



Reporting and insights from 2023 audit:

City of Park Falls

December 31, 2023

Executive summary

October 3, 2024

To the City Council
City of Park Falls

We have completed our audit of the financial statements of the City of Park Falls (the City) for the year ended December 31, 2023, and have issued our report thereon dated October 3, 2024. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your City's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

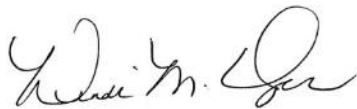
Additionally, we have included information on key risk areas the City should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Wendi Unger, Principal: wendi.unger@bakertilly.com or +1 (414) 777 5423

Sincerely,

Baker Tilly US, LLP



Wendi Unger, CPA, Principal

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

BAKER TILLY ADVISORY GROUP, LP AND BAKER TILLY US, LLP, TRADING AS BAKER TILLY, ARE MEMBERS OF THE GLOBAL NETWORK OF BAKER TILLY INTERNATIONAL LTD., THE MEMBERS OF WHICH ARE SEPARATE AND INDEPENDENT LEGAL ENTITIES. BAKER TILLY US, LLP IS A LICENSED CPA FIRM THAT PROVIDES ASSURANCE SERVICES TO ITS CLIENTS. BAKER TILLY ADVISORY GROUP, LP AND ITS SUBSIDIARY ENTITIES PROVIDE TAX AND CONSULTING SERVICES TO THEIR CLIENTS AND ARE NOT LICENSED CPA FIRMS.

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the City's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the City Council:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or the City Council of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the City Council, including:

- Internal control matters
- Qualitative aspects of the City's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the City and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the City's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion
Inadequate segregation of duties	Incorporate unpredictability into audit procedures, emphasize professional skepticism, utilize audit team with industry expertise and performance of sufficient substantive procedures.	Procedures identified provided sufficient evidence for our audit opinion.

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension liabilities	Long-term debt
Capital assets including infrastructure	Net position and fund balance calculations	Financial reporting and required disclosures

Internal control matters

We considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 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. We identified the following deficiencies as material weaknesses:

- **Inadequate segregation of duties**

A properly designed system of internal control includes adequate staffing as well as policies and procedures to properly segregate duties. This includes systems that are designed to limit the access or control of any one individual to your government's assets or accounting records, and to achieve a higher likelihood that errors or irregularities in your accounting processes would be discovered by your staff in a timely manner.

At this time, due to staffing and financial limitations, the proper internal controls are not in place to achieve adequate segregation of duties. As a result, errors, irregularities or fraud could occur as part of the financial reporting process that may not be discovered by someone in your organization. Therefore, we are reporting a material weakness related to the internal control environment.

- **Missing key controls**

There are certain controls that are not currently in place related to significant transaction cycles. As a result, there is a risk that erroneous or unauthorized transactions or misstatements could occur without the knowledge of management or the governing body. Our recommendations for strengthening controls are listed below.

Controls over accounts payable/disbursements

- Persons processing accounts payable and those with access to the system should be separate from those ordering or receiving goods or services.

- The listing of accounts payable should be reconciled regularly to the general ledger.
- There should be a process for reviewing, recording, and approving retainages at year-end.

Controls over payroll

- Persons preparing the payroll should be independent of other personnel duties or restricted from access to the payroll account.
- Authorization for new employees and changes to employee rates and data should be reviewed by someone other than the person entering and making the changes.
- Year-end accrued payroll should be recorded to ensure proper cutoff between fiscal years and this calculation should be reviewed and approved by an appropriate person.

Controls over property taxes

- There should be a formal process to prepare and approve journal entries to record taxes receivable and the tax settlements.
- Bank reconciliations for the tax account should be performed by someone independent of the tax collection process.

Controls over utility billing

- The entry of new customers and changes in billing rates should be reviewed by someone other than the person who enters the information into the billing system.
- An independent review and approval of adjustments to accounts receivable and account write-offs.
- Persons involved in the cash receipting process should be independent of other billing duties.
- The reconciliation of the detailed listing of receivables in the billing system and the receivable balance in the general ledger should be reviewed by someone independent of the utility billing and cash receipting processes.

Controls over monthly and year-end accounting

- Adjusting journal entries and supporting documentation should be reviewed and approved by an appropriate person who is not the original preparer.
- Account reconciliations prepared throughout the year should be performed by someone independent of processing transactions in the account.
- Year-end reconciliations should be reviewed and approved by someone other than the preparer.
- Trial balances or interim financial statements should be consistently produced and reviewed by the Finance Committee or City Council.

Since the controls listed above or other compensating controls are not currently in place, errors or irregularities could occur as part of the accounting processes that might not be discovered by management or the governing body. Therefore, the absence of these controls is considered to be a material weakness.

We recommend that a designated employee review the segregation of duties, risks, and these potential controls and determine whether additional controls should be implemented. This determination should take into consideration a cost / benefit analysis.

- **Financial statement close process**

Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- There is adequate staffing to prepare financial reports throughout the year and at year-end.
- Material misstatements are identified and corrected during the normal course of duties.
- Complete and accurate financial statements, including footnotes, are prepared.
- Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered to be a material weakness surrounding the preparation of financial statements and footnotes, adjusting journal entries identified by the auditors, and an independent review of financial reports.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles. In addition, material misstatements in the general ledger were identified during the financial audit.

- **Lack of Account Reconciliations**

Adequate monitoring and regular reconciliation of all general ledger accounts, including cash and investment accounts, provides assurance that the City's accounting records are complete and accurate throughout the year. Also, timely preparation of account reconciliations helps reduce the risk that errors or irregularities could go undetected.

As presented in the appendix of this report, our audit procedures resulted in a significant number of adjustments to the City's records to correct year-end balances. These adjustments included corrections needed to reconcile the City's cash and investments, tax related accounts, receivables, capital assets, and accounts payable. The nature and extent of the proposed audit adjustments indicates that additional emphasis needs to be placed reconciling balance sheet accounts to underlying records on a regular basis. The lack of account reconciliations is considered a material weakness in the City's internal controls.

We recommend you approve a process that identifies who is responsible for reconciling each balance sheet account, how often each account should be reconciled, and who should ensure the reconciliations are being performed and/or review such reconciliations. A top priority for the Finance Department should be to reconcile all cash and investment accounts to monthly bank statements. Such reconciliations should be completed within three weeks of month-end and any necessary adjustments should be posted to the general ledger at this time.

Other comments and recommendations

TIF District Audits

The City presently has several Tax Incremental Financing (TIF) Districts which are reported as capital project funds in the financial statements.

In addition to the annual financial statement audit coverage, each district is also required by state statutes to have separate audits throughout their lifetimes of up to 27 years. These are known as TIF compliance audits and are required at the following times:

1. After 30% of the project expenditures are made.
2. After the end of the expenditure period.
3. After the termination of the district.

