

Village of Allouez, Wisconsin
MANAGEMENT COMMUNICATIONS

December 31, 2018

Village of Allouez, Wisconsin

DECEMBER 31, 2018

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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, Wisconsin (the "Village") as of and for the year ended December 31, 2018. The Village's financial statements, including our report thereon dated July 9, 2019, 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 AND 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.

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, 2018, 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 63 - 64 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 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 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. As described in Note 3.G. to the financial statements, the Village changed accounting policies related to postemployment benefits by adopting Statement of Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2018. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of activities. 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 other postemployment benefits 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 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, 2018 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 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 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.

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.

Corrected and 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 has corrected all such misstatements. Copies of the audit adjustments are available from management. In addition, none of the misstatements detected and corrected by management as a result of the audit procedures were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

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 July 9, 2019. 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. We were informed by management that there were no 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 and other postemployment 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, 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 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. We have issued our report thereon dated July 9, 2019.

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Green Bay, Wisconsin

July 9, 2019

Summary Financial Information

GOVERNMENTAL FUND BALANCES

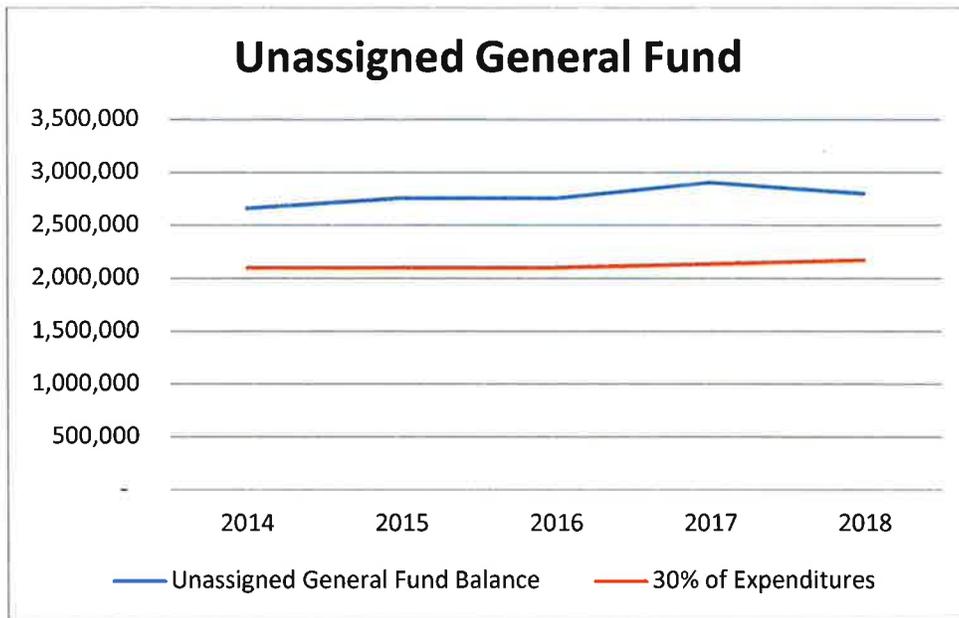
Presented below is a summary of the Village's governmental fund balances on December 31, 2018 and 2017. This information is provided for assessing financial results for 2018 and for indicating financial resources available at the start of the 2019 budget year.

	<u>12/31/18</u>	<u>12/31/17</u>
General Fund		
Nonspendable for		
Prepaid items	\$ 27,980	\$ 24,965
Delinquent taxes	52,281	-
Assigned for		
Continuous improvement training	3,600	2,250
Zoning code update	15,500	-
Police squad equipment	10,000	20,647
Street paving	6,500	35,384
EAB	25,647	3,000
HVAC	37,409	3,900
Parking lot	30,000	80,000
Future year expenditures	36,500	15,000
Unassigned	2,748,357	2,904,663
Total General Fund	<u>2,993,774</u>	<u>3,089,809</u>
Special Revenue Funds		
Public bus service	165,379	151,439
Compensated absences	74,401	89,046
Excess stadium district sales tax	299,941	553,303
Total Special Revenue Funds	<u>539,721</u>	<u>793,788</u>
Debt Service Fund	<u>122,749</u>	<u>162,398</u>
Capital Projects Funds		
Capital facilities and equipment	73,278	279,115
Parks capital improvement	228,766	147,438
TID No. 1	722,609	499,987
Total Capital Projects Funds	<u>1,024,653</u>	<u>926,540</u>
Total Governmental Fund Balances	<u>\$ 4,680,897</u>	<u>\$ 4,972,535</u>

The Village's general fund balance totaled \$2,993,774 on December 31, 2018, a decrease of \$96,035 from the prior year.

