

City of Manitowoc, Wisconsin
MANAGEMENT COMMUNICATIONS

December 31, 2020

City of Manitowoc, Wisconsin

DECEMBER 31, 2020

Table of Contents

| | |
|--|---|
| COMMUNICATION TO THE CITY COUNCIL | 1 |
| SUMMARY FINANCIAL INFORMATION | |
| Governmental Fund Balances | 5 |
| Health Self-Insurance Fund | 7 |
| Wastewater Treatment Plant | 8 |
| Transit System | 9 |
| APPENDIX | |
| Management Representation Letter | |



To the Honorable Mayor and City Council
City of Manitowoc, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manitowoc, Wisconsin (City) as of and for the year ended December 31, 2020, and have issued our report thereon dated June 29, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, Government Auditing Standards, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements.

As described in Note 1.B., the City changed accounting policies related to property taxes and special collections and funds held for the benefit of others, by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*, in 2020. Accordingly, property taxes and specials collected on behalf of other governments and funds held for the benefit of others are now recorded in a custodial fund. As described in Note 3.I., the City adopted Governmental Accounting Standards Board Statement No. 83, *Certain Asset Retirement Obligations*. As a result of the implementation of this standard, the City reported a restatement for the change in accounting principle as disclosed in Note 3.H.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management. The most sensitive estimates affecting the financial statements were:

- ▶ Management's estimate of the depreciable life of the capital assets is based upon analysis of the expected useful life of the capital assets. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the depreciable life in determining that it is reasonable in relation to the financial statements taken as a whole.

- ▶ Management's estimate of the fair value of the investments is based on ending market values as of December 31, 2020 as reported by the investment managers. We evaluated the key factors and assumptions used in valuing the investments in determining that they are reasonable in relation to the financial statements taken as a whole.
- ▶ Management's estimate of the incurred, but not reported (IBNR) insurance reserves are based on actuarial projections of the expected cost of the ultimate settlement and administration of claims. We evaluated the key factors and assumptions used to develop the reserves in determining that it is reasonable in relation to the financial statements taken as a whole.
- ▶ Management's estimate of the net pension liability (asset) and related deferred outflows/inflows of resources is based on information received from the Wisconsin Retirement System. We evaluated the key factors and assumptions used to develop the net pension liability (asset) and related deferred outflows/inflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.
- ▶ Management's estimate of the local retiree life insurance fund (LRLIF) other postemployment benefits liability and related deferred outflows/inflows of resources is based on information received from the Wisconsin Retirement System. We evaluated the key factors and assumptions used to develop the net other postemployment benefits liability and related deferred outflows/inflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.
- ▶ Management's estimate of the other postemployment benefits liability is based on an actuarial report. We evaluated the key factors and assumptions used to develop the other postemployment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.
- ▶ Management's estimate of the asset retirement obligation liability and related deferred outflows of resources is based on an analysis of the estimated future retirement activities for decommissioning the plant. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected and Uncorrected Misstatements

The following material misstatements detected as a result of the audit procedures were corrected by management;

- ▶ Recorded proportionate share of net pension liability/asset and deferred outflows/inflows related to the Wisconsin Retirement System.
- ▶ Recorded an adjustment to the other postemployment benefits liability and deferred inflows and outflows.
- ▶ Recorded an adjustment to loans receivable and related deferred inflows in the debt service fund.
- ▶ Recorded activity related to short-term borrowing during 2020.
- ▶ Recorded activity related to capital lease obligations.
- ▶ Recorded an adjustment to the loans receivable and related deferred inflows in the Housing Revolving Loan funds.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 29, 2021. The management representation letter follows this communication.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants. We were informed by management that there were no consultations with other accountants.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal and state awards (SEFA and SESA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA and SESA to determine that the SEFA and SESA comply with the requirements of the Uniform Guidance and State Single Audit Guidelines, the method of preparing them has not changed from the prior period or the reasons for such changes, and the SEFA and SESA are appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA and SESA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated June 29, 2021.

With respect to the budgetary schedules, combining statements, and supporting schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated June 29, 2021.