Each of the audits described contains three separate areas of coverage:

1. Financial audit of the district from date of creation through applicable date.
2. Compliance of the district with the approved project plan.
3. Compliance of the district with state statutes.

The City is not currently tracking whether the required audits have been completed. We suggest that the status of each district be determined and the audit requirements set forth by state statutes be complied with, if any noncompliance is determined.

Budget Requirements

During the audit, we noted that only a selection of City funds are budgeted for. Our understanding of Wisconsin state statutes regarding municipal budgeting is that all funds are required to be budgeted for, regardless of whether they receive a property tax allocation.

Statute 65.90 specifies the information that should be included in the City's Class 1 Notice regarding the budget public hearing and the budget document adopted by the City.

The City's budget notice should include the following items:

- A. Summary budget for the proposed budget, the budget in effect and the percentage change between the budget of the current year and the proposed budget. A summary budget would include:
 1. All expenditures by major expenditure category for general fund.
 2. All revenues by major revenue source for general fund.
 3. Any financing source and use not included in 1. and 2. above.
 4. All beginning and year-end fund balances for governmental and proprietary funds.
 5. Total revenues and expenditures for each governmental and proprietary fund.
 6. Summary totals of revenues and expenditures (all funds).
 7. Local property taxes for each fund that receives property tax revenue and the total for all funds.
 8. List of budget increases and decreases due to new or discontinued activities.

B. The place where the budget, in detail, is available for public inspection.

C. The time and place for holding the public hearing.

In addition, any budget amendments should be published as a Class 1 Notice within ten days after the change is made.

We recommend that City staff review state statutes pertaining to municipal budgets and incorporate any necessary changes going forward. A legal opinion may be desirable to clarify whether the allocation of property taxes impacts the requirements.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during 2023. We noted no transactions entered into by the City during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value 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, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Net pension asset/liability and related deferrals	Evaluation of information provided by the Wisconsin Retirement System	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole
Compensated absences	Evaluation of hours earned and accumulated in accordance with employment policies and average wage per hour rates	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the City or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

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

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the basic financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and to communicate accumulated misstatements to management. The schedule within the attachments summarizes the uncorrected misstatements, other than those that are clearly trivial, that we presented to management and the corrected misstatements that, in our judgment, may not have been detected except through our auditing procedures. Some of the corrected misstatements are considered to be material. The internal control matters section of this report describes the effects on the financial reporting process indicated by the uncorrected misstatements and corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the basic financial statements under audit.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention 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 retention.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit, except as disclosed in Note 2 to the financial statements.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the City's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the City that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the City's related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, 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, 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.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries
- Civic systems software
- Compiled regulatory reports
- Utility rate consulting

In addition, we prepared GASB No. 34 conversion entries which are summarized in the “Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position” and the “Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities” in the financial statements.

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

City Council resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

Visit the resource page at <https://www.bakertilly.com/insights/audit-committee-resource-page>.

Management representation letter



410 Division Street
P.O. Box 146
Park Falls, WI 54552
Phone (715)762-2436 Fax (715) 762-2437
www.cityofparkfalls.com

October 3, 2024

Baker Tilly US, LLP
790 N. Water St.
Suite 2000
Milwaukee, WI 53202

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of the City of Park Falls as of December 31, 2023 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Park Falls and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America (GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.

- 3) We acknowledge 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including 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 accounting principles generally accepted in the United States of America.
- 7) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other 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 aforementioned financial statements.
- 8) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 9) We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the basic financial statements as a whole. In addition, you have recommended adjusting journal entries, and we are in agreement with those adjustments.
- 10) All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
- 11) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the appropriate accounts.
- 12) There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
- 13) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 14) 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 financial records and related data, 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) Minutes of the meetings of City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 15) We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 16) 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 where the fraud could have a material effect on the financial statements.
- 17) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
- 18) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 19) There are no related parties or related party relationships and transactions, including side agreements, of which we are aware.

Other

- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that you have reported to us.
- 22) We have a process to track the status of audit findings and recommendations.
- 23) We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 24) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
- 25) The City has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or fund balance or net position.
- 26) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local 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.

- 27) There are no:
- a) Violations or possible violations of budget ordinances, federal, state, and local laws or 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, except those already disclosed in the financial statement, if any.
 - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c) Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
 - d) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
 - e) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
- 28) In regards to the nonattest services performed by you listed below, we acknowledge our responsibility related to these nonattest services and have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
- a) Financial statement preparation
 - b) Adjusting journal entries
 - c) Compiled regulatory reports
 - d) Civic Systems software
 - e) Utility rate consulting
- None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.
- 29) The City of Park Falls 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.
- 30) The City of Park Falls has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 31) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any. Component units have been properly presented as either blended or discrete.
- 32) The financial statements include all fiduciary activities required by GASB No. 84.
- 33) The financial statements properly classify all funds and activities.

- 34) All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 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.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- 36) The City of Park Falls has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
- 37) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 38) 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.
- 39) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 40) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 41) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
- 42) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 43) Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.
- 44) Tax-exempt bonds issued have retained their tax-exempt status.
- 45) We have appropriately disclosed the City of Park Falls'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 are available and have determined that net position were properly recognized under the policy. We have also disclosed our 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.
- 46) 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.
- 47) With respect to the supplementary information, (SI):
 - a) We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI 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.

- b) If the SI 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 auditor's report thereon.
- 48) We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.
- 49) Unused lines of credit, collateral pledged to secure debt and direct borrowings and private placements have been properly identified and disclosed.
- 50) We have considered implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. We compiled related documentation of outstanding agreements and have concluded that the standard is not material to the City.
- 51) The auditing standards define an annual report as "a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the financial results and financial position as set out in the financial statements." Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditors' report thereon. We confirm that we do not prepare and have no plans to prepare an annual report.

Sincerely,

City of Park Falls

Signed: _____

City Administrator

Dated: _____

100324

City of Park Falls
SUMMARY OF UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS
December 31, 2023

Financial Statements Effect -
Debit (Credit) to Financial Statement Total

	<u>Current Assets</u>	<u>Noncurrent Assets</u>	<u>Total Assets/ Deferred Outflows</u>	<u>Current Liabilities</u>	<u>Noncurrent Liabilities</u>	<u>Total Liabilities/ Deferred Inflows</u>	<u>Total Net Position/ Fund Balances</u>	<u>Total Revenues</u>	<u>Total Expenses/ Expenditures</u>	<u>Change in Net Position/ Fund Balances</u>
Major Fund - TIF #5	-	-	-	-	-	-	-	-	5,595	5,595
Major Enterprise Fund - Water	-	-	-	-	-	-	-	(6,327)	-	(6,327)
Major Enterprise Fund - Sewer	-	-	-	-	-	-	-	(4,238)	-	(4,238)

Accounting changes relevant to the City of Park Falls

Future accounting standards update

GASB Statement Number	Description	Potentially impacts you	Effective date
100	Accounting Changes and Error Corrections	✓	12/31/24
101	Compensated Absences	✓	12/31/24
102	Certain Risk Disclosures	✓	12/31/25
103	Financial Reporting Model Improvements	✓	12/31/26

Further information on upcoming [GASB pronouncements](#).

