

Village of Allouez, Wisconsin
MANAGEMENT COMMUNICATIONS

December 31, 2017

Village of Allouez, Wisconsin

DECEMBER 31, 2017

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To the Village Board
Village of Allouez, 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 Village of Allouez, Wisconsin (the "Village") for the year ended December 31, 2017. The Village's financial statements, including our report thereon dated May 25, 2018, 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, *GOVERNMENT AUDITING STANDARDS*

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 Village'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.

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Village'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

FINANCIAL STATEMENTS

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control. Our report on internal control over financial reporting and on compliance and other matters is presented on pages 57 - 58 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.

A deficiency in internal control exist 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 Village'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.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Village 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 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 estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- ▶ Management estimated an allowance for uncollectible accounts for ambulance receivables outstanding. These estimates are based upon management's knowledge of, and past experience with the outstanding balances. We evaluated the key factors and assumptions used to develop this estimate 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, 2017 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 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.

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 May 25, 2018. 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 Village'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 Village'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.

Other Matters

We applied certain limited procedures to the schedules relating to pensions, 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 RSI. 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 information and use of the Village Board, and management of the Village of Allouez 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

May 25, 2018

Summary Financial Information

GOVERNMENTAL FUND BALANCES

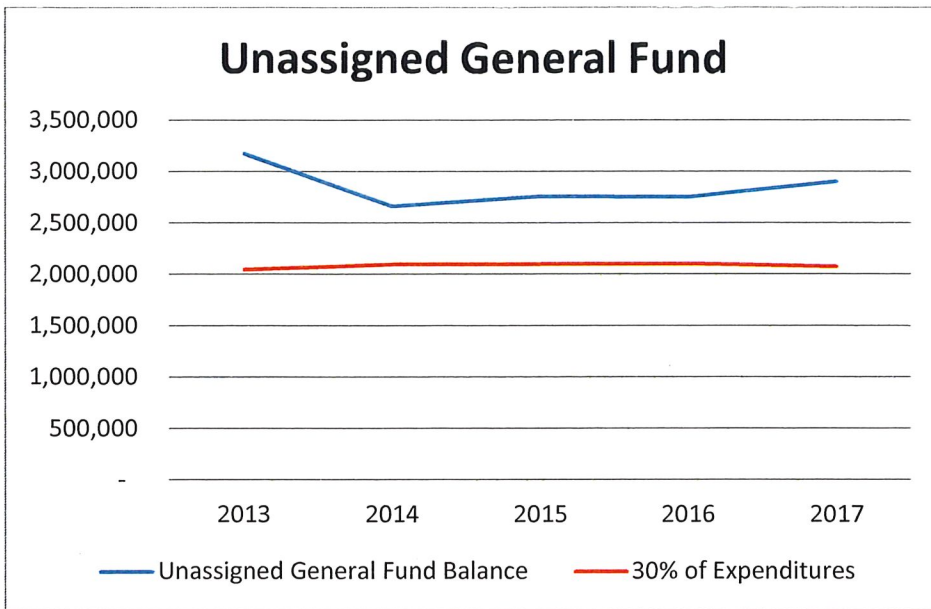
Presented below is a summary of the Village's governmental fund balances on December 31, 2017 and 2016. This information is provided for assessing financial results for 2017 and for indicating financial resources available at the start of the 2018 budget year.

	<u>12/31/17</u>	<u>12/31/16</u>
General Fund		
Nonspendable for prepaid items	\$ 24,965	\$ 35,301
Assigned for		
Software	2,250	-
Sidewalk maintenance	-	11,750
Emerald Ash borer	20,647	16,150
Village hall equipment	35,384	39,300
Elections	3,000	-
Zoning	3,900	-
Public works	80,000	-
Village hall improvements	15,000	-
Unassigned	<u>2,904,663</u>	<u>2,755,485</u>
Total General Fund	<u>3,089,809</u>	<u>2,857,986</u>
Special Revenue Funds		
Public bus service	151,439	197,555
Compensated absences	89,046	79,046
Excess Stadium District sales tax	553,303	717,111
Total Special Revenue Funds	<u>793,788</u>	<u>993,712</u>
Debt Service Fund	<u>162,398</u>	<u>99,490</u>
Capital Projects Funds		
Capital facilities and equipment	279,115	298,731
Parks capital improvement	147,438	17,408
TID No. 1	499,987	361,711
Total Capital Projects Funds	<u>926,540</u>	<u>677,850</u>
Total Governmental Fund Balances	<u>\$ 4,972,535</u>	<u>\$ 4,629,038</u>

The Village's general fund balance totaled \$3,089,809 on December 31, 2017, an increase of \$231,823 from the prior year.

