

MANAGEMENT COMMUNICATIONS

MARINETTE COUNTY, WISCONSIN

DECEMBER 31, 2015

MARINETTE COUNTY, WISCONSIN
December 31, 2015

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To the County Board
Marinette County, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Marinette County, Wisconsin (the "County") for the year ended December 31, 2015. The County's financial statements, including our report thereon dated August 2, 2016 are presented in a separate audit report document. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards, Federal Uniform Guidance and *State Single Audit Guidelines*

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on major federal and state programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Federal Uniform Guidance and the *State Single Audit Guidelines*.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Also in accordance with Federal Uniform Guidance and the *State Single Audit Guidelines*, we examined, on a test basis, evidence about the County's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Compliance Supplement" and the *State Single Audit Guidelines* applicable to each of its major federal and state programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters.

Significant Audit Findings

Consideration of Internal Control

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control. Our report on internal control over financial reporting and on compliance and other matters is presented on pages 81 – 82 of the annual report.

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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the County's internal control to be significant deficiencies:

- Finding 2014-001 Financial Reporting for Federal and State Financial Assistance
- Finding 2015-001 Uniform Grant Guidance Implementation

These findings are described in detail in the schedule of findings and questioned costs on pages 99 and 100 of the annual report.

The County's written response to the significant deficiencies identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note A to the financial statements. As described in Note D.5 to the financial statements, the County changed accounting policies related to pension accounting by adopting Statement of Governmental Accounting Standards Board (GASB) No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and *Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, in 2015. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. To the best of our knowledge, all significant transactions have been recognized in the financial statements in the proper period.

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. The most sensitive estimates included in the financial statements were:

Management's estimate of the other post-employment benefits is based on an actuarial report. We evaluated the key factors and assumptions used to develop the other post-employment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

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 accumulated sick leave is based upon analysis of the employees sick leave balance. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the accumulated sick leave liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the liability for closure and postclosure care costs is based on landfill capacity and anticipated costs to be incurred during and after closing of the landfill. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension 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 asset and related deferred outflows/inflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.

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.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Copies of the audit adjustments are available from management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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 August 2, 2016. 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 County'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.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and, to the best of our knowledge, our responses were not a condition to our retention.

In addition, during our audit, we noted certain other matters that are presented for your consideration. We will review the status of these comments during our next audit engagement. Our comments and recommendations are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these matters in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized in the comments and observations section of this report.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and the schedules relating to pensions and other post-employment benefits, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompanies the financial statements but is not required. With respect to this supplementary information, 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, 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.

Restriction on Use

This information is intended solely for the use of the County Board, and management of Marinette County and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



Certified Public Accountants
Green Bay, Wisconsin
August 2, 2016

SUMMARY FINANCIAL INFORMATION

SUMMARY FINANCIAL INFORMATION

1. Governmental Fund Balances

Presented below is a summary of the County's governmental fund balances on December 31, 2015, including a comparison to the prior year. This information is provided for assisting management in assessing financial results for 2015 and for indicating financial resources available at the start of the 2015 budget year.