Revised guidance for accounting changes and error corrections

GASB Statement No. 100, *Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62*, seeks to provide more understandable, reliable, relevant, consistent and comparable information for making decisions and assessing accountability.

The standard establishes the following categories:

1. Accounting changes, which is comprised of:
 - a. Changes in accounting principles – result from a change from one generally accepted accounting principle to another that is justified on the basis that the newly adopted principle is preferable to the previously applied principle, or the implementation of a new pronouncement.
 - b. Changes in accounting estimates – occur when inputs change due to a change in circumstances, new information, or more experience. Note that the focus is on changes to the inputs used; a change in the value of an input such as an annual inflation update does not require disclosure under this standard.
 - c. Changes to or within the financial reporting entity – result from the addition or removal of a fund that results from the movement of continuing operations (such as moving sanitation operation from the general fund to its own separate fund), a change in a fund's presentation as major or nonmajor, the addition or removal of a component unit (with certain exceptions), or a change in a component unit's presentation as blended or discretely presented.
2. Error corrections – result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time of the financial statements were issued (i.e., facts that could reasonably be expected to have been obtained and considered at that time).

A summary of the reporting impact of each category is as follows:

Reporting considerations	Accounting changes			
	Change in accounting principle	Change in estimate	Change to the financial reporting entity	Correction of an error
Basic financial statement schedules:	Restate earliest period presented	Report prospectively	Adjust current year beginning balances	Restate earliest period presented
Required supplementary information & supplementary information:	Should match the financial statement presentation noted above; no adjustments to earlier periods needed			Restate all periods impacted
Additional disclosures?	Yes	Yes	Yes	Yes

The City should become familiar with the new guidance in advance of the implementation effective date.

Updated accounting and reporting for compensated absences

The Governmental Accounting Standards Board (GASB) issued its Statement No. 101, *Compensated Absences*, in June 2022. The objective of GASB 101 is to update the recognition and measurement guidance for compensated absences for state & local government employers. It supersedes GASB No. 16, *Accounting for Compensated Absences*, issued in 1992, as well as earlier guidance, and addresses changes resulting from the types of leave now being offered. GASB 101 is effective for fiscal years beginning after December 15, 2023 (i.e., December 31, 2024, and June 30, 2025 year-end reporting entities).

GASB 101 more appropriately reflects a liability *when* a government incurs an obligation for compensated absences, and will improve comparability of reporting between governments that offer different types of leave. It requires that liabilities be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled-up via non-cash means. Compensated absences is defined as leave for which employees may receive one or more of the following:

- Cash payments when the leave is used for time off;
- Other cash payments, such as payment for unused leave upon termination of employment, or;
- Noncash settlements, such as conversion to defined benefit postemployment benefits.

Examples of compensated absences provided in GASB 101 include vacation, sick leave, paid time off (PTO), holidays, parental leave, bereavement leave, and certain types of sabbatical leave. Payment or settlement of compensated absences could occur during employment, or upon termination of employment. GASB 101 does not apply to benefits that are within the scope of GASB 47, *Accounting for Termination Benefits*.

GASB 101 requires that a liability should be recognized for leave that has not been used if all of the following are true:

- The leave is attributable to services already rendered;
- The leave accumulates, and;
- The leave is “more likely than not” (i.e., likelihood of more than 50%) to be used for time off or otherwise paid in cash or settled through noncash means (101 provides factors to assess this criteria). (This differs from GASB 16, which required payment to be “probable” to be recognized).

Under GASB 101, governments will now need to accrue for time that has accumulated and is likely to be used, even if the employee is not eligible for a payout upon termination. This was not a requirement under GASB 16, and thus may result in a higher compensated absence liability.

GASB 101 requires liabilities for compensated absences to be recognized in financial statements prepared using the economic resources measurement focus equal to the amount of leave that has not yet been used and leave that has been used but not yet paid or settled. GASB 101 did not change the report for financial statements prepared using the current financial resources measurement focus (i.e., governmental funds).

Other changes in financial statement disclosures include the change in compensated absences liability can now be disclosed as a net change, rather than gross increases/decreases in the liability. Also, governments are no longer required to disclose which fund has typically liquidated the liability.

We recommend that governments begin to review the guidance contained in GASB 101 within the context of your existing compensated absences policies and accounting practices, in order to be better informed in terms of the information that you will need for this implementation.

Updated reporting for certain risk disclosures

The Governmental Accounting Standards Board (GASB) issued its Statement No. 102, *Certain Risk Disclosures*, in June 2022. The objective of GASB 102 is to provide financial statement users with information about certain risks when circumstances make a government vulnerable to a heightened possibility of loss or harm. It requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints.

The Statement generally requires a government to disclose information about a concentration or constraint if all of the following criteria are met.

- The concentration or constraint is known to the government prior to issuing the financial statements.
- The concentration or constraint makes the government vulnerable to the risk of a substantial impact.
- An event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The disclosures should include a description of the following:

- The concentration or constraint,
- Each event associated with the concentration or constraint that could cause a substantial impact if the event has occurred or has begun to occur prior to the issuance of the financial statements, and
- Actions taken by the government to mitigate the risk prior to the issuance of the financial statements.

Uncorrected misstatements

- See the schedule included with the management representation letter for a summary of the financial statement effect of the uncorrected misstatements.

