

**CITY OF WAUSAU, WISCONSIN
FEDERAL AND STATE AWARDS REPORT
YEAR ENDED DECEMBER 31, 2021**



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City of Wausau, Wisconsin

DECEMBER 31, 2021

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FEDERAL AND STATE AWARDS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED AND REPORT ON SCHEDULE OF FEDERAL AND STATE EXPENDITURES BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES

To the City Council
City of Wausau
Wausau, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the City of Wausau, Wisconsin's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *State Single Audit Guidelines* that could have a direct and material effect on each of the City of Wausau, Wisconsin's major federal and state programs for the year ended December 31, 2021. The City of Wausau, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Wausau, Wisconsin complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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* as issued by the Wisconsin Department of Administration. Our responsibilities under those standards, Uniform Guidance, and the *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Wausau, Wisconsin and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the City of Wausau, Wisconsin's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Wausau, Wisconsin's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Wausau, Wisconsin's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, and the *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Wausau, Wisconsin's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, and the *State Single Audit Guidelines* we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Wausau, Wisconsin's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Wausau, Wisconsin's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the City of Wausau, Wisconsin's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Wausau, Wisconsin's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City of Wausau, Wisconsin's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

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 a 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 or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-002 and 2021-003 to be significant deficiencies.

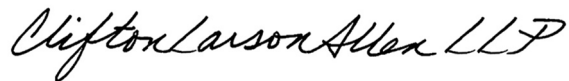
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Wausau, Wisconsin's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Wausau, Wisconsin's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards Required by the Uniform Guidance and State Single Audit Guidelines

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 the City of Wausau, Wisconsin as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Wausau, Wisconsin's basic financial statements. We issued our report thereon, dated August 1, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the *State Single Audit Guidelines* and is 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 basic 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 schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Wausau, Wisconsin
September 28, 2022

City of Wausau, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

Grantor Agency/Federal Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	14.218	Direct Program	N/A	\$ 748,714	\$ 554,088
COVID 19 - Community Development Block Grants/Entitlement Grants	14.218	Direct Program	N/A	21,824	19,985
Total CDBG - Entitlement Grants Cluster				770,538	574,073
U.S. DEPARTMENT OF INTERIOR					
Historic Preservation Fund Grants-In-Aid	15.904	Wisconsin Historical Society	55-WI-19-10018	8,500	-
U.S. DEPARTMENT OF JUSTICE					
Crime Victim Assistance	16.575	WI Department of Justice	Unknown	233,379	-
Bulletproof Vest Partnership Program	16.607	Direct Program	N/A	5,968	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Marathon County, Wisconsin	Unknown	11,680	-
Total U.S. Department of Justice				251,027	-
U.S. DEPARTMENT OF TRANSPORTATION					
Federal Transit Cluster					
Federal Transit - Formula Grants	20.507	Direct Program	N/A	1,143,462	-
COVID 19 - Federal Transit - Formula Grants	20.507	Direct Program	N/A	875,000	-
Total Federal Transit Cluster				2,018,462	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Children's Health Insurance Program	93.767	WI Department of Health Services	435100-G20LEADSAFEPRO-00	161,178	-
U.S. DEPARTMENT OF HOMELAND SECURITY					
Assistance to Firefighters Grants	97.044	Direct Program	N/A	44,278	-
Assistance to Firefighters Grants	97.044	Direct Program	N/A	30,603	-
COVID 19 - Assistance to Firefighters Grants	97.044	Direct Program	N/A	15,975	-
Total Assistance to Firefighters Grants				90,856	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 3,300,561	\$ 574,073

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

City of Wausau, Wisconsin

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

Grantor Agency/State Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Total State Expenditures	Passed Through to Subrecipients
DEPARTMENT OF NATURAL RESOURCES					
Urban Forestry Catastrophic Storm Grant	370.587	Direct Program	N/A	\$ 13,060	\$ -
Recycling Grants to Responsible Units	370.670	Direct Program	N/A	<u>137,734</u>	<u>-</u>
Total Department of Natural Resources				150,794	-
DEPARTMENT OF TRANSPORTATION					
Transit Operating Aids	395.104	Direct Program	N/A	799,070	-
DEPARTMENT OF JUSTICE					
Beat Patrol	455.275	Direct Program	N/A	121,434	-
DEPARTMENT OF MILITARY AFFAIRS					
Regional Emergency Response Teams	465.306	Direct Program	N/A	<u>81,000</u>	<u>-</u>
TOTAL STATE PROGRAMS				<u><u>\$ 1,152,298</u></u>	<u><u>\$ -</u></u>

The notes to the schedule of state financial assistance are an integral part of this schedule.

City of Wausau, Wisconsin

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards for the City are presented in accordance with the 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* issued by the Wisconsin Department of Administration.

The Schedules of Expenditures of Federal and State Awards include all federal and state awards of the City. Because the schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the City's 2021 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards.

The City has elected to charge a de minimis rate of 10% of modified total costs.

NOTE 3: OVERSIGHT AGENCIES

The federal and state oversight agencies for the City are as follows:

Federal – U.S. Department of Transportation
State – Wisconsin Department of Transportation

City of Wausau, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section I – Summary of Auditors’ Results

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? _____ yes x 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? x yes _____ no
 - Significant deficiency(ies) identified? x yes _____ 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)? x yes _____ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants Cluster
20.507	Federal Transit Cluster

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 Wausau, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section I – Summary of Auditors’ Results (Continued)

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

State ID Number(s)

395.104

Name of State Project

Transit Operating Aids

Dollar threshold used to distinguish between
Type A and Type B state projects:

\$ 250,000

City of Wausau, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2021

Section II – Financial Statement Findings

There are no findings related to the basic financial statements required to be reported under government auditing standards generally accepted in the United States of America for the year ended December 31, 2021.

