

**CITY OF APPLETON**  
**EXECUTIVE SUMMARY AND BOARD COMMUNICATIONS**  
**DECEMBER 31, 2024**



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# Executive Summary

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July 11, 2025

Honorable Mayor and Common Council  
City of Appleton  
Appleton, Wisconsin

We have completed our audit of the financial statements of the City of Appleton (the City) for the year ended December 31, 2024, and have issued our report thereon dated July 11, 2025. We prepared this Executive Summary in conjunction with our audit of the City's financial statements for the year ended December 31, 2024. This letter also presents formal communications required by our professional standards.

Your yearly audit should provide the City with confidence in your financial statements. We are committed to providing you with clear, concise communication throughout the audit process and the final results of our audit. We conducted the audit in accordance with relevant auditing standards and guidelines to ensure the accuracy and reliability of the financial statements and internal controls. Specifically, the City's audit was performed based on information obtained from meetings with management, data from your systems, knowledge of the City's operating environment, and our risk assessment procedures.

We encourage continual communication and are available to discuss not just the results of your audit, but also on current industry developments and areas we have observed as key risks to the City.

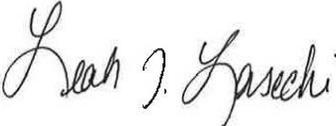
Please reach out to us with questions and for further discussion at any time:

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(920) 455-4120

Sincerely,

**CliftonLarsonAllen LLP**



Leah Lasecki, CPA, Principal

# Executive Summary

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## **SUMMARY OF AUDIT RESULTS**

### ***Audit Opinion on the Financial Statements***

The financial statements are fairly stated in all material respects and free from material misstatement. We issued what is known as a “clean” audit report.

### ***Internal Controls over Financial Reporting***

An audit finding is a comment on either the design and/or the effectiveness of the system of internal control. An audit finding may involve financial reporting, compliance, and/or the design or effectiveness of internal controls. The following are the results of the procedures performed:

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

### ***Single Audit Results***

A Single Audit includes an audit of both your organization’s financial statements and compliance with federal and state award requirements for those programs identified as major programs, based on application of the risk-based approach and criteria outlined in Title 2 Code of Federal Regulations (CFR) Section 200.518 and .519 and the Wisconsin State Single Audit Guidelines. The following were the programs that were audited as major and the results of the procedures performed:

Federal and State Programs Audited as Major Programs:

<u>Federal Assistance Number</u>	<u>Name of Federal Program/Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
97.044	Assistance to Firefighters Grant - SARC

<u>State ID Number</u>	<u>Name of State Program</u>
395.104	Transit Operating Aids

- There were no deficiencies in internal control over compliance reported.
- There were no separate Federal or State compliance findings reported.



## FORMAL REQUIRED COMMUNICATIONS

Honorable Mayor and Common Council  
City of Appleton  
Appleton, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Appleton (the City) as of and for the year ended December 31, 2024, and have issued our report thereon dated July 11, 2025. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, Government Auditing Standards, 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*, as well as certain information related to the planned scope and timing of our audit in our engagement letter dated December 3, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### Significant audit findings or issues

#### ***Qualitative Aspects of Accounting Practices***

##### *Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements.

The City changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences*, as of January 1, 2024. The impact of the adoption was immaterial to the financial statements, but has been recorded and implemented in accordance with the standard.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management’s estimate of the other postemployment benefits is based on an actuarial report. We evaluated the key factors and assumptions used to develop the other postemployment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of compensated absences is based upon analysis of the employees’ leave balances. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of the IBNR is based on three months of claims. We evaluated the key factors and assumptions used in valuing the IBNR in determining that they are reasonable in relation to the financial statements taken as a whole.

**Financial Statement Disclosures**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Uncorrected Misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes the uncorrected misstatements of the financial statements:

- The City adopted Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences*, as of January 1, 2024 and recorded the implementation through expenses as it was immaterial to the financial statements to restate beginning net position. The amount of the adjustment increased expenses of \$869,404 for governmental activities as a result of the implementation.
- The City of Appleton’s proprietary fund Valley Transit (“Transit”) did not adopt Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences*, as of January 1, 2024 as it was immaterial to the financial statements to record. The effect of not recording this additional liability understates Transit liabilities by \$127,277 as of December 31, 2024.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

***Corrected misstatements***

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

***Disagreements with Management***

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

***Management Representations***

We have requested certain representations from management that are included in the attached management representation letter dated July 11, 2025.