Corrected misstatements

Number	Date	Name	Account No	Debit	Credit
A01	12/31/2023	FUND BALANCE - UNRESERVED	01-34200		-285.31
A01	12/31/2023	SUPPLIES & EXPENSES	01-51100-340	285.31	
		To true up GF fund balance to PY FS for trivial amount			
A02	12/31/2023	DEFERRED REV - CDBG MORTGAGES	12-26100	14,105.00	
A02	12/31/2023	PRINCIPAL RECEIVED	12-48500-000		-14,105.00
		To adjust CDBG deferred revenue / recognize revenue of loan payoff - Client entry was cash & receivable			
A03	12/31/2023	MATERIALS & SUPPLIES (150)	02-16110	3,922.97	
A03	12/31/2023	MATERIALS & SUPPLIES (150)	03-16110	4,221.28	
A03	12/31/2023	OPERATING EXPENSES	02-57620-340		-3,922.97
A03	12/31/2023	OPERATING EXPENSES	03-57831-340		-4,221.28
		To record utilities inventory			
A04	12/31/2023	DEFERRED OUTFLOWS OF RESOURCES	02-19000	195,098.00	
A04	12/31/2023	DEFERRED OUTFLOWS OF RESOURCES	02-19000		-47,254.00
A04	12/31/2023	DEFERRED OUTFLOWS OF RESOURCES	02-19000		-129,074.00
A04	12/31/2023	NET PENSION ASSET	02-19750		-126,805.00
A04	12/31/2023	DEFERRED INFLOWS OF RESOURCES	02-25500	63,469.00	
A04	12/31/2023	DEFERRED INFLOWS OF RESOURCES	02-25500		-96,708.00
A04	12/31/2023	DEFERRED INFLOWS OF RESOURCES	02-25500	129,074.00	
A04	12/31/2023	DEFERRED OUTFLOWS OF RESOURCES	03-19000	156,082.00	
A04	12/31/2023	DEFERRED OUTFLOWS OF RESOURCES	03-19000		-37,803.00
A04	12/31/2023	DEFERRED OUTFLOWS OF RESOURCES	03-19000		-103,258.00
A04	12/31/2023	NET PENSION ASSET	03-19750		-101,443.00
A04	12/31/2023	DEFERRED INFLOWS OF RESOURCES	03-25500	50,775.00	
A04	12/31/2023	DEFERRED INFLOWS OF RESOURCES	03-25500		-77,368.00
A04	12/31/2023	DEFERRED INFLOWS OF RESOURCES	03-25500	103,258.00	
A04	12/31/2023	DEFERRED OUTFLOWS OF RESOURCES	11-19000	39,016.00	
A04	12/31/2023	DEFERRED OUTFLOWS OF RESOURCES	11-19000		-9,449.00
A04	12/31/2023	DEFERRED OUTFLOWS OF RESOURCES	11-19000		-25,816.00
A04	12/31/2023	NET PENSION ASSET	11-19750		-25,358.00
A04	12/31/2023	DEFERRED INFLOWS OF RESOURCES	11-25500	12,692.00	
A04	12/31/2023	DEFERRED INFLOWS OF RESOURCES	11-25500		-19,340.00
A04	12/31/2023	DEFERRED INFLOWS OF RESOURCES	11-25500	25,816.00	
A04	12/31/2023	EMPLOYER CONTRIBUTIONS	02-57926-150	12,200.00	
A04	12/31/2023	EMPLOYER CONTRIBUTIONS	03-57926-150	9,757.00	
A04	12/31/2023	EMPLOYER CONTRIBUTIONS	11-53620-150	2,439.00	
		To record BTA changes in pension			
A05	12/31/2023	Accrued Wages and Benefits Payable	01-21700		-83,717.97
A05	12/31/2023	Accrued Wages and Benefits Payable	02-21700		-13,406.44
A05	12/31/2023	Accrued Wages and Benefits Payable	03-21700		-9,766.85
A05	12/31/2023	Accrued Wages and Benefits Payable	11-21700		-60.87
A05	12/31/2023	SALARIES	01-51100-110	3,990.00	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-51100-150	305.27	
A05	12/31/2023	SALARIES	01-51410-110	230.77	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-51410-150	17.66	
A05	12/31/2023	SALARIES	01-51411-110	4,267.34	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-51411-150	588.42	
A05	12/31/2023	SALARIES	01-51420-110	8,473.76	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-51420-150	1,218.74	
A05	12/31/2023	SALARIES	01-51520-110	8,473.41	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-51520-150	1,218.70	
A05	12/31/2023	SALARIES	01-51600-110	497.61	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-51600-150	71.64	
A05	12/31/2023	SALARIES	01-52100-110	21,997.55	
A05	12/31/2023	SALARIES - OVERTIME	01-52100-111	213.55	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-52100-150	4,465.94	
A05	12/31/2023	SALARIES	01-52250-110	351.45	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-52250-150	50.52	
A05	12/31/2023	SALARIES	01-53240-110	2,246.40	

Number	Date	Name	Account No	Debit	Credit
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-53240-150	316.19	
A05	12/31/2023	SALARIES	01-53270-110	2,430.21	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-53270-150	350.10	
A05	12/31/2023	SALARIES	01-53311-110	5,473.26	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-53311-150	777.58	
A05	12/31/2023	SALARIES	01-53430-110	131.51	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-53430-150	19.00	
A05	12/31/2023	SALARIES	01-53510-110	526.66	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-53510-150	42.01	
A05	12/31/2023	SALARIES	01-54910-110	53.35	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-54910-150	7.53	
A05	12/31/2023	SALARIES	01-55100-110	7,660.60	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-55100-150	1,016.28	
A05	12/31/2023	SALARIES	01-55101-110	643.77	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-55101-150	92.74	
A05	12/31/2023	SALARIES	01-55200-110	106.68	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-55200-150	15.05	
A05	12/31/2023	SALARIES	01-55300-110	206.98	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-55300-150	29.11	
A05	12/31/2023	SALARIES	01-55420-110	26.66	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-55420-150	3.76	
A05	12/31/2023	SALARIES	01-56100-110	1,550.84	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-56100-150	221.61	
A05	12/31/2023	SALARIES	01-56300-110	2,919.39	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	01-56300-150	418.37	
A05	12/31/2023	OPERATING EXPENSES	02-57409-340	871.64	
A05	12/31/2023	SALARIES	02-57600-110	266.73	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	02-57600-150	18.14	
A05	12/31/2023	SALARIES	02-57620-110	756.87	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	02-57620-150	51.47	
A05	12/31/2023	SALARIES	02-57625-110	979.58	
A05	12/31/2023	SALARIES - OVERTIME	02-57625-111	172.32	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	02-57625-150	78.32	
A05	12/31/2023	SALARIES	02-57630-110	866.65	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	02-57630-150	58.94	
A05	12/31/2023	SALARIES	02-57635-110	1,236.03	
A05	12/31/2023	SALARIES - OVERTIME	02-57635-111	72.45	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	02-57635-150	88.97	
A05	12/31/2023	SALARIES	02-57651-110	266.73	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	02-57651-150	18.14	
A05	12/31/2023	SALARIES	02-57652-110	182.98	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	02-57652-150	12.44	
A05	12/31/2023	SALARIES	02-57653-110	317.40	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	02-57653-150	21.58	
A05	12/31/2023	SALARIES	02-57901-110	274.46	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	02-57901-150	18.66	
A05	12/31/2023	SALARIES	02-57902-110	4,686.88	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	02-57902-150	318.70	
A05	12/31/2023	SALARIES	02-57920-110	1,657.64	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	02-57920-150	112.72	
A05	12/31/2023	SALARIES	03-57820-110	455.17	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	03-57820-150	30.95	
A05	12/31/2023	SALARIES	03-57831-110	113.79	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	03-57831-150	7.74	
A05	12/31/2023	SALARIES	03-57832-110	606.90	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	03-57832-150	41.27	
A05	12/31/2023	SALARIES	03-57833-110	303.45	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	03-57833-150	20.63	
A05	12/31/2023	SALARIES	03-57834-110	720.69	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	03-57834-150	49.01	
A05	12/31/2023	SALARIES	03-57840-110	4,686.88	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	03-57840-150	318.70	
A05	12/31/2023	SALARIES	03-57850-110	1,657.64	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	03-57850-150	112.73	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	03-57926-150	641.30	
A05	12/31/2023	SALARIES	11-53635-110	53.35	
A05	12/31/2023	EMPLOYER CONTRIBUTIONS	11-53635-150	7.52	

To record 2023 accrued payroll
(REVERSE IN 2024!)

