



P.O. Box 352 • 150 S. Bridge St. • Markesan, WI 53946 • P: (920) 398-3031 • F: (920) 398-3991

**CITY OF MARKESAN
SPECIAL COMMON COUNCIL**
Markesan City Hall

AGENDA

February 28, 2023
7:00 PM

1. Preliminaries
 - 1.1. Call to Order
 - 1.2. Roll Call by the Clerk-Treasurer
 - 1.3. Pledge of Allegiance
 - 1.4. Citizen's Comments
2. New Business
 - 2.1 Discussion and Action on Hiring New Police Officer
3. Old Business
 - 2.1 Discussion and Action on Single Audit by Johnson Block CPA
 - 2.2 Discussion and Action on GASB Statement No. 87, Leases, to be Performed by Johnson Block CPA
 - 2.3 Discussion and Action on the Trade In Value for the Zero Turn Mower and Quotes for a New Zero Turn Mower
 - 2.4 Discussion and Action on Ordinance 269 to Amend Municipal Code Section 400-115 (B) to Include R-3 for Signs Permitted
4. Adjournment

The Common Council welcomes all visitors to listen & observe, but only Council members & those invited to speak will be permitted to do so, except during any posted Public Hearing. Citizen's Comments is where any citizen may comment on an issue, but the Council may only listen and may not reply to or address the issue unless it is an item on the agenda.

Any person requiring special assistance to participate in this meeting should contact the Clerk-Treasurer at 398-3031 at least 24 hours prior to the meeting so appropriate accommodations can be made.

Posted: City Hall
ERGO Bank Post Office
www.markesanwi.gov

Dated February 24, 2023
Elizabeth A Amend, Clerk-Treasurer

RE: Single Audit and Lease Audit

1 message

Brent Nelson <BNelson@johnsonblock.com>
To: Betsy Amend <bamend@markesanwi.gov>

Wed, Feb 22, 2023 at 11:33 AM

For municipal single audits, depending on the numbers of programs we are required to audit, our fees are generally in the \$6,000-\$7,000 range. We know we'll need to audit the federal CDBG grant, we may be required to look at some state program(s) too. Note that this cost should get proportionately allocated to general/water/sewer (i.e. 1/3, 1/3, 1/3).

For GASB Statement #87 (leases) implementation, looking back at the 6/30/22 school districts that we had to implement GASB 87, our implementation fees were typically around ~ \$1,500. That includes the software costs, evaluating the lease agreements to determine applicability, our time to record the journal entries, update financial statement presentation, add the new note disclosures, etc.

Regarding our maintaining of the City's depreciation schedule, this is a nonaudit service. Your prior auditor used to maintain the schedule. You're right that the first year took us longer since we had to enter all the City's governmental assets into our audit software. I believe we charged around \$600 for that initial setup. For annual updates to depreciation schedules, recording depreciation expense, etc., Johnson Block's typical annual charge is \$400-\$600. The fee varies depending on how much Cities/Villages have going on each respective year.

Thanks,

Brent

**Brent Nelson, CPA** | Audit Partner

2500 Business Park Road

Mineral Point, WI 53565

office 608.987.2206 | direct 608.424.2658

e-mail bnelson@johnsonblock.com[Click here for secure file transfer](#)



February 3, 2023

City of Markesan
75 North Bonson Street
Markesan, WI 53818

We are pleased to confirm our understanding of the services we are to provide to the City of Markesan, Wisconsin for the year ended December 31, 2022.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of the City of Markesan, Wisconsin as of and for the year ended December 31, 2022. Accounting principles generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City of Markesan, Wisconsin's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City of Markesan, Wisconsin's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedules
- 3) Local Retiree Life Insurance Fund Schedules
- 4) Wisconsin Retirement System Schedules

We have also been engaged to report on supplementary information other than RSI that accompanies the City of Markesan's financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a separate written report accompanying our auditor's report on the financial statements or in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Operating Revenues and Expenses – Proprietary Funds
- 2) Statement of Change in Non-Lapsing Funds

Audit Scope and Objectives (Continued)

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *State Single Audit Guidelines*.

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the provisions of the Uniform Guidance and the *State Single Audit Guidelines*, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance and the *State Single Audit Guidelines*, and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit (Continued)

Because of the inherent limitation of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement.