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant Issues Discussed with Management Prior to Engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

***Required supplementary information***

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

***Supplementary information in relation to the financial statements as a whole***

With respect to the schedule of expenditures of federal awards (SEFA) and the schedule of expenditures of state awards (SESA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA and SESA to determine that the SEFA and SESA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA and SESA is appropriate and complete in relation to our audit of the financial statements. We

compared and reconciled the SEFA and SESA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated July 11, 2025.

With respect to the combining and individual nonmajor fund financial statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated July 11, 2025.

**Other information included in annual reports**

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the statistical section. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

\* \* \*

This communication is intended solely for the information and use of the Common Council and management of the City of Appleton and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
July 11, 2025

**CITY OF APPLETON  
APPENDIX A  
FINANCIAL SUMMARIES AND TRENDS  
DECEMBER 31, 2024**

The following summaries are provided for analysis and discussion. Information was obtained from current and prior year audit reports.

**GOVERNMENTAL FUND BALANCES**

Presented below is a summary of the City's governmental fund balances on December 31, 2024 and 2023. This information is provided for assessing financial results for 2024 and for indicating financial resources available at the start of the 2024 budget year. It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates.

	<u>12/31/24</u>	<u>12/31/23</u>	<u>Change</u>
General Fund:			
Nonspendable:			
Prepaid Items	\$ 1,313,030	\$ 1,215,897	\$ 97,133
Advance to Other Funds (Principal Portion)	757,202	857,202	(100,000)
Developer Loans	352,906	432,327	(79,421)
Assigned:			
PILOT Applied to the Subsequent Year's Budget	1,791,409	1,820,058	(28,649)
Carryover Appropriations	3,509,891	3,561,166	(51,275)
Compensated Absences	5,836,585	5,679,470	157,115
Health Insurance	1,298,852	1,813,017	(514,165)
Debt Service	3,521,375	3,436,972	84,403
Unassigned	<u>12,721,003</u>	<u>10,202,721</u>	<u>2,518,282</u>
Total General Fund	31,102,253	29,018,830	2,083,423
Special Revenue Funds:			
Restricted:			
Community Development Block Grant	46,991	46,991	-
Hazardous Materials Level A	278,851	298,979	(20,128)
ARPA Grant	1,509,482	916,809	592,673
Tax Incremental District No. 3	764,610	193,359	571,251
Health Grants	50,900	50,900	-
HOME Homeowner	169,358	342,484	(173,126)
Housing Rehabilitation Grant	106,392	144,282	(37,890)
Business And Neighborhood Revitalization Grant	2,206	769	1,437
Lead Hazard Control Grant	22,270	22,270	-
Room Tax	8,233	8,211	22
Emergency Shelter	2,465	2,465	-
Library Grants	17,261	107,841	(90,580)
Peabody Estate	75,134	71,876	3,258
Lutz Park	156,560	149,771	6,789
Park Purpose Open Space	194,996	183,635	11,361
Union Spring Park	20	229	(209)
Project City Park	6,827	6,531	296
Miracle League Baseball	27,359	28,327	(968)
Ellen Kort Peace Park	96,885	89,940	6,945
Committed:			
Sanitation & Recycling Program	2,818,946	2,210,890	608,056
Unassigned:			
COVID -19 Response	1	(2)	3
Continuum of Care	<u>(18,422)</u>	<u>(18,422)</u>	<u>-</u>
Total Special Revenue Funds	6,337,325	4,858,135	1,479,190

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**GOVERNMENTAL FUND BALANCES (CONTINUED)**

