

**CITY OF FOND DU LAC, WISCONSIN
MANAGEMENT COMMUNICATIONS
YEAR ENDED DECEMBER 31, 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

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City of Fond du Lac, Wisconsin

DECEMBER 31, 2023

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City Council
City of Fond du Lac
Fond du Lac, 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 City of Fond du Lac, Wisconsin (the City) as of and for the year ended December 31, 2023, and have issued our report thereon dated July 16, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated November 11, 2023. 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 City of Fond du Lac are described in Note 1 to the financial statements.

As described in Note 1.G, the City changed accounting policies related to subscription-based information technology arrangement by adopting Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangement (SBITAs), effective January 1, 2023. Accordingly, the accounting change has been applied to the beginning of the period of adoption.

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 incurred, but not reported (IBNR) insurance reserves are based on actuarial projections of the expected cost of the ultimate settlement and administration of claims. We evaluated the key factors and assumptions used to develop the reserves in determining that 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.

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 has corrected all such misstatements.

Corrected misstatements

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

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.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include an emphasis of matter paragraph to highlight the change in accounting principle related to the adoption of the new accounting guidance for subscription-based information technology arrangements as follows:

Change in Accounting Principle

As discussed in Note 1.G. to the financial statements, effective January 1, 2023, the City adopted new accounting guidance for SBITAs. The guidance requires entity's to recognize a right-to-use subscription asset and corresponding subscription liability for all arrangements with terms greater than twelve months. Our opinions are not modified with respect to this matter.

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated July 16, 2024.

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.

Required supplementary information

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.

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of federal awards (SEFA) and schedule of expenditures of state awards (SESA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA and SESA to determine that the SEFA and SESA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA and SESA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA 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 16, 2024.

With respect to 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 July 16, 2024.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory and statistical sections. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the City Council and management of City of Fond du Lac 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

Sheboygan, Wisconsin
July 16, 2024

Summary Financial Information

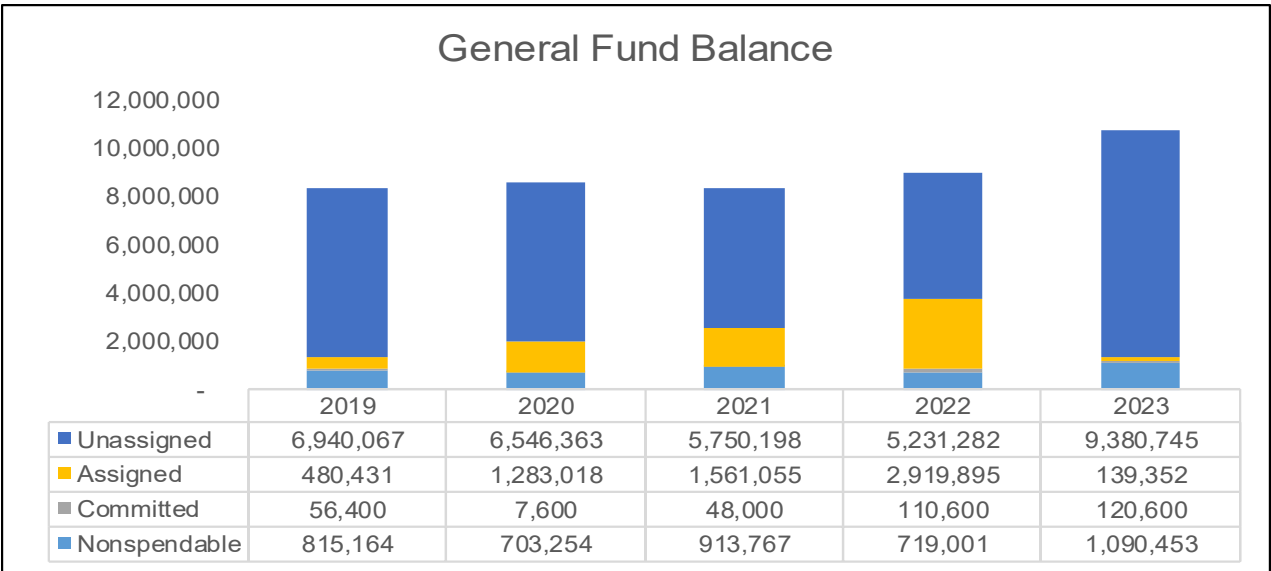
GOVERNMENTAL FUND BALANCES

Presented below is a summary of the City's governmental fund balances on December 31, 2023 and 2022. This information is provided for assessing financial results for 2023 and for indicating financial resources available at the start of the 2024 budget year.