The introductory and statistical sections accompanying the financial statements, which are the responsibility of management, were prepared for purposes of additional analysis and are not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the Council and management of the City of Manitowoc, Wisconsin and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Sheboygan, Wisconsin
June 29, 2021

Summary Financial Information

GOVERNMENTAL FUND BALANCES

Presented below is a summary of the City's governmental fund balances on December 31, 2020 and 2019. This information is provided for assessing financial results for 2020 and for indicating financial resources available at the start of the 2021 budget year.

| | <u>12/31/20</u> | <u>12/31/19</u> |
|---|------------------|------------------|
| General Fund | | |
| Nonspendable for | | |
| Long-term receivables | \$ 1,804,313 | \$ 1,606,514 |
| Prepaid supplies and items | 555,996 | 488,223 |
| Assigned for | | |
| Future projects | 1,688,067 | 1,001,598 |
| Unassigned | 5,612,854 | 5,642,771 |
| Total General Fund balance | <u>9,661,230</u> | <u>8,739,106</u> |
| Debt Service Fund | | |
| Restricted for debt service | <u>2,042,246</u> | <u>3,362,187</u> |
| Special Revenue Funds | | |
| Room tax | 368,143 | 470,105 |
| Tax Incremental District #7 | 6,885 | 22,285 |
| Commercial revolving loan program | - | 405,028 |
| Transit capital grant | 174,657 | 262,814 |
| Housing revolving loan programs | 271,071 | 299,197 |
| Community development block grant | 37,330 | 37,142 |
| HCRI revolving loan programs | 55,347 | 52,421 |
| Industrial revolving loan program | - | 1,819,303 |
| Manitowoc Calumet Library | 12,733 | 12,217 |
| Library and library donations | 220,691 | 253,696 |
| Manitowoc International Relations Association | 4,856 | 4,856 |
| Rahr West Museum | 236,229 | 196,718 |
| Police programs | 452,713 | 363,125 |
| Parkland dedication | 72,698 | 84,231 |
| Aquatic center | 22,448 | (52,560) |
| Senior center | 65,847 | 62,541 |
| Eternal flame | 27,394 | 42,545 |
| Centennial | 17,733 | 16,434 |
| Park and rec donations | 165,892 | 155,061 |
| Lakeshore holiday parade | 6,456 | 5,550 |
| EPA Grant | 229,923 | 228,791 |
| Housing programs | 1,500,203 | 1,230,374 |
| Total Special Revenue Funds | <u>3,949,249</u> | <u>5,971,874</u> |

(Continued)

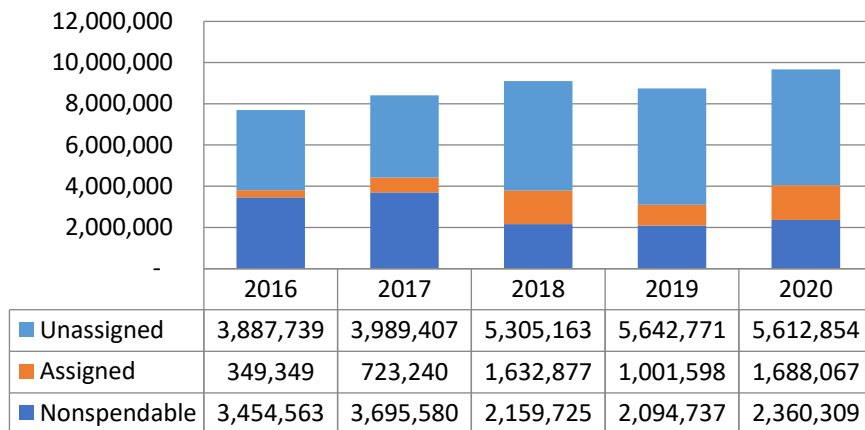
GOVERNMENTAL FUND BALANCES (CONTINUED)

| | <u>12/31/20</u> | <u>12/31/19</u> |
|----------------------------------|----------------------|----------------------|
| Capital Projects Funds | | |
| Sanitary and storm sewers | 74,024 | 46,585 |
| Streets | (1,013,125) | (460,660) |
| Capital equipment | 725,361 | 485,973 |
| Environmental remediation | 1,203,612 | 1,086,686 |
| Cemetery improvements | 26,920 | 22,913 |
| Buildings and other improvements | 1,528,585 | 924,791 |
| Special projects | (62,033) | - |
| Tax Incremental District #9 | 10,650 | 353,425 |
| Tax Incremental District #10 | 164,754 | 207,647 |
| Tax Incremental District #11 | 12,079 | 33,279 |
| Tax Incremental District #12 | 132,745 | (20,393) |
| Tax Incremental District #14 | 23,186 | 34,036 |
| Tax Incremental District #15 | 63,627 | 125,602 |
| Tax Incremental District #16 | (973,609) | (1,556,742) |
| Tax Incremental District #17 | 38,430 | 390,791 |
| Tax Incremental District #18 | 1,581,344 | 667,024 |
| Tax Incremental District #19 | (439,064) | (54,794) |
| Tax Incremental District #20 | (11,285) | (13,539) |
| Tax Incremental District #21 | (13,788) | (12,288) |
| Tax Incremental District #22 | 178,041 | - |
| Total Capital Projects Funds | <u>3,250,454</u> | <u>2,260,336</u> |
| Total governmental fund balances | <u>\$ 18,903,179</u> | <u>\$ 20,333,503</u> |

The City's total General Fund balance increased \$922,124 during 2020.