	<u>12/31/24</u>	<u>12/31/24</u>	<u>Change</u>
Debt Service Fund	\$ 1,420,182	\$ 1,194,011	\$ 226,171
Capital Projects Funds:			
Restricted:			
Tax Incremental District No. 6	-	(786)	786
Tax Incremental District No. 7	2,014,283	1,617,482	396,801
Tax Incremental District No. 8	1,125,906	366,198	759,708
Tax Incremental District No. 9	954,921	697,529	257,392
Tax Incremental District No. 10	371,222	146,856	224,366
Tax Incremental District No. 11	979,575	521,801	457,774
Tax Incremental District No. 12	701,788	237,369	464,419
Tax Incremental District No. 13	1,973,743	545,556	1,428,187
Public Safety Facilities	-	365,000	(365,000)
Public Works Equipment	1,112,166	-	1,112,166
Facilities Capital Projects	-	12,075,468	(12,075,468)
City Center Facilities	623	623	-
Information Technology	270,935	250,000	20,935
Assigned:			
Subdivision Development Projects	391,171	476,558	(85,387)
Industrial Park Land	2,766,923	2,658,384	108,539
Public Safety Facilities	72,552	15,039	57,513
Public Works Equipment	2,199,816	2,327,031	(127,215)
CEA Replacement	6,333,945	4,992,869	1,341,076
Community Development	83,052	79,450	3,602
Facilities Capital Projects	1,201,993	8,223,021	(7,021,028)
Information Technology	644,378	578,834	65,544
Unassigned:			
Tax Incremental District No. 11	-	(199,937)	199,937
Total Capital Projects Funds	<u>23,198,992</u>	<u>35,974,345</u>	<u>(12,775,353)</u>
Total Governmental Fund Balances	<u>\$ 62,058,752</u>	<u>\$ 71,045,321</u>	<u>\$ (8,986,569)</u>

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**General Fund – Fund Balance**

As the main operating fund of the City, a strong general fund balance is important to maintain the City's long-term financial stability. Accordingly, the City maintains a reserve policy which stipulates that the total unreserved fund balance (excluding designations for debt service) will be 25% of the following year's budgeted appropriations. The policy also calls for an assigned balance for debt service of 25% of the ensuing year's debt service requirements, with 75% of any excess funds over these amounts used for the reduction of long-term liabilities and the remaining excess subject to recommendation from the Finance Committee and final Council approval. A summary of the City's 2024 general fund in comparison to this policy follows:

Total Fund Balance - End of Year	\$ 31,102,253
Less: Nonspendable Fund Balance	(2,423,138)
Less: Assigned Fund Balance	
Pilot Applied to the Subsequent Year's Budget	(1,791,409)
Health Insurance	(1,298,852)
Debt Service (25% of Ensuing Year's Debt Service Requirements)	(3,521,375)
Subsequent Years Expenditures of Carryover	(3,509,891)
Less: Working Capital (25% of 2025 Budgeted Expenditures)	<u>(18,239,327)</u>
General Fund Balance in Excess (Deficiency) of Reserve Policy	<u>\$ 318,261</u>

The City's general fund as of December 31, 2024 exceeded the projected change in fund balance by \$5,672,427 in the City's 2024 budget primarily due to lower revenues, lower expenditures and lease proceeds than what was projected. General fund operating results and budgetary highlights are summarized in the City's Management's Discussion and Analysis of the annual comprehensive financial report.

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**WATER UTILITY**

A comparative summary of the Water Utility's change in net position for the years ended December 31, 2024 and 2023 appears below:

	<u>2024</u>	<u>2023</u>	<u>Change</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 20,063,340	\$ 19,974,427	\$ 88,913
Other	416,188	502,188	(86,000)
Total Operating Revenues	<u>20,479,528</u>	<u>20,476,615</u>	2,913
<b>OPERATING EXPENSES</b>			
Operation and Maintenance	10,966,479	9,929,901	1,036,578
Depreciation	4,662,538	4,553,430	109,108
Total Operating Expenses	<u>15,629,017</u>	<u>14,483,331</u>	1,145,686
<b>OPERATING INCOME</b>	4,850,511	5,993,284	(1,142,773)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Expense	(1,203,958)	(1,365,721)	161,763
Investment Income (Loss)	750,792	853,470	(102,678)
Debt Issuance Costs	(7,000)	(8,500)	1,500
Amortization of Premium on Debt Issuance	255,221	286,427	(31,206)
Intergovernmental	523,205	-	523,205
Other	19,581	19,566	15
Total Nonoperating Revenues (Expenses)	<u>337,841</u>	<u>(214,758)</u>	552,599
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	5,188,352	5,778,526	(590,174)
Capital Contributions	1,256,416	113,488	1,142,928
Transfers Out	<u>(1,920,052)</u>	<u>(1,783,946)</u>	(136,106)
<b>CHANGE IN NET POSITION</b>	4,524,716	4,108,068	416,648
Net Position - Beginning of Year	<u>119,044,624</u>	<u>114,936,556</u>	4,108,068
<b>NET POSITION - END OF YEAR</b>	<u>\$ 123,569,340</u>	<u>\$ 119,044,624</u>	<u>\$ 4,524,716</u>

