



City Council  
City of West Allis, Wisconsin  
West Allis, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of West Allis, Wisconsin (the City) as of and for the year ended December 31, 2022, and have issued our report thereon dated July 25, 2023. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our statement of work dated February 16, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings or issues**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

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

As described in Note 1, the City changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 87, *Leases*, in 2022. Previously reported fund balance and net position was not impacted by the implementation of GASB Statement No. 87, *Leases*.

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

##### *Accounting estimates*

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

- The net OPEB liabilities, deferred outflows of resources, and deferred inflows of resources reported for the OPEB benefits are calculated by an actuary based on census data and the plans' assumptions for discount rate, inflation rate, mortality, retirement, and other data. We evaluated the key factors and assumptions used to develop net OPEB liabilities, deferred outflows of resources, and deferred inflows of resources for pension benefits in determining that it is reasonable in relation to the financial statements as a whole.

- The net pension asset, deferred outflows of resources and deferred inflows of resources reported for the pension benefits are calculated by an actuary based on census data and the retirement systems' assumptions for discount rate, inflation rate, mortality, retirement, and other data. We evaluated the key factors and assumptions used to develop net pension asset, deferred outflows of resources, and deferred inflows of resources for OPEB benefits in determining that it is reasonable in relation to the financial statements as a whole.
- Management's estimate of useful lives of capital assets is based on the City's capitalization policy. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the allowance for doubtful accounts is based on historical billings, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the health claims payable and workers compensation is based on actuarial estimates. We evaluated the key factors and assumptions used to develop the City's benefit obligations in determining that it is reasonable in relation to the financial statements taken as a whole.

#### *Financial statement disclosures*

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

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

#### ***Significant unusual transactions***

We identified no significant unusual transactions.

#### ***Difficulties encountered in performing the audit***

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

#### ***Uncorrected misstatements***

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

#### ***Corrected misstatements***

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

***Disagreements with management***

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

***Circumstances that affect the form and content of the auditors' report***

As previously communicated to you, the report was modified to include an emphasis-of-matter for the implementation of GASB Statement No. 87, *Leases*.

***Management representations***

We have requested certain representations from management that are included in the attached management representation letter dated July 25, 2023.

***Management consultations with other independent accountants***

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

***Significant issues discussed with management prior to engagement***

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

***Other audit findings or issues***

We have provided a separate communication to you dated July 25, 2023, communicating internal control related matters identified during the audit.

***Audits of group financial statements***

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

***Quality of component auditor's work***

There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work.

***Limitations on the group audit***

There were no restrictions on our access to information of components or other limitations on the group audit.

**Required supplementary information**

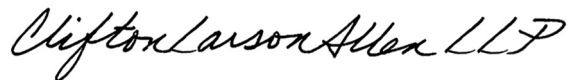
With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of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

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

With respect to the supplementary, as identified in the table of contents, accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated July 25, 2023.

\* \* \*

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



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
July 25, 2023

**SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT**  
**City of West Allis**  
**Governmental Activities**  
**Year Ended December 31, 2022**

**UNCORRECTED ADJUSTMENTS**

**Effect of misstatements on:**

Description	Assets and Deferred Outflows of Resources	Liabilities and Deferred Inflows of Resources	Net Position/Fund Balance	Net Expense/Revenue and Change in Net Position
The City overstated revenue for the PILOT amounts charged to entities for the subsequent year levy that should have been included as a deferred inflow of resources, which was identified and corrected for in the current year.	\$ -	\$ -	\$ -	\$ 1,999,212
Net current year misstatements (Iron Curtain Method)	-	-	-	1,999,212
Net prior year misstatements	-	-	-	-
Combined current and prior year misstatements (Rollover Method)	\$ -	\$ -	\$ -	\$ 1,999,212
Financial statement totals	<u>\$ 519,624,556</u>	<u>\$ (410,092,668)</u>	<u>\$ (109,531,888)</u>	<u>\$ (14,727,544)</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)				-14%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)				-14%

**INADEQUATE DISCLOSURES**

Description	Amount (If Applicable)

**SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT**  
**City of West Allis**  
**Aggregate Remaining Opinion Unit**  
**Year Ended December 31, 2022**

**UNCORRECTED ADJUSTMENTS**

**Effect of misstatements on:**

Description	Assets and Deferred Outflows of Resources	Liabilities and Deferred Inflows of Resources	Net Position/Fund Balance	Net Expense/Revenue and Change in Net Position
The Misc Payable account for Health insurance claims includes balances related to 2022.	\$ -	\$ -	\$ -	\$ 201,679
Net current year misstatements (Iron Curtain Method)	-	-	-	201,679
Net prior year misstatements	-	-	-	-
Combined current and prior year misstatements (Rollover Method)	\$ -	\$ -	\$ -	\$ 201,679
Financial statement totals	<u>\$ 150,286,823</u>	<u>\$ (93,679,748)</u>	<u>\$ (56,607,075)</u>	<u>\$ (2,354,060)</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)				-9%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)				-9%

**INADEQUATE DISCLOSURES**

Description	Amount (If Applicable)



**Jason Kaczmarek**  
Finance Director/Comptroller  
Finance Department  
jkaczmarek@westalliswi.gov  
414.302.8252

July 25, 2023

CliftonLarsonAllen LLP  
10401 West Innovation, Drive, Suite 300  
Wauwatosa, Wisconsin 53226

This representation letter is provided in connection with your audit of the financial statements of the City of West Allis, Wisconsin (the City), which comprise the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to misstatements that are material. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm, to the best of our knowledge and belief, as of July 25, 2023, 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 agreement dated February 16, 2023, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We acknowledge and have fulfilled our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.
6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
11. The fact that the amount of “uncollateralized” deposits or “uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the City’s name” during the period significantly exceeded the amounts in those categories as of the financial statement date was properly disclosed in the financial statements.
12. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
13. We have analyzed all lease contracts and have considered and recorded material embedded leases contained within other contracts in accordance with U.S. GAAP.
14. We have implemented GASB Statement No. 87, *Leases*, during the audit period. We have implemented the new accounting standard in accordance with the transition guidance prescribed in the standard. We have sufficient and appropriate documentation supporting all estimates and judgments underlying the amounts recorded and disclosed in the financial statements.
15. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
16. We believe that all material expenditures that have been deferred to future periods will be recoverable.



17. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefits (OPEB) liabilities and costs for financial accounting purposes are appropriate in the circumstances.
18. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.


**Information Provided**

1. We have provided you with:
  - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records (including information obtained from within and outside of the general and subsidiary ledgers), documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
  - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - e. Access to all audit or relevant monitoring reports, if any, received from funding sources.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the City's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.
7. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
9. We have disclosed to you the identity of all the City's related parties and all the related party relationships and transactions of which we are aware, including any side agreements.
10. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
11. We have a process to track the status of audit findings and recommendations.
12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
13. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the City, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
14. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
15. The City has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
16. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
17. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
18. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.
19. The financial statements properly classify all funds and activities.
20. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

21. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
22. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
23. Provisions for uncollectible receivables have been properly identified and recorded.
24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
27. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
28. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
29. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
30. We 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.
31. We acknowledge our responsibility for presenting the supplementary information, in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.

32. As part of your audit, you prepared the draft financial statements, related notes, and supplementary information. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements, related notes, and supplementary information. We have also ensured that the City's data and records are complete and received sufficient information to oversee the service.

Signature:  \_\_\_\_\_

Title: Jason Kaczmarek, Finance Director