The unassigned portion of the General Fund (basically the amount that is available for contingencies or working capital) decreased \$29,917.

The following chart shows the change in the City's General Fund balance for the five most recent years.



HEALTH SELF-INSURANCE FUND

Financial transactions of the health self-insurance program are recorded in a separate internal service fund on the City's accounting system to allow management to more easily monitor the operations of the fund. A summary of 2020 transactions with a comparison to 2019 for the health self-insurance fund follows:

| | <u>2020</u> | <u>2019</u> |
|---|----------------------------|--------------------------|
| Operating revenues | | |
| Charges to City departments, employees and retirees for health insurance coverage | <u>\$ 3,846,565</u> | <u>\$ 4,062,028</u> |
| Operating expenses | | |
| Health care claims and other costs | <u>3,648,909</u> | <u>3,907,277</u> |
| Operating income | 197,656 | 154,751 |
| Net position - January 1 | <u>811,711</u> | <u>656,960</u> |
| Net position - December 31 | <u><u>\$ 1,009,367</u></u> | <u><u>\$ 811,711</u></u> |

As seen above, net position increased by \$197,656 for the current fiscal year.

WASTEWATER TREATMENT PLANT

Presented below is a comparative summary of revenues, expenses, and changes in net position for the wastewater treatment plant enterprise fund for the years ended December 31, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Operating revenues | | |
| Charges for services | \$ 7,537,279 | \$ 7,506,503 |
| Other | 1,584 | - |
| Total operating revenues | <u>7,538,863</u> | <u>7,506,503</u> |
| Operating expenses | | |
| Operation and maintenance | 4,296,025 | 3,862,391 |
| Depreciation | 1,099,622 | 1,141,948 |
| Total operating expenses | <u>5,395,647</u> | <u>5,004,339</u> |
| Operating income | <u>2,143,216</u> | <u>2,502,164</u> |
| Nonoperating revenues (expenses) | | |
| Interest and fiscal charges | (173,943) | (158,079) |
| Other nonoperating revenues | 60,997 | 226,986 |
| Total nonoperating revenues (expenses) | <u>(112,946)</u> | <u>68,907</u> |
| Income before transfers | 2,030,270 | 2,571,071 |
| Transfers out | <u>(26,399)</u> | <u>(25,490)</u> |
| Change in net position | 2,003,871 | 2,545,581 |
| Net position - January 1 | <u>33,383,463</u> | <u>30,837,882</u> |
| Net position - December 31 | <u>\$ 35,387,334</u> | <u>\$ 33,383,463</u> |

The wastewater treatment plant reported an increase in net position of \$2,003,871. In addition, cash and investment balances increased by \$997,060 during the current fiscal year.

TRANSIT SYSTEM

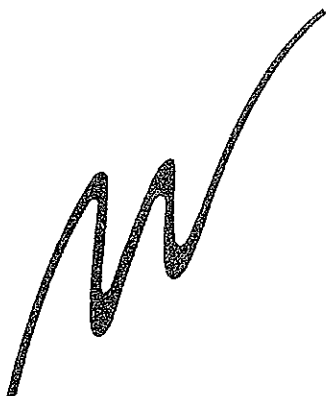
The City records financial transactions of the transit system as an enterprise fund on the financial statements. A comparative summary of revenues, expenses, and changes in net position for the years ended December 31, 2020 and 2019 follows:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Operating revenues | | |
| Charges for services | \$ 44,391 | \$ 201,924 |
| Other | 2,196 | - |
| Total operating revenues | <u>46,587</u> | <u>201,924</u> |
| Operating expenses | | |
| Operation and maintenance | 1,908,171 | 2,105,324 |
| Depreciation | 337,919 | 280,302 |
| Total operating expenses | <u>2,246,090</u> | <u>2,385,626</u> |
| Operating loss | <u>(2,199,503)</u> | <u>(2,183,702)</u> |
| Nonoperating revenues | | |
| General property taxes | 316,059 | 283,519 |
| Nonoperating grants | 2,085,723 | 1,524,845 |
| Gain (loss) on disposal of capital assets | 4,069 | (13,000) |
| Miscellaneous | 36,869 | 48,794 |
| Total nonoperating revenues | <u>2,442,720</u> | <u>1,844,158</u> |
| Income (Loss) before contributions | 243,217 | (339,544) |
| Capital contributions | <u>436,043</u> | <u>2,685,840</u> |
| Change in net position | 679,260 | 2,346,296 |
| Net position - January 1 | <u>4,575,499</u> | <u>2,229,203</u> |
| Net position - December 31 | <u>\$ 5,254,759</u> | <u>\$ 4,575,499</u> |

The transit system showed an increase in net position of \$679,260 for 2020 primarily due to capital contributions.

