

**CITY OF WAUWATOSA  
Milwaukee County, Wisconsin**

**SINGLE AUDIT REPORT**

**YEAR ENDED DECEMBER 31, 2020**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

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**CITY OF WAUWATOSA  
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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Common Council  
City of Wauwatosa, Wisconsin  
Wauwatosa, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wauwatosa, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City of Wauwatosa's basic financial statements, and have issued our report thereon dated March 29, 2022.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Wauwatosa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Wauwatosa's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Wauwatosa's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Wauwatosa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City of Wauwatosa's Response to Findings**

City of Wauwatosa's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs.. City of Wauwatosa's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
March 29, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND DHS COST REIMBURSEMENT AWARD SCHEDULES REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES**

Common Council  
City of Wauwatosa  
Wauwatosa, Wisconsin

**Report on Compliance for Each Major Federal and Major State Program**

We have audited City of Wauwatosa's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of City of Wauwatosa's major federal and major state programs for the year ended December 31, 2020. City of Wauwatosa's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Wauwatosa's major federal and major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of 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*. Those standards and the Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and major state program occurred. An audit includes examining, on a test basis, evidence about City of Wauwatosa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and major state program. However, our audit does not provide a legal determination of City of Wauwatosa's compliance.

**Opinion on Each Major Federal and Major State Program**

In our opinion, City of Wauwatosa complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2020.

**Report on Internal Control Over Compliance**

Management of City of Wauwatosa is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Wauwatosa's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Wauwatosa's internal control over compliance.


*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards and State Awards and the DHS Cost Reimbursement Award Schedules Required by the Uniform Guidance and the *State Single Audit Guidelines***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wauwatosa as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City of Wauwatosa's basic financial statements. We issued our report thereon dated July 31, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of expenditures of federal and state awards and the DHS Cost Reimbursement Awards Schedules are presented for purposes of additional analysis as required by the Uniform Guidance and the *State Single Audit Guidelines* and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards and DHS cost reimbursement award schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
March 29, 2022

**CITY OF WAUWATOSA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Contract Number	Expenditures	Subrecipient Payments
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grant Cluster				
Community Development Block Grant Program	14.218		\$ 821,508	\$ 821,508
Community Development Block Grant Program - Revolving Loan Fund	14.218		3,570	-
Total U.S. Department of Housing and Urban Development			<u>825,078</u>	<u>821,508</u>
<b>U.S. Department of Interior</b>				
Historic Preservation Fund Grants-In-Aid				
	15.904		24,990	-
Total U.S. Department of Interior			<u>24,990</u>	<u>-</u>
<b>National Highway Traffic Safety Administration</b>				
Highway Safety Cluster				
Passed through State of Wisconsin Department of Transportation				
State and Community Highway Safety	20.600	Not Available	23,666	-
Total National Highway Traffic Safety Administration			<u>23,666</u>	<u>-</u>
<b>U.S. Department of Treasury</b>				
Passed through State of Wisconsin Department of Administration				
COVID 19: Coronavirus Relief Fund-Routes to Recovery	21.019	Not Available	868,831	-
Passed through State of Wisconsin Department of Tourism				
COVID 19: Coronavirus Relief Fund-TRAVEL grant	21.019	Not Available	128,219	-
Total U.S. Department of Health and Human Services			<u>997,050</u>	<u>-</u>
<b>U.S. Election Assistance Commission</b>				
Passed through State of Wisconsin Election Commission				
HAVA CARES Act Grant	90.404	Not Available	36,454	-
Total Environmental Protection Agency			<u>36,454</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>				
Passed through State of Wisconsin Department of Health Services				
Preparedness Planning Grant	93.069	Not Available	31,377	-
Opioid Pathways	93.136	Not Available	2,537	-
Immunization Registry Grant	93.268	Not Available	16,368	-
Cities Readiness Initiative	93.823	Not Available	11,674	-
Preventive Health & Health Services	93.991	Not Available	1,750	-
Maternal and Child Health Grant	93.994	Not Available	11,294	-
Total U.S. Department of Health and Human Services			<u>75,000</u>	<u>-</u>
Total Federal Awards			<u>\$ 1,982,238</u>	<u>\$ 821,508</u>

See Notes to Schedules of Expenditures of Federal and State Awards and the Settlement of DHS Cost Reimbursement awards.