	12/31/15	12/31/14
General Fund		
Nonspendable		
Delinquent property taxes	\$ 2,828,811	\$ 2,800,054
Loans receivable	1,289,429	1,404,227
Inventories and prepaid items	51,347	6,577
Restricted		
Sheriff department honor guard uniforms	486	486
Sheriff department canine	15,323	14,373
Family counseling	33,756	35,757
Veterans transportation	37,342	35,618
Wildlife habitat	28,807	20,851
County forest land acquisition	9,251	9,251
Committed		
Property tax reduction fund	19,058,908	19,058,908
Service level stabilization	2,000,000	2,000,000
Forestry heavy equipment	301,004	139,740
Tourism	11,418	24,874
Land information	74,942	42,815
Environmental site assessment	23,661	23,661
Assigned		
Capital maintenance	519,961	394,166
County department budget carryovers	46,664	131,684
Subsequent years budget	230,000	255,033
Unassigned	8,298,417	6,652,677
Total General Fund	<u>34,859,527</u>	<u>33,050,752</u>
Special Revenue Funds		
Health and human services	379,859	530,647
Library grants	12,805	12,964
County roads and bridges	910,243	307,174
Solid waste long-term care	266,973	267,652
Dog license	1,000	1,000
Library donation	151,025	149,455
Revolving loan	580,599	558,651
Teen court	1,987	2,383
Community development block grant	272,253	192,602
Land records modernization	147,280	185,472
Jail assessments	44,807	37,920
Forestry & parks development	462,311	400,000
Peshtigo Library McCauley Trust	189,470	194,146
Peshtigo Library Falkenberg Trust	21,134	22,118
Total Special Revenue Funds	<u>3,441,746</u>	<u>2,862,184</u>
Debt Service Fund	<u>(686,624)</u>	<u>(706,191)</u>
Capital Projects Funds		
2014 Capital Projects	612,472	1,422,972
2015 Capital Projects	1,246,622	-
Total Capital Projects Funds	<u>1,859,094</u>	<u>1,422,972</u>
Total Governmental Fund Balances	<u>\$ 39,473,743</u>	<u>\$ 36,629,717</u>

SUMMARY FINANCIAL INFORMATION (Continued)

2. County Roads and Bridges Special Revenue Fund

The County utilizes a special revenue fund to account for general property taxes and state aids used to reimburse the Highway Department's internal service fund for the maintenance and construction of County roads and bridges. A comparative statement of the Highway Department's special revenue fund for 2015 and 2014 follows:

	2015	2014
Revenues		
General property taxes	\$ 1,528,108	\$ 1,660,535
State aid - transportation	1,160,264	1,118,232
Other highway construction aid	214,442	39,826
Total Revenues	<u>2,902,814</u>	<u>2,818,593</u>
Expenditures		
General maintenance	1,538,624	1,428,391
Winter maintenance	718,528	1,338,158
Bridge construction	-	732
STP road construction	6,947	624
STP bridge construction	12,338	10,051
County aid bridges	35,056	10,673
County road construction	4,602,060	7,645,867
County bridge construction	7,537	-
Total Expenditures	<u>6,921,090</u>	<u>10,434,496</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,018,276)	(7,615,903)
Other Financing Sources		
Transfer in	<u>4,621,345</u>	<u>7,478,462</u>
Net Change in Fund Balance	603,069	(137,441)
Fund Balance - January 1	<u>307,174</u>	<u>444,615</u>
Fund Balance - December 31	<u>\$ 910,243</u>	<u>\$ 307,174</u>

SUMMARY FINANCIAL INFORMATION (Continued)

3. Summary of Health and Human Services Department Special Revenue Fund

Presented below is a summary of the Health and Human Services special revenue fund for the year ended December 31, 2015 with a comparison to the prior year.

	2015	2014
Revenues		
County tax levy	\$ 3,067,072	\$ 2,906,181
State aid		
Health	294,603	325,216
Human services	9,521,183	11,175,049
Client collections and refunds		
Health	63,144	73,173
Human services	4,727,485	4,780,341
Total Revenues	<u>17,673,487</u>	<u>19,259,960</u>
Expenditures		
Agency management	374,742	382,621
Income maintenance programs and support staff	980,117	1,094,316
Health and human services programs	16,469,416	18,229,205
Total Expenditures	<u>17,824,275</u>	<u>19,706,142</u>
Excess (Deficiency) of Revenues Over Expenditures	(150,788)	(446,182)
Other Financing Sources		
Transfer in	-	229,232
Net Change in Fund Balance	(150,788)	(216,950)
Fund Balance - January 1	<u>530,647</u>	<u>747,597</u>
Fund Balance - December 31	<u>\$ 379,859</u>	<u>\$ 530,647</u>

COMMENTS AND OBSERVATIONS

1. Internal Control over Coroner Billings and Collections

In 2013 we made the following comment and recommendation:

During our 2013 interim audit testing with the County Coroner, we noted that there was not an official written policy or procedure in place for receipting and collections. Currently, the County Coroner has two notebooks to record collections received for death certificates and cremation permits. We noted that the notebook entries agreed with every deposit made with the County Treasurer in 2013.

