

**MANAGEMENT COMMUNICATIONS**

**LINCOLN COUNTY, WISCONSIN**

**DECEMBER 31, 2016**

**LINCOLN COUNTY, WISCONSIN**  
December 31, 2016

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To the County Board  
Lincoln County, 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 Lincoln County, Wisconsin (the "County") for the year ended December 31, 2016. The County's financial statements, including our report thereon dated July 31, 2017, are presented in a separate audit report document. Professional standards require that we provide you with the following information related to our audit.

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

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

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

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

Planned Scope and Timing of the Audit

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

Significant Audit Findings

*Consideration of Internal Control*

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 County as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for

designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control. Our report on internal control over financial reporting and on compliance and other matters is presented in the federal awards and state financial assistance 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 County's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note A to the financial statements. As described in Note 2 to the financial statements, the County changed accounting policies related to fair value measurement by adopting Statement of Governmental Accounting Standards Board (GASB) No. 72, *Fair Value Measurement and Application* in 2016. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. To the best of our knowledge, all significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates included in the financial statements were:

Management's estimate of accumulated sick leave is based upon analysis of the employees sick leave balance. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the accumulated sick leave 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, 2017 as reported by the investment managers. We evaluated the key factors and assumptions used in valuing the investments in determining that they are reasonable in relation to the financial statements taken as a whole.

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

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

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

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

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

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated July 31, 2017. The management representation letter follows this communication.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

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

#### *Other Matters*

We applied certain limited procedures to the management's discussion and analysis, the budgetary comparison information and the schedules relating to pensions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

*Restriction on Use*

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

Sincerely,



Certified Public Accountants  
Green Bay, Wisconsin  
July 31, 2017

**SUMMARY FINANCIAL INFORMATION**

**1. Governmental Fund Balances**

Presented below is a summary of the County's governmental fund balances on December 31, 2016, including a comparison to the prior year. This information is provided for assisting management in assessing financial results for 2016 and for indicating financial resources available at the start of the 2017 budget year.

	12/31/16	12/31/15
General Fund		
Nonspendable:		
Property Taxes	\$ 1,558,412	\$ 1,588,422
Prepaid	170,085	200,564
Advances	-	8,263
Inventory	12,281	10,340
Restricted:		
Insurance Deposits	43,190	52,532
Veterans	7,784	9,816
Land Records	204,252	195,885
UW Extension	1,056	1,281
Sheriff	110,577	97,622
Committed:		
Roads Fund	250,000	250,000
Family Care	289,849	289,849
Sheriff's Office CIP	300,748	141,530
IT CIP	168,685	50,000
Maintenance	1,401,268	404,000
EMS	235,000	160,000
Assigned		
Veterans	2,500	2,500
Fairgrounds	-	868,712
UW Extension	17,471	15,513
Sheriff	210	210
Maintenance	9,747	11,357
Land Services	-	44,756
Emergency Management	5,004	8,404
CIP not committed	1,164,561	828,358
Unassigned	6,308,969	7,428,740
<b>Total General Fund</b>	<b>12,261,649</b>	<b>12,668,654</b>

**1. Governmental Fund Balances (Continued)**

	12/31/16	12/31/15
County roads and bridges		
Assigned	9	164,556
Social services		
Nonspendable	200	5,300
Restricted	41,421	-
Assigned	74,453	227,138
County health		
Restricted	355,140	388,345
Assigned	97,236	158,972
Dog license		
Assigned	1,000	1,000
Community development		
Assigned	2	2
Emergency medical		
Nonspendable	260	1,760
Unassigned	(441,737)	(131,493)
Jail assessment		
Restricted	46,997	41,418
Total Special Revenue Funds	<u>174,981</u>	<u>856,998</u>
Debt Service Fund		
Assigned	<u>8,847</u>	<u>6,335</u>
Total Governmental Fund Balances	<u>\$ 12,445,477</u>	<u>\$ 13,531,987</u>

**Unassigned General Fund**

The unassigned general fund balance represents the County's available and unappropriated cash available for any County purpose. The County's unassigned fund balance totals \$6,308,969. Of this balance, the County considers \$4,191,555 required for cash flow needs leaving a balance of \$2,117,414, or 12.63% of general fund expenditures during 2016, unassigned.