**CITY OF WAUWATOSA  
SCHEDULE OF STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>ID Number</u>	<u>Expenditures</u>	<u>Subrecipient Payments</u>
<b>State of Wisconsin Department of Health Services</b>			
Emergency Medical Services Funding	435.162	\$ 7,745	\$ -
GPR Lead Poisoning	435.177	732	-
Communicable Disease	435.1558	110	-
Total State of Wisconsin Department of Health Services		<u>8,587</u>	<u>-</u>
<b>State of Wisconsin Department of Natural Resources</b>			
Recycling Grants to Responsible Units	370.670	185,835	-
Total State of Wisconsin Department of Natural Resources		<u>185,835</u>	<u>-</u>
Total State Awards		<u>\$ 194,422</u>	<u>\$ -</u>

*See Notes to Schedules of Expenditures of Federal and State Awards and the Settlement of DHS Cost Reimbursement awards.*

**CITY OF WAUWATOSA**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**DECEMBER 31, 2020**

**NOTE 1 BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards includes all of the Federal funds of the City of Wauwatosa, Wisconsin (the City).

State programs reported include only those programs required to be included by the *State Single Audit Guidelines*.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

The accounting records for the grant programs are maintained on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the *State of Wisconsin Single Audit Guidelines*, with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 OVERSIGHT AGENCIES**

The City's federal oversight agency for audit is the U.S. Department of Housing and Urban Development. The City's state oversight agency for audit is the State of Wisconsin Department of Revenue.

**NOTE 4 INDIRECT COST ALLOCATION RATE**

The City of Wauwatosa, Wisconsin has elected not to apply the 10% de minimis cost rate to awards for the year ended December 31, 2020.

**NOTE 5 LOAN BALANCES**

The outstanding loan balance of the Community Development Block Grant Revolving Loan Program as of December 31, 2020 was \$3,470.

**CITY OF WAUWATOSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2020**

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**Section I – Summary of Auditors’ Results**

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified?   x   yes      \_\_\_\_\_ none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

***Identification of Major Federal Programs***

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
21.019	COVID-19: Coronavirus Relief Fund: Routes to Recover
21.019	COVID-19: Coronavirus Relief Fund: TRAVEL grant

Dollar threshold used to distinguish between Type A and Type B programs: \$   \$750,000  

Auditee qualified as low-risk auditee?   x   yes      \_\_\_\_\_ no

**CITY OF WAUWATOSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

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**Section I – Summary of Auditors’ Results (Continued)**

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**State Financial Assistance**

1. Internal control over state projects:

- Material weakness(es) identified?                    \_\_\_\_\_ yes                          x       no
- Significant deficiency(ies) identified  
that are not considered to be  
material weakness(es)?                    \_\_\_\_\_ yes                          x       none reported

2. Type of auditors’ report issued on  
compliance for state projects:                    Unmodified

3. Any audit findings disclosed that are  
required to be reported in accordance  
with state requirements?                    \_\_\_\_\_ yes                          x       no

**Identification of Major State Projects**

**CSFA Number(s)**

370.670  
N/A

**Name of State Project**

Recycling Consolidated Grants  
Department of Health Services  
General Requirements

Dollar threshold used to distinguish between  
Type A and Type B state projects:                    \$       250,000

**CITY OF WAUWATOSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

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**Section II – Financial Statement Findings**

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**Finding 2020-001**                      **Account reconciliations**  
**Type of Finding:**                      **Internal Control, Significant Deficiency**  
**Repeat Finding:**                      **No**

***Criteria***

The City's internal controls should be designed to adequately reconcile and adjust accounting records to present them in the City's financial statement in accordance with accounting principles generally accepted in the United States of America (GAAP).

***Condition/Context***

The City's internal control process required manual reconciliations of several balance sheet accounts. These manual reconciliations required several modifications as information continued to update in the financial system. The account reconciliations required additional time to prepare and required management to post additional entries late in the close process.

***Cause***

The city converted their financial accounting system to a new system. The city has not yet completely updated financial processes in the new system to utilize system generated reconciliations that will promote efficiency and accuracy.

***Effect***

These reconciliations provided to the auditors required several modifications as information continued to update in the financial system. The account reconciliations required additional time to prepare and required management to post additional entries late in the close process.

***Recommendation***

We recommend that the City continue to develop processes and controls that will allow management to leverage the financial accounting system to produce timely system-driven reporting and reconciliations.

***Contact Person***

John Ruggini  
Director of Finance  
Finance Department

***Management's Response***

Management agrees with the adjustment and will ensure the close process addresses this going forward.

***Anticipated Completion Date***

December 31, 2021

**CITY OF WAUWATOSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

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**Section III – Findings and Questioned Costs – Major Federal and Major State Programs**

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Our audit did not disclose any matters required to be reported in accordance with 2CFR 200.516(a) or *State Single Audit Guidelines*.

**CITY OF WAUWATOSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

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**Section IV – State Single Audit Other Matters**

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Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as the auditee's ability to continue as a going concern? No

Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*?

Department of Health Services No  
Department of Natural Resources No

Was a Management Letter or other document conveying audit comments issued as a result of this audit? No

Name and Signature of Partner



Jacob Lenell

Date of Report

March 29, 2022