The unassigned general fund balance decreased \$156,306. 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 \$2,175,579 as of December 31, 2018. The unassigned balance of \$2,748,357 exceeds the minimum level, which indicates that the Village continues to be in excellent financial condition as it enters the 2019 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 2017.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
General Property Taxes			
General fund	\$ 5,060,599	\$ 5,047,645	\$ 5,136,492
Public bus service	50,000	65,000	6,000
Compensated absences	10,000	10,000	10,000
Debt service fund	1,238,273	1,236,122	1,170,876
Parks capital improvement	-	13,000	63,000
Total General Property Taxes	<u>6,358,872</u>	<u>6,371,767</u>	<u>6,386,368</u>
Tax Increment			
TID No. 1	<u>539,135</u>	<u>471,191</u>	<u>333,982</u>
Total	<u>\$ 6,898,007</u>	<u>\$ 6,842,958</u>	<u>\$ 6,720,350</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 2018 activity follows:

	<u>2018</u>	<u>Cumulative</u>
Revenues		
Taxes	\$ 471,191	\$ 1,832,324
Intergovernmental	41,247	268,046
Public charges for services	85,419	170,837
Miscellaneous	8,181	16,362
Total Revenues	<u>606,038</u>	<u>2,287,569</u>
Expenditures		
Administration	57,526	279,818
Project costs	145,890	512,093
Developer incentives	180,000	550,428
Total Expenditures	<u>383,416</u>	<u>1,342,339</u>
Net Change in Fund Balance	222,622	945,230
Fund Balance - January 1	<u>499,987</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 722,609</u>	<u>\$ 945,230</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, 2018 and 2017 appears below:

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for services	<u>\$ 2,773,294</u>	<u>\$ 2,937,450</u>
Operating Expenses		
Purchased services		
Green Bay MSD	1,839,982	1,780,075
Village water utility	95,817	133,662
City of Green Bay	1,729	2,170
Other operation and maintenance	185,664	387,220
Televising sewer mains	5,286	3,178
Depreciation	213,050	172,350
Total Operating Expenses	<u>2,341,528</u>	<u>2,478,655</u>
Operating Income	<u>431,766</u>	<u>458,795</u>
Nonoperating Revenues (Expenses)		
Interest revenue	2,829	2,270
Interest expense	(108,837)	(121,264)
Loss on disposal of capital assets	(2,024)	-
Amortization of premium on bonds	16,589	15,418
Total Nonoperating Revenues (Expenses)	<u>(91,443)</u>	<u>(103,576)</u>
Change in Net Position	<u>\$ 340,323</u>	<u>\$ 355,219</u>

The Sanitary Sewer Utility enterprise fund generated an operating income of \$431,766 in 2018, compared to an operating income of \$458,795 in the prior year. Operating income was consistent from 2017 to 2018.

Income was sufficient to finance operating costs, with cash provided from operations generating \$664,492. This cash generated, along with assessment collections, are currently used to fund the Utility's debt service requirements for 2018.

