

Village of Allouez, Wisconsin MANAGEMENT COMMUNICATIONS

December 31, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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Village of Allouez, Wisconsin

DECEMBER 31, 2021

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Village Board
Village of Allouez
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 as of and for the year ended December 31, 2021, and have issued our report thereon dated June 16, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement letter dated December 3, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village of Allouez 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 2021.

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

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting 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 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 net pension liability (asset) and related deferred outflows/inflows of resources is based on information received from the Wisconsin Retirement System. We evaluated the key factors and assumptions used to develop the net pension liability (asset) and related deferred outflows/inflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the accumulated sick leave and vacation is based upon the analysis of the employee sick leave and vacation balances. We evaluated the key factors and assumptions and the consistency of these factors and assumptions used to develop the accumulated sick leave and vacation in determining it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

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

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

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

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

Uncorrected misstatements

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

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on 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 our audit

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated June 16, 2022.

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 entity’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.

Significant issues discussed with management prior to engagement

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

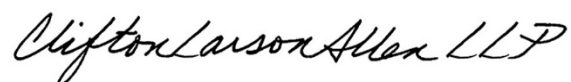
Supplementary information in relation to the financial statements as a whole

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

With respect to the general fund detailed comparison of budgeted and actual revenues and expenditures and the nonmajor fund combining statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated June 16, 2022

* * *

This communication 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.



CliftonLarsonAllen, LLP

Green Bay, Wisconsin
June 16, 2022

Summary Financial Information

GOVERNMENTAL FUND BALANCES

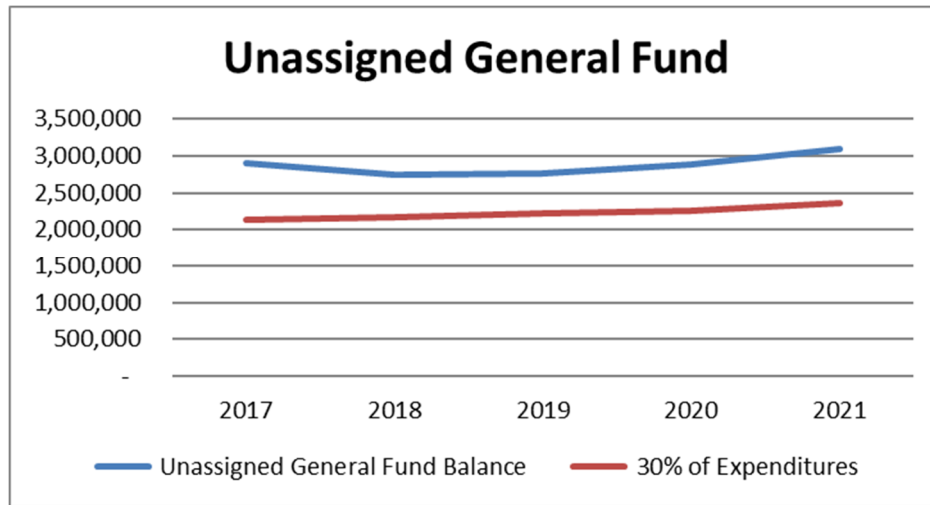
Presented below is a summary of the Village's governmental fund balances on December 31, 2021 and 2020. This information is provided for assessing financial results for 2021 and for indicating financial resources available at the start of the 2022 budget year.

	<u>12/31/21</u>	<u>12/31/20</u>
General Fund		
Nonspendable for		
Prepaid items	\$ 33,538	\$ 33,928
Delinquent taxes	2,896	3,421
Assigned for		
General Admin	5,484	-
Engineering	12,000	-
Public Works	28,000	-
Emerald ash borer	5,274	27,843
HVAC	41,391	41,391
Parking lot	42,015	37,450
Future year expenditures	-	26,079
Subsequent year's budget	-	200,000
Unassigned	3,095,629	2,879,826
Total General Fund	<u>3,266,227</u>	<u>3,249,938</u>
Special Revenue Funds		
Public bus service	192,585	135,783
Compensated absences	38,535	94,401
ARPA Funds	72	-
Excess stadium district sales tax	115	18,840
Total Special Revenue Funds	<u>231,307</u>	<u>249,024</u>
Debt Service Fund	<u>105,131</u>	<u>105,032</u>
Capital Projects Funds		
Capital facilities and equipment	1,075,675	325,038
Parks capital improvement	283,393	36,687
TID No. 1	1,336,258	424,181
Total Capital Projects Funds	<u>2,695,326</u>	<u>785,906</u>
Total Governmental Fund Balances	<u>\$ 6,297,991</u>	<u>\$ 4,389,900</u>

The Village's general fund balance totaled \$3,266,227 on December 31, 2021, an increase of \$16,289 from the prior year.