**Special Revenue Funds**

The County's special revenue funds total \$174,981 as of December 31, 2016 compared to \$856,998 for the prior year.

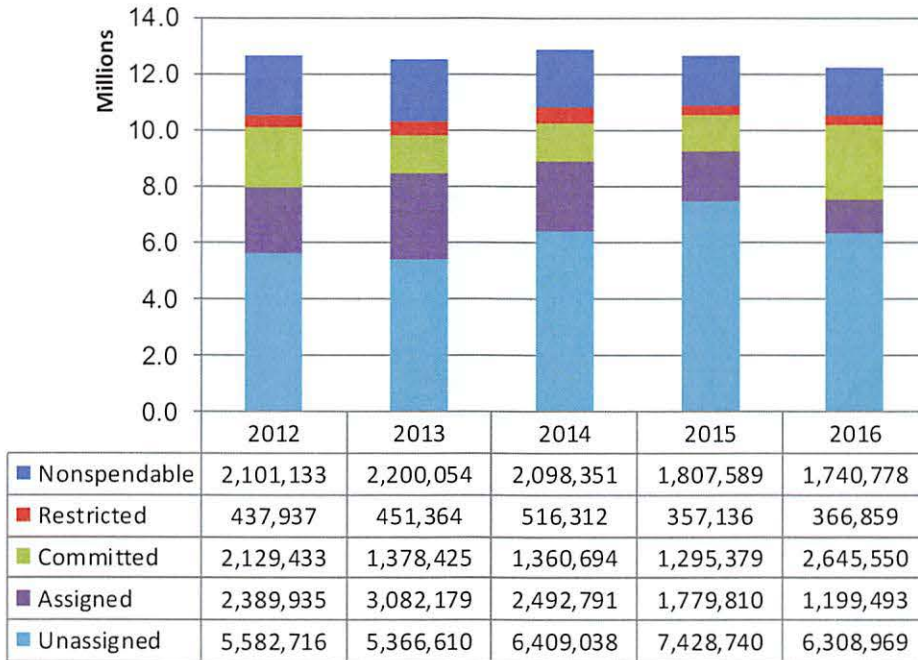


1. Governmental Fund Balances (Continued)

General Fund Analysis

Presented below is a fund balance analysis of the General Fund for fiscal years 2012-2016. This information is presented to assist County management in assessing fund balance levels at the end of fiscal year 2016 and the trend over the past five years.

General Fund Balance



## 2. Health Self-Insurance Fund

The County has established a self-insurance internal service fund to provide health insurance coverage to County employees and retirees. A summary of 2016 transactions, including a comparison to 2015, is presented below:

	2016	2015
Operating Revenues		
Charges to county departments and retirees	\$ 5,683,238	\$ 5,573,957
Operating Expenses		
Insurance payments and claims	4,809,203	4,203,248
Administrative and fiscal services	786,974	769,530
Total Operating Expenses	5,596,177	4,972,778
Operating Income	87,061	601,179
Nonoperating Revenues		
Interest revenue	14,212	5,609
Change in net position	101,273	606,788
Net Position - January 1	1,649,921	1,043,133
Net Position - December 31	\$ 1,751,194	\$ 1,649,921

The self-insurance fund reported an operating income of \$87,061 compared operating income of \$601,179 for the prior year. At year end, based on 2016 claims paid, the net position balance represents approximately 31.3% of its annual claims expenses compared to 39.25% for the prior year.

In addition to its net position balance, the County has accrued a claims liability of \$754,817 as of December 31, 2016 for claims related to services provided but not paid as of December 31, 2016.