The unassigned general fund balance increased \$149,178. The Village's fund balance policy recommends the Village will maintain an unassigned general fund balance of 30% of the subsequent year's budgeted general fund expenditures, or \$2,137,307 as of December 31, 2017. The unassigned balance of \$2,904,663 exceeds the minimum level, which indicates that the Village continues to be in excellent financial condition as it enters the 2018 budget year. If the Village elects to apply general fund balances, we will continue to recommend it be used for one-time projects.

The following chart shows a 5 year comparison of the Village's unassigned general fund balance to its minimum fund balance policy.



The chart illustrates the following points:

- ▶ From a comparison perspective, the Village budgeted general fund expenditures have remained fairly constant, as illustrated by the red line, which represents 30% of the subsequent year's expenditures.
- ▶ The Village's unassigned fund balance has consistently exceeded the minimum balance, growing each year until 2014, when the Village applied fund balance. This represents a strong commitment by the Village to effectively manage its operating budget.

To further evaluate the governmental funds, we summarized property tax levies for the past three years. As noted above, the Village used general fund balance to apply to capital improvements, which were restored in the general fund in 2016.

	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Property Taxes			
General fund	\$ 5,047,645	\$ 5,136,492	\$ 4,979,492
Public bus service	65,000	6,000	84,219
Compensated absences	10,000	10,000	10,000
Debt service fund	1,236,122	1,170,876	1,260,844
Parks capital improvement	13,000	63,000	-
Total General Property Taxes	<u>6,371,767</u>	<u>6,386,368</u>	<u>6,354,555</u>
Tax Increment			
TID No. 1	<u>471,191</u>	<u>333,982</u>	<u>278,109</u>
Total	<u>\$ 6,842,958</u>	<u>\$ 6,720,350</u>	<u>\$ 6,632,664</u>

TAX INCREMENTAL DISTRICT NO. 1

The Village created the Tax Incremental District (TID) No. 1 on October 18, 2011 in accordance with Section 66.1105 of the Wisconsin Statutes. The District has a maximum life of October 18, 2038 or 27 years from creation.

A summary of the 2017 activity follows:

	<u>2017</u>	<u>Cumulative</u>
Revenues		
Taxes	\$ 333,982	\$ 889,942
Intergovernmental	40,649	185,552
Total Revenues	<u>374,631</u>	<u>1,075,494</u>
Expenditures		
Administration	58,401	164,766
Project costs	70,557	226,113
Developer incentives	107,397	184,628
Total Expenditures	<u>236,355</u>	<u>575,507</u>
Net Change in Fund Balance	138,276	499,987
Fund Balance - January 1	<u>361,711</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 499,987</u>	<u>\$ 499,987</u>

SUMMARY OF OPERATIONS - SANITARY SEWER UTILITY

The Village’s Sanitary Sewer Utility accounts for customer revenues and costs for providing sewage collection and treatment. The enterprise fund includes all costs, including depreciation on capital assets and interest charge on long-term debt. A comparative summary of the Sanitary Sewer Utility’s change in net position for the years ended December 31, 2017 and 2016 appears below:

