



Audit of City of Two Rivers, WI

Presented by Bryan Grunewald, CPA
and Elizabeth McMasters, CPA

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor

Financial Statement Audit Results

Audit Opinion

- Unmodified (“Clean”)

Internal Control

- Finding 2023-001
Preparation of the
Annual Financial Report



Required Communications

Significant
Accounting
Policies

Accounting
Estimates

Financial
Statement
Disclosures

No Difficulties

No Disagreements
with Management

Audit Adjustments

No Consultations
with Other
Accountants

Management
Representation
Letter



Fund Balance Comparison – General & Debt Service Funds

	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
Nonspendable			
Prepaid items	\$ 666,240	\$ 747,684	\$ 699,647
Long term receivables	1,649,335	1,736,776	1,524,302
Unassigned	(164,279)	(138,576)	306,224
Total General Fund balance	<u>\$2,151,296</u>	<u>\$2,345,884</u>	<u>\$2,530,173</u>
 Debt Service Fund	 <u>\$ 122,059</u>	 <u>\$ (18,271)</u>	 <u>\$ 29,314</u>



Fund Balance Comparison – Special Revenue Funds

	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
Special Revenue Funds			
Revolving loans	\$ 138,551	\$ 172,001	\$ 99,916
Library	7,681	18,004	7,681
Library gift fund	95,513	79,690	116,342
Community tourism	180,049	119,588	16,979
Special events donations	15,516	20,521	10,418
WDF administrative	200	200	200
Business improvement district	4,199	3,950	6,038
Docks and harbors	282	6,914	14,380
Urban forestry	(22,192)	5,813	10,970
Senior center	6,304	(14,347)	(40,218)
Tree planting	(3,614)	5,263	31,987
EMS Act 102 Grant	27,831	22,311	10,108
Business and Industrial Revolving Loans	1,282,380	1,325,334	305,853
Affordable Housing	141,477	141,477	91,830
Medical/Hospital Equipment	24,598	18,889	19,476
Community Development	56,212	45,054	(1,152)
ARPA	31,423	3,115	-
Total Special Revenue Funds	<u>\$ 1,986,410</u>	<u>\$ 1,973,777</u>	<u>\$ 700,808</u>



Fund Balance Comparison – Capital Project Funds

	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
Capital Projects Funds			
Street construction	\$ 45,551	\$ 633,006	\$ 137,938
Bridge construction	87,424	98,750	107,372
Park and cemetery construction	5,068	(57,887)	294,003
Fire equipment	(36,946)	(29,555)	191,871
Public works equipment	336,935	67,129	63,137
City Hall equipment	165,817	(8,095)	(9,600)
Management information	(10,989)	(18,732)	20,851
Police equipment	59,957	(75,064)	(28,245)
TIF District No. 4	-	-	26,363
TIF District No. 6	(159,753)	(176,176)	(192,928)
TIF District No. 7	1,010,418	1,022,898	994,767
TIF District No. 8	(11,159)	63,832	156,022
TIF District No. 9	166,968	153,655	137,238
TIF District No. 10	(176,070)	(162,899)	(143,939)
TIF District No. 11	3,178	4,378	4,527
TIF District No. 12	55,389	1,063	(68,735)
TIF District No. 13	9,088	(15,903)	(24,045)
TIF District No. 14	6,095	(2,681)	(1,030)
TIF District No. 15	(7,612)	(6,817)	(2,256)
TIF District No. 16	(7,070)	(5,571)	(1,030)
TIF District No. 17	(5,498)	(1,030)	-
Industrial park development	48,756	88,329	96,152
City landfill	121,769	96,640	27,506
Central Park	(114,130)	654,644	5,897
Bike trail	54,118	83,148	63,636
Harbor master plan	838,454	1,488,454	1,488,454
Library Buildings and Grounds	3,689	24,237	36,279
Total Capital Projects Funds	<u>\$2,489,447</u>	<u>\$3,919,753</u>	<u>\$3,380,205</u>



Electric Utility

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 9,476,956	\$ 10,239,104	\$ 9,423,667
Operating expenses	<u>8,851,443</u>	<u>9,388,176</u>	<u>8,576,250</u>
Operating income (loss)	<u>625,513</u>	<u>850,928</u>	<u>847,417</u>
Nonoperating revenues (expenses)	<u>(32,582)</u>	<u>(46,690)</u>	<u>(30,342)</u>
Income before contributions and transfers	592,931	804,238	817,075
Capital contributions	15,491	23,774	4,282
Transfers out	<u>(223,662)</u>	<u>(232,428)</u>	<u>(271,339)</u>
Change in net position	<u>\$ 384,760</u>	<u>\$ 595,584</u>	<u>\$ 550,018</u>
Rate of Return	5.9%	6.6%	6.0%



Water Utility

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 3,016,431	\$ 2,916,773	\$ 2,862,121
Operating expenses	<u>2,367,994</u>	<u>2,262,174</u>	<u>2,169,324</u>
Operating income	<u>648,437</u>	<u>654,599</u>	<u>692,797</u>
Nonoperating revenues (expenses)	<u>270,367</u>	<u>145,544</u>	<u>185,666</u>
Income before contributions and transfers	918,804	800,143	878,463
Capital contributions	-	313,148	-
Transfers in (out)	<u>(206,130)</u>	<u>(166,436)</u>	<u>(102,884)</u>
Change in net position	<u>\$ 712,674</u>	<u>\$ 946,855</u>	<u>\$ 775,579</u>
Rate of Return			
Water	3.2%	3.2%	4.9%



Sewer Utility

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 2,953,905	\$ 2,914,568	\$ 2,767,414
Operating expenses	<u>2,531,559</u>	<u>2,458,287</u>	<u>2,334,362</u>
Operating income	<u>422,346</u>	<u>456,281</u>	<u>433,052</u>
Nonoperating revenues (expenses)	<u>194,212</u>	<u>22,263</u>	<u>40,247</u>
Income before contributions and transfers	616,558	478,544	473,299
Capital contributions	27,204	179,695	487,032
Transfers in (out)	<u>(228,486)</u>	<u>(304,794)</u>	<u>(271,504)</u>
Change in net position	<u><u>\$ 415,276</u></u>	<u><u>\$ 353,445</u></u>	<u><u>\$ 688,827</u></u>



Current and Future Environment

COVID 19 / Grant Funding

- American Rescue Plan Act (ARPA)

New Accounting Standards

- GASB Statement No. 101
Compensated Absences
- GASB Statement No. 103
Financial Reporting
Model Improvements





Bryan Grunewald, CPA
Principal
920-803-3147
Bryan.grunewald@claconnect.com

Elizabeth McMasters, CPA
Director
920-455-4246
Elizabeth.McMasters@claconnect.com

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