We have identified the following significant risk of material misstatement as part of our audit planning:

- Possibility of management override of controls and limited segregation of duties.
- Material audit adjustments required in prior year audit
- Risk of improper revenue recognition
- Auditor assistance is expected in the area of capital asset additions and removals

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures - Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance and State Single Audit Guidelines, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal and state award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance and *State Single Audit Guidelines*.

Audit Procedures - Internal Control (Continued)

An audit is not designed to provide assurance on internal control or to identify deficiencies or material weaknesses in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, the Uniform Guidance, and *State Single Audit Guidelines*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Markesan, Wisconsin's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance and *State Single Audit Guidelines* require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal and state statutes, regulations, and the terms and conditions of federal and state awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* for the types of compliance requirements that could have a direct and material effect on each of the government's major programs. For federal and state programs that are included in the Compliance Supplement and *State Single Audit Guidelines*, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement and *State Single Audit Guidelines* identify as being subject to audit. The purpose of these procedures will be to express an opinion on government's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and *State Single Audit Guidelines*.

Other Services

We will also assist in maintaining depreciation schedules, preparing the Data Collection Form, preparing the schedules of expenditures of federal and state awards, preparing the financial statements, and related notes of the City in conformity with accounting principles generally accepted in the United States of America and other guidance based on information provided by you. These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. We will perform the services in accordance with applicable professional standards. The other services are limited to maintaining depreciation schedules, preparing the schedules of expenditures of federal and state awards, preparation of Data Collection Form, preparing the financial statements, and related notes, previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statements, schedule of expenditures of federal and state awards, and related notes, depreciation schedules, preparing the Data Collection Form, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, the schedule of expenditures of federal and state awards, and related notes, depreciation schedules, and preparing the Data Collection Form and that you have reviewed and approved the financial statements, the schedule of expenditures of federal and state awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal and state awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements.

You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedules of expenditures of federal and state awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal and state statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedules of expenditures of federal and state awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance and *State Single Audit Guidelines*; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements, schedules of expenditures of federal and state awards; federal and state award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Responsibilities of Management for the Financial Statements and Single Audit (Continued)

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance and *State Single Audit Guidelines*, it is management's responsibility to evaluate and monitor noncompliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a separate corrective action plan.

You are responsible for identifying all federal and state awards received and understanding and complying with the compliance requirements and for the preparation of the schedules of expenditures of federal and state awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance and *State Single Audit Guidelines*.

You agree to include our report on the schedule of expenditures of federal and state awards in any document that contains, and indicates that we have reported on, the schedules of expenditures of federal and state awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal and state awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal and state awards no later than the date the schedule of expenditures of federal and state awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedules of expenditures of federal and state awards in accordance with the Uniform Guidance and *State Single Audit Guidelines*; (2) you believe the schedules of expenditures of federal and state awards, including its form and content, is stated fairly in accordance with the Uniform Guidance and *State Single Audit Guidelines*; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedules of expenditures of federal and state awards.

Responsibilities of Management for the Financial Statements and Single Audit (Continued)

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information. Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the website with the original document.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

In addition to our audit of the financial statements, we will compile, from information provided by you, the following:

- Annual municipal financial report required by the Department of Revenue (Form C)
- Water annual report required by the Public Service Commission of Wisconsin

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Engagement Administration, Fees, and Other (Continued)

The audit documentation for this engagement is the property of Johnson Block & Company, Inc. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a regulator or its designee, a federal or state agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Johnson Block & Company, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the regulators. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Brent Nelson is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be billed at our standard hourly rates plus out-of-pocket costs (such as report production, word processing, postage, travel, copies, telephone, etc). Based on preliminary estimates, our fees should approximate the following:

	<u>2022</u>
Audit	
General Fund	\$ 7,900
TIF District #1 (annual activity)	950
Water & Wastewater Utility	7,900
Preparation of DOR Form C	1,450
Preparation of Utility PSC annual report	1,450
Total	<u>\$ 19,650</u>

Please note that the fees quoted above now include additional time required for GASB Statement No. 84 and No. 88. These standards were billed separately in recent audits.

The single audit will be billed at our standard hourly rates. The amount of time needed to complete a single audit depends on the number of programs required to be tested and the overall volume of grant activity. The annual maintenance of a governmental depreciation schedule would be billed at our standard hourly rates. We estimate this to be \$600.

The table above does not include any audit procedures on the library. We estimate our fees to include the library activity within the scope of our audit to be \$1,500-\$3,000. If the library activity is not included in the scope of our audit, we will continue to qualify our opinion on the audited financial statements as we have in prior years.