### 3. County Highway Internal Service Fund

The County's highway department operates as an internal service fund, with County road maintenance and construction costs financed by a special revenue fund. A summary of 2016 transactions, including a comparison to 2015, is presented below:

	2016	2015
<b>Operating Revenues</b>		
Interdepartmental charges for services	\$ 4,362,846	\$ 4,583,188
Intergovernmental charges for services	2,551,847	2,594,020
Other operating revenue	233,425	30,793
<b>Total Operating Revenues</b>	<u>7,148,118</u>	<u>7,208,001</u>
<b>Operating Expenses</b>		
General services	6,455,059	6,944,051
Administrative and fiscal services	401,772	414,734
Depreciation and amortization	473,713	505,415
<b>Total Operating Expenses</b>	<u>7,330,544</u>	<u>7,864,200</u>
<b>Operating Loss</b>	<u>(182,426)</u>	<u>(656,199)</u>
<b>Nonoperating Revenues</b>		
Rent revenue	50	50
Gain on disposal of assets	58,217	124,000
Salvage revenue	20,275	115,209
Gain on sale of supplies	13,100	5,807
Insurance recoveries	150,994	121,704
<b>Total Nonoperating Revenues</b>	<u>242,636</u>	<u>366,770</u>
<b>Change in Net Position</b>	60,210	(289,429)
<b>Net Position - January 1</b>	<u>6,317,440</u>	<u>6,606,869</u>
<b>Net Position - December 31</b>	<u>\$ 6,377,650</u>	<u>\$ 6,317,440</u>

The highway department reported an operating loss of \$182,426 compared to operating loss of \$656,199 for the prior year.

#### 4. Solid Waste Landfill

The County has a Solid Waste Landfill operating as a proprietary fund. A summary of 2016 transactions, including a comparison to 2015, is presented below:

	2016	2015
Revenues		
Public charges for services	\$ 1,515,700	\$ 1,723,032
Intergovernmental charges for services	120,308	158,081
Total Revenues	<u>1,636,008</u>	<u>1,881,113</u>
Expenses		
General services	1,036,124	1,101,425
Future closing costs	383,326	1,043,422
Depreciation and amortization	854,432	541,667
Total Expenditures	<u>2,273,882</u>	<u>2,686,514</u>
Operating Loss	<u>(637,874)</u>	<u>(805,401)</u>
Nonoperating Revenues		
Interest income	64,666	42,729
Grant revenue	-	12,220
Gain on disposal of capital assets	100	32,500
Total Nonoperating Revenues	<u>64,766</u>	<u>87,449</u>
Loss before Transfers	(573,108)	(717,952)
Transfer out	<u>(208,000)</u>	<u>(200,000)</u>
Change in Net Position	(781,108)	(917,952)
Net Position - January 1	<u>4,058,298</u>	<u>4,976,250</u>
Net Position - December 31	<u>\$ 3,277,190</u>	<u>\$ 4,058,298</u>

The Solid Waste Landfill reported an operating loss of \$637,874 compared to an operating loss of \$805,401 for the prior year. Current assets and restricted cash total \$6.4 million while liabilities are \$7.8 million.

**5. Forestry**

The County's forestry operations are accounted for as a proprietary fund. A summary of 2016 transactions, including a comparison to 2015, is presented below:

	2016	2015
Revenues		
Public charges for services	\$ 1,465,734	\$ 1,431,732
Interdepartmental charges for services	2,065	2,065
Total Revenues	<u>1,467,799</u>	<u>1,433,797</u>
Expenses		
General services	863,324	972,106
Depreciation and amortization	43,024	53,690
Total Expenditures	<u>906,348</u>	<u>1,025,796</u>
Operating Income	<u>561,451</u>	<u>408,001</u>
Nonoperating Revenues		
Grant income	249,162	437,605
Donations	10,502	16,350
Gain on disposal of capital assets	2,966	1,900
Insurance recoveries	79	-
Total Nonoperating Revenues	<u>262,709</u>	<u>455,855</u>
Income before Transfers	824,160	863,856
Transfer out	<u>(816,342)</u>	<u>(563,238)</u>
Change in Net Position	7,818	300,618
Net Position - January 1	<u>5,030,187</u>	<u>4,729,569</u>
Net Position - December 31	<u>\$ 5,038,005</u>	<u>\$ 5,030,187</u>

At December 31, 2016, the fund has cash and investments of \$3,151,797. In addition to the transfer of funds to the general fund, the general fund also retains interest earned on Forestry fund cash balances as part of its general fund budget.