	<u>12/31/23</u>	<u>12/31/22</u>
General Fund		
Nonspendable for		
Prepaid items	\$ 1,090,453	\$ 719,001
Committed for		
Public site fee	120,600	110,600
Assigned		
Subsequent years budget	139,352	2,919,895
Unassigned	<u>9,380,745</u>	<u>5,231,282</u>
Total General Fund Balance	<u>10,731,150</u>	<u>8,980,778</u>
Debt Service Fund		
Restricted for debt service	<u>253,946</u>	<u>614,987</u>
Special Revenue Funds		
Committed for		
ARPA	41	(538,802)
Library	530,944	483,670
City grant programs	-	(2,217)
Community development block grant	2,385,410	2,717,519
Harbor and boating facilities	831,400	711,359
Community projects	578,317	317,901
Solid waste and recycling	(346,602)	(204,850)
Transit	407,779	(366,258)
County Sales Tax	224,638	-
Haz Mat agreement	185,021	192,626
Fuel pump maintenance	110,098	99,061
Special events	314,034	286,217
TIF Districts	4,815,120	3,838,704
Property insurance deductible	39,533	25,822
Residential development improvement program	78,375	78,375
Highway 45 transfer	1,855,909	955,909
Public Safety Training Center	12,910	(4)
Affordable Housing	<u>787,505</u>	<u>96,124</u>
Total Special Revenue Funds	<u>12,810,432</u>	<u>8,691,156</u>
General capital projects	6,186,895	6,775,222
Streets	1,758,948	102,046
Storm Sewers	10,418,058	6,833,947
Parks	1,219,089	884,400
Special assessments	57,790	129,972
Harbor Improvements	<u>128,722</u>	<u>110,822</u>
Total Capital Projects Funds	<u>19,769,502</u>	<u>14,836,409</u>
Total Governmental Fund Balances	<u>\$ 43,565,030</u>	<u>\$ 33,123,330</u>

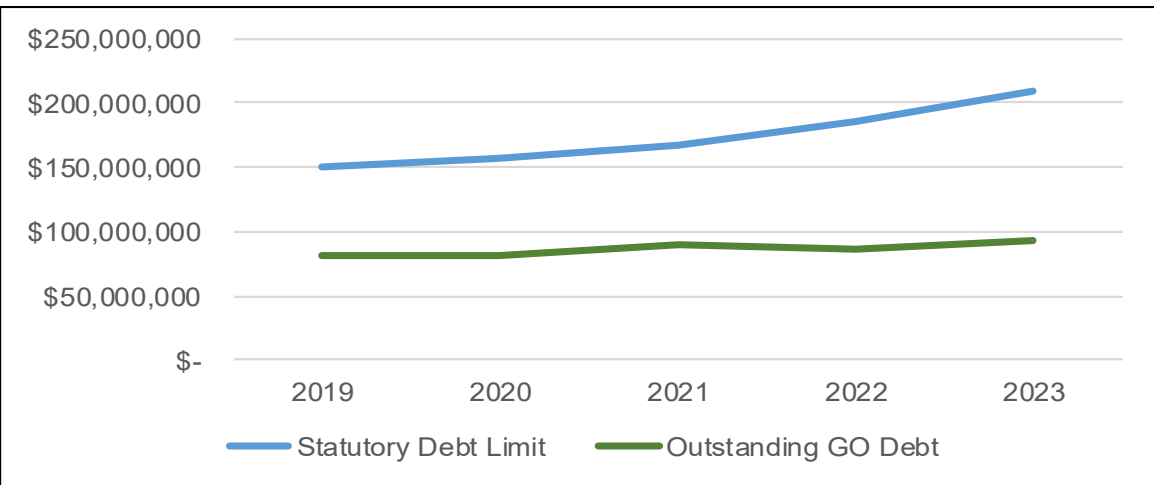
Overall, the City's general fund balance increased by \$1,750,372 during 2023.

The following is a fund balance analysis of the General Fund for the fiscal years of 2019 - 2023. This information is presented to assist the City's management in assessing fund balance levels at the end of the fiscal year 2023 and the trend over the past five years.



GENERAL OBLIGATION DEBT

Presented below is a comparison of the City's general obligation debt compared to the statutory debt limit for the City.