The unassigned general fund balance increased \$215,803. 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 \$2,367,758 as of December 31, 2021. The unassigned balance of \$3,095,629 exceeds the minimum level. 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, which 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. The levy has increased approximately 11% in the past three years.

	2022	2021	2020
General Property Taxes			
General fund	\$ 5,827,680	\$ 5,276,839	\$ 5,146,709
Public bus service	69,000	65,000	57,000
Compensated absences	10,000	10,000	10,000
Debt service fund	1,387,784	1,341,815	1,291,886
Total General Property Taxes	7,294,464	6,693,654	6,505,595
Tax Increment			
TID No. 1	693,081	809,478	692,949
Total	<u>\$ 7,987,545</u>	<u>\$ 7,503,132</u>	<u>\$ 7,198,544</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 2021 activity follows:

	2021	Cumulative
Project Expenditures		
Administration	\$ 118,460	\$ 557,143
Project costs	63,671	4,164,870
Developer incentives	15,340	578,976
Interest expense	16,150	49,931
Total Expenditures	<u>213,621</u>	<u>5,350,920</u>
Project Revenues		
Tax increments	\$ 809,478	\$ 3,402,695
Intergovernmental	314,875	639,189
Public charges for services	-	126,950
Miscellaneous	56,345	178,024
Total Revenues	<u>1,180,698</u>	<u>4,346,858</u>
Net Unreimbursed Costs at December 31, 2021	<u>\$ 967,077</u>	(1,004,062)
Reconciliation to TID No.1 Fund Balance at December 31, 2021		
Add:		
Balance of long term TID No.1 debt at December 31, 2021		1,815,000
Transfers from general fund		525,320
TID No.1 Fund Balance at December 31, 2021		<u>\$ 1,336,258</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 is accounted for on a full accrual basis and as such, 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, 2021 and 2020 appears below:

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Charges for services	\$ 2,650,878	\$ 2,752,439
Operating Expenses		
Purchased services		
Green Bay MSD	1,878,719	1,990,409
Village water utility	79,503	88,946
City of Green Bay	1,896	1,948
Other operation and maintenance	317,756	233,822
Televising sewer mains	11,463	9,817
Depreciation	229,994	225,838
Total Operating Expenses	<u>2,519,331</u>	<u>2,550,780</u>
Operating Income	<u>131,547</u>	<u>201,659</u>
Nonoperating Revenues (Expenses)		
Interest revenue	3,434	5,032
Interest expense	(121,188)	(112,157)
Gain (Loss) on asset removal	(3,222)	-
Total Nonoperating Revenues (Expenses)	<u>(120,976)</u>	<u>(107,125)</u>
Income before Contributions	10,571	94,534
Transfer from Sewer Utility	351,000	-
Capital Contributions	<u>29,123</u>	<u>-</u>
Change in Net Position	<u>\$ 390,694</u>	<u>\$ 94,534</u>

The Sanitary Sewer Utility enterprise fund generated an operating income of \$131,547 in 2021, compared to an operating income of \$201,659 in the prior year. The utility experienced decreases in maintenance expenses in 2021, resulting in an increase in their operating income.

Cash provided from operations of \$287,795, along with special assessment collections, were sufficient to fund the Utility's debt service requirements for 2021.

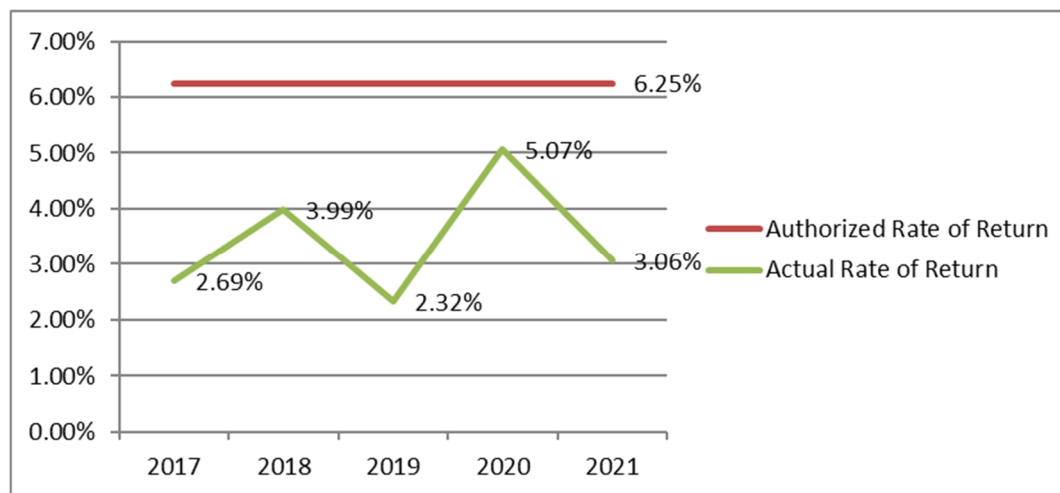
We recommend the Village continue to monitor the results of the fund and implement periodic rate increases, as considered necessary.