The Department of Revenue requires submission of a TID Annual Report (PE-300) for each TIF District. We estimate our annual cost to compile and submit the PE-300 reports to be \$700 for each TIF District.

Engagement Administration, Fees, and Other (Continued)

Additional services to comply with any changes in accounting and auditing standards will be billed at our regular hourly rates with any software expenses incurred. We will discuss any new standards with you that become effective during this contract. Most notably, the City will implement GASB Statement No. 87, Leases, for the year ended December 31, 2022. To assist with GASB 87 compliance, many different accounting software packages are available for purchase. Instead of our clients potentially purchasing new software, Johnson Block will be offering a new nonaudit service. This service would include tracking of applicable City leases in a program purchased by Johnson Block and Company, Inc. Our software will make the necessary calculations needed to record the annual GASB No. 87 journal entries.

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

The attached Addendums A and B, which are an integral part of this engagement letter, relate to our preparation of the Department of Revenue annual report and the PSC annual report.

Unanticipated Services

Below are services considered to be outside the scope of our engagement. If any such service needs to be completed before the audit can proceed in an efficient manner, we will determine whether we can provide the service and maintain our independence. If appropriate, we will notify you and provide a fair and reasonable price for providing the service. We will bill you for the service at periodic dates after the additional service has been performed.

Bookkeeping services

Bookkeeping services are not audit services. Bookkeeping services include but are not limited to the following activities:

- Preparation of a trial balance
- Account or bank statement reconciliations
- Capital asset accounting (e.g., calculating depreciation, identify capital assets for additions and deletions)
- Significant additional time spent calculating accruals
- Processing immaterial adjustments through the financial statements requested by management
- Adjusting the financial statements for new activities and new disclosures

Unanticipated Services

Additional work resulting from unanticipated changes in your organization or accounting records
If your organization undergoes significant changes in key personnel, accounting systems, and/or internal control, we are required to update our audit documentation and audit plan. The following are examples of situations that will require additional audit work:

- Deterioration in the quality of the entity's accounting records during the current-year engagement in comparison to the prior-year engagement
- Significant new accounting issues, significant changes in your volume of business or new or unusual transactions
- Changes in audit scope or requirements resulting from changes in your activities
- Erroneous or incomplete accounting records
- Implementation or adoption of new or existing accounting, reporting, regulatory, or tax requirements and any applicable financial statement disclosures

Nonattest and Other Services

Prior to or as part of our audit engagement, it may be necessary for us to perform certain nonattest services including, but not limited to, maintaining the City's depreciation schedule, compiling the PSC annual report, compiling the DOR municipal financial reports, and preparing a draft of your financial statements, schedule of expenditures of federal and state awards, and preparation of the data collection form. We will not perform any management functions or make management decisions on your behalf with respect to any nonattest services we provide. In connection with our performance of any nonattest services, you agree that you will:

- Continue to make all management decisions and perform all management functions including approving all journal entries and general ledger classifications when they are submitted to you.
- Designate employee(s) with suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services we perform.
- Evaluate the adequacy and results of the nonattest services we perform.
- Accept responsibility for the results of our nonattest services.
- Establish and maintain internal controls, including monitoring ongoing activities related to the nonattest function.



Reporting

We will issue written reports upon completion of our audit of the City of Markesan's financial statements and Single Audit. Our reports will be addressed to the City Council of Markesan, Wisconsin. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of 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, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance and *State Single Audit Guidelines* report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and *State Single Audit Guidelines*. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to the City of Markesan, Wisconsin and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the letter and return it to us.

Very truly yours,

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.

RESPONSE:

This letter correctly sets forth the understanding of the City of Markesan, Wisconsin.

By: _____ Date: _____
City Clerk-Treasurer

By: _____ Date: _____
Mayor

ADDENDUM A

We will perform the following services:

We will compile, from information you provide, the annual municipal Financial Reports to the Wisconsin Department of Revenue, for the year ended December 31, 2022. Upon completion of the compilation of the annual Financial Report Forms, we will provide the City with our accountant's compilation report. If, for any reason caused by or relating to affairs or management of the City, we are unable to complete the compilation or if we determine in our professional judgement the circumstances necessitate, we may withdraw and decline to submit the annual Financial Report Forms to you as a result of this engagement.