Number	Date	Name	Account No	Debit	Credit
A06	12/31/2023	CASH (131)	02-11111		-9,000.00
A06	12/31/2023	CASH ALLOCATION	03-11111	9,000.00	
A06	12/31/2023	CONST. WORK IN PROGRESS (107)	03-18700		-9,000.00
A06	12/31/2023	OTHER CONTRACTED SERVICES	02-57920-290	9,000.00	
To move items in Sewer CIP to Water fund. (Items shouldn't be in CIP)					
A07	12/31/2023	OTHER WATER REVENUES	02-46474-000		-4,333.73
A07	12/31/2023	BT Created - Misc. Expense	02-57950-000	4,333.73	
To move a write-off from revenue to expense.					
A08	12/31/2023	TREASURER'S CASH	01-11111		-1,176,075.34
A08	12/31/2023	TREASURER'S CASH	01-11111	0.03	
A08	12/31/2023	CURRENT PROP. TAXES REC.	01-12100	1,176,075.34	
A08	12/31/2023	CURRENT PROP. TAXES REC.	01-12100		-0.03
A08	12/31/2023	TREASURER'S CASH	10-11111	1,176,075.34	
A08	12/31/2023	TREASURER'S CASH	10-11111		-0.03
A08	12/31/2023	CURRENT PROP. TAXES REC.	10-12100	0.03	
A08	12/31/2023	STATE AND COUNTY TAXES	10-24310		-533,011.46
A08	12/31/2023	DUE TO SCHOOL DISTRICTS	10-24600		-543,394.22
A08	12/31/2023	DUE TO VTAE	10-24610		-99,669.66
To correct Fund 10 tax custodial fund for amounts due to other districts at 12/31/23.					
A09	12/31/2023	ACCRUED COMPENSATED ABSENCES	02-29500		-416.48
A09	12/31/2023	ACCRUED COMPENSATED ABSENCES	03-29500		
A09	12/31/2023	SALARIES	02-57600-110	416.48	
To record accrued vacation and sick leave for water and sewer utility					
A10	12/31/2023	ACCUMULATED DEPRECIATION	07-11000		-104,950.00
A10	12/31/2023	DEPRECIATION EXPENSE	07-57400-000	104,950.00	
Record dep expense					
A11	12/31/2023	TREASURER'S CASH	01-11111		-22,865.12
A11	12/31/2023	CURRENT PROP. TAXES REC.	01-12100	22,865.12	
A11	12/31/2023	CASH - TID 5	20-11111	22,865.12	
A11	12/31/2023	RECEIVABLE DEVELOPMENT AGREEME	20-13100		-22,865.12
A11	12/31/2023	RECEIVABLE DEVELOPMENT AGREEME	20-13100	25,130.23	
A11	12/31/2023	DEFEREED REVENUES DEVELOP PILO	20-26400	31,718.72	
A11	12/31/2023	DEFEREED REVENUES DEVELOP PILO	20-26400		-25,130.23
A11	12/31/2023	OTHER MISCELLANEOUS REVENUES	20-48900-000		-31,718.72
To move PILOT developer payments to Fund 20					
A12	12/31/2023	CASH (131)	02-11111		-1,750,000.00
A12	12/31/2023	CASH - TID 5	20-11111	1,750,000.00	
A12	12/31/2023	UNEARNED GRANT REVENUE	20-26000		
A12	12/31/2023	CONTRIBUTIONS IN AID OF CONTRU	02-49602-000	1,750,000.00	
A12	12/31/2023	ARPA Grant Revenues	20-43271-000		-1,750,000.00
To move ARPA money received from Water and into TIF 5.					
A13	12/31/2023	CASH (131)	02-11111	354,369.25	
A13	12/31/2023	CASH (131)	02-11111	5,773.47	
A13	12/31/2023	CASH ALLOCATION	03-11111	7,850.00	
A13	12/31/2023	CASH ALLOCATION	03-11111	12,300.00	
A13	12/31/2023	CASH ALLOCATION	03-11111	35,517.49	
A13	12/31/2023	CASH - TID 5	20-11111		-126,261.37
A13	12/31/2023	CASH - TID 5	20-11111		-233,881.35
A13	12/31/2023	CASH - TID 5	20-11111		-7,850.00
A13	12/31/2023	CASH - TID 5	20-11111		-12,300.00
A13	12/31/2023	CASH - TID 5	20-11111		-35,517.49

