

## **City of Janesville**

Report on Federal and State Awards

December 31, 2020

# City of Janesville

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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 City Council of  
City of Janesville

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 the City of Janesville, 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 Janesville's basic financial statements and have issued our report thereon dated June 10, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Janesville'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Janesville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Janesville'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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a material weakness.

**Compliance and Other Matters**

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

## **The City of Janesville's Response to Finding**

The City of Janesville's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Janesville'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.

*Baker Tilly US, LLP*

Madison, Wisconsin  
June 10, 2021

**Independent Auditors' Report on Compliance  
for Each Major Federal and Major State Program;  
Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of  
Federal and State Awards Required by the Uniform Guidance  
and the *State Single Audit Guidelines***

To the City Council of  
City of Janesville

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

We have audited the City of Janesville'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 the City of Janesville's major federal and major state programs for the year ended December 31, 2020. The City of Janesville'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 the City of Janesville'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 a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Janesville'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 of Janesville's compliance.

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

In our opinion, the City of Janesville 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 of Janesville 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 of Janesville'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 of Janesville'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 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. 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.

### **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 Schedule 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Janesville, 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 Janesville's basic financial statements. We issued our report thereon dated June 10, 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 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 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.

*Baker Tilly US, LLP*

Madison, Wisconsin  
November 12, 2021

**City of Janesville**

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

Grantor Agency/ Program Title	Federal CFDA Number	Pass-Through Entity	Pass-Through Entity Grant ID	Expenditures	Payments to Subrecipients
<b>Federal Programs</b>					
<b>U.S. Department of Housing and Urban Development</b>					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants / Entitlement Grants	14.218				
Community Development Block Grants / Ent. Grants		Direct	N/A	\$ 502,696	\$ 200,068
Community Development Block Grants / Ent. Grants - Program income		Direct	N/A	<u>473,103</u>	<u>-</u>
Total CDBG - Entitlement Grants Cluster				<u>975,799</u>	<u>200,068</u>
Home Investment Partnership Program					
Home Investment Partnerships Program/ Rock Co. Consortium	14.239				
Home Investment Partnerships Program - Program Income		Direct	N/A	378,743	-
		Direct	N/A	<u>82,339</u>	<u>-</u>
Total Home Investment Partnerships Program				<u>461,082</u>	<u>-</u>
Housing Voucher Cluster					
Section 8 Housing Choice Vouchers	14.871				
COVID-19 Section 8 Housing Choice Vouchers		Direct	N/A	2,927,215	-
		Direct	N/A	<u>262,038</u>	<u>-</u>
Total Housing Voucher Cluster				<u>3,189,253</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development				<u>4,626,134</u>	<u>200,068</u>
<b>U.S. Department of Justice</b>					
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	Direct	2020-VD-BX-0720	47,888	-
Bulletproof Vest Partnership	16.607	Direct	N/A	11,210	-
Edward Byrne Memorial Justice Assistance Grant Program					
Grant (JAG) Program / Grants to States and Territories	16.738	Rock County	2018-DJ-BX-0478	<u>11,900</u>	<u>-</u>
Total U.S. Department of Justice				<u>70,998</u>	<u>-</u>

See notes to schedule of expenditures of federal and state awards



**City of Janesville**

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

Grantor Agency/ Program Title	Federal CFDA Number	Pass-Through Entity	Pass-Through Entity Grant ID	Expenditures	Payments to Subrecipients
<b>U.S. Department of Transportation</b>					
Highway Planning and Construction Cluster	20.205				
			371-10-004 & 371-14-012		
Highway Planning and Construction		WI DOT	& 5990-01-23	\$ 168,063	\$ -
TAP Grant - Northeast Regional Trail		WI DOT	5990-01-25	<u>79,685</u>	<u>-</u>
Total Highway Planning and Construction Cluster				<u>247,748</u>	<u>-</u>
Federal Transit Cluster					
Federal Transit Formula Grants	20.507				
Federal Transit Formula Grants (operating 2017) WI-90-4751		Direct	N/A	1,157,986	-
COVID-19 - Federal Transit Formula Grants		Direct	N/A	120,000	-
Federal Transit Capital Grant		Direct	N/A	<u>2,104,926</u>	<u>-</u>
Total Federal Transit Cluster				<u>3,382,912</u>	<u>-</u>
Highway Safety Cluster					
State and Community Highway Safety	20.600	WI DOT	FG-2020-janesvil-05333	<u>62,154</u>	<u>-</u>
Total Highway Safety Cluster				<u>62,154</u>	<u>-</u>
Total U.S. Department of Transportation				<u>3,692,814</u>	<u>-</u>
<b>U.S Department of Treasury</b>					
COVID-19 - Coronavirus Relief Fund	21.019	WI DOA	Routes to Recovery	<u>1,140,714</u>	<u>-</u>
Total U.S. Department of Justice				<u>1,140,714</u>	<u>-</u>