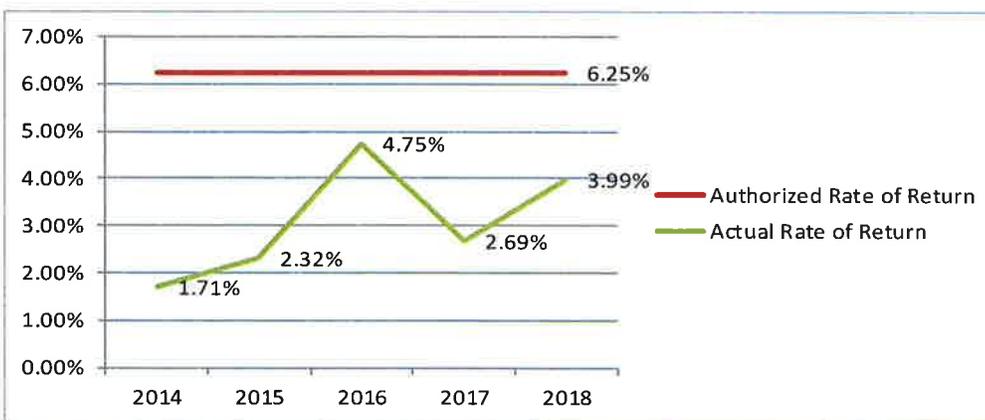
We recommend the Village continue to monitor the results of the fund and implement periodic rate increases, as considered necessary.

SUMMARY OF OPERATIONS - WATER UTILITY

A comparative summary of the Water Utility's change in net position for the years ended December 31, 2018 and 2017 appears below:

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for services	\$ 3,490,601	\$ 3,477,975
Other	144,609	144,316
Total Operating Revenues	<u>3,635,210</u>	<u>3,622,291</u>
Operating Expenses		
Operation and maintenance	2,530,957	2,685,131
Depreciation	362,809	370,816
Total Operating Expenses	<u>2,893,766</u>	<u>3,055,947</u>
Operating Income	<u>741,444</u>	<u>566,344</u>
Nonoperating Revenues (Expenses)		
Interest revenue	-	12
Interest expense	(160,326)	(175,375)
Amortization of premium on bonds	20,607	18,818
Total Nonoperating Revenues (Expenses)	<u>(139,719)</u>	<u>(156,545)</u>
Income before Contributions and Transfers	601,725	409,799
Capital Contributions	72,415	-
Transfer to General Fund	<u>(295,689)</u>	<u>(292,673)</u>
Change in Net Position	<u>\$ 378,451</u>	<u>\$ 117,126</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, 2018 and 2017 appears below:

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Charges for services	\$ 668,224	\$ 708,484
Operating Expenses		
Operation and maintenance	373,146	398,494
Depreciation	223,935	221,168
Total Operating Expenses	<u>597,081</u>	<u>619,662</u>
Operating Income	<u>71,143</u>	<u>88,822</u>
Nonoperating Revenues (Expenses)		
Interest revenue	1,121	44
Interest expense	(90,850)	(100,017)
Other nonoperating expenses	(266)	-
Amortization of premium on bonds	13,102	12,110
Total Nonoperating Revenues (Expenses)	<u>(76,893)</u>	<u>(87,863)</u>
Income (Loss) before Contributions	(5,750)	959
Capital Contributions	<u>-</u>	<u>70,926</u>
Change in Net Position	<u>\$ (5,750)</u>	<u>\$ 71,885</u>

The Storm Water Utility generated an operating income of \$71,143 in 2018, compared to an operating income of \$88,822 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



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July 9, 2019

CliftonLarsonAllen LLP
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, 2018, and the respective changes in financial position and, where applicable, cash flows for the period 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 July 9, 2019, the following representations made to you during your audit of the financial statements as of and for the year ended December 31, 2018.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 23, 2019, 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 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.
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, 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. 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.
12. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
13. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.
14. 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.
15. We are unable to determine the possibility of a withdrawal liability in a multiple-employer benefit plan.
16. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

Information Provided

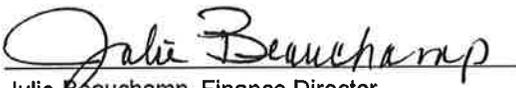
1. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of 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.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
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 laws and regulations and provisions of 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, 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 entity 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 are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Village, 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.

14. 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.
15. 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.
16. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
17. 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.
18. The financial statements properly classify all funds and activities.
19. 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.
20. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
21. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
22. Provisions for uncollectible receivables have been properly identified and recorded.
23. 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.
24. 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.
25. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
26. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
27. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
28. 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.
29. 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.

30. 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.
31. As part of your audit, you prepared the draft financial statements and related notes. 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.
32. We agree with the findings of specialists in evaluating the other postemployment 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 specialist.

Signature: 
Brad Lange, Administrator

Signature: 
Julie Beauchamp, Finance Director