Number	Date	Name	Account No	Debit	Credit
A13	12/31/2023	PROFESSIONAL SERVICES	02-57852-210		-5,773.47
A13	12/31/2023	OPERATING EXPENSES	02-57852-340		-354,369.25
A13	12/31/2023	CONTRACTED SERVICES	03-57820-290		-12,300.00
A13	12/31/2023	OTHER CONTRACTED SERVICES	03-57850-290		-35,517.49
A13	12/31/2023	PROFESSIONAL SERVICES	03-57852-210		-7,850.00
A13	12/31/2023	SUPPLIES & EXPENSES	20-53311-340	1,034.72	
A13	12/31/2023	SUPPLIES & EXPENSES	20-53311-340	125,226.65	
A13	12/31/2023	PLANNING - PROFESSIONAL SERV	20-56300-210	4,738.75	
A13	12/31/2023	PLANNING - PROFESSIONAL SERV	20-56300-210	229,142.60	
A13	12/31/2023	PLANNING - PROFESSIONAL SERV	20-56300-210	7,850.00	
A13	12/31/2023	PLANNING - PROFESSIONAL SERV	20-56300-210	47,817.49	
To move project expenses to TIF until project is complete. (will be moved to water/sewer as a contribution upon					
A14	12/31/2023	LIFT STATION (344)	03-18405	15,733.00	
A14	12/31/2023	OTHER CONTRACTED SERVICES	03-57832-290		-15,733.00
Entry to capitalize lift station valves					
A15	12/31/2023	ACCUMULATED DEPRECIATION	02-11000		-320,847.32
A15	12/31/2023	ACCUMULATED DEPRECIATION-100.2	02-11001		-63,460.52
A15	12/31/2023	CASH (131)	02-11111	10,966.05	
A15	12/31/2023	ACCUMULATED DEPRECIATION	03-11000		-221,860.31
A15	12/31/2023	CASH ALLOCATION	03-11111		-10,966.05
A15	12/31/2023	OPERATING EXPENSE	02-57403-340	384,307.84	
A15	12/31/2023	OPERATING EXPENSE	02-57403-340		-10,966.05
A15	12/31/2023	OPERATING EXPENSE	02-57403-340		-10,966.05
A15	12/31/2023	DEPRECIATION EXPENSE (403)	03-57403-340	221,860.31	
A15	12/31/2023	DEPRECIATION EXPENSE (403)	03-57403-340	10,966.05	
To record current year depreciation expense. Also to record Joint meter allocation for 2023.					
A16	12/31/2023	TREASURER'S CASH	01-11111	838,934.30	
A16	12/31/2023	CONSTRUCTION WORK IN PROGRESS	01-18700		-848,934.30
A16	12/31/2023	VOUCHERS PAYABLE	01-21100	10,000.00	
A16	12/31/2023	CASH (131)	02-11111	276,170.10	
A16	12/31/2023	CONST. WORK IN PROGRESS (107)	02-18700		-301,170.10
A16	12/31/2023	VOUCHERS PAYABLE (232)	02-21100	25,000.00	
A16	12/31/2023	CASH ALLOCATION	03-11111	330,447.04	
A16	12/31/2023	CONST. WORK IN PROGRESS (107)	03-18700		-361,108.04
A16	12/31/2023	VOUCHERS PAYABLE (232)	03-21100	30,661.00	
A16	12/31/2023	CASH - TID 5	20-11111		-1,445,551.44
A16	12/31/2023	VOUCHERS PAYABLE	20-21100		-65,661.00
A16	12/31/2023	BT CREATED - CAPITAL OUTLAY	20-53300-820	1,511,212.44	
To move CIP out of Water, Sewer, and GF. Need to be in TIF until project is completed.					
A17	12/31/2023	VOUCHERS PAYABLE	20-21100		-172,037.34
A17	12/31/2023	BT CREATED - CAPITAL OUTLAY	20-53300-820	172,037.34	
Move accounts payable owed for water upgrade project to TIF 5 as all project expenses flow through Fund 20 u complete. Reverse in 2024. Becky - note this was recorded as check #41547 i to reclassify expense from Fund 01 to 20 in 2024.					
A18	12/31/2023	RETAINAGE PAYABLE	20-21200		-88,592.09
A18	12/31/2023	BT CREATED - CAPITAL OUTLAY	20-53300-820	88,592.09	
To record retainage payable on Francis Melvin Contract (2023 Water Improvement Project)					
A19	12/31/2023	TREASURER'S CASH	01-11111		-172,745.22
A19	12/31/2023	TREASURER'S CASH	01-11111		-147,394.84
A19	12/31/2023	CURRENT PROP. TAXES REC.	01-12100		-690.02
A19	12/31/2023	CURRENT PROP. TAXES REC.	01-12100	172,745.22	
A19	12/31/2023	CURRENT PROP. TAXES REC.	01-12100	147,394.84	
A19	12/31/2023	DELINQUENT P. P. TAXES	01-12140		-494.36
A19	12/31/2023	DEFERRED TAX ROLL REVENUES	01-26100	1,539,509.84	

Number	Date	Name	Account No	Debit	Credit
A19	12/31/2023	CASH - TID 3	16-11111	147,394.84	
A19	12/31/2023	CURRENT PROP TAX INCREMENT REC	16-12100		-147,394.84
A19	12/31/2023	DEFERRED TAX ROLL REVENUES INC	16-26100	147,394.84	
A19	12/31/2023	CASH - TID 5	20-11111	172,745.22	
A19	12/31/2023	CURRENT PROP TAX INCREMENT REC	20-12100		-172,745.22
A19	12/31/2023	DEFERRED TAX ROLL REVENUES INC	20-26100	172,745.22	
A19	12/31/2023	GENERAL PROPERTY TAXES	01-41110-000	1,184.38	
A19	12/31/2023	GENERAL PROPERTY TAXES	01-41110-000		-1,539,509.84
A19	12/31/2023	TAX INCREMENT	16-41120-000		-147,394.84
A19	12/31/2023	TAX INCREMENT	20-41120-000		-172,745.22
To clear small items from tax revenue account and record current year tax revenues (and clear prior year de					
A20	12/31/2023	CURRENT PROP. TAXES REC.	10-12100	1,958,204.14	
A20	12/31/2023	STATE AND COUNTY TAXES	10-24310		-869,265.59
A20	12/31/2023	DUE TO SCHOOL DISTRICTS	10-24600		-912,433.44
A20	12/31/2023	DUE TO VTAE	10-24610		-176,505.11
To record Custodial tax fund due to other district amounts					
A21	12/31/2023	CURRENT PROP. TAXES REC.	01-12100	5,893.27	
A21	12/31/2023	DUE TO WATER FUND	01-25601		-658.93
A21	12/31/2023	DUE TO SEWER FUND	01-25602		-869.43
A21	12/31/2023	DUE TO REFUSE FUND	01-25603		-547.67
A21	12/31/2023	DUE TO PUBLIC FIRE PROTECTION	01-25604		-541.16
A21	12/31/2023	OTHER MISCELLANEOUS REVENUES	01-48900-000		-3,276.08
To move PP tax paid and other uncleared items from tax receivable to misc revenues.					
A22	12/31/2023	CURRENT PROP. TAXES REC.	01-12100	1,502,703.92	
A22	12/31/2023	DEFERRED TAX ROLL REVENUES	01-26100		-1,502,703.92
A22	12/31/2023	CURRENT PROP TAX INCREMENT REC	16-12100	143,225.87	
A22	12/31/2023	DEFERRED TAX ROLL REVENUES INC	16-26100		-143,225.87
A22	12/31/2023	CURRENT PROP TAX INCREMENT REC	20-12100	277,158.50	
A22	12/31/2023	DEFERRED TAX ROLL REVENUES INC	20-26100		-277,158.50
To record Taxes Receivable and Deferred tax revenue for General Fund, TIF 3 and TIF 5.					
A23	12/31/2023	CASH (131)	02-11111	120,173.00	
A23	12/31/2023	BONDS PAYABLE (221)	02-22300		-120,173.00
A23	12/31/2023	CASH ALLOCATION	03-11111		-343,351.58
A23	12/31/2023	CASH - TID 5	20-11111	223,178.58	
A23	12/31/2023	CONTRIBUTED CAPITAL ASSETS	03-49601-000	343,351.58	
A23	12/31/2023	SDWL Grant Funds	20-43500-000		-223,178.58
To move SDW loan and grant disbursements from Sewer to Water to correct accounting.					
A24	12/31/2023	CASH (131)	02-11111		-326,501.66
A24	12/31/2023	BONDS PAYABLE (221)	02-22300	115,649.22	
A24	12/31/2023	BAN PAYABLE	02-22310	210,852.44	
A24	12/31/2023	TREASURER'S CASH	09-11111	326,501.66	
A24	12/31/2023	TREASURER'S CASH	09-11111		-1.00
A24	12/31/2023	PRINCIPAL REDUCTION	09-58100-610		-326,501.66
A24	12/31/2023	PRINCIPAL REDUCTION	09-58100-610	1.00	
To true up GA principal payments for short-term pay off being recorded in DSF					
A25	12/31/2023	TREASURER'S CASH	01-11111		-1,257,335.20
A25	12/31/2023	CASH ALLOCATION	03-11111	20,000.00	
A25	12/31/2023	CONST. WORK IN PROGRESS (107)	03-18700		-20,000.00
A25	12/31/2023	TREASURER'S CASH	09-11111	325.00	
A25	12/31/2023	CASH	13-11111	1,257,335.20	
A25	12/31/2023	CASH	13-11111		-20,000.00
A25	12/31/2023	CASH	13-11111		-325.00
A25	12/31/2023	PROCEEDS FROM G.O. ISSUE	01-49142-000	1,257,335.20	
A25	12/31/2023	OPERATING EXPENSES (LOAN)	09-58201-340		-325.00

