

Village of Ashwaubenon, Wisconsin

**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL AND ON COMPLIANCE
AND OTHER REQUIRED COMMUNICATIONS**

December 31, 2017

Village of Ashwaubenon, Wisconsin

DECEMBER 31, 2017

Table of Contents

COMMUNICATIONS TO THE VILLAGE BOARD	1
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	5
SUMMARY FINANCIAL INFORMATION	
Governmental Fund Balances	7
Water Utility	9
Sewer Utility	11
Health and Dental Self-Funded Internal Service Funds	12
Community Development Authority	13
APPENDIX	
Management Representation Letter	

To the Honorable President and Members of the Village Board
Village of Ashwaubenon, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Ashwaubenon, Wisconsin (the "Village") for the year ended December 31, 2017. The Village's financial statements, including our report thereon dated June 29, 2018, are presented in a separate audit report document. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITIES UNDER U.S. GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS

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

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

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

PLANNED SCOPE AND TIMING OF THE AUDIT

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

SIGNIFICANT AUDIT FINDINGS

Consideration of Internal Control

FINANCIAL STATEMENTS

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control. Our report on internal control over financial reporting and on compliance and other matters is presented on pages 5 and 6 of this communication.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. To the best of our knowledge, all significant transactions have been recognized in the financial statements in the proper period.

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

- ▶ Management's estimate of the depreciable life of the capital assets is based upon analysis of the expected useful life of the capital assets. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the depreciable life in determining that it is reasonable in relation to the financial statements taken as a whole.
- ▶ Management's estimate of 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 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 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 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 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 balance in determining that the liability calculation is reasonable in relation to the financial statements taken as a whole.
- ▶ Management estimated an allowance for uncollectible accounts for accounts receivables outstanding. These estimates are based upon management's knowledge of, and past experience with the outstanding balances. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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 June 29, 2018. The management representation letter follows this communication.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

In addition, during our audit, we noted certain other matters that are presented for your consideration. We will review the status of these comments during our next audit engagement. Our comments and recommendations are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these matters in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized in the comments and observations section of this report.

Other Matters

We applied certain limited procedures to the management's discussion and analysis 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.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Restriction on Use

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

Sincerely,

A handwritten signature in red ink that reads "Schuch SC".

Certified Public Accountants

Green Bay, Wisconsin

June 29, 2018

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

Honorable President and Members of the Village Board
Village of Ashwaubenon, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Client, Wisconsin, (the "Village") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 11 dated June 29, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in red ink that reads "Schenck SC".

Certified Public Accountants

Green Bay, Wisconsin

June 29, 2018

Summary Financial Information

GOVERNMENTAL FUND BALANCES

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

	<u>2017</u>	<u>2016</u>
Governmental funds		
General Fund		
Non-spendable		
Inventories and prepaid items	\$ 135,392	\$ 134,877
Restricted		
Bridge repairs	-	127,605
Public safety grants and forfeitures	30,115	45,535
Developer escrow funds	61,690	48,549
Committed		
Enhancing village buildings	250,000	-
Replenish employee retirement fund	240,000	-
Capital improvements	1,821,810	-
Unassigned	5,234,881	5,085,511
Total General Fund	<u>7,773,888</u>	<u>5,442,077</u>
Special Revenue Funds		
Restricted		
Tax Incremental District No. 2		
Park development	154,664	192,153
Donation	12,618	18,258
K-9 Program	18,250	21,956
Excess sales tax	24,831	-
Committed		
Street beautification	130	129
Oneida service agreement	31,838	277,717
DARE/Liaison	28,932	23,113
Citizen's Academy	5,141	2,531
Explorers Program	11,539	10,904
Total Special Revenue Funds	<u>287,943</u>	<u>546,761</u>
Debt Service Fund		
Restricted for debt service	<u>161,522</u>	-
Capital Project Funds		
Restricted		
Tax Incremental District No. 3	-	632,809
Tax Incremental District No. 4	-	212,258
Committed		
Street construction	9,882	138,095
Village buildings	218,835	181,599
Parks and recreation projects	78,578	14,517
Land sales and acquisition	55,569	26,369
Unassigned		
Tax Incremental District No. 3	(4,838,234)	(4,864,803)
Tax Incremental District No. 4	(75,960)	(794,899)
Tax Incremental District No. 5	(347,332)	(524,208)
Community referendum projects	(55,946)	(208,580)
Total Capital Project Funds	<u>(4,954,608)</u>	<u>(5,186,843)</u>
Total Governmental Fund Balances	<u>\$ 3,268,745</u>	<u>\$ 801,995</u>

General Fund

Bond rating agencies suggest an unassigned fund balance between 20-30% of General Fund expenditures. The Village's General Fund unassigned fund balance of \$5,234,881 is 35.3% of General Fund expenditures and remains in excellent cash flow position.

