COUNTY OF MILWAUKEE

Milwaukee, Wisconsin

COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
AND MANAGEMENT

As of and for the Year Ended December 31, 2020

COUNTY OF MILWAUKEE, WISCONSIN

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REQUIRED COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS IDENTIFIED IN THE AUDIT TO THOSE CHARGED WITH GOVERNANCE

To the Board of Supervisors of
the County of Milwaukee, Wisconsin

In planning and performing our audit of the financial statements of the County of Milwaukee, Wisconsin (the "County") as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United State of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of its internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

The County's written responses to the matters identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses; however we have evaluated management's responses in accordance with Section A.1. of the Guidelines Regarding Resolution of Audits approved by the Finance and Audit Committee.

This communication is intended solely for the information and use of the Board of Supervisors, management and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly US, LLP

Milwaukee, Wisconsin
July 27, 2021

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OTHER COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE

TWO WAY COMMUNICATION REGARDING YOUR AUDIT

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.

b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:

   - Identify types of potential misstatements.
   - Consider factors that affect the risks of material misstatement.
   - Design tests of controls, when applicable, and substantive procedures.

   We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits performed in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.

c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

d. We and other auditors address the significant risks of material noncompliance, whether due to fraud or error, through our detailed audit procedures.

e. Other auditors will obtain an understanding of the five components of internal control sufficient to assess the risk of material noncompliance related to the federal and state awards whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. They will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of the federal and state awards and to determine whether they have been implemented. They will use such knowledge to:

   - Identify types of potential noncompliance.
   - Consider factors that affect the risks of material noncompliance.
   - Design tests of controls, when applicable, and other audit procedures.

Our audit and the work performed by other auditors will be performed in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines*.

The other auditors will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines*, our report and the report of other auditors will include a paragraph that states that the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance and, (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and the Uniform Guidance and the *State Single Audit Guidelines* in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

f. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for reporting material noncompliance while other matters are not important. In performing the audit, other auditors are concerned with matters that, either individually or in the aggregate, could be material to the entity's federal and state awards. The responsibility of the other auditors is to plan and perform the audit to obtain reasonable assurance that material noncompliance, whether caused by error or fraud, is detected.

g. Your financial statements contain components, as defined by auditing standards generally accepted in the United States of America, which we also audit.

h. In connection with our audit, we intend to place reliance on the audit of the financial statements of the Milwaukee County War Memorial Inc. and the Marcus Center for the Performing Arts, component units of the County of Milwaukee, as of December 31, 2021 and June 30, 2021 and for the period then ended completed by the component auditors Wipfli, LLP and CliftonLarsenAllen, LLP, respectively. All necessary conditions have been met to allow us to make reference to the component auditors.

We are very interested in your views regarding certain matters. Those matters are listed here:

a. We typically will communicate with your top level of management unless you tell us otherwise.
b. We understand that the Board of Supervisors has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
d. We anticipate that the County will receive unmodified opinions on its financial statements.
e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
f. Have you had any significant communications with regulators or grantor agencies?
g. Are there other matters that you believe are relevant to the audit of the financial statements or the federal or state awards?

TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)

Also, is there anything that we need to know about the attitudes, awareness, and actions of the Board of Supervisors and management concerning:

a. The County's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. All work is coordinated and scheduled with the concurrence of management and staff. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early January. Our final financial fieldwork is scheduled during the months of April – July to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your management. This is typically 4-8 weeks after final fieldwork, but may vary depending on a number of factors. The other auditors typically perform the single audit fieldwork concurrent with the timing noted above for the financial audit. After single audit fieldwork, the other auditors wrap up the single audit procedures at their office and then issue drafts of their report for management's review and approval.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

While we work with management and staff in reviewing the financial data and the financial statements, our responsibility is to report to the Board of Supervisors. If you have any questions or comments concerning our audit, please contact your engagement partner, Carla A. Gogin, at 608.240.2460 or email at Carla.Gogin@bakertilly.com the engagement senior managers, Steven J. Henke, at 414.777.5342 or email at Steven.Henke@bakertilly.com or Michelle Walter at 414.777.5576 or email at Michelle.Walter@bakertilly.com. We welcome the opportunity to hear from you.