SUMMARY OF OPERATIONS - WATER UTILITY

A comparative summary of the Water Utility's change in net position for the years ended December 31, 2021 and 2020 appears below:

	2021	2020
Operating Revenues		
Charges for services	\$ 3,482,078	\$ 3,586,340
Other	157,050	160,050
Total Operating Revenues	<u>3,639,128</u>	<u>3,746,390</u>
Operating Expenses		
Operation and maintenance	2,525,209	2,736,461
Depreciation	381,099	370,531
Total Operating Expenses	<u>2,906,308</u>	<u>3,106,992</u>
Operating Income	<u>732,820</u>	<u>639,398</u>
Nonoperating Revenues (Expenses)		
Interest revenue	77	53
Interest expense	(182,617)	(161,055)
Amortization of premium on bonds	-	16,656
Total Nonoperating Revenues (Expenses)	<u>(182,540)</u>	<u>(144,346)</u>
Income before Contributions and Transfers	550,280	495,052
Capital Contributions	-	4,469
Transfer to General Fund	(289,252)	(305,086)
Transfer to Debt Service Fund	(246,000)	-
Transfer to Sewer Fund	(351,000)	-
Transfer to Stormwater Fund	(124,000)	-
Change in Net Position	<u>\$ (459,972)</u>	<u>\$ 194,435</u>

The Water Utility generated an operating income of \$732,820 in 2021, compared to an operating income of \$639,398 in the prior year. Cash provided from operations of \$1,051,846 were just sufficient enough to fund the Utility's tax equivalent payment to the general fund and debt service requirements for 2021. 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 has consistently been under the authorized rate of return since their latest rate increase in 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, 2021 and 2020 appears below:

	2021	2020
Operating Revenues		
Charges for services	<u>\$ 666,354</u>	<u>\$ 681,000</u>
Operating Expenses		
Operation and maintenance	331,884	403,006
Depreciation	234,417	232,998
Total Operating Expenses	<u>566,301</u>	<u>636,004</u>
Operating Income	<u>100,053</u>	<u>44,996</u>
Nonoperating Revenues (Expenses)		
Interest revenue	726	1,054
Interest expense	(100,339)	(104,568)
Amortization of premium on bonds	-	11,158
Gain (Loss) on asset removal	(29)	100
Total Nonoperating Revenues (Expenses)	<u>(99,642)</u>	<u>(92,256)</u>
Loss before Contributions	411	(47,260)
Transfers from Sewer Utility	124,000	-
Capital Contributions	<u>-</u>	<u>132,108</u>
Change in Net Position	<u><u>\$ 124,411</u></u>	<u><u>\$ 84,848</u></u>

The Storm Water Utility generated an operating income of \$100,053 in 2021, compared to an operating income of \$44,996 in the prior year. Cash provided from operations of \$291,757, along with assessment collections, were not sufficient to fund the Utility's debt service requirements for 2021.

TECHNICAL UPDATE

Upcoming GASB Standards that will be effective for the Village's 2022 fiscal year:

GASB Statement No. 87 – Leases

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Specifically, this statement:

1. Establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.
2. Defines the "lease term" and clarifies when lessees and lessors should reassess the lease term due to lease modifications or terminations.
3. Defines and establishes recognition criteria for short-term leases.
4. Amends accounting and financial reporting requirements for contracts with multiple components, contract combinations, subleases, and leaseback transactions.
5. The statement is effective for years beginning after June 15, 2021. Earlier application is encouraged.

Steps that can be taken now:

- 1) **Gather leases and contracts.** Depending on the number of leases your organization has, this may be a bigger challenge than anticipated. Keep in mind that not all leases are written "lease" agreements. Some contracts also include embedded leases that were previously treated as expenses, so you may be surprised to find more operating leases than you realized. Checking accounts payable for recurring payments may help you locate agreements that you'll need to analyze.
- 2) **Analyze all contracts to determine which are leases under the new standard.** GASB 87 defines a lease as a "contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset), as specified in the contract, for a period of time in an exchange or exchange-like transaction." Here are some of the agreements that can be excluded:
 - Short-term leases that are one year or less in duration.
 - Intangibles, such as investment assets, software licenses, and patents.
 - Financed purchases, where ownership of the asset transfers at the end of the lease without an additional payment.
- 3) **Review leases for multiple components.** Some leases include service agreements that will need to be split off from the entire lease. Many agreements (like service agreements and supply contracts) may qualify as leases under GASB 87. Some examples of service contracts that may have embedded leases can include cafeteria equipment, soda fountains, water coolers, coffee machines, etc. where the government may get to use a particular piece of equipment for free in return for the exclusive use of the provider's products.
- 4) **Determine appropriate materiality thresholds for capitalization.** Work with your auditor to determine what this should be. Be aware that items that are well below that threshold individually may be material in the aggregate.
- 5) **Select a technology solution such as leasing software to help manage your leases.** Unless your organization only has a few leases, the calculations for journal entries and footnote disclosures will most likely be beyond the capabilities of Excel. When choosing a software solution, keep in mind that tracking this information from leases will be an ongoing project, so look for one that's easy to use and provides your organization with all the information you'll need. Make sure to consider document storage as part of the capabilities. Entities with greater than 10-20 identified leases may wish to seriously consider a lease software solution and not rely on spreadsheets. Keep in mind that if a government has many similar leases, it may choose to amortize the lease assets as a group rather than individually. Composite depreciation is applied to groups of dissimilar assets, but should not be applied across classes of assets, such as buildings, equipment, furniture, and vehicles.