We believe the unassigned fund balance is necessary to allow the Village to maintain current operations, finance unplanned contingencies, and provide additional cash flow due to the lag in receiving tax revenues and state aids due to the Village. In addition, an unassigned fund balance can be used to stabilize the Village's tax rate.

Tax Incremental District No. 3 Capital Fund

In 2008, the Village established Tax Incremental District No. 3 (TID) as a capital projects fund and began the construction phase of the TID. At December 31, 2017 the net unreimbursed projects costs totaled \$16,703,234 and consisted of the following:

Future maturities of principal on outstanding general obligation debt incurred for financing TID No. 3 projects	\$ 11,865,000
Add: Fund deficit in TID No. 3 capital projects fund	4,838,234
Net Unreimbursed Project Costs	<u>\$ 16,703,234</u>

Summary Comment: TID No. 3 in 2014 generated the first significant positive tax increment and, based on debt issued as of December 31, 2017, has annual principal and interest of approximately \$2,220,227 due in 2018 with \$2,038,738 of tax increment. As a result, the Village will still need to temporarily finance these debt payments from a cash flow perspective.

Tax Incremental District No. 4 Capital Fund

In 2009, the Village established Tax Incremental District No. 4 (TID) as a capital projects fund and began the construction phase of the TID. At December 31, 2017 the net unreimbursed projects costs totaled \$3,875,960 and consisted of the following:

Future maturities of principal on outstanding general obligation debt incurred for financing TID No. 4 projects	\$ 3,800,000
Add: Fund deficit in TID No. 4 capital projects fund	75,960
Net Unreimbursed Project Costs	<u>\$ 3,875,960</u>

Summary Comment: TID No. 4 has principal and interest of approximately \$639,184 due in 2018 and \$1,330,851 of tax increment to cover these payments.

Tax Incremental District No. 5 Capital Fund

In 2008, the Village established Tax Incremental District No. 5 (TID) as a capital projects fund and began the construction phase of the TID. At December 31, 2017 the net unreimbursed projects costs totaled \$3,007,332 and consisted of the following:

Future maturities of principal on outstanding general obligation debt incurred for financing TID No. 4 projects	\$ 2,660,000
Add: Fund deficit in TID No. 4 capital projects fund	347,332
Net Unreimbursed Project Costs	<u>\$ 3,007,332</u>

Summary Comment: TID No. 5 has principal and interest payments of \$413,170 due in 2018 and has not generated tax increment yet. As a result, the Village will still need to temporarily finance these debt payments from a cash flow perspective.

WATER UTILITY

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

	<u>2017</u>	<u>2016</u>
Operating revenues		
Metered sales	\$ 3,723,327	\$ 3,837,020
Fire protection	491,905	484,008
Other	429,628	492,683
Total operating revenues	<u>4,644,860</u>	<u>4,813,711</u>
Operating expenses		
Operation and maintenance	3,841,557	3,879,833
Depreciation and amortization	857,914	877,950
Total operating expenses	<u>4,699,471</u>	<u>4,757,783</u>
Operating income (loss)	<u>(54,611)</u>	<u>55,928</u>
Nonoperating revenues (expenses)		
Interest income	14,703	26,960
Interest expense	(172,556)	(181,698)
Gain on sale of capital assets	-	110,000
Total nonoperating revenues (expenses)	<u>(157,853)</u>	<u>(44,738)</u>
Income (loss) before contributions and transfers	(212,464)	11,190
Capital contributions	50,524	463,268
Transfers out - property tax equivalent	(490,106)	(516,177)
Change in net position	<u>\$ (652,046)</u>	<u>\$ (41,719)</u>

A decrease in consumption contributed to the net operating loss for the year.

Rate of Return

The Public Service Commission (PSC) of Wisconsin determines rates charged customers by calculating a rate of return on the water utility's rate base. Rate of return for the years ended December 31, 2017 and 2016 follows:

	<u>2017</u>	<u>2016</u>
Rate base	\$ 10,606,203	\$ 10,804,814
Operating Income	\$ (54,615)	\$ 55,928
Less: Property tax equivalent	(490,106)	(516,177)
Add: Depreciation on contributed plant and other adjustments	329,867	313,969
PSC Operating Income	<u>\$ (214,854)</u>	<u>\$ (146,280)</u>
Rate of Return	<u>-2.03%</u>	<u>-1.35%</u>

Water Utility Historical Rate of Return



Summary Comment: The water utility continues to be in strong financial position, with unrestricted cash and investments and an advance to the TID districts totaling \$7,845,508; however, decreases in the rate of return since 2012 and future capital needs indicate a rate increase may be needed. The Village annually reviews the performance of the water utility as part of the budget and we are currently assisting with a projection for 2019.