Section III – Federal and State Award Findings and Questioned Costs

2021 – 001: Federal Funding Accountability and Transparency Act- CDBG

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Name: Community Development Block Grants/Entitlement Grants

Assistance Listing Number: 14.218

Federal Award Identification Number and Year: B-19-MC-55-0017, 2019; B-20-MC-55-0017, 2020; B-20-MW-55-0017, 2020; B-21-MC-55-0017, 2021

Award Period: 7/12/2019 – 9/1/2028

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System. In addition, 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires the City to implement and maintain a system of internal controls over federal grants.

Condition: The City did not report any first tier subawards related to the CDBG grant program to the required federal reporting system. In addition, the CDBG grant requires periodic reports to be completed and filed with the federal government. The City did not have any documentation of approval of the report by someone other than the preparer prior to submission.

Questioned costs: None

Context: The City did not report the four subawards that required disclosure under the Federal Funding Accountability and Transparency Act. We noted that the City's Community Development Department did not have procedures or documentation to ensure that someone other than the preparer reviewed and approved the required grant reports.

City of Wausau, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section III – Federal and State Award Findings and Questioned Costs (Continued)

2021 – 001: Federal Funding Accountability and Transparency Act- CDBG (Continued)

Cause: The City personnel responsible for the grant administration were not aware of the reporting requirements of the Act. The City had not performed an evaluation of the internal controls surrounding the grant to identify the lack of a secondary reviewer for any periodic reporting.

Repeat Finding: No

Recommendation: We recommend the City review the various grant requirements and laws surrounding the CDBG grant program and ensure that any written internal control or procedure manuals include all of the required compliance requirements. We also recommend that the City ensure multiple individuals are trained on the administration of the grant.

Views of responsible officials: There is no disagreement with the audit finding.

2021 – 002: Environmental Reviews - CDBG

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Name: Community Development Block Grants/Entitlement Grants

Assistance Listing Number: 14.218

Federal Award Identification Number and Year: B-19-MC-55-0017, 2019; B-20-MC-55-0017, 2020; B-20-MW-55-0017, 2020; B-21-MC-55-0017, 2021

Award Period: 7/12/2019 – 9/1/2028

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires the City to implement and maintain a system of internal controls over federal grants.

Condition: The City has not designated an individual to review and approve the reports or the environmental reviews to ensure they are completed in accordance with the grant requirements.

Questioned costs: None

City of Wausau, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2021

Section III – Federal and State Award Findings and Questioned Costs (Continued)

2021 – 002: Environmental Reviews - CDBG

Context: The City did not have procedures requiring a review and approval of the environmental review determination form required by the grant.

Cause: The City had not performed periodic evaluation of the internal controls surrounding the grant program to identify the lack of a secondary reviewer regarding and environmental review processes and requirements.

Effect: The City did not have an adequate system of internal control that would have prevented and detected any errors.

Repeat Finding: No

Recommendation: We recommend the City review the various requirements of the CDBG grant program and identify individuals who can act as a reviewer and approver of the environmental review requirements. We also recommend the City document these procedures and internal controls as required by Uniform Guidance.

Views of responsible officials: There is no disagreement with the audit finding.

2021 – 003: Cash Management - Transit

Federal Agency: U.S. Department of Transportation

Federal Program Name: Federal Transit – Formula Grants

Assistance Listing Number: 20.507

Federal Award Identification Number and Year: WI-2022-007-00, 2021

Award Period: 1/1/2021 – 12/31/2021

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or Specific Requirement: Grant claims filed by the City to the granting agencies must be accurate, reconcile to the City's general ledger system, and for cost-reimbursement grants, represent costs incurred. Internal controls should be designed and implemented to prevent and detect errors in the data reported on the grant claims. Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.

City of Wausau, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section III – Federal and State Award Findings and Questioned Costs (Continued)

2021 – 003: Cash Management – Transit (continued)

Condition: There was no review of the reports and claims for reimbursement by someone other than the preparer. Accordingly, this does not allow for a proper segregation of duties for internal control purposes over cash management compliance requirements

Questioned Costs: None

Context: While performing audit procedures, it was noted that management does not have internal controls in place to provide and document proper segregation of duties over grant reporting for the transit grant.

Cause: The department and the positions responsible for preparing, reviewing, and approving the report are combined for one person resulting in the missed cash management control requirements.

Effect: Information could be mis-keyed or potentially altered if there is no segregation of duties or review of reporting before being sent to the granting agency.

Repeat Finding: No

Recommendation: We recommend that the City review its internal controls and designate an individual other than the preparer to review and approve any grant claims.

Views of Responsible Officials: There is no disagreement with the audit finding.

City of Wausau, Wisconsin

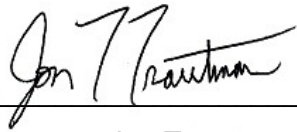
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2021

Section IV – Other Issues

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
 - Department of Natural Resources No
 - Department of Transportation No
 - Department of Justice No
 - Department of Military Affairs NoWas a Management Letter or other document conveying audit comments issued as a result of this audit? No

3. Name and signature of partner



Jon Trautman, CPA

4. Date of report

September 30, 2022



**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**

City Council
City of Wausau, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wausau, Wisconsin, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Wausau, Wisconsin's basic financial statements, and have issued our report thereon dated August 1, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Wausau, Wisconsin's internal control over financial reporting (internal control) as a basis for designing 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 Wausau, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Wausau, Wisconsin'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Wausau, Wisconsin'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 financial statements. 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*.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".**CliftonLarsonAllen LLP**

Wausau, Wisconsin
September 30, 2022



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