right, thank you for the introduction. Again, Leah Lasecki with CLA. I'm the signing principal on the city's audit. I believe I've been working with the city now six years as a signing principle for three. In addition to myself, there's also Danielle, who's the director on the audit as well. And then, of course, we have other staff people that join us too. Usually, it's a team of four that come from CLA to do the city's audit.

Leah Lasecki (CliftonLarsenAllen) 01:52

Okay, if you can turn, please to the executive summary. I believe everybody has copies. So just like in previous years, I'm going to focus my attention on that executive summary. But if anybody has any questions on the ACFR itself, I can certainly field those as I'm going through. I do have the book with me, so please, if you want to quiz me, sir, you sure can.

Leah Lasecki (CliftonLarsenAllen) 02:12

All right, so starting on page one, real quick on the executive summary. Um just a standard kind of cover letter here. You'll see that my contact information, as well as Danielle's is down at the bottom. So, if you have any questions after the fact, please feel free to reach out to us or to Jeri with any questions.

Leah Lasecki (CliftonLarsenAllen) 02:29

Just as a reminder, in addition to the city's audit, as well as a single audit, we also do a separately issued transit report, and I also present at the Transit Commission as well. I also do a separately issued bid report as well that's required by state statute. We do the Tax 16 report that's due July 31 every year to the to the Department of Revenue. And we also do the PSC annual report every year for the water utility. Okay.

Leah Lasecki (CliftonLarsenAllen) 02:58

Overall, the audit for the city went very well this year. We were a little bit nervous at first, as as—I'm not telling any city secrets here. I made sure that was okay with Jeri before I say this, but with some of the turnover in the Finance Department, we got a little bit nervous. Ended up pushing back some field work. But you know, the city using Tyler, it's phenomenal, because we can do a lot of our work remote. So, although we like to be on site, seeing Jeri and her team, we did do a lot of that work remote. But it went so well. The city, when they give us stuff, it is buttoned up with a bow. It's all in very, very, very good shape. So we were, we were able to roll with the punches and still get it done. We still issued the report for July 11, which I think was only about a week off of the previous year. So that is phenomenal. So, kudos to Jeri and her team for being able to, as well, roll the punches and be able to get it wrapped up and done. Okay.

Leah Lasecki (CliftonLarsenAllen) 03:55

All right, if you can turn to the next page, I just want to go through a high-level summary of the audit results. So, starting with the audit opinion on the financial statements, we gave you a clean audit opinion. That's in regard

to materiality; so that is not absolute. There's not any auditor that's going to give you an absolute level of assurance. So that is in terms of materiality. I'm not aware of any time that the city has received anything but that clean audit opinion.

Leah Lasecki (CliftonLarsenAllen) 04:23

Moving on to internal controls over financial reporting, this is a super important area, and I don't I don't recall if I've talked on this in the past, but we spend a lot of time understanding your internal controls. As an auditor, obviously, it's expected that that is what we're doing. How else do we plan an audit if we're not understanding how the city does things on a day-to-day basis? So, we do spend a tremendous amount of time, and at the end of it, if we have anything that we consider to be significant or material weaknesses, we would have to report that to all of you through what we call an audit finding. Okay? You'll see here under the bullet that there were no deficiencies in internal control over financial reporting that were reported. Okay? And I want to comment real quick that that could be what I almost want to say is relatively minor. You know, we test during the year and make sure that, as an example, that the bank reconciliation is reviewed and approved by somebody separate from who's preparing it—correct? If that wasn't done, that would rise to level of being here. Okay? So, it can be some pretty, seemingly minor things that can end up in this report. Okay? But again, there were no deficiencies whatsoever in internal control over financial reporting.

Leah Lasecki (CliftonLarsenAllen) 05:36

In the next section, if we can talk real quick about the single audit results, we spend a lot of time on the single audit. And I know I've talked about this in the past and said it is almost half of what we spend here as auditors. Okay? A single audit is over federal and state funds, and we also do other compliance stuff to make sure that you file your 1099s or W2s, you know, make sure that you're following public disclosure requirements for the budget, minutes, that kind of stuff, but this is really in regards to those federal and state dollars that the city receives.

Leah Lasecki (CliftonLarsenAllen) 06:08

So, this last year—this isn't here, but I'll just narrate real quick from the report itself—the city received about \$17 million in federal funds and about \$3 million in state funds. Okay? On the state side, that does not include shared revenues and other entitlement type grants. This is only going to be grants that you're actually applying for, most of which is going to be transit and public health. Okay?

Leah Lasecki (CliftonLarsenAllen) 06:34

So, again, we spent a lot of time every year. It's cyclical, so we're not testing the same programs every single year. We use a risk-based approach. Some of it is the federal government or the state government saying, "Hey, that's a big program. You have to test it." But the other ones are cyclical, okay? Or are new. So, there were two federal programs that we audited this year, um, 21.027 which was ARPA. So of course, that one has been audited in the past as well. And the second one is a brand new one, 97.044, and to be totally honest with you, this was the first time that I've actually ever audited this as major. We have other municipalities that receive it, but usually not of this size, where you actually end up including it in the federal single audit.

Leah Lasecki (CliftonLarsenAllen) 07:20

So, this was a large grant that came through for, I believe, radios—right?—in which the city acted as the host or the grantor of the funds and then doled all those funds out then to the participating other municipalities. Okay? So, we spent a lot of time on that one because it had some really weird compliance requirements. So, it was kind of fun for our team to be able to test a new program that isn't the same as what they've done before. Okay?