## COMMENTS AND OBSERVATIONS

### 1. Status of Prior Year Comments - Uniform Grant Guidance Documentation

In our prior year management communication, we discussed U.S. Office of Management and Budget's ("OMB") Uniform Grant Guidance which requires organizations that receive Federal Awards to enhance their control documentation over managing these grants in an effort to strengthen oversight over federal awards and increase efficiency and effectiveness of single audits. In our opinion, enhanced discussion of key controls over compliance requirements at the individual grant level would be beneficial and provide the County with an opportunity to communicate employee roles and responsibilities within the County's grant management process.

The County has continued to focus efforts on its Uniform Guidance documentation in 2016; however, grant specific documentation was not finalized during 2016. We therefore recommend the County continue enhancing its Uniform Grant Guidance documentation during 2017, ensuring the documentation can be easily applied and modified as new grants are added or processes change.

**MANAGEMENT'S RESPONSE:** Lincoln County continues in its efforts to comply with the Uniform Grant Guidance Documentation requirements. Each grant program has written procedures that will be given to program staff. Each staff member will acknowledge in writing the receipt of the procedures and be trained in following the procedures. The Procedures will be updated annually and redistributed to staff annually.

### 2. Review and Approval of Social Services Disbursements

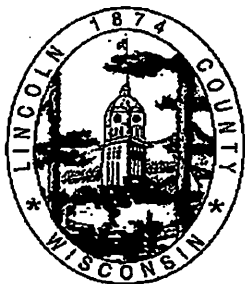
As part of our single audit, we select specific disbursements from major federal and state award programs to test the County's internal controls and compliance. While our testing concluded that all disbursements tested were reasonable and appropriate, the department's procedures over documenting review and approval were not always evident on the supporting documentation reviewed.

The review and approval of invoices by knowledgeable individuals in each grant program is an effective internal control intended to prevent or decrease the payment of invoices with unallowable costs. While documentation was most likely reviewed as part of the County's disbursement process, it is critical that this review and approval is clearly documented.

We recommend the County develop and implement written policies related to the review and approval of invoices. These policies should ensure that the review and approval occur before the invoice is processed for payment, the personnel that approve and review invoices are knowledgeable in relation to the grant program, and include procedures on how the review and approval will be documented.

**MANAGEMENT'S RESPONSE:** Lincoln County Social Services Department reviews each invoice that is charged to a grant program. The review begins with knowledgeable program employees reviewing and signing the invoice for program appropriateness. Then the invoice is reviewed and signed by the Social Services accountant and prepared for payment. The invoice is then signed by the Social Services Director for final approval. The payment is further reviewed by an accounts payable employee prior to payment. Lincoln County will document this process by individual grant program and train employees in their role in the process. Each written procedure will be given to each employee involved and a written acknowledgement of receipt will be required.

## **APPENDIX**



## LINCOLN COUNTY FINANCE DEPARTMENT

Lincoln County Service Center

801 North Sales Street, Suite 211

MERRILL, WI 54452-1632

Phone: (715) 539-1030

FAX: (715) 539-8056

Dan Leydet, Finance Director  
Heather Marheine, County Accountant  
Dawn Bergs, County Accountant

Elayne Lang, Payroll Clerk  
Amy Kohnhorst, Fiscal Clerk/  
Accounts Payable

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July 31, 2017

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

This representation letter is provided in connection with your audit of the financial statements of the Lincoln County, Wisconsin (the "County"), 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, 2016, and the respective changes in the financial position and where applicable, cash flows for the year then ended, and the related notes to the financial statements for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items in No. 55 are considered material based on the materiality criteria specified in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Guidelines issued by the Wisconsin Department of Administration. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of July 31, 2017, the following representations made to you during your audit.

### Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 19, 2016, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all



properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. In regards to accounting estimates:

- The measurement processes used by management in determining accounting estimates is appropriate and consistent.
- The assumptions appropriately reflect management's intent and ability to carry out specific courses of action.
- The disclosures related to accounting estimates are complete and appropriate.
- No subsequent event has occurred that would require adjustment to the accounting estimates or disclosures included in the financial statements.
- 

7. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

8. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.

9. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the County's accounts.

10. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

11. Guarantees, whether written or oral, under which the County is contingently liable, if any, have been properly recorded or disclosed.

#### Information Provided

12. We have provided you with:

- a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
- b. Additional information that you have requested from us for the purpose of the audit.
- c. Unrestricted access to persons within the County from whom you determined it necessary to obtain audit evidence.

- d. Minutes of the meetings of the County Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedules of expenditures of federal awards and state financial assistance.
  14. We made an assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have disclosed the results of our assessment as follows:
    - a. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
      - i. Management,
      - ii. Employees who have significant roles in internal control, or
      - iii. Others where the fraud could have a material effect on the financial statements.
    - b. We have no knowledge of any allegations of fraud or suspected fraud affecting the County's financial statements communicated by employees, former employees, regulators, or others.
  15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
  16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
  17. We have disclosed to you the identity of the County's related parties and all the related party relationships and transactions of which we are aware.
- Government – specific
18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
  19. We have a process to track the status of audit findings and recommendations.
  20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
  21. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
  22. The County has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred inflows/outflows of resources, or equity.
  23. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
  24. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

25. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

26. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

27. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

28. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

29. The County has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

30. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

31. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

32. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.

33. 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.

34. Components of net position (net investment in capital assets, restricted, and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

35. Provisions for uncollectible receivables have been properly identified and recorded.

36. 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.

37. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

38. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

39. Deposits and investment securities and derivative transactions are properly classified as to risk and are properly disclosed.

40. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if

applicable, depreciated.

41. Joint ventures, jointly governed organizations, and other related organizations have been properly disclosed in the financial statements.

42. We have appropriately disclosed the County's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

43. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

44. 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.

45. We acknowledge our responsibility for presenting the nonmajor fund combining statements (the supplementary information) in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

46. We agree with the findings of specialists in evaluating the pension benefits, and incurred but 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 the independence or objectivity of the specialists.

47. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the County's name" during the period significantly exceeded the amounts in those categories as of the balance sheet was properly disclosed in the financial statements.

48. 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.

49. 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.

50. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.

51. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.

52. Provision has been made for any material loss that is probable from environmental remediation liabilities associated with Lincoln County Landfill. We believe that such estimate is reasonable based on available information and that the liabilities and related loss contingencies and the expected outcome of uncertainties have been adequately described in the financial statements.

53. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.

54. We do not plan to make frequent amendments to our pension benefit plans.

55. With respect to federal and state award programs:

- a. We are responsible for understanding and complying with and have complied with the requirements of the Uniform Guidance and the State Single Audit Guidelines issued by the Wisconsin Department of Administration, including requirements relating to preparation of the schedule of federal awards and the schedule of state financial assistance.
- b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of the Uniform Guidance and the schedule of state financial assistance (SSFA) in accordance with the requirements of the State Single Audit Guidelines and we believe the SEFA and SSFA, including their form and content, are fairly presented in accordance with the Uniform Guidance and the Guidelines. The methods of measurement or presentation of the SEFA and SSFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA and SSFA.
- c. If the SEFA and SSFA are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA and SSFA no later than the date we issue the SEFA and SSFA and the auditors' report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and the State Single Audit Guidelines and have included in the SEFA and SSFA expenditures made during the audit period for all awards provided by federal and state agencies in the form of awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state programs and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major federal and state program.

- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provide reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal and state awards (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.
- h. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements, (except for noncompliance disclosed to you), including, when applicable, those set forth in the OMB Compliance Supplement and the State Single Audit Guidelines, relating to federal and state awards.
- j. We have disclosed any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, subpart E) and OMB Circular A-87, Cost Principles for State, Local, and Tribal Governments, if applicable.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditors' report.

- r. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s. The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.
- t. We have charged costs to federal and state awards in accordance with applicable cost principles.
- u. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and the State Single Audit Guidelines and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- v. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- w. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- x. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance and the State Single Audit Guidelines.

56. We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Signed:   
Dan Leydet, Finance Director