The water utility's net position increased by \$4,524,716 for 2024 compared to an increase of \$4,108,068 for 2023. From an operating perspective, there was a slight increase in operating revenues, with an increase in operating expenses, resulting in \$1,142,773 lower operating income than in prior year.

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**WATER UTILITY (CONTINUED)**

The following analysis compares the 2024 and 2023 rate of return as calculated by the Public Service Commission (PSC). The primary differences in the operating income shown above and the operating income below is that depreciation on contributed plant is excluded from operating expenses per in the PSC calculation. The authorized rate of return approved by the PSC is 7.0%.

The water utility is anticipating an increase in rates in 2025 after completion of and approval of a convention rate case study submitted to the PSC.

	2024	2023
Rate Base (Average Balances)	\$ 117,453,354	\$ 113,286,217
Operating Income	\$ 4,098,896	\$ 4,765,619
Rate of Return	3.49%	4.21%

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**WASTEWATER UTILITY**

A comparative summary of the Wastewater Utility's change in net position for the years ended December 31, 2024 and 2023 appears below:

	2024	2023	Change
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 12,824,404	\$ 11,996,637	\$ 827,767
Other	3,331,384	2,538,915	792,469
Total Operating Revenues	<u>16,155,788</u>	<u>14,535,552</u>	<u>1,620,236</u>
<b>OPERATING EXPENSES</b>			
Operation and Maintenance	8,604,616	9,106,581	(501,965)
Depreciation	3,669,553	3,564,800	104,753
Total Operating Expenses	<u>12,274,169</u>	<u>12,671,381</u>	<u>(397,212)</u>
<b>OPERATING INCOME</b>	3,881,619	1,864,171	2,017,448
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Expense	(1,216,632)	(1,173,692)	(42,940)
Investment Income (Loss)	1,299,550	1,466,877	(167,327)
Gain (Loss) on Disposal of Capital Assets	(139,181)	(35,655)	(103,526)
Debt Issuance Costs	(183,938)	(4,000)	(179,938)
Amortization of Premium on Debt Issuance	256,471	280,785	(24,314)
Intergovernmental	498,000	-	498,000
Other	2,306	48,706	(46,400)
Total Nonoperating Revenues (Expenses)	<u>516,576</u>	<u>583,021</u>	<u>(66,445)</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	4,398,195	2,447,192	1,951,003
Capital Contributions	449,097	161,173	287,924
Transfers	<u>(223,701)</u>	<u>(167,362)</u>	<u>(56,339)</u>
<b>CHANGE IN NET POSITION</b>	4,623,591	2,441,003	2,182,588
Net Position - Beginning of Year	<u>112,365,831</u>	<u>109,924,828</u>	<u>2,441,003</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 116,989,422</u>	<u>\$ 112,365,831</u>	<u>\$ 4,623,591</u>

The wastewater utility's net position increased by \$4,623,591 for 2024 compared to an increase of \$2,441,003 for 2023. From an operating perspective, there was an increase in operating revenues, with a slight decrease in operating expenses.