Number	Date	Name	Account No	Debit	Credit
A25	12/31/2023	PROCEEDS FROM G.O. ISSUE	13-49142-000		-1,250,000.00
A25	12/31/2023	OPERATING EXPENSE (LOAN COST)	13-58201-340		-7,335.20
A25	12/31/2023	OPERATING EXPENSE (LOAN COST)	13-58201-340	20,000.00	
A25	12/31/2023	OPERATING EXPENSE (LOAN COST)	13-58201-340	325.00	
		To move debt proceeds for capital projects to capital projects fund			
A26	12/31/2023	CASH (131)	02-11111		-15,019.76
A26	12/31/2023	CASH ALLOCATION	03-11111		-18,365.32
A26	12/31/2023	OP EXP - INT ON LONG TERM DEBT	02-57427-340	15,019.76	
A26	12/31/2023	INT. ON LONG TERM DEBT (427)	03-57427-340	18,365.32	
		To correct interest expense for November CWFL and SDWL that were wired from bank in November but never			
A27	12/31/2023	TREASURER'S CASH	01-11111	109,055.00	
A27	12/31/2023	CASH (131)	02-11111		-107,079.45
A27	12/31/2023	CASH ALLOCATION	03-11111		-1,975.55
A27	12/31/2023	TAXES FROM WATER UTILITY	01-41310-000		-109,055.00
A27	12/31/2023	OPERATING EXPENSE	02-57408-340	109,055.00	
A27	12/31/2023	OPERATING EXPENSES	02-57653-340		-1,975.55
A27	12/31/2023	OPERATING EXPENSES	03-57820-340	1,975.55	
		To record Property tax equivalent for 2023.			
A28	12/31/2023	TREASURER'S CASH	01-11111	17,811.37	
A28	12/31/2023	CASH (131)	02-11111		-10,156.71
A28	12/31/2023	CASH ALLOCATION	03-11111		-7,654.66
A28	12/31/2023	INTEREST	01-58201-620		-17,811.37
A28	12/31/2023	OP EXP - INT ON LONG TERM DEBT	02-57427-340	10,156.71	
A28	12/31/2023	INT. ON LONG TERM DEBT (427)	03-57427-340	7,654.66	
		To correct interest expense for 2022 ST debt payoff			
A29	12/31/2023	CASH (131)	02-11111		-10,234.19
A29	12/31/2023	TREASURER'S CASH	09-11111	10,234.19	
A29	12/31/2023	OPERATING SUPPLIES	01-51300-340		-1,927.01
A29	12/31/2023	INTEREST	01-58201-620	1,927.01	
A29	12/31/2023	OP EXP - INT ON LONG TERM DEBT	02-57427-340	10,234.19	
A29	12/31/2023	INTEREST EXPENSE	09-58201-620		-10,234.19
		To move interest expense into correct accounts for Financial statement preparation.			
A30	12/31/2023	TREASURER'S CASH	01-11111		-18,318.19
A30	12/31/2023	INSURANCE DEDUCTIONS PAYABLE	01-21530	73,783.67	
A30	12/31/2023	OTHER DEDUCTIONS PAYABLE	01-21590	22,627.85	
A30	12/31/2023	CASH (131)	02-11111	12,533.50	
A30	12/31/2023	CASH ALLOCATION	03-11111	5,784.69	
A30	12/31/2023	EMPLOYER CONTRIBUTIONS	01-51411-150		-3,856.46
A30	12/31/2023	EMPLOYER CONTRIBUTIONS	01-51420-150		-1,928.23
A30	12/31/2023	EMPLOYER CONTRIBUTIONS	01-51530-150		-3,856.46
A30	12/31/2023	EMPLOYER CONTRIBUTIONS	01-51600-150		-723.09
A30	12/31/2023	EMPLOYER CONTRIBUTIONS	01-52100-150		-28,923.46
A30	12/31/2023	EMPLOYER CONTRIBUTIONS	01-52200-150		-723.09
A30	12/31/2023	EMPLOYER CONTRIBUTIONS	01-53240-150		-3,856.46
A30	12/31/2023	EMPLOYER CONTRIBUTIONS	01-53311-150		-15,425.84
A30	12/31/2023	EMPLOYER CONTRIBUTIONS	01-54910-150		-1,446.17
A30	12/31/2023	EMPLOYER CONTRIBUTIONS	01-55101-150		-1,928.23
A30	12/31/2023	EMPLOYER CONTRIBUTIONS	01-55101-150		-15,425.84
A30	12/31/2023	EMPLOYER CONTRIBUTIONS	02-57926-150		-12,533.50
A30	12/31/2023	EMPLOYER CONTRIBUTIONS	03-57926-150		-5,784.69
		To move employee withholdings to employee contribution accounts - should not be repeated in 2024 if client does is typical for them.			