Furthermore, it was noted that the County Coroner does not provide an invoice to funeral homes when billing for a certificate and permit. The funeral homes know the fee structure and normally pay the County Coroner upon issuance of certificate and/or permit. It was also noted that the County Coroner's records are not being maintained anywhere at the County and they are kept only with the Coroner individually.

In order to increase control over funds collected for County Coroner service, we recommend that the Coroner begin receipting all amounts collected in a pre-numbered receipt book, and when depositing funds with the County Treasurer attach a copy of the receipts issued.

We also recommend that the County consider creating a centralized billing and receipting system. Upon implementation the County Coroner would bill for services and on the coroner's invoice it would state to pay the Marinette County Treasurer directly. The funeral homes would also pay the County Treasurer directly. This would strengthen internal controls over receipting by separating the billing and collection functions. It would also allow for the recording of the Coroner's transactions in the existing County billing and receipting system throughout the year.

There have not been any changes in Coroner billing or collection procedure as the end of 2015.

2. Refund checks processed in Treasurer's department

During our audit it was noted that the Treasurer's department processes checks for refunds of taxes and other various transactions from separate software other than the county's general ledger. The Finance Department prepares a journal entry monthly to record the transactions in total in the County's general ledger. None of the check detail is recorded in County's accounting software.

With having a separate bank account and software, processing of these checks does not allow transactions to follow County disbursement policies. Furthermore, there is a lack of internal controls when the employees who collect funds are also processing checks.

We recommend that the County review the refund process in the Treasurer's department and determine if the new accounting system the County implemented can process refunds through the accounts payable process.

3. Override of controls at Highway Department

During our audit it was noted that the Highway department management changed employee's submitted time cards to a different project than was initially worked on. The timecards were changed due to the form of funding for certain projects. The Highway department was over budget on certain projects and reallocated the wages to other projects that were under budget.

The Highway accounting system is designed to allocate highway projects into certain categories, employees are instructed to record their time and equipment in these certain categories when work is performed. When management overrides their own controls in the payroll and accounting process, internal control functions can no longer be relied upon. The Highway department is now aware of this and in the future will use budget amendments to adjust funding projects rather than changing employee's time cards.

COMMENTS AND OBSERVATIONS (Continued)

4. Uniform Grant Guidance Documentation

In our prior year management communication, we discussed the U.S. Office of Management and Budget's ("OMB") Uniform Grant Guidance and its impact on the County's 2015 audit. Uniform Grant Guidance requires organizations that receive Federal Awards to enhance their control documentation over managing these grants in an effort to strengthen oversight over federal awards and increase efficiency and effectiveness of single audits. This documentation would consist of overall County policies and procedures, key controls at the department level and more detailed focus of key controls at the individual grant level.

In our current year audit, we completed the audit of your federal programs following the guidance of the Uniform Grant Guidance, which required us to review documentation of your policies and procedures and design tests to ensure your internal controls are operating effectively and you are compliant with particular requirements of federal grants. Because the State of Wisconsin combines state and local funding with federal awards, documentation at the local level can become more complex when you realize certain federal programs, like medical assistance, fund portions of a number of specific programs managed by the County and controls at each program may be slightly different.