COMMUNICATION OF OTHER CONTROL DEFICIENCIES, RECOMMENDATIONS AND INFORMATIONAL POINTS TO MANAGEMENT THAT ARE NOT MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES

CIRCUIT COURT

Cash Account Reconciliations
(Repeated comment since 2019 report)

During the testing of cash account reconciliations, we noted several Courts CCAP bank accounts that were not being reconciled to the general ledger balance timely in order to verify amounts are recorded properly and transactions within these accounts are reasonable. We recommend that procedures be implemented to ensure that all reconciliations be completed timely and any identified variances are investigated and resolved to facilitate providing an accurate financial reporting of cash accounts.

> ***Courts Response***
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> The Combined Court Related Operations has implemented procedures to ensure that the CCAP and Infor accounts will balance.

Undeposited Check

During the testing of cash account reconciliations, we noted a bank balance included on the reconciliation that did not agree to the account balance confirmed by the bank. The bank account was closed in fiscal year 2018 and a check was issued to the Court for the account balance. Since the closing of the account, the Court has held on to the check rather than depositing the check into a different bank account. We recommend that the Court follows the existing County policies and ensures that all checks are deposited in a timely manner.

> ***Courts Response***
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> We agree with the recommendation provided to the Combined Court Related Operations to follow the existing County policies. We intend to deposit all checks in a timely manner in the future. The check in question has been deposited.

INFORMATION MANAGEMENT SERVICES DIVISION (“IMSD”)

IT Assessment Scope

In support of the Milwaukee County Financial Statement Audit, Baker Tilly must gain an understanding of the financial systems and the IT control processes that support each of the below applications. This is completed to allow the financial statement audit team to adjust work based on the level of IT risk related to significant processes affecting financial reporting. The assessment is based on 15 IT general controls based on industry leading practices including: the COBIT framework, ISO standards, and IT Infrastructure Library (ITIL) process models.

Baker Tilly identified the following applications in scope related to the financial statement audit:

- SCRIPTS
- Ceridian
- V3
- Advantage Reporting Database
- SciQuest

In addition to the in scope systems, Baker Tilly is required to gain an understanding of the Milwaukee County IT network infrastructure and controls that support the security of the IT environment.

The intention of the recommendations is to focus on IT general control improvement opportunities and will not comment on the many robust areas of the County’s systems and procedures.

In this regard, Baker Tilly offered one recommendation to the Information Management Services Division (IMSD) as an opportunity to improve IT controls. IMSD provided a response to the recommendation. However, to avoid disclosing potential County IT vulnerabilities or system architecture publicly, we have agreed with IMSD management and the Comptroller’s Office to exclude this item from this report.

EMPLOYEES' RETIREMENT SYSTEM

Participant Data
(Repeated comment since 2019 report)

During the testing of active and newly terminated participants, it was noted that service credits earned by two participants differed between the amount reported in the V3 system and the calculated amount of credits. Through communication with a Plan staff member, the differences resulted because the service credits were not reviewed or corrected by the Plan's staff. Additionally, there were six participants tested that did not have an enrollment form on file.

During our audit, it was noted Milwaukee County changed payroll service providers effective January 1, 2021. Additionally, the Plan is undergoing a major update to its pension administration software, from version V3 to V10, in 2021.

It is recommended that management review the service credits being used to calculate benefit payments and that completed enrollment forms to support eligibility dates are maintained in files. Appropriate data-conversion procedures should be performed on the payroll software and the pension administration software to ensure that information is properly converted from the former system to the new system. Access levels should be reviewed and properly assigned to the new systems.

Employees' Retirement System Response

Regarding the difference of service credits noted by the auditors, there were two situations resulting in these differences. The first situation is this member's benefit payment was calculated using the service, hours, and earnings data provided on payroll records. The manual calculation sheet was used to produce this member's payment amount. This member is subject to a VCP error and some service credit is pending the receipt of makeup contributions. Once the makeup contributions are received, the benefit will be recalculated to include the optional service associated with those makeup contributions. This will occur in 2021, and thus the retirement application in V3 is still in a pending status. The second situation was a benefit payment to a member for a withdrawal of pension contributions. When pension contributions are refunded to a member, service credits are not used to calculate that benefit payment. Because service credits are not used to calculate a contribution withdrawal and service is negated when pension contributions are withdrawn, service credit is not verified for pension contribution withdrawals. When calculating the amount to be withdrawn, only contributions and interest are verified because no other factors contribute to the amount of the withdrawal.

RPS has is in the beginning stages of the conversion process for the pension administration software and has identified subject matter experts to assist with the review of current processes. This will assist with the design of the upgrade and will allow efficiencies and best practices to be built in.