See notes to schedule of expenditures of federal and state awards

**City of Janesville**Schedule of Expenditures of Federal and State Awards  
Year Ended December 31, 2020

<u>Grantor Agency/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity</u>	<u>Pass-Through Entity Grant ID</u>	<u>Expenditures</u>	<u>Payments to Subrecipients</u>
<b>Election Assistance Commission</b>					
COVID-19 2018 HAVA Election Security Grants	90.404	WEC	2020 WEC CARES	\$ 38,358	\$ -
Total Election Assistance Commission				38,358	-
<b>U.S. Department of Health and Human Services</b>					
Drug Free Communities Support Programs	93.276	Direct	N/A	209,662	-
Total U.S. Department of Health and Human Services				209,662	-
Total federal programs				\$ 9,778,680	\$ 200,068

*See notes to schedule of expenditures of federal and state awards*

**City of Janesville**

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

Grantor Agency/ Program Title	State ID Number	Grant ID Number	Expenditures	Payments to Subrecipients
<b>State Programs</b>				
<b>Wisconsin Department of Natural Resources</b>				
Municipal Flood Control Grant	370.TX1	MFC-71796-18	\$ 373,450	\$ -
Stewardship Grant - Urban Rivers	370.TA1	URGP3-19-1211 & URG3-21-58	389,200	-
Stewardship Grant - Land Acquisition	370.TA1	SADLP3201350	<u>249,000</u>	<u>-</u>
Total Stewardship Grants			<u>638,200</u>	<u>-</u>
Recycling Grants to Responsible Units	370.670	RU 53241	209,593	-
Recycling Consolidation Grant	370.673	RU 53241	<u>16,011</u>	<u>-</u>
Total Wisconsin Department of Natural Resources			<u>1,237,254</u>	<u>-</u>
<b>Wisconsin Department of Transportation</b>				
Transit Operating Aids	395.104			
2020 Operating Aids		2020	866,536	-
Paratransit Aids Through 85.205		2015	<u>35,723</u>	<u>-</u>
Total Transit Operating Aids			<u>902,259</u>	<u>-</u>
Total Wisconsin Department of Transportation			<u>902,259</u>	<u>-</u>
<b>Wisconsin Department of Health Services</b>				
Emergency Medical Service Cost Reimbursement	435.162	N/A	8,830	-
State Lead Hazard Reduction Program	435.140	N/A	<u>73,365</u>	<u>-</u>
Total Wisconsin Department of Health Services			<u>82,195</u>	<u>-</u>
Total state programs			<u>\$ 2,221,708</u>	<u>\$ -</u>

See notes to schedule of expenditures of federal and state awards

# City of Janesville

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

## 1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of the City of Janesville (the City) under programs of the federal and state government for the year ended December 31, 2020. The information in this Schedule 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 Schedule presents only a selected portion of the operations of the City of Janesville, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

## 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule 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. 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. 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 expenditures in the year it is received.