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**STORMWATER UTILITY**

A comparative summary of the Stormwater Utility's change in net position for the years ended December 31, 2024 and 2023 appears below:

	<u>2024</u>	<u>2023</u>	<u>Change</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 11,423,140	\$ 11,196,530	\$ 226,610
Other	179,991	102,904	77,087
Total Operating Revenues	<u>11,603,131</u>	<u>11,299,434</u>	<u>303,697</u>
<b>OPERATING EXPENSES</b>			
Operation and Maintenance	6,817,225	3,904,139	2,913,086
Depreciation	<u>3,225,253</u>	<u>2,765,874</u>	<u>459,379</u>
Total Operating Expenses	<u>10,042,478</u>	<u>6,670,013</u>	<u>3,372,465</u>
<b>OPERATING INCOME</b>	1,560,653	4,629,421	(3,068,768)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Expense	(1,202,478)	(1,342,943)	140,465
Investment Income (Loss)	1,030,173	979,980	50,193
Gain on Disposal of Capital Assets	-	(94,594)	94,594
Debt Issuance Costs	(8,000)	(9,500)	1,500
Amortization of Premium on Debt Issuance	<u>246,887</u>	<u>280,959</u>	<u>(34,072)</u>
Total Nonoperating Revenues (Expenses)	<u>66,582</u>	<u>(186,098)</u>	<u>252,680</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	1,627,235	4,443,323	(2,816,088)
Capital Contributions	31,178,561	540,240	30,638,321
Transfers Out	<u>(513,756)</u>	<u>(387,500)</u>	<u>(126,256)</u>
<b>CHANGE IN NET POSITION</b>	32,292,040	4,596,063	27,695,977
Net Position - Beginning of Year	<u>104,450,564</u>	<u>99,854,501</u>	<u>4,596,063</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 136,742,604</u>	<u>\$ 104,450,564</u>	<u>\$ 32,292,040</u>

The Stormwater Utility's net position increased \$32,292,040 for 2024 compared to \$4,443,323 for 2023. The increase was primarily due to the City reclassifying \$29,174,875 in bridge infrastructure assets from governmental activities to the stormwater utility to align with the resources responsible for maintaining those assets.

**CITY OF APPLETON  
APPENDIX A  
FINANCIAL SUMMARIES AND TRENDS  
DECEMBER 31, 2024**

**VALLEY TRANSIT**

A comparative summary of Valley Transit's change in net position for the years ended December 31, 2024 and 2023 appears below:

	<u>2024</u>	<u>2023</u>	<u>Change</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 1,020,903	\$ 1,113,745	\$ (92,842)
Other	67,586	96,161	(28,575)
Total Operating Revenues	<u>1,088,489</u>	<u>1,209,906</u>	<u>(121,417)</u>
<b>OPERATING EXPENSES</b>			
Charges for Services	9,326,249	8,947,226	379,023
Other	<u>1,347,568</u>	<u>1,342,327</u>	<u>5,241</u>
Total Operating Expenses	<u>10,673,817</u>	<u>10,289,553</u>	<u>384,264</u>
<b>OPERATING LOSS</b>	(9,585,328)	(9,079,647)	(505,681)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income (Loss)	165,385	181,272	(15,887)
Subsidies from Other Governmental Units	<u>12,050,249</u>	<u>7,261,439</u>	<u>4,788,810</u>
Total Nonoperating Revenues (Expenses)	<u>12,215,634</u>	<u>7,442,711</u>	<u>4,772,923</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	2,630,306	(1,636,936)	4,267,242
Capital Contributions	-	2,276,931	(2,276,931)
Transfers In	<u>665,384</u>	<u>499,111</u>	<u>166,273</u>
<b>CHANGE IN NET POSITION</b>	3,295,690	1,139,106	2,156,584
Net Position - Beginning of Year	<u>15,257,117</u>	<u>14,118,011</u>	<u>1,139,106</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 18,552,807</u>	<u>\$ 15,257,117</u>	<u>\$ 3,295,690</u>

Valley Transit's net position increased by \$3,295,690 for 2024 compared to an increase of \$1,139,106 for 2023.