Number	Date	Name	Account No	Debit	Credit
A31	12/31/2023	ACCTS. RECEIVABLE-YMCA GRANT	21-13800	56,670.00	
A31	12/31/2023	DEFERRED REVENUE-SPEC. ASST.	21-26200		-56,670.00
		To move deferred revenue to proper account			
A32	12/31/2023	Unearned Grant revenue	21-26000		-1,062,357.19
A32	12/31/2023	DEFERRED REVENUE-SPEC. ASST.	21-26200	1,062,357.19	
		To move unearned grant revenue to a liability account.			
A33	12/31/2023	TREASURER'S CASH	01-11111	14,214.00	
A33	12/31/2023	CASH (131)	02-11111		-7,101.00
A33	12/31/2023	CASH ALLOCATION	03-11111		-7,101.00
A33	12/31/2023	INSURANCE	01-51930-510		-14,214.00
A33	12/31/2023	INSURANCE	02-57924-510	7,101.00	
A33	12/31/2023	INSURANCE	03-57853-510	7,101.00	
		To allocate 40% of \$35K property insurance to water and sewer funds - this was done by client in 2022. BT used 2023.			
A34	12/31/2023	TREASURER'S CASH	01-11111	18,637.25	
A34	12/31/2023	CASH (131)	02-11111		-13,977.93
A34	12/31/2023	CASH ALLOCATION	03-11111		-4,659.31
A34	12/31/2023	OPERATING SUPPLIES	01-53240-340		-18,637.25
A34	12/31/2023	OPERATING EXPENSES	02-57933-340	13,977.93	
A34	12/31/2023	OPERATING EXPENSES	03-57828-340	4,659.31	
		To allocate 25% of Transportation costs in GF to water and sewer funds - this was done by client in 2022. BT used for 2023.			
A35	12/31/2023	Unearned Grant revenue	21-26000	44,500.00	
A35	12/31/2023	ECONOMIC DEVELOPMENT GRANT	21-43271-000		-44,500.00
		To record revenue earned in current year for NIF grant			
A36	12/31/2023	CASH (131)	02-11111		-2,923.48
A36	12/31/2023	CASH - TID 5	20-11111	2,923.48	
A36	12/31/2023	METERED SALES - COMMERCIAL	02-46462-000	2,923.48	
A36	12/31/2023	STREETS - CAPITAL OUTLAY	20-53311-820		-2,923.48
		To move credit on A-1 excavation invoice from Water revenue to net against Fund 20 expense			
A37	12/31/2023	VOUCHERS PAYABLE	20-21100		-120,600.01
A37	12/31/2023	PLANNING - PROFESSIONAL SERV	20-56300-210	120,600.01	
		To record January 2024 MSA invoice back to 2023 and A/P. Reverse in 2023 - Becky you will also need to go a JE expense from account 02-57651-290 to 20-56300-210 (when the check was cashed in fund 02 but should be fund 20)			
A38	12/31/2023	TREASURER'S CASH	01-11111	455.00	
A38	12/31/2023	CASH - TID 5	20-11111		-455.00
A38	12/31/2023	CONTRACTED SERVICES	01-51100-290		-455.00
A38	12/31/2023	PLANNING - PROFESSIONAL SERV	20-56300-210	455.00	
		To move MSA costs to Fund 20 for Water Upgrade project			
A39	12/31/2023	Grants receivable - Federal	20-14100	61,014.12	
A39	12/31/2023	Deferred Grant Revenue - Unavailable	20-29300		-61,014.12
		To record A/R and Unavailable revenue for ARPA grant expenses not yet paid as of 9/2024			

Number	Date	Name	Account No	Debit	Credit
A40	12/31/2023	SHARED REVENUES	01-43410-000		-15,003.10
A40	12/31/2023	OTHER STATE SHARED TAXES	01-43430-000	15,003.10	
		Moved State payments to correct accounts per State payment register			
A41	12/31/2023	TREASURER'S CASH	01-11111		-16,320.84
A41	12/31/2023	TREASURER'S CASH	01-11111		-4,415.76
A41	12/31/2023	ADVANCE FROM SEWER-LT	01-27631	16,320.84	
A41	12/31/2023	CASH (131)	02-11111		-16,687.87
A41	12/31/2023	CASH (131)	02-11111		-4,515.07
A41	12/31/2023	ADVANCE FROM SEWER - LT	02-27631	16,687.87	
A41	12/31/2023	CASH ALLOCATION	03-11111	33,008.71	
A41	12/31/2023	CASH ALLOCATION	03-11111	8,930.82	
A41	12/31/2023	ADVANCE TO GF/WATER - CURRENT	03-13700		-33,008.71
A41	12/31/2023	ADVANCE TO GENERAL FUND	03-17110		-16,320.84
A41	12/31/2023	ADVANCE TO GENERAL FUND	03-17110	16,320.84	
A41	12/31/2023	ADVANCE TO WATER UTILITY	03-17162		-16,687.87
A41	12/31/2023	ADVANCE TO WATER UTILITY	03-17162	16,687.87	
A41	12/31/2023	Interest on Advance	01-58205-000	4,415.76	
A41	12/31/2023	Interest paid on Advance	02-58205-000	4,515.07	
A41	12/31/2023	Interest on advances to other funds	03-49700-000		-8,930.82
		To record payment on Advance from Sewer to Water and GF for Sewer Revenue Bonds for Hospital project			
A42	12/31/2023	PREPAID EXPENSE	01-16500	15,291.50	
A42	12/31/2023	PREPAID EXPENSE	01-16500	63,801.00	
A42	12/31/2023	CONTRACTED SERVICES	01-51100-290		-15,291.50
A42	12/31/2023	CONTRACTED SERVICES	01-52300-290		-63,801.00
		To record the prepayment of the 10 year alarm licenses to Heartland business systems. Also to record prepaid 20' from Marshfield Clinic.			
A43	12/31/2023	ACCOUNTS PAYABLE	11-21100		-6,015.90
A43	12/31/2023	OTHER CONTRACTED SERVICES	11-53630-290	6,015.90	
		To record additional AP for Northern Lake Service inc performed in November paid in January. Reverse it			
A44	12/31/2023	TRANSFER STATION LEASE REVENUE	11-48210-000		-10,000.00
A44	12/31/2023	OPERATING EXPENSES	11-53630-340	10,000.00	
		To record transfer station lease revenue for 2023. Client used to record this annually - did not in 2023 due to t			
A45	12/31/2023	TREASURER'S CASH	01-11111	693,473.63	
A45	12/31/2023	TREASURER'S CASH	09-11111		-693,473.63
A45	12/31/2023	VOUCHERS PAYABLE	09-21100		-485.71
A45	12/31/2023	TRANSF OUT TO DEBT SERV FUND	01-59900-000		-693,473.63
A45	12/31/2023	OP TRANSFER IN FROM GEN FUND	09-49900-000	693,473.63	
A45	12/31/2023	INTEREST EXPENSE	09-58201-620	485.71	
		General fund made a transfer to Debt Service in 2023 to cover debt service payments for ST debt, but that was fund. BT reduced transfer from GF to Debt to only cover current year debt prin been the intention historically. Also to remove negative payable for loan intere: paid out of fund 01.			
A46	12/31/2023	ACCRUED INTEREST PAYABLE	02-21600		-4,813.00
A46	12/31/2023	ACCRUED INTEREST PAYABLE	02-21600		-11,271.00
A46	12/31/2023	OP EXP - INT ON LONG TERM DEBT	02-57427-340	16,084.00	
		To adjust water accr interest to actual per wp.			
A47	12/31/2023	OTHER DEFERRED CREDITS (253)	02-31253	6,144.00	
A47	12/31/2023	RETAINED EARNINGS (216)	02-33900		-6,144.00

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements.
 - Consider factors that affect the risks of material misstatement.
 - Design tests of controls, when applicable, and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the City will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how the City Council oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of December or early January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 8-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.