WATER UTILITY

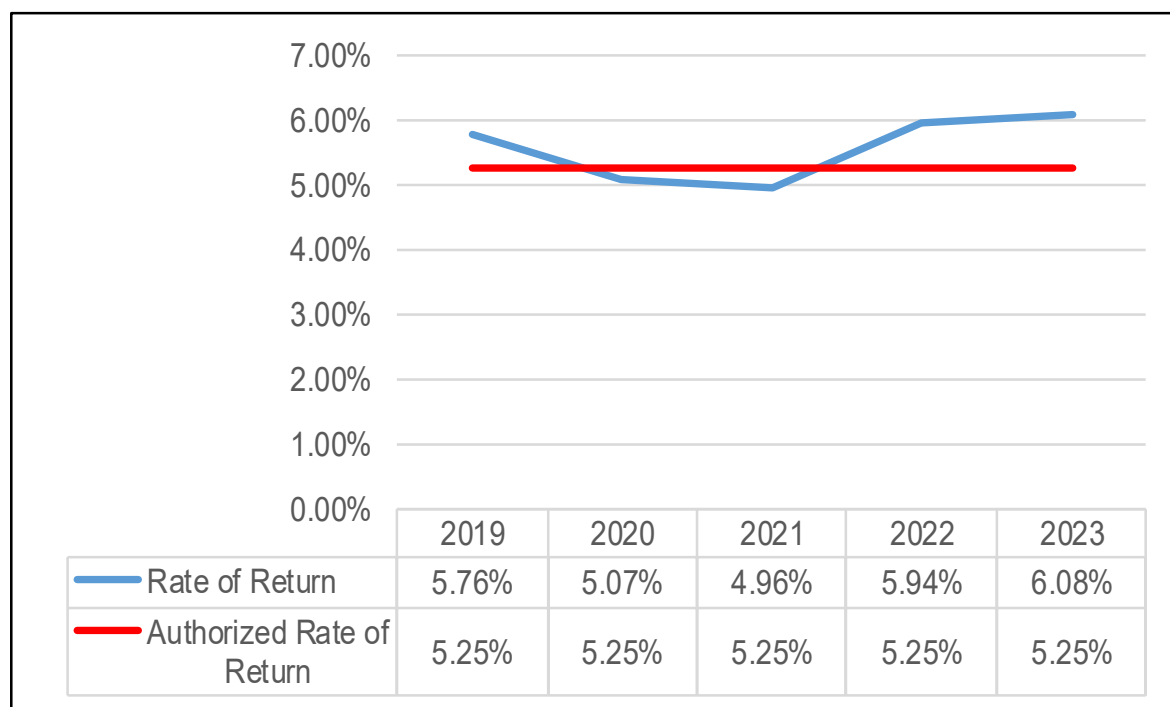
A comparative summary of the Water Utility's change in net position for the years ended December 31, 2023 and 2022 appears below:

	<u>2023</u>	<u>2022</u>
Operating revenues		
Charges for services	\$ 13,035,515	\$ 13,271,437
Other	162,345	324,364
Total operating revenues	<u>13,197,860</u>	<u>13,595,801</u>
Operating expenses		
Operation and maintenance	4,718,449	4,917,290
Depreciation	<u>3,174,066</u>	<u>3,122,489</u>
Total operating expenses	<u>7,892,515</u>	<u>8,039,779</u>
Operating income	<u>5,305,345</u>	<u>5,556,022</u>
Nonoperating revenues (expenses)		
Investment return	150,560	40,033
Intergovernmental Grants	58,572	286,493
Merchandising and jobbing	17,269	27,079
Interest expense	<u>(630,616)</u>	<u>(615,797)</u>
Total nonoperating revenues (expenses)	<u>(404,215)</u>	<u>(262,192)</u>
Income before contributions and transfers	4,901,130	5,293,830
Capital contributions	549,734	-
Transfers out	<u>(1,679,230)</u>	<u>(2,232,865)</u>
Change in net position	<u>\$ 3,771,634</u>	<u>\$ 3,060,965</u>

The water utility generated an operating income of \$5,305,345 for 2023 compared to an operating income of \$5,556,022 for 2022.

Rate of Return Calculation

The following is the calculation of the rates of return of the water utility based on the format used by the Public Service Commission.