It is important to remember that the operating loss includes the annual depreciation expense on transit equipment. Since the equipment is purchased through tax levies and federal grants, it is not considered necessary that the transit operation recover all of these costs every year.

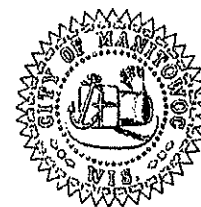
APPENDIX



CITY OF MANITOWOC

WISCONSIN, USA

www.manitowoc.org



June 29, 2021

CliftonLarsonAllen LLP
712 Riverfront Drive, Suite 301
Sheboygan, WI 53081

This representation letter is provided in connection with your audit of the financial statements of City of Manitowoc, Wisconsin (the "City"), which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of June 29, 2021, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 5, 2021, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We acknowledge and have fulfilled our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.



5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.
6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events occurring subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We have not identified or been notified of any uncorrected financial statement misstatements. You have proposed adjusting journal entries that have been posted to the entity's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustment and accept responsibility for them.
9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, or which would affect federal award programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
11. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.
12. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the entity's name" during the period significantly exceeded the amounts in those categories as of the financial statement date was properly disclosed in the financial statements.
13. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
14. The methods and significant assumptions used to determine fair values of financial instruments are as follows: Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.
15. Agreements to repurchase assets previously sold have been properly disclosed.

16. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefits (OPEB) liabilities and costs for financial accounting purposes are appropriate in the circumstances.
17. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

Information Provided

1. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - e. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with, or deficiencies in, financial reporting practices.
 - f. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with the provisions of laws, regulations, contracts, and grant agreements.
 - g. Access to all audit or relevant monitoring reports, if any, received from funding sources.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.

6. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse whose effects should be considered when preparing financial statements.
7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, or which would affect federal award programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.
8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
9. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
10. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
11. We have a process to track the status of audit findings and recommendations.
12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
13. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to City of Manitowoc, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
15. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
16. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
17. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

18. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.
19. The financial statements properly classify all funds and activities.
20. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
21. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
22. Investments are properly valued.
23. Provisions for uncollectible receivables have been properly identified and recorded.
24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
27. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
28. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
29. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
30. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

31. We acknowledge our responsibility for presenting the nonmajor fund combining statements, individual fund statements, and supporting schedules (the supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.
32. As part of your audit, you prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards. We have also ensured that the entity's data and records are complete and accurate and received sufficient information to oversee the service.
33. With respect to federal and state award programs:
 - a. We are responsible for understanding and complying with, and have complied with the requirements of 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 the State Single Audit Guidelines issued by the Wisconsin Department of Administration including requirements relating to preparation of the schedules of expenditures of federal and state awards.
 - b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance and the schedule of expenditures of state awards (SESA) in accordance with the requirements of the State Single Audit Guidelines, and we believe the SEFA and SESA, including their form and content, are fairly presented in accordance with the Uniform Guidance and the State Single Audit Guidelines. The methods of measurement and presentation of the SEFA and SESA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA and SESA.
 - c. If the SEFA and SESA are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA and SESA no later than the date we issued the SEFA and SESA and the auditors' report thereon.

- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and State Single Audit Guidelines compliance audit, and included in the SEFA and SESA expenditures made during the audit period for all awards provided by federal and state agencies in the form of federal or state awards, federal or state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state programs and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major federal and state program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal and state awards (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.
- h. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements, including when applicable, those set forth in the OMB Compliance Supplement and the State Single Audit Guidelines, relating to federal and state awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal and state awards.
- j. We have disclosed to you any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.

- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- q. We have disclosed to you whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and/or material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.
- r. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- s. The copies of federal and state program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.
- t. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal and state statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance and State Single Audit Guidelines.
- u. We have issued management decisions for audit findings that relate to federal and state awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.
- v. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w. We have charged costs to federal and state awards in accordance with applicable cost principles.

- x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and State Single Audit Guidelines, and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance and State Single Audit Guidelines.
- bb. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signature: _____

Shawn Alfred

Title: Finance Director