Leah Lasecki (CliftonLarsenAllen) 07:47

The state program that we tested is transit operating aids. Very often we transit—we test transit, almost every single year. Deb and Ron probably get really sick of seeing us over a transit but, unfortunately, it's either the federal side or the state side is always transit. Okay?

Leah Lasecki (CliftonLarsenAllen) 08:04

So out of those three programs that we tested, there were no deficiencies in internal control over compliance. So just like on the financial statement of the financial reporting side, we have to look at internal controls, we have to look over at internal controls over those grants as well and make sure that there's no deficiencies and how you're operating those grants.

Leah Lasecki (CliftonLarsenAllen) 08:24

There were also no separate federal or state compliance findings noted as well. That is a huge, huge thing for the city to not have any findings. Even the best clients that I have end up with findings, because there are so many compliance requirements in each one of those grants. So, it's awesome, especially on this new one with the fire—the fire—firefighters grant that you didn't have any fight findings. Any questions on any of this? No? Okay. Completely clean report. That's great.

Leah Lasecki (CliftonLarsenAllen) 09:01

Okay, so we can turn real quick to the next page. This is going to be your formal required communications. So, this is going to be audit required communications that we have to have with governance. Okay? And I'm just going to pick off the high points here. I don't want to go through all of it with you. But under accounting policies, that second paragraph, we talk about a new GASB statement. So GASB is government accounting standards board. They are the standard setter for governmental accounting. Okay? And they had a new standard that came out for compensated absences. In the past. Compensated absences or only reported when it would pay out upon termination. So even if it accumulated, if it didn't pay out upon termination, it wasn't accrued for. Well, GASB came along and said, "Yeah, but in practice, the majority of the time it ends up getting paid out." A lot of policies won't say in there that it only has to be used for sick. So, PTO and sick now that accumulates and is determined to be more likely than not to pay out, is accrued for. And, you know, I don't agree with a lot of the new GASB standards because they just muck up a lot of the existing standards. This is one thing that I definitely agree with that we that GASB went ahead with. So, it did have an immaterial effect on the city, and I'll talk about that dollar amount in a second, but the city did implement it, so it's—going forward, it will continue to be calculated and accrued for. Okay?

Leah Lasecki (CliftonLarsenAllen) 10:33

Next section we talk about some accounting estimates. I won't dive into those unless anybody has any questions. Just know that obviously, accounting estimates come with a lot of risk. So as auditors, we spent a lot of time looking at the assumptions and the methodologies that make up those estimates.

Leah Lasecki (CliftonLarsenAllen) 10:51

Middle of the page—difficulties encountered in performing the audit. As I had said before, obviously none. Under uncorrected misstatements, you'll see those two bulleted items. This is going to be compensated absences. So, we have to tell governance when we've passed on something. Even if it's not material, we still have to communicate it to governance. Okay? And because both of these were pushed through the current year, that's the reason why it becomes what we call an uncorrected misstatement.

Leah Lasecki (CliftonLarsenAllen) 11:20

So, this first one is about \$869,000. That's how much we recorded—or the city recorded, I should say—on the books for governmental funds or governmental activities for compensated absences. Okay? So, it had about an \$870,000 impact on the city. Okay? There's also a portion on that second bullet point that's \$127,000. That's for transit. That was not recorded. And the reason why it wasn't recorded is because transit had already gone through and done their calculations for their municipal share, and they didn't want to have to do redo the calculations. And this is a—it's not a material amount, and it wouldn't have been a material amount to those municipalities either. So that was the choice that was made then. It'll get trued up in 2025. So, it's not like it'll just go away. I'll just get trued up next year. Okay? Any questions on them? No? Okay.

Leah Lasecki (CliftonLarsenAllen) 12:16

The only other comment I'll make on uncorrected misstatements is that for us, that's a pretty low level. So, if you had had something, even if we were looking at your bank reconciliation, and let's say it's \$20,000 off. Okay? That would probably be something that we would have to include here. So, know that even though auditors talk in really large terms of materiality, right, in our audit opinion, we still have to communicate even smaller things to governance. Okay?

Leah Lasecki (CliftonLarsenAllen) 12:45

If you flip to the next page—corrected misstatements. This is where we would disclose any corrected misstatements that we did through the audit that were material. Okay? And if you read the sentence that says that we did not propose any that were material. Okay? We did have a few adjustments, nothing that was major—that were major by any means, at least, that I would consider from an audit perspective, to be major. Okay?

Leah Lasecki (CliftonLarsenAllen) 13:11

Disagreements with management. Obviously, no disagreements. That would be a disagreement like we had on an accounting standard or if we were if we were trying to do something as an audit procedure and management wasn't letting us. That would obviously fall under this. But there was nothing like that whatsoever.

Leah Lasecki (CliftonLarsenAllen) 13:30

The remainder of this just talks about our responsibilities for required supplementary information, supplementary information within the report, that type of stuff, so more boilerplate type stuff. And then the remainder of this is all some, what I think is very good financial summaries and trends, just some additional information that you can read through at your leisure. I'm not going to go through anything in depth, because I know that Jeri goes through that in her reports. There's also—if you continue on, there's some really good summaries and trends too, for all of the enterprise funds. So, I'd be happy to take any questions if anybody has them?

Alderson Brad Firkus (District 3) 14:11

Anyone? Nothing? Okay, well, I don't have any questions myself either. Really happy to hear the results, and thank you very much for the report and the presentation. It's good to hear. Glad to hear the feedback, especially of how our staff has managed with some of the staffing levels to still stay on top of everything. So, thank you.

Leah Lasecki (CliftonLarsenAllen) 14:34

Thank you. Thanks, Jeri.