Our Responsibilities and Limitations

We will be responsible for performing the compilation in accordance with *Statements on Standards for Accounting and Review Services* established by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements. We will utilize information that is the representation of management without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with accounting principles generally accepted in the United States of America.

Our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist and, because of the limited nature of our work, detection is highly unlikely. However, we will inform the appropriate level of management of any material errors, and of any evidence that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

Management's Responsibilities

The City's management is responsible for the financial statements referred to above. In this regard, management is responsible for (i) the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, (ii) designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements, (iii) preventing and detecting fraud, (iv) identifying and ensuring that the entity complies with the laws and regulations applicable to its activities, and (v) making all financial records and related information available to us. Management also is responsible for identifying and ensuring that the City complies with the laws and regulations applicable to its activities.

Management is responsible for providing us with the information necessary for the compilation of the financial statements and the completeness and the accuracy of that information and for making City personnel available to whom we may direct inquiries regarding the compilation. We may make specific inquiries of management and others about the representations embodied in the financial statements.

ADDENDUM B

We will perform the following services:

We will compile, from information you provide, the Public Service Commission Annual Report, including the balance sheet of the water utility, an enterprise fund of the City of Markesan, as of December 31, 2022, and the related statement of income and retained earnings for the year then ended and the supplemental schedules as of and for the year ended December 31, 2022. Upon completion of the Public Service Commission Annual Report, we will provide the City with our accountant's compilation report. If, for any reason caused by or relating to affairs or management of the City, we are unable to complete the compilation or if we determine in our professional judgment the circumstances necessitate, we may withdraw and decline to submit the Public Service Commission Annual Report to you as a result of this engagement.

Our Responsibilities and Limitations

We will be responsible for performing the compilation in accordance with *Statements on Standards for Accounting and Review Services* established by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements. We will utilize information that is the representation of management without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with accounting principles generally accepted in the United States of America.

Our engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist and, because of the limited nature of our work, detection is highly unlikely. However, we will inform the appropriate level of management of any material errors, and of any evidence that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

Management's Responsibilities

The City's management is responsible for the financial statements referred to above. In this regard, management is responsible for (i) the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, (ii) designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements, (iii) preventing and detecting fraud, (iv) identifying and ensuring that the entity complies with the laws and regulations applicable to its activities, and (v) making all financial records and related information available to us. Management also is responsible for identifying and ensuring that the City complies with the laws and regulations applicable to its activities.

Management is responsible for providing us with the information necessary for the compilation of the financial statements and the completeness and the accuracy of that information and for making City personnel available to whom we may direct inquiries regarding the compilation. We may make specific inquiries of management and others about the representations embodied in the financial statements.



150 S. BRIDGE ST. • MARKESAN, WI 53946 • 920-398-3031

January 12, 2023

Wisconsin Department of Administration
Division of Energy, Housing and Community Resources
Bureau of Community Development
P.O. Box 7970
Madison, WI 53707-7970

Attn: Angela Davis, Grant Specialist Advanced
Email: angela.davis1@wisconsin.gov

I hereby attest, under penalties of perjury, that during the calendar year ending

December 31, 2022, the City of Markesan has expended **\$750,000 or more** in total federal funds and will

comply with the federal Single Audit Act and the requirements of Uniform Guidance 2 CFR 200.

Rich Slate

Rich Slate, Mayor



February 6, 2023

City of Markesan
150 S Bridge St.
Markesan, WI 53946

Following is an addendum that covers additional services not included in the engagement letter dated February 3, 2023.

ADDENDUM A
GASB Statement No. 87, Leases

Nonattest services

We will provide the following nonattest services:

- Calculate the lease asset, lease liability, and lease related deferred outflows and inflows of resources (lease schedule) based on the lease information you provide to us.
- Propose journal entries to record the lease asset, lease liability, and lease related deferred outflows and inflows of resources in accordance with GASB Statement No. 87 and the related amortization/depreciation expense and lease/interest expense.
- Assist with drafting the related GASB Statement No. 87 financial statement disclosures.
- Provide to you sufficient information for you to oversee the services, evaluate the adequacy and results of the services; accept responsibility for the results of the services and ensure your data and records are complete.

Client information requirements

The City agrees it is solely responsible for the accuracy, completeness, and reliability of all of the City's data and information that it provides us for our engagement. The City agrees it will provide any requested information on or before the date we commence performance of the services.