## 3. Pass-Through Grantors

Federal funds have been passed through the following grantors:

WI DOT – Wisconsin Department of Transportation  
WI DOA – Wisconsin Department of Administration  
WEC – Wisconsin Elections Commission  
Rock County – Rock County, Wisconsin

## 4. Indirect Cost Rate

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

# City of Janesville

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?  X  yes   no

Significant deficiency (ies) identified?   yes  X  none reported

Noncompliance material to financial statements noted?   yes  X  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*?   yes  X  no   yes  X  no

Auditee qualified as low-risk auditee?   yes  X  no   yes  X  no

Dollar threshold used to distinguish between type A and type B programs: \$750,000 \$250,000

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	CDBG – Entitlement Grants Cluster
20.507	Federal Transit Cluster – Federal Transit Formula Grants
21.019	COVID – 19 Coronavirus Relief Fund – Routes to Recovery

Identification of major state programs:

<u>State Numbers</u>	<u>Name of State Program</u>
370.TX1	Municipal Flood Control Grant
370.TA1	Stewardship Grants – Urban Rivers and Land
395.104	Transit Operating Aids

## City of Janesville

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

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

#### *FINDING 2020-001: MATERIAL WEAKNESS – INTERNAL CONTROL OVER FINANCIAL REPORTING*

##### **Repeat of Finding 2019-001**

**Criteria:** Auditing Standards AU-C 265 requires auditors to communicate circumstances that were evaluated to be significant deficiencies or material weaknesses in the City's structure of internal control.

**Condition:** During the financial audit, audit procedures and inquiries were performed to evaluate the effectiveness of controls over various transaction cycles. As a result of these procedures, we noted there was no independent second party review of year-end financial statements and year-end conversion journal entries. In addition, we identified adjustments required to be made to the financial statements prepared by the City.

**Cause:** Due to staffing and financial limitations, the City is not able to perform an independent review of the year-end financial statements and conversion entries.

**Effect:** No independent review of the year-end financial statements and conversion entries may lead to material misstatements.

**Recommendation:** We recommend that year-end financial statements and year-end conversion journal entries be reviewed by a second individual to ensure appropriateness and accuracy.

**Management Response:** The City prepares high quality financial statements, conversion entries, and footnote disclosures for the auditors to review. However, because of the City's size, management does not believe it is cost effective to hire the additional staff needed with the expertise to review all aspects of financial reporting, and relies on the auditor for some year-end financial statement and conversion entry review. Therefore, we anticipate that the material weakness in financial reporting review will continue to be reported in future years.

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

No findings were reported.

# City of Janesville

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

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## Section IV – Other Issues

1. 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

2. 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 Transportation	_____ yes	<u>  X  </u> no
Department of Health Services	_____ yes	<u>  X  </u> no
Department of Natural Resources	_____ yes	<u>  X  </u> no
Department of Administration	_____ yes	<u>  X  </u> no
Wisconsin Elections Commission	_____ yes	<u>  X  </u> no

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

4. Name and signature of partner

  
\_\_\_\_\_  
Andrea Jansen, CPA, CFE, Partner

5. Date of report      November 12, 2021

## City of Janesville

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Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2020

### ***FINDING 2019-001: MATERIAL WEAKNESS – INTERNAL CONTROL OVER FINANCIAL REPORTING***

#### **Repeat of Finding 2018-001**

**Criteria:** Auditing Standards AU-C 265 requires auditors to communicate circumstances that were evaluated to be significant deficiencies or material weaknesses in the City's structure of internal control.

**Condition:** During the financial audit, audit procedures and inquiries were performed to evaluate the effectiveness of controls over various transaction cycles. As a result of these procedures, we noted there was no independent second party review of year-end financial statements and year-end conversion journal entries. In addition, we identified adjustments required to be made to the financial statements prepared by the City.

**Cause:** Due to staffing and financial limitations, the City is not able to perform an independent review of the year-end financial statements and conversion entries.

**Effect:** Year-end financial statements prepared by the City contained material misstatements.

**Recommendation:** We recommend that year-end financial statements and year-end conversion journal entries be reviewed by a second individual to ensure appropriateness and accuracy.

**Status:** The City prepares high quality financial statements, conversion entries, and footnote disclosures for the auditors to review. However, because of the City's size, management does not believe it is cost effective to hire the additional staff needed with the expertise to review all aspects of financial reporting, and relies on the auditor for some year-end financial statement and conversion entry review. Therefore, we anticipate that the material weakness in financial reporting review will continue to be reported in future year.