Benefit Payments
(Repeated comment since 2010 report)

During the audit of annuity benefit payments, it was noted that one participant's reported Final Average Salary ("FAS") per V3 was $226.92 higher than the FAS amount reported on the calculation sheet, which could result in an overpayment situation. In a separate instance, one participant's Post-Retirement Increase ("PRI") amount was handwritten on the hard-copy calculation sheet and appears to be correct; however, this amount was not properly reflected in V3.

During the audit of backdrop payments, it was noted that V3 was unable to calculate the correct values for the backdrop amounts paid to multiple participants; however, the amounts paid to these participants agreed to the hard-copy calculation sheet. The Plan's actuary was consulted to aid in calculating these figures as V3 was unable to properly do so. Additionally, one participant's pension status in V3 was not finalized; however, the backdrop amount paid to the participant appears to be accurate using the "pending" inputs in V3. Finally, a possible overpayment situation may exist for one participant as the backdrop amount paid to the participant was $1,004.06 higher than the backdrop amount reported on the calculation sheet.

During the audit of PRIs, it was noted that three participant's monthly benefit amounts were originally being underpaid. These underpayment situations were corrected, the participants were notified, and the differences were paid in December 2020, with the proper PRI amounts being applied to future payments as well.

During our audit, it was noted that effective January 1, 2021, a key Plan staff member no longer has read-only access to Milwaukee County's new payroll system. As an internal procedure, this staff member utilized the former payroll software to run payroll reports as a way to corroborate the payroll-related information reported in V3 as a way to ensure accurate payments to participants.

Baker Tilly recommends that original documentation be retained to support benefit payment amounts and calculations, review V3 to ensure data is properly being calculated in the system and that the system can handle complex calculations, and management review inputs after they are entered into V3 to reduce the risks of inaccurate information being reflected in the V3 system. As noted in the participant data comment above, data conversion procedures should be performed to ensure all historical payroll information has been transferred to the new payroll system and is accurate in V3. If all historical information will be available, we recommend considering access levels be properly assigned to the new payroll system.

Employees' Retirement System Response

In reviewing the member's account the auditor has noted as reporting a Final Average Salary ("FAS") difference between the calculation sheet and V3, we note that the documentation that is scanned into V3 only shows a $0.01 difference from the FAS that is calculated in V3.

With regard to the Post-Retirement Increase ("PRI") not being reflected in V3, we note that this member received a Deferred Retirement. When we have a Deferred Retirement the V3 system does not display the PRI on the Benefit Calculation screen, but it does display on the Application screen. RPS will instruct the auditor's as to where this is viewable in V3 for next year's procedures.

With regard to the audit of backDROP payments, RPS is continuing the programming within V3 for the 4/1/2013 backdrop modification. Thus, when the member chooses a backdrop date that is after 4/1/2013, RPS uses the calculation sheet to correctly calculate the backDROP amount.

RPS has requested "read only" access to the new Payroll system that was effective on 12/27/2020. At this time access has not been granted. This issue has come up within the Pension Board Actuarial, Audit & Risk Committee. It is noted that not having access to source data from the payroll system would prevent verification of employment data when members are commencing their retirement benefits, or withdrawing their contributions upon termination, resulting in an increased risk of errors. To mitigate the risk of errors, RPS is reviewing data as it is fed into the V3 pension system from the payroll system. This issue will be further discussed by the Committee.

The Milwaukee County Employees' Retirement System is currently in the recruiting process for a Senior Compliance Specialist. This position will be responsible for procedures documentation, policy research, calculation review / audit and reporting. This will be another layer of review, monitoring, and compliance related to calculations and procedures.

PRIOR YEAR COMMENTS ADDRESSED IN THE CURRENT YEAR

The following comments were included in last year's report and were addressed during 2020:

1. County-Wide Matters
   a. ERP Implementation Process
2. Office of the Comptroller
   a. Trust and Agency Accounts
3. New Accounting and Reporting Requirements
   a. GASB 83
   b. GASB 84
   c. GASB 88
   d. GASB 90

DEPARTMENTAL CONTROLS

As part of our annual audit process, we focus our efforts on the primary accounting systems, internal controls, and procedures used by the County. This is in keeping with our goal to provide an audit opinion, which states that the financial statements of the County are correct in all material respects.

In some cases, the primary system of accounting procedures and controls of the County is supported by smaller systems which are decentralized, and reside within a department or location. In many cases, those systems are as simple as handling cash collections and remitting those collections to the county treasurer. In other cases, the department may send invoices or statements of amounts due, and track collections of those amounts in a standalone accounts receivable system.