Our responsibilities related to the nonattest services and the related limitations

We will not assume management responsibilities, perform management functions, or make management decisions on behalf of the City. However, we will provide advice and recommendations to assist management in performing its responsibilities.

This engagement is limited to the nonattest services outlined above. We, in our sole professional judgment, reserve the right to refuse to do any procedure or take any action that could be construed as assuming management responsibilities, making management decisions, or performing management functions, including approving journal entries. We will advise the City with regard to positions taken in the performance of the nonattest services, but management must make all decisions with regard to those matters.

Our engagement cannot be relied upon to disclose errors, fraud, or noncompliance with laws and regulations. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement.

We have no responsibility to ensure the City's lease accounting practices, systems, or reports comply with applicable laws or regulations, all of which remain your sole responsibility.

Because the services listed above do not constitute an examination, audit, or review, we will not express an opinion or conclusion or issue a written report on your application of the requirements of GASB Statement No. 87 as it relates to contracts. You agree that our services are not intended to be used by a third party in reaching a

decision on the application of the requirements of GASB Statement No. 87 to a specific transaction.

Management's responsibilities related to nonattest services

For all nonattest services we may provide to you, management agrees to assume all management responsibilities, including determining, reviewing, and approving lease information and schedules and related journal entries; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services. Management is also responsible for ensuring that your data and records are complete and that you have received sufficient information to oversee the services.

Fees

Our professional fees will be billed based on the time involved and the degree of responsibility and skills required. We will also bill for expenses, including applicable software costs.

Use of Cloud Based Accounting Solution

Johnson Block & Company, Inc. intends to perform said nonattest services described above through the use of a third-party cloud based solution (LeaseCrunch).

As part of its agreement with the City ("Client"), Johnson Block & Company, Inc. may provide Client access to a cloud-based accounting solution provided by LeaseCrunch, LLC ("LeaseCrunch Services"). As between the Client and Johnson Block & Company, Inc., Johnson Block & Company, Inc. disclaims all liability related in any way to the Client's use of the LeaseCrunch Services. Johnson Block & Company, Inc. also disclaims any warranties related to the LeaseCrunch Services. Client is solely responsible for the acts and omissions of any third party, including employees or contractors, who Client has designated as a user of the LeaseCrunch Services (each an "End User"). Each End User is required to accept the LeaseCrunch Acceptable Use Policy upon initial login to the LeaseCrunch Services. Client agrees to indemnify and hold Johnson Block & Company, Inc. and its affiliates harmless from any and all liability and expenses, including reasonable attorneys' fees and costs, related to third-party claims arising out of Client's or its End User's use of LeaseCrunch Services in violation of LeaseCrunch's Acceptable Use Policy.

We appreciate the opportunity to be of service to the City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.

RESPONSE:

This letter correctly sets forth the understanding of the City of Markesan.

By: _____

Title: _____

Date: _____



Betsy Amend <bamend@markesanwi.gov>

RE: GASB 87 addendum

1 message

Mikayla Bakken <MBakken@johnsonblock.com>
To: Betsy Amend <bamend@markesanwi.gov>

Tue, Feb 7, 2023 at 6:38 PM

Hi Betsy,

Brent got back to me on the cost per lease and he said it is about \$80 per lease annually. So with 2 leases it would be about \$160 a year plus our time to maintain the lease listing.



Let me know if you have any other questions.

Thanks,

Mikayla



Mikayla Bakken, CPA | Senior Accountant

2500 Business Park Road

Mineral Point, WI 53565

office 608.987.2206 | fax 608.987.3391

e-mail mbakken@johnsonblock.com

[Click here for secure file transfer](#)



Your referrals are the highest compliment you can give us. New business is always welcome. Thank you!

[Visit our COVID-19 Resource Center.](#)

From: Mikayla Bakken
Sent: Tuesday, February 7, 2023 1:56 PM
To: Betsy Amend <bamend@markesanwi.gov>
Subject: GASB 87 addendum

Hi Betsy,

With the SBA lease, lease will be material to the financial statements and we would need to record. For JBC to maintain the lease schedule we would charge the City for using the software (similar to fixed assets). If you could review the attached and sign and give back to me that would be greatly appreciated.

Thanks,

Mikayla



Mikayla Bakken, CPA | Senior Accountant

2500 Business Park Road

Mineral Point, WI 53565

office 608.987.2206 | fax 608.987.3391

e-mail mbakken@johnsonblock.com

[Click here for secure file transfer](#)



Your referrals are the highest compliment you can give us. New business is always welcome. Thank you!