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for services	\$ 2,937,450	\$ 2,768,544
Operating Expenses		
Purchased services		
Green Bay MSD	1,780,075	1,749,897
Village water utility	133,662	149,218
City of Green Bay	2,170	1,090
Other operation and maintenance	387,220	217,691
Televising sewer mains	3,178	10,553
Depreciation	172,350	171,363
Total Operating Expenses	<u>2,478,655</u>	<u>2,299,812</u>
Operating Income	<u>458,795</u>	<u>468,732</u>
Nonoperating Revenues (Expenses)		
Interest revenue	2,270	3,006
Interest expense	(121,264)	(133,772)
Amortization of premium on bonds	15,418	8,501
Total Nonoperating Revenues (Expenses)	<u>(103,576)</u>	<u>(122,265)</u>
Income before Contributions	<u>355,219</u>	<u>346,467</u>
Capital Contributions	<u>-</u>	<u>35,671</u>
Change in Net Position	<u>\$ 355,219</u>	<u>\$ 382,138</u>

The Sanitary Sewer Utility enterprise fund generated an operating income of \$458,795 in 2017, compared to an operating income of \$468,732 in the prior year. Operating income was consistent from 2016 to 2017.

Income was sufficient to finance operating costs, with cash provided from operations generating \$543,346. This cash generated, along with assessment collections, are currently used to fund the Utility’s debt service requirements for 2017.

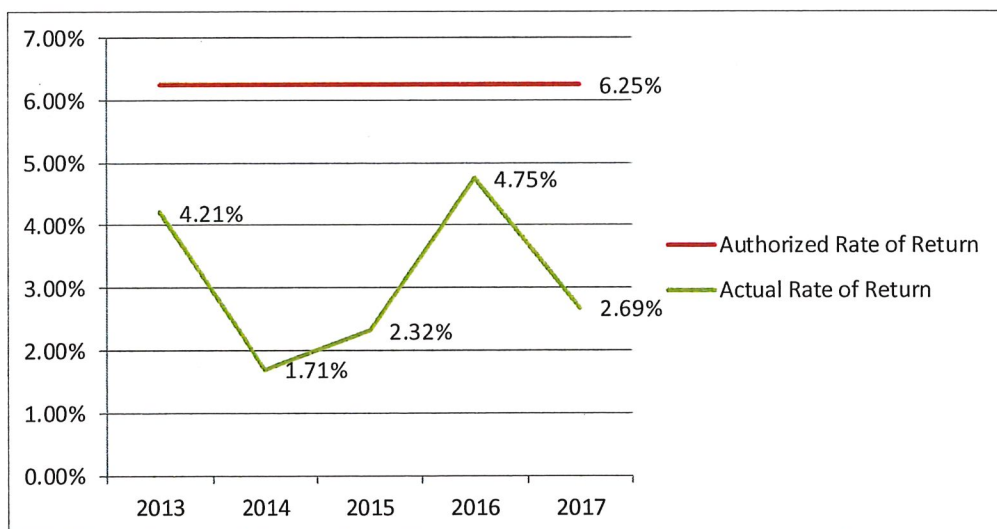
We recommend the Village continue to monitor the results of the fund and implement periodic rate increases, as considered necessary.

SUMMARY OF OPERATIONS - WATER UTILITY

A comparative summary of the Water Utility's change in net position for the years ended December 31, 2017 and 2016 appears below:

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for services	\$ 3,477,975	\$ 3,462,157
Other	144,316	161,411
Total Operating Revenues	<u>3,622,291</u>	<u>3,623,568</u>
Operating Expenses		
Operation and maintenance	2,685,131	2,430,227
Depreciation	370,816	367,050
Total Operating Expenses	<u>3,055,947</u>	<u>2,797,277</u>
Operating Income	<u>566,344</u>	<u>826,291</u>
Nonoperating Revenues (Expenses)		
Interest revenue	12	179
Interest expense	(175,375)	(184,928)
Amortization of premium on bonds	18,818	10,258
Total Nonoperating Revenues (Expenses)	<u>(156,545)</u>	<u>(174,491)</u>
Income before T transfers	409,799	651,800
T transfer to General Fund	<u>(292,673)</u>	<u>(299,010)</u>
Change in Net Position	<u>\$ 117,126</u>	<u>\$ 352,790</u>

A comparison of the Utility's actual rate of return to the authorized rate of return for the past five years is as follows:



The Utility recovered from a low rate of return in 2014, which was consistent with the water utilities through the State of Wisconsin, to report a slightly higher rate of return. The Village's latest rate increase was effective on March 1, 2016.