**CITY OF APPLETON  
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**PARKING UTILITY**

A comparative summary of the Parking Utility's change in net position for the years ended December 31, 2024 and 2023 appears below:

	<u>2024</u>	<u>2023</u>	<u>Change</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 2,430,726	\$ 2,222,216	\$ 208,510
Other	659,418	358,704	300,714
Total Operating Revenues	<u>3,090,144</u>	<u>2,580,920</u>	<u>509,224</u>
<b>OPERATING EXPENSES</b>			
Operation and Maintenance	1,678,468	1,355,562	322,906
Depreciation	421,968	489,501	(67,533)
Total Operating Expenses	<u>2,100,436</u>	<u>1,845,063</u>	<u>255,373</u>
<b>OPERATING INCOME (LOSS)</b>	989,708	735,857	253,851
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income (Loss)	194,058	157,688	36,370
Interest and Fiscal Charges	(14,450)	(20,075)	5,625
Total Nonoperating Revenues (Expenses)	<u>179,608</u>	<u>137,613</u>	<u>41,995</u>
<b>INCOME BEFORE TRANSFERS</b>	1,169,316	873,470	295,846
Transfers In	1,150,000	544,000	606,000
Transfers Out	(13,956)	(9,300)	(4,656)
<b>CHANGE IN NET POSITION</b>	2,305,360	1,408,170	897,190
Net Position - Beginning of Year	<u>10,079,045</u>	<u>8,670,875</u>	<u>1,408,170</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 12,384,405</u>	<u>\$ 10,079,045</u>	<u>\$ 2,305,360</u>

The parking utility's net position increased \$2,305,360 for 2024 compared to an increase of \$1,408,170 for 2023.

**CITY OF APPLETON  
APPENDIX A  
FINANCIAL SUMMARIES AND TRENDS  
DECEMBER 31, 2024**

**REID MUNICIPAL GOLF COURSE**

A comparative summary of Reid Municipal Golf Course's change in net position for the years ended December 31, 2024 and 2023 appears below:

	<u>2024</u>	<u>2023</u>	<u>Change</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 1,237,183	\$ 1,181,352	\$ 55,831
Other	94,860	89,126	5,734
Total Operating Revenues	<u>1,332,043</u>	<u>1,270,478</u>	<u>61,565</u>
<b>OPERATING EXPENSES</b>			
Charges for Services	1,095,214	950,222	144,992
Other	63,775	65,428	(1,653)
Total Operating Revenues	<u>1,158,989</u>	<u>1,015,650</u>	<u>143,339</u>
<b>OPERATING INCOME (LOSS)</b>	173,054	254,828	(81,774)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Expense	(1,163)	(3,413)	2,250
Investment Income (Loss)	41,580	26,682	14,898
Total Nonoperating Revenues (Expenses)	<u>40,417</u>	<u>23,269</u>	<u>17,148</u>
<b>INCOME BEFORE TRANSFERS</b>	213,471	278,097	(64,626)
Transfers Out	<u>(26,856)</u>	<u>(42,840)</u>	<u>15,984</u>
<b>CHANGE IN NET POSITION</b>	186,615	235,257	(48,642)
Net Position - Beginning of Year	<u>1,518,476</u>	<u>1,283,219</u>	<u>235,257</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,705,091</u>	<u>\$ 1,518,476</u>	<u>\$ 186,615</u>

Reid Municipal Golf Course's net position increased \$186,615 for 2024 compared to an increase of \$235,257 for 2023.

**APPENDIX B**  
**MANAGEMENT REPRESENTATION LETTER**



# CITY OF APPLETON

Finance Department  
100 N Appleton St  
Appleton, WI 54911  
p: 920-832-6442  
f: 920-832-6044

July 11, 2025

CliftonLarsonAllen LLP  
1175 Lombardi Avenue, Suite 200  
Green Bay, WI 54304

This representation letter is provided in connection with your audit of the financial statements of City of Appleton, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to misstatements that are material. Misstatements, including omissions, 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.

We confirm, to the best of our knowledge and belief, as of July 11, 2025, the following representations made to you during your audit of the financial statements as of and for the year ended December 31, 2024.

## **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement agreement dated December 3, 2024, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We acknowledge and have fulfilled our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, including those measured at fair value, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.

5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.
6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements or in the schedule of findings and questioned costs.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. The following summarizes the uncorrected misstatements of the financial statements:
  - The City adopted Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences*, as of January 1, 2024 and recorded the implementation through expenses as it was immaterial to the financial statements to restate beginning net position. The amount of the adjustment increased expenses of \$869,404 for governmental activities as a result of the implementation.
  - The City of Appleton's proprietary fund Valley Transit ("Transit") did not adopt Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences*, as of January 1, 2024 as it was immaterial to the financial statements to record. The effect of not recording this additional liability understates Transit liabilities by \$127,277 as of December 31, 2024.