[Visit our COVID-19 Resource Center.](#)

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Betsy Amend <bamend@markesanwi.gov>

RE: GASB 87 addendum

1 message

Mikayla Bakken <MBakken@johnsonblock.com>
To: Betsy Amend <bamend@markesanwi.gov>

Thu, Feb 9, 2023 at 6:38 AM

Hi Betsy,

We would bill at our standard hourly rate but this would be indicated separately on the bill. As this is the first year and we have to set everything up it would be more time than in the following years.

The addendum is more specifically for using the software Johnson Block has available. The original engagement letter has language that indicates that we will bill our standard hourly rate for implementing new standards.



Does this help?

Thanks,

Mikayla



Mikayla Bakken, CPA | Senior Accountant

2500 Business Park Road

Mineral Point, WI 53565

office 608.987.2206 | fax 608.987.3391

e-mail mbakken@johnsonblock.com

[Click here for secure file transfer](#)



Your referrals are the highest compliment you can give us. New business is always welcome. Thank you!

Q U O T A T I O N

BIGNELL'S POWERSPORTS, INC.
 360 SOUTH PIONEER PARK RD
 WESTFIELD, WI 53964 USA
 Phone #: (608)296-3290
 Fax #: (608)296-4694

PHONE #: (920)398-3767
 CELL #:
 ALT. #: (920)229-1387
 P.O.#:
 TERMS: **Net 30**
 SALES TYPE: **Quote**

DATE: 1/31/2023
 ORDER #: 8767
 CUSTOMER #: 109065
 CP: 1
 LOCATION: 1
 STATUS: **Active**

BILL TO 109065

City of Markesan
 PO BOX 352
 150 SOUTH BRIDGE STR
 MARKESAN, WI 53946

SHIP TO

City of Markesan
 PO BOX 352
 150 SOUTH BRIDGE STR
 MARKESAN, WI 53946

MFR	PRODUCT NUMBER	DESCRIPTION	QTY	PRICE	NET	TOTAL
GH	534122	MOWER ASSY M1 225/52 17	1	\$14,442.75	\$10,350.00	\$10,350.00
GH	534322	DECK M1223/27-52R INLIEU STD	1	\$309.75	\$270.00	\$270.00
GH	533579	SUSP SEAT IN LIEU GRAM 200	1	\$845.25	\$675.00	\$675.00
		THIS IS SET UP W GRAMMAR SUS SEAT, YOU CAN REMOVE THE 675 IF YOU DONT WANT IT BUT ADD ON 140.00 FOR BIG BOY SE AT KIT				
****	TRADE-IN	TRADE-IN ALLOWANCE 2006 FERRIS 52"	1	-\$1,900.00	-\$1,900.00	(\$1,900.00)

Prices reflected on this quote are valid for 30 days and while current supplies last. However, prices are subject to change if the program or promotion the prices were quoted under is no longer in effect.

SUBTOTAL:	\$9,395.00
TAX:	\$0.00
ORDER TOTAL:	<u>\$9,395.00</u>

Authorized By: _____

Q U O T A T I O N

BIGNELL'S POWERSPORTS, INC.
 360 SOUTH PIONEER PARK RD
 WESTFIELD, WI 53964 USA
 Phone #: (608)296-3290
 Fax #: (608)296-4694

PHONE #: (920)398-3767
 CELL #:
 ALT. #: (920)229-1387
 P.O.#:
 TERMS: **Net 30**
 SALES TYPE: **Quote**

DATE: 1/31/2023
 ORDER #: **8767**
 CUSTOMER #: **109065**
 CP: 1
 LOCATION: 1
 STATUS: **Active**

BILL TO 109065

City of Markesan
 PO BOX 352
 150 SOUTH BRIDGE STR
 MARKESAN, WI 53946

SHIP TO

po box 352
 150 south bridge str
 markesan, WI 53946

MFR	PRODUCT NUMBER	DESCRIPTION	QTY	PRICE	NET	TOTAL
GH	534122	MOWER ASSY M1 225/52 17	1	\$14,442.75	\$10,350.00	\$10,350.00
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GH	533579	SUSP SEAT IN LIEU GRAM 200	1	\$845.25	\$675.00	\$675.00
THIS IS SET UP W GRAMMAR SUS SEAT, YOU CAN REMOVE						
THE 675 IF YOU DONT WANT IT BUT ADD ON 140.00 FOR BIG BOY SE						
AT KIT						

Prices reflected on this quote are valid for 30 days and while current supplies last. However, prices are subject to change if the program or promotion the prices were quoted under is no longer in effect.