WASTEWATER UTILITY

A comparative summary of the Wastewater Utility's change in net position for the years ended December 31, 2023 and 2022 appears below:

	2023	2022
Operating revenues		
Charges for services	\$ 13,303,708	\$ 12,514,920
Operating expenses		
Operation and maintenance	6,803,299	6,335,617
Depreciation	3,217,184	3,105,715
Total operating expenses	10,020,483	9,441,332
Operating income	3,283,225	3,073,588
Nonoperating revenues (expenses)		
Investment return	467,183	186,320
Interest expense	(268,562)	(363,264)
Gain on disposal of capital assets	4,145	12,925
Total nonoperating revenues (expenses)	202,766	(164,019)
Change in net position	\$ 3,485,991	\$ 2,909,569

The wastewater utility generated an operating income of \$3,283,225 for 2023 compared to an operating income of \$3,073,588 for 2022. The increase was mainly due to an increase in charges for services.

APPENDIX



City of Fond du Lac

First on the Lake

Website: www.fdl.wi.gov

City-County Government Center
160 S. Macy Street—P.O. Box 150—Fond du Lac, WI 54936-0150

July 16, 2024

CliftonLarsonAllen LLP
712 Riverfront Drive, Suite 301
Sheboygan, WI 53801

This representation letter is provided in connection with your audit of the financial statements of City of Fond du Lac, 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, 2023, 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 July 16, 2024, the following representations made to you during your audit of the financial statements as of and for the year ended December 31, 2023

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement agreement dated November 7, 2023, 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. In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.
9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, or which would affect federal award programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
11. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.
12. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the entity's name" during the period significantly exceeded the amounts in those categories as of the financial statement date was properly disclosed in the financial statements.
13. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
14. The methods and significant assumptions used to determine fair values of financial instruments are as follows: Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.
15. We have implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, during the audit period. We have sufficient and appropriate documentation supporting all estimates and judgments.
16. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
17. We believe that all material expenditures that have been deferred to future periods will be recoverable.

18. Participation in a public entity risk pool has been properly reported and disclosed in the financial statements.
19. 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.
20. 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. Access to all audit or relevant monitoring reports, if any, received from funding sources.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements, or 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, or which would affect federal award programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.

8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
9. We have disclosed to you the identity of 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 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 City of Fond du Lac, 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 complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
17. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
18. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.
19. The financial statements properly classify all funds and activities.
20. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
21. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

22. Investments are properly valued.
23. Provisions for uncollectible receivables have been properly identified and recorded.
24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
27. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
28. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
29. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
30. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
31. We acknowledge our responsibility for presenting the nonmajor fund combining statements, individual fund statements, and supporting schedules (the supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.
32. We acknowledge our responsibility for the preparation of the other information included in our annual report, which is comprised of the introductory and statistical section (other information). The other information is consistent with the financial statements and does not contain any material misstatements. With regard to the other information that has not been provided to you, the final version of the documents will be provided to you when available, and prior to issuance of the annual report by the entity, so that you can complete your required procedures. We agree to correct material inconsistencies that you may identify.

33. As part of your audit, you prepared the draft financial statements, related notes, supplementary information, and schedule of expenditures of federal awards. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements, related notes, supplementary information, and schedule of expenditures of federal awards. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.
34. We agree with the findings of specialists in evaluating the other postemployment benefits, pension benefits and incurred by not reported claims 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 their independence or objectivity of the specialist.
35. Tax abatement agreements have been properly disclosed in the notes to the financial statements.
36. With respect to federal and state award programs:
- a. We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA), schedule of expenditures of state awards (SESA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA and SESA, including its form and content, is fairly presented in accordance with the Uniform Guidance and the *State Single Audit Guidelines*. The methods of measurement and presentation of the SEFA and SESA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA and SESA.
 - c. If the SEFA and SESA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA and SESA no later than the date we issued the SEFA and SESA and the auditors' report thereon.
 - d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and the *State Single Audit Guidelines* compliance audit, and included in the SEFA and SESA expenditures made during the audit period for all awards provided by federal and state agencies in the form of federal and state awards, federal and state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - e. We are responsible for understanding and complying with, and have complied with, the requirements of federal and statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state programs and have identified and

disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major program.

- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal and state awards (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.
- h. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and the *State Single Audit Guidelines* related to state awards, confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal and state awards.
- j. We have disclosed to you any communications from federal or state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and the *State Single Audit Guidelines*.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.

- q. We have disclosed to you whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and/or material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.
- r. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- s. The copies of federal and state program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.
- t. We have charged costs to federal and state awards in accordance with applicable cost principles.
- u. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and the *State Single Audit Guidelines*, and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- v. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- w. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- x. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- y. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signature:  Title: Director of Administration
Tricia Davi

Signature:  Title: Senior Accountant
Nicole Dreher