Generally, the more centralized a function is, the easier it is to design and implement accounting controls that provide some level of checks and balances. That is because you are able to divide certain tasks over the people available to achieve some segregation of duties. For those tasks that are decentralized, it may be more difficult to provide for proper segregation of duties. Therefore, fewer people involved in most or all aspects of a transaction, you lose the ability to rely on the controls to achieve the safeguarding of assets and reliability of financial records.

As auditors, we are required to communicate with you on a variety of topics. Since there is now more emphasis on internal controls and management's responsibilities, we believe it is appropriate to make sure that you are informed about the possibility that a lack of segregation of duties that may occur at departments or locations that handle cash or do miscellaneous billing. The County has a number of decentralized departments and / or locations that may fit this situation.

As auditors, we are required to focus on the financial statements at a highly summarized level and our audit procedures support our opinion on those financial statements. While we do evaluate internal controls at some decentralized departments each year, departments or locations that handle relatively smaller amounts of money are not the primary focus of our audit. It is not unusual to have a lack of segregation of duties within some of these decentralized departments and, therefore, the opportunity for loss is higher there than in centralized functions that have more controls.

Because management is responsible for designing and implementing controls and procedures to detect and prevent fraud, we believe that is important for us to communicate this information to you. We have no knowledge of any fraud that has occurred or is suspected to have occurred within the County departments. However, your role as the governing body is to assess your risk areas and determine that the appropriate level of controls and procedures are in place. As always, the costs of controls and staffing must be weighed against the perceived benefits of safeguarding your assets.

Without adding staff or splitting up the duties, your own day-to-day contact and knowledge of the operation are also important mitigating factors.

Office of the Comptroller Response

The Office of the Comptroller will continue to send an annual communication to department heads and elected administrators, reminding them of their responsibilities for the design and implementation of controls and procedures to detect and prevent fraud. This communication includes a comment in respect to the need for consideration of segregation of duties within decentralized functions.

NEW ACCOUNTING AND REPORTING REQUIREMENTS

As a result of the COVID-19 pandemic, the Governmental Accounting Standards Board moved forward with allowing delays in the implementation of some new standards upon issuance of GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance,* which became effective immediately upon issuance in May 2020. The Statements listed below through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No.95, with the exception of Statement No. 87 which was postponed by one and half years. The effective dates noted below and on the following pages reflect the applicable revised implementation dates as set forth by Statement No. 95.

GASB No. 87: Leases

The Governmental Accounting Standards Board has issued GASB No. 87 which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2022 financial statements.

GASB No. 89: Accounting for Interest Cost Incurred Before the End of a Construction Period

The Governmental Accounting Standards Board has issued GASB No. 89 which is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement also establishes accounting requirements for interest cost incurred before the end of a construction period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2021 financial statements.

GASB No. 91: Conduit Debt Obligations

The Governmental Accounting Standards Board has issued GASB No. 91 which is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The standard achieves these objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

> ***Office of the Comptroller Response***
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> The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2022 financial statements.

GASB No. 92: Omnibus 2020

The Governmental Accounting Standards Board has issued GASB No. 92 which is to enhance the comparability and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

> ***Office of the Comptroller Response***
>
> The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2022 financial statements.

GASB No. 93: Replacement of Interbank Offered Rates

The Governmental Accounting Standards Board has issued GASB No. 93 which is to provide guidance on accounting and financial implications that result from the replacement of an interbank offered rate (IBOR), most notably, the London Interbank Offered Rate (LIBOR).

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 and removal of LIBOR as an appropriate benchmark interest rate for periods ending after December 31, 2021.

> ***Office of the Comptroller Response***
>
> The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2022 financial statements.

GASB No. 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The Governmental Accounting Standards Board has issued GASB No. 94 to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs).88

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2023 financial statements.

GASB No. 96: Subscription-Based Information Technology Arrangements

The Governmental Accounting Standards Board has issued GASB No. 96 which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement defines SBITAs, establishes a right to use subscription asset and corresponding subscription liability, provides the capitalization criteria and requires various note disclosures.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2023 financial statements.

GASB No. 97: Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32

The Governmental Accounting Standards Board has issued GASB No. 97 which is (1) to provide guidance on consistency and comparability related to reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans; and (3) to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Office of the Comptroller Response

The Office of the Comptroller will review the requirements and they will be reflected in the December 31, 2022 financial statements.

BAKER TILLY US, LLP'S COMMENTS ON MANAGEMENT RESPONSES

We have evaluated and believe that management's responses included herein are in accordance with Section A.1. of the Guidelines Regarding Resolution of Audits approved by the Finance and Audit Committee.