- 6) **Consider the Village's bond covenants, loan covenants, and debt limitations to determine impact.** While a recent update from GASB (GASB 88) specifies that lease liabilities are excluded from the definition of debt for the purposes of financial statement disclosures, it's not clear whether banks, credit rating agencies or other stakeholders will take a similar stance.

Adding liabilities for operating leases to the balance sheet may mean that covenants for bond contracts and loan agreements will be violated. If this is the case, you may need to renegotiate those agreements. Contacting these stakeholders and other interested parties early on is crucial.

Adding to the complexity, the rules and statutes governing debt limitations vary across states, counties, and municipalities. You may need to consult with an attorney to determine whether lease liabilities count as debt for those limitations.

- 7) **Develop new Village policies and procedures as necessary.** Unlike many other financial controls, you'll need to work as a team with people outside of accounting, including procurement, IT, and legal, to make sure all leases and contracts go through accounting. You may need to educate others about the balance sheet impacts of leases.
- 8) **Do your initial calculations and run the results past your auditor.** Because the calculations are different from the previous treatment of leases, some advisors are recommending performing a trial calculation on a subset of your leases. Then, ask us as your auditors to check your numbers before you do the entire population of leases.
- 9) **Begin the process early.** Early adopters report that they need two or three hours per lease to analyze and extract the data. Adding to the challenge, many government finance professionals wear many hats, and dealing with financial matters may be only a small part of their responsibilities. Be sure to keep the resulting information very organized and accessible and also keep in mind the new information that will be required for footnote disclosures.
- 10) **Start learning and keep learning.** Understanding the new standards is a steep learning curve. You'll need to dedicate time and resources for your team to get up to speed.

APPENDIX



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www.villageofallouez.com

June 16, 2022

CliftonLarsonAllen LLP
1175 Lombardi Avenue, Suite 200
Green Bay, WI 54304

This representation letter is provided in connection with your audit of the financial statements of Village of Allouez, 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, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to misstatements that are material. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm, to the best of our knowledge and belief, as of June 16, 2022, the following representations made to you during your audit of the financial statements as of and for the year ended December 31, 2021.

Financial Statements

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

5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.
6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events occurring subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. We have not identified or been notified of any uncorrected financial statement misstatements.
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 (including information obtained from within and outside of the general and subsidiary ledgers), documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - e. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with, or deficiencies in, financial reporting practices.
 - f. All communications from regulatory agencies, grantors, lenders, and other funding sources concerning noncompliance with the provisions of laws, regulations, contracts, and grant agreements.
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 waste 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 all the entity's related parties and all the related party relationships and transactions of which we are aware, including any side agreements.
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 are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to June 16, 2022, 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.

12. 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.
13. 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.
14. We are responsible for determining whether we have received, expended, or otherwise been the beneficiary of any federal awards during the period of this audit. No federal award, received directly from federal agencies or indirectly as a subrecipient, was expended in an amount that cumulatively totals from all sources \$750,000 or more. For this representation, "award" means financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, user grants, or contracts used to buy goods or services from vendors.
15. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
16. 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.
17. The financial statements properly classify all funds and activities.
18. 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.
19. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
20. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
21. Provisions for uncollectible receivables have been properly identified and recorded.
22. 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.
23. 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.
24. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
25. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.

26. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
27. 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.
28. 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.
29. We acknowledge our responsibility for presenting the general fund detailed comparison of budgeted and actual revenues and expenditures and the nonmajor fund combining statements (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.
30. As part of your audit, you prepared the draft financial statements, related notes, and supplementary information. 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, related notes, and supplementary information. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.
31. We understand that as part of your audit, you prepared adjusting journal entries and acknowledge that we have reviewed and approved those entries and accepted responsibility for them. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.

Signature:  Title: Administrator
Brad Lange

Signature:  Title: Finance Director
Julie Beauchamp