SUBTOTAL:	\$11,295.00
TAX:	\$0.00
ORDER TOTAL:	<u>\$11,295.00</u>

Authorized By: _____

Quote Id: 28089830

Prepared For:
CITY OF MARKESAN



Prepared By: **Tery Scharschmidt**

Ballweg Implement Co., Inc.
W7246 Highway 68
Waupun, WI 53963

Tel: 920-324-3537
Fax: 920-324-2378
Email: tscharschmidt@ballweg.biz



Quote Summary

Prepared For:

CITY OF MARKESAN
150 S BRIDGE ST
MARKESAN, WI 53946
Business: 920-398-3031
tzamzow@markesanwi.gov

Prepared By:

Tery Scharschmidt
Ballweg Implement Co., Inc.
W7246 Highway 68
Waupun, WI 53963
Phone: 920-324-3537
tscharschmidt@ballweg.biz

Quote Id: 28089830
Created On: 19 January 2023
Last Modified On: 19 January 2023
Expiration Date: 28 February 2023

Equipment Summary	Suggested List	Selling Price	Qty	Extended
FERRIS ISX800-52 27HP B&S SUSPENSION SEAT - 4002058318	\$ 9,809.00	\$ 7,990.00 X	1 =	\$ 7,990.00

Equipment Total **\$ 7,990.00**

Trade In Summary	Qty	Each	Extended
2006 FERRIS IS700-52 - 2000433664	1	\$ 2,000.00	\$ 2,000.00
PayOff			\$ 0.00
Total Trade Allowance			\$ 2,000.00

Trade In Total **\$ 2,000.00**

Quote Summary	
Equipment Total	\$ 7,990.00
Trade In	\$ (2,000.00)
SubTotal	\$ 5,990.00
Total	\$ 5,990.00
Down Payment	(0.00)
Rental Applied	(0.00)
Balance Due	\$ 5,990.00

Salesperson : X _____

Accepted By : X _____



JOHN DEERE

Selling Equipment

Quote Id: 28089830

Customer: CITY OF MARKESAN

FERRIS ISX800-52 27HP B&S SUSPENSION SEAT - 4002058318

Hours:	0			Suggested List
Stock Number:	00058318			\$ 9,809.00
				Selling Price
				\$ 7,990.00
Code	Description	Qty	Unit	Extended
5902023	0 FERRIS 27 B&S 52 SS	1	\$ 9,599.00	\$ 9,599.00
Other Charges				
	Freight	1	\$ 85.00	\$ 85.00
	Setup	1	\$ 125.00	\$ 125.00
	Other Charges Total			\$ 210.00
	Suggested Price			\$ 9,809.00
Customer Discounts				
	Customer Discounts Total		\$ -1,819.00	\$ -1,819.00
Total Selling Price				\$ 7,990.00



JOHN DEERE

Trade In

Quote Id: 28089830

Customer: CITY OF MARKESAN

2006 FERRIS IS700-52
SN# 2000433664

Machine Details

Description	Net Trade Value
2006 FERRIS IS700-52	\$ 2,000.00
SN# 2000433664	
Your Trade In Description	

Additional Options

Hour Meter Reading 975

Total \$ 2,000.00

ORDINANCE NO. 269

An Ordinance amending Section 400-115 of the Municipal Code of the City of Markesan.

The Common Council of the City of Markesan in session duly begun on the 28th day of February, 2023, hereby amends Section 400-115 of the City of Markesan Municipal Code to read as follows:

SECTION 1: Section 400-115. B. (the introduction) of the Municipal Code is hereby amended to read as follows:

B. Signs are permitted in the Agricultural (A), General Commercial (C-1), Mobile Home Park (R-3), Highway Commercial (C-2) and Industrial (I-1) Districts, subject to the following restrictions:

SECTION 2: This ordinance shall be in full force and effect upon passage and publication.

ROLL CALL: Ayes _____ Nays _____ Absent _____ Abstained _____

APPROVED this 28th day of February, 2023.

CITY OF MARKESAN

RICH SLATE, Mayor

ATTEST:

ELIZABETH AMEND, Clerk-Treasurer

APPROVED AS TO FORM:

DANIEL D. SONDALLE, City Attorney

Publish March 9, 2023