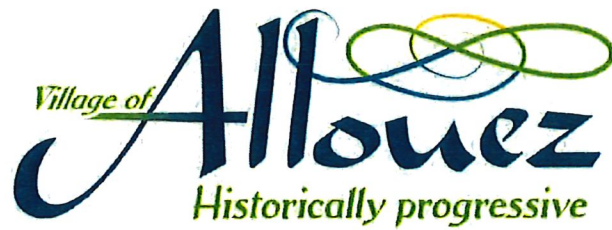
SUMMARY OF OPERATIONS - STORM WATER UTILITY

A comparative summary of the Storm Water Utility's change in net position for the years ended December 31, 2017 and 2016 appears below:

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for services	\$ 708,484	\$ 659,052
Operating Expenses		
Operation and maintenance	398,494	350,551
Depreciation	221,168	218,540
Total Operating Expenses	<u>619,662</u>	<u>569,091</u>
Operating Income	<u>88,822</u>	<u>89,961</u>
Nonoperating Revenues (Expenses)		
Interest revenue	44	134
Interest expense	(100,017)	(111,138)
Amortization of premium on bonds	12,110	6,630
Total Nonoperating Revenues (Expenses)	<u>(87,863)</u>	<u>(104,374)</u>
Income (Loss) before Contributions	959	(14,413)
Capital Contributions	<u>70,926</u>	<u>-</u>
Change in Net Position	<u>\$ 71,885</u>	<u>\$ (14,413)</u>

The Storm Water Utility generated an operating income of \$88,822 in 2017, compared to an operating income of \$89,961 in the prior year. Due to the outstanding debt of the Storm Water Utility, it is important to continue to generate strong operating results, as cash is needed to finance the debt retirement in the future.

APPENDIX



Allouez Village Hall ● 1900 Libal Street ● Green Bay, WI 54301-2453 ● (920) 448-2800 ● Fax (920) 448-2850
www.villageofallouez.com

May 25, 2018

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 the Village of Allouez, Wisconsin (the "Village"), 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, 2017, 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 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 May 25, 2018, 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 7, 2017, 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 required by generally accepted accounting principles to be included in the financial reporting entity.
3. 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. 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.
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.
9. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Village'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 Village 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.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Village from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of meetings of the Village 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.
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 Village'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 Village'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 identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
20. The Village has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred inflows/outflows of resources, or equity.
21. 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.
22. 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.
23. 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.
24. 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.
25. 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.
26. As part of your audit, you assisted with preparation of the financial statements and related notes. 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.
27. The Village 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.

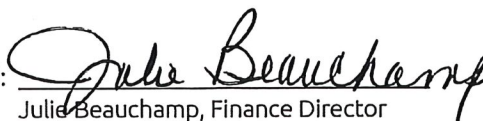
28. The Village has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
29. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
30. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
31. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
32. 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.
33. 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.
34. Provisions for uncollectible receivables have been properly identified and recorded.
35. 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.
36. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
37. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
38. Deposits and investment securities and derivative transactions are properly classified as to risk and are properly disclosed.
39. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
40. Joint ventures, jointly governed organizations, and other related organizations have been properly disclosed in the financial statements.
41. We have appropriately disclosed the Village'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.
42. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
43. 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.

44. We acknowledge our responsibility for presenting the nonmajor fund combining statements, individual fund statements, 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.
45. We agree with the findings of specialists in evaluating the 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 specialist.
46. 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 Village's name" during the period significantly exceeded the amounts in those categories as of the balance sheet was properly disclosed in the financial statements.
47. 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.
48. 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.
49. Capital assets, including intangible assets, have been evaluated for impairment as a result of significant and unexpected decline in service utility.
50. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
51. We do not plan to make frequent amendments to our pension benefit plans.
52. We have not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board (GASB) Statements No. 87, *Leases* as discussed in Note 4.E. The Village 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.
53. 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 though the date of this letter that would require adjustment to or disclose in the aforementioned financial statements or in the schedule of findings and questioned costs.

Signed:


Brad Lange, Administrator

Signed:


Julie Beauchamp, Finance Director