At the present time, the County has not fully implemented the requirements of Uniform Grant Guidance, as discussed in Finding 2015-001. While the results of our audit did not disclose any findings or questioned costs on the major federal program we reviewed, our testing was based on a review of controls obtained through a discussion with key County staff and a review of available policies and procedures; however, we believe enhanced discussion of key controls over compliance requirements at the individual grant level would be beneficial and provide the County with an opportunity to communicate employee roles and responsibilities within the County's grant management process. While the level of documentation required is subject to interpretation, we believe a comprehensive and well-designed flowchart of key controls and responsible staff not only satisfies your responsibility under the Uniform Grant Guidance but also enhances accountability and serves a critical role in training staff during periods of transition.

We therefore recommend the County enhancing its Uniform Grant Guidance documentation during 2016, ensuring the documentation can be easily applied and modified as new grants are added or processes change. We are presently assisting the County in evaluating its policies, procedures and documentation of compliance with the requirements of the Uniform Grant Guidance.

MANAGEMENT'S RESPONSE: We agree with this recommendation and appreciate the assistance your firm is currently providing. We have formed a team that will liaise with departments which receive federal funding. We plan to begin developing grant management policies and related financial policies in 2016. Policies and procedures will be used to train affected departments and ensure compliance.

COMMENTS AND OBSERVATIONS (Continued)

5. Accounting and Reporting for Other Post-employment Benefits

In June 2015, the Governmental Accounting Standards Board (GASB) issued two new pronouncements relating to other post-employment benefits (OPEB). GASB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* and GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions* significantly change the accounting and financial reporting of post-employment benefits that was established in GASB Statement Nos. 43 and 45. The primary purpose of these Statements is to improve accounting and financial reporting of OPEB obligations and enhance transparency of OPEB related information in your financial statements similar to how GASB Statements Nos. 67 and 68 were designed.

Currently, governments report a liability related to other post-employment liabilities for the unfunded portion of the annual required contribution, which includes an amortization of the Unfunded Actuarial Liability (UAL) over an open period of time, not to exceed 30 years. Upon implementing the new standards, the County will recognize the difference between total OPEB liability and any plan assets (net OPEB liability) in the government-wide and proprietary financial statements, often resulting in a significant increase in the OPEB liability reported in your financial statements. The new standards also require that the entry age normal cost method be used to determine the liability, deferred inflows and outflows of resources to be reported for changes in economic and demographic assumptions and differences between expected and actual experience, and additional note disclosures and schedules.

The new standards are effective for financial statements for OPEB plans for fiscal years beginning after June 15, 2016 and for employers for fiscal years beginning after June 15, 2017. We recommend that the County evaluate impact of the new standards with your actuary, and determine an implementation strategy to minimize your costs while ensuring adequate communication of the impact of these changes will have on your financial statements. As you develop your implementation strategy, you should evaluate the following:

- Do you anticipate any changes in benefits? If yes, you should approve benefit changes prior to implementation, as any changes in benefits in the future are treated as a current year activity.
- What is your valuation measurement date? You can roll back to a valuation date 12 months prior to year end, allowing you to complete your actuarial valuation prior to year end or you can roll forward to your reporting date, requiring your actuarial valuation to be completed after year end but before you anticipate issuance of your financial statements

APPENDIX



FINANCE DEPARTMENT

1926 Hall Avenue, Marinette WI 54143

Schenck SC
2200 Riverside Drive
P.O. Box 23819
Green Bay, WI 54305-3819

This representation letter is provided in connection with your audit of the financial statements of Marinette County, Wisconsin, (the "County"), which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of December 31, 2015, and the respective changes in the 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 as to 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 in No. 56 are considered material based on the materiality criteria specified in 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. 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of August 2, 2016, 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 November 30, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and 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.
3. In regards to accounting estimates:
 - The measurement processes used by management in determining accounting estimates is appropriate and consistent.