In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts, including adjusting journal entries to convert our cash basis records to the accrual basis. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
11. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.

12. The fact that the amount of “uncollateralized” deposits or “uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the entity’s name” during the period significantly exceeded the amounts in those categories as of the financial statement date was properly disclosed in the financial statements.
13. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date, and the carrying amounts of those receivables and related allowances are determined in accordance with U.S. GAAP.
14. We have appropriately identified, recorded, and disclosed all leases, including any material embedded leases contained within other contracts, in accordance with GASB Statement No. 87, *Leases*.
15. We have appropriately identified, recorded, and disclosed all subscription-based information technology arrangements in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.
16. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
17. We believe that all material expenditures that have been deferred to future periods will be recoverable.
18. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefits (OPEB) liabilities and costs for financial accounting purposes are appropriate in the circumstances.
19. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.
20. We have properly identified the various types of leave and have recorded a liability for compensated absences in accordance with the requirements of GASB Statement No. 101, *Compensated Absences*.

**Information Provided**

1. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records (including information obtained from within and outside of the general and subsidiary ledgers), documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

- e. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with, or deficiencies in, financial reporting practices.
  - f. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with the provisions of laws, regulations, contracts, and grant agreements.
  - g. Access to all audit or relevant monitoring reports, if any, received from funding sources.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.
7. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
9. We have disclosed to you the identity of all the entity's related parties and all the related party relationships and transactions of which we are aware, including any side agreements.
10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
11. We have a process to track the status of audit findings and recommendations.

12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
13. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to City of Appleton, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
15. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
16. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
17. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
18. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
19. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.
20. The financial statements properly classify all funds and activities.
21. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
22. Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
23. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
27. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
28. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
29. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
30. We have appropriately disclosed the entity's accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
31. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
32. We acknowledge our responsibility for presenting the nonmajor fund combining statements, individual statements, and supporting schedules (the supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.
33. In regards to the preparation of the financial statements and adjusting journal entries services performed by you, we have:
  - a. Made all management judgments and decisions and assumed all management responsibilities.

- b. Designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee the services.
- c. Evaluated the adequacy and results of the services performed.
- d. Accepted responsibility for the results of the services.
- e. Ensured that the entity's data and records are complete and received sufficient information to oversee the services.

34. With respect to federal and state award programs:

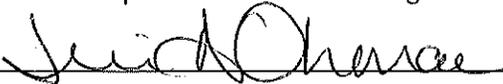
- a. We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Guidelines including requirements relating to preparation of the schedule of expenditures of federal and state awards.
- b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA), schedule of expenditures of state awards (SESA), and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA and SESA, including their form and content, are fairly presented in accordance with the Uniform Guidance and the State Single Audit Guidelines. The methods of measurement and presentation of the SEFA and SESA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA and SESA.
- c. If the SEFA and SESA are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA and SESA no later than the date we issued the SEFA and SESA and the auditors' report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and the State Single Audit Guidelines compliance audit, and included in the SEFA and SESA expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state programs and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal and state awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal and state programs and related activities.
- h. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and the *State Single Audit Guidelines* related to state awards, and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal and state awards.
- j. We have disclosed to you any communications from federal or state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and the *State Single Audit Guidelines*.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

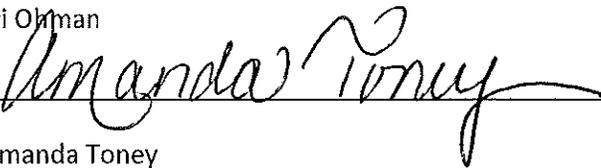
- p. There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- q. We have disclosed to you whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and/or material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.
- r. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- s. The copies of federal and state program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.
- t. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal and state statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance and the *State Single Audit Guidelines*.
- u. We have issued management decisions for audit findings that relate to federal and state awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.
- v. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w. We have charged costs to federal and state awards in accordance with applicable cost principles.
- x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and the *State Single Audit Guidelines*, and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

bb. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signature:  Title: Finance Director

Jeri Ohman

Signature:  Title: Deputy Finance Director

Amanda Toney