

City of New Berlin

Report on Federal and State Awards

December 31, 2020

City of New Berlin

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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***

To the Mayor and Common Council of
City of New Berlin

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 the City of New Berlin (the City) as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

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.

Baker Tilly US, LLP

Milwaukee, Wisconsin
July 7, 2021

Independent Auditors' Report on Compliance for Each Major Federal and Major State Program and Report on Internal Control over Compliance Required by the Uniform Guidance and the *State Single Audit Guidelines*

To the Mayor and Common Council of
City of New Berlin

Report on Compliance for Each Major Federal and Major State Program

We have audited the City of New Berlin's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* that could have a direct and material effect on the City's major federal and major state programs for the year ended December 31, 2020. The City'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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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, 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 or major state program occurred. An audit includes examining, on a test basis, evidence about the City'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 the City's compliance.

Opinion on Each Major Federal and Major State Program

In our opinion, the City 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 the City 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 the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 the City'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 a combination of deficiencies, in internal control over compliance such that there is 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. *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 weakness may exist that have not been identified.

Purpose of this Report

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 and State Awards 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 the City of New Berlin, Wisconsin, as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the City of Berlin's basic financial statements. We issued our report thereon dated July 7, 2021, 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 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Milwaukee, Wisconsin
January 17, 2022

City of New Berlin

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Passed- Through Agency Identifier	Award Amount	Expenditures			Payments to Subrecipients
					Grantor	Local	Total	
Federal Programs								
U.S. Department of Justice								
2020 Bulletproof Vest Partnership Program	16.607	N/A	N/A	\$ 2,200	\$ 2,200	\$ 17,264	\$ 19,464	\$ -
Equitable Sharing	16.922	N/A	N/A	1,586	1,586	74,907	76,493	-
Total U.S. Department of Justice					3,786	92,171	95,957	-
U.S. Department of Transportation								
Highway Safety Cluster								
State and Community Highway Safety	20.600	WI DOT	Unavailable	3,980	3,980	-	3,980	-
U.S. Department of the Treasury								
COVID- 19 Coronavirus Relief Fund								
COVID-19 Routes to Recovery	21.019	WI DOA	Unavailable	722,315	722,315	-	722,315	-
U.S. Environmental Protection Agency								
Drinking Water State Revolving Fund Cluster								
Capitalization Grants for Drinking Water State Revolving Funds	66.468	WI DNR	4859-08	1,106,584	1,106,584	-	1,106,584	-
Total Drinking Water State Revolving Fund Cluster					1,106,584	-	1,106,584	-
U.S. Election Assistance Commission								
COVID-19 2018 HAVA Election Security Grant	90.404	WEC	Unavailable	30,680	30,680	30,980	61,660	-
U.S Department of Homeland Security								
Assistance to Firefighters Grant - EMW-2019-FG-06890	97.044	N/A	N/A	240,845	240,845	24,085	264,930	-
Total federal programs					\$ 2,108,190	\$ 147,236	\$ 2,255,426	\$ -

See notes to schedules of expenditures of federal and state awards

City of New Berlin

Schedule of Expenditures of State Awards
 Year Ended December 31, 2020

Grantor Agency / Program Title	State ID Number	Award Amount	Expenditures			Payments to Subrecipients
			Grantor	Local	Expenditures	
State Program						
Wisconsin Department of Justice						
Law Enforcement Training, Local	455.202	\$ 10,240	\$ 10,240	\$ 13,892	\$ 24,132	\$ -
Total state programs			\$ 10,240	\$ 13,892	\$ 24,132	\$ -

See notes to schedules of expenditures of federal and state awards

City of New Berlin

Notes to Schedules of Expenditures of Federal and State Awards
December 31, 2020

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the Schedules) includes the federal and state grant activity of the City of New Berlin under programs of the federal and state government for the year ended December 31, 2020. The information in these Schedules is 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*. Because the Schedules present only a selected portion of the operations of the City of New Berlin, they are not intended to and do not present the financial position, changes in net position or cash flows of the City of New Berlin.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred. Program income is reported as revenue in the year that it is received.

3. Indirect Cost Rate

The City of New Berlin has not elected to use the 10 percent de minimis indirect cost rate of the Uniform Guidance.

4. Pass-Through Grantors

Federal funds have been passed through the following grantors.

WI DOT – Wisconsin Department of Transportation
WI DNR – Wisconsin Department of Natural Resources
WI DOA – Wisconsin Department of Administration
WEC – Wisconsin Elections Commission

City of New Berlin

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness (es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency (ies) identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal and State Awards

Internal control over major programs:

	<u>Federal Programs</u>		<u>State Programs</u>	
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no	<u> </u> yes	<u> X </u> no
Significant deficiencies identified that are not considered to be material weakness(es)?	<u> </u> yes	<u> X </u> none reported	<u> </u> yes	<u> X </u> none reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance or the *State Single Audit Guidelines*?

<u> </u> yes	<u> X </u> no	<u> </u> yes	<u> X </u> no
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Auditee qualified as low-risk auditee?

<u> </u> yes	<u> X </u> no	<u> </u> yes	<u> X </u> no
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Dollar threshold used to distinguish between type A and type B programs:

<u> \$750,000 </u>	<u> \$250,000 </u>
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.468	Drinking Water State Revolving Fund Cluster

Identification of major state programs:

<u>State Number</u>	<u>Name of State Program</u>
455.202	Law Enforcement Training

City of New Berlin

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section II – Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

None noted.

Section III – Federal Awards and State Awards Findings and Questioned Costs

None noted.

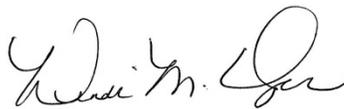
Section IV – Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? yes X 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*:
Wisconsin Department of Justice yes X no

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

Name and signature of partner



Wendi M. Unger, Partner

Date of report

January 17, 2022