- The assumptions appropriately reflect management's intent and ability to carry out specific courses of action.
 - The disclosures related to accounting estimates are complete and appropriate.
 - No subsequent event has occurred that would require adjustment to the accounting estimates or disclosures included in the financial statements.
4. We acknowledge 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.
 5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
 6. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
 7. Related party relationships and transactions, including 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 U.S. GAAP.
 8. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
 9. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the County's accounts.
 10. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
 11. Guarantees, whether written or oral, under which the County is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12. 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 and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the County from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the County Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedules of expenditures of federal awards and state financial assistance.

14. We made an assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have disclosed the results of our assessment as follows:
 - a. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - i. Management,
 - ii. Employees who have significant roles in internal control, or
 - iii. Others where the fraud could have a material effect on the financial statements.
 - b. We have no knowledge of any allegations of fraud or suspected fraud affecting the County's financial statements communicated by employees, former employees, regulators, or others.
15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the County's related parties and all the related party relationships and transactions of which we are aware.

Government - specific

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have a process to track the status of audit findings and recommendations.
20. 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.
21. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
22. The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred inflows/outflows of resources, or equity.
23. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
24. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
25. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

26. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
27. 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.
28. As part of your audit, you assisted with preparation of the financial statements and related notes, the schedule of expenditures of federal awards, and the schedule of state financial assistance. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, the schedule of expenditures of federal awards, and the schedule of state financial assistance.
29. The County 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.
30. The County has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
31. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
32. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
33. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
34. 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.
35. Components of net position (net investment in capital assets, restricted, and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
36. Provisions for uncollectible receivables have been properly identified and recorded.
37. 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.
38. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
39. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
40. Deposits and investment securities and derivative transactions are properly classified as to risk and are properly disclosed.

41. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
42. Joint ventures, jointly governed organizations, and other related organizations have been properly disclosed in the financial statements.
43. We have appropriately disclosed the County'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.
44. We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.
45. 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.
46. We acknowledge our responsibility for presenting the nonmajor fund combining statements, individual fund statements, and supporting schedules (the supplementary information) in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. 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.
47. We agree with the findings of specialists in evaluating the other post-employment benefits and pension benefits, and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
48. 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 County's name" during the period significantly exceeded the amounts in those categories as of the balance sheet was properly disclosed in the financial statements.
49. 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.
50. The methods and significant assumptions used to determine fair values of financial instruments are as follows: Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.
51. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.

52. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.
53. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
54. We do not plan to make frequent amendments to our pension or other post-retirement benefit plans.
55. We have not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board (GASB) Statements No. 72, *Fair Value Measurement and Application*, No. 74, *Financial Reporting for Post-employment Benefit Plans other than Pension Plans*, No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* and No. 77, *Tax Abatement Disclosures*, as discussed in Note D.5. The County is therefore unable to disclose the impact that adopting these GASB Statements will have on its financial position and the results of its operations when the Statements are adopted.
56. With respect to federal and state award programs:
 - a. We are responsible for understanding and complying with and have complied with the requirements of the Uniform Guidance and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, including requirements relating to preparation of the schedule of federal awards and the schedule of state financial assistance.
 - b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of the Uniform Guidance and the schedule of state financial assistance (SSFA) in accordance with the requirements of the *State Single Audit Guidelines* and we believe the SEFA and SSFA, including their form and content, are fairly presented in accordance with the Uniform Guidance and the Guidelines. The methods of measurement or presentation of the SEFA and SSFA 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 SSFA.
 - c. If the SEFA and SSFA 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 SSFA no later than the date we issue the SEFA and SSFA 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 the *State Single Audit Guidelines* and have included in the SEFA and SSFA expenditures made during the audit period for all awards provided by federal and state agencies in the form of grants, federal 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 provide 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, (except for noncompliance disclosed to you), 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 or state awards.
- j. We have disclosed 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) OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, if applicable.
- 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 such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, 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 financial statements have been prepared.
 - s. The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.
 - t. We have charged costs to federal and state awards in accordance with applicable cost principles.
 - u. 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 the *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.
 - v. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
 - w. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
 - x. 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.
57. We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Signed:



Patrick Kass, Finance Director