SEWER UTILITY

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

	<u>2017</u>	<u>2016</u>
Operating revenues		
Charges for services	\$ 5,225,278	\$ 5,339,107
Other	16,857	27,343
Total operating revenues	<u>5,242,135</u>	<u>5,366,450</u>
Operating expenses		
Operation and maintenance	4,788,463	4,712,684
Depreciation	695,710	677,491
Total operating expenses	<u>5,484,173</u>	<u>5,390,175</u>
Operating loss	<u>(242,038)</u>	<u>(23,725)</u>
Nonoperating revenues (expenses)		
Interest income	28,777	23,087
Interest expense	(7,928)	(11,235)
Total nonoperating revenues (expenses)	<u>20,849</u>	<u>11,852</u>
Loss before contributions and transfers	(221,189)	(11,873)
Capital contributions	114,358	837,733
Transfers out - property tax equivalent	(13,741)	(14,240)
Change in net position	<u>\$ (120,572)</u>	<u>\$ 811,620</u>

Comparative Cash Flows

Comparative cash flow statements for the years ended December 31, 2017 and 2016 follows:

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Operating loss	\$ (242,038)	\$ (23,725)
Depreciation	614,412	599,130
Changes in assets and liabilities	(20,390)	(133,838)
Net cash provided by operating activities	<u>351,984</u>	<u>441,567</u>
Cash flows from noncapital financing activities		
Repayment of advance to other funds	72,748	70,458
Transfers out - property tax equivalent	(13,741)	(14,240)
Net cash provided by noncapital financing activities	<u>59,007</u>	<u>56,218</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(67,310)	(113,612)
Capital contributions	116,606	-
Principal and interest paid on capital debt	(120,356)	(120,396)
Net cash used for capital and related financing activities	<u>(71,060)</u>	<u>(234,008)</u>
Cash flows from investing activities		
Interest received	28,777	23,087
Change in cash and cash equivalents	368,708	286,864
Cash and cash equivalents - January 1	3,974,740	3,687,876
Cash and cash equivalents - December 31	<u>\$ 4,343,448</u>	<u>\$ 3,974,740</u>

Summary Comment: At December 31, 2017, available cash and investments totaled \$4,343,448. Because the sewer utility's costs are heavily dependent on treatment costs, which have significantly increased in recent years, the Village annually reviews its sewer rates in relation to operating costs.

HEALTH AND DENTAL SELF-FUNDED INTERNAL SERVICE FUNDS

The Village maintains two separate internal service funds to finance employee health and dental claims. A summary of 2017 transactions, including a comparison to the prior year, for each fund follows:

	Health		Dental	
	2017	2016	2017	2016
Operating revenues				
Premiums	\$ 2,031,058	\$ 1,949,652	\$ 113,554	\$ 115,177
Stop loss reimbursements	-	790,256	-	-
Insurance refunds	61,861	13,120	-	-
Total operating revenues	<u>2,092,919</u>	<u>2,753,028</u>	<u>113,554</u>	<u>115,177</u>
Operating expenses				
Insurance claims and premiums	1,622,901	2,517,197	137,351	130,693
Administration	402,028	300,732	-	-
Total operating expenses	<u>2,024,929</u>	<u>2,817,929</u>	<u>137,351</u>	<u>130,693</u>
Changes in net position	67,990	(64,901)	(23,797)	(15,516)
Net position - January 1	<u>487,046</u>	<u>551,947</u>	<u>378,677</u>	<u>394,193</u>
Net position - December 31	<u>\$ 555,036</u>	<u>\$ 487,046</u>	<u>\$ 354,880</u>	<u>\$ 378,677</u>

Health Self-Funded Insurance Fund

Insurance claims decreased 35.5% from 2016, which led net increase in net position of \$67,990. The net position is approximately 34% of claims at year end.

Dental Self-Funded Insurance Fund

Insurance claims increased 5.1% and were 121% of premiums collected. The net position remains excellent at year end.

Because insurance claims can fluctuate annually, municipalities general try to maintain a net position balance between 20% and 50% of their annual operating expenses depending on the level of risk assumed by the plan.

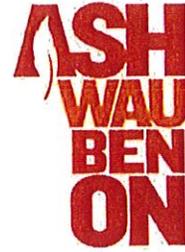
COMMUNITY DEVELOPMENT AUTHORITY

The Community Development Authority is a component unit of the Village. A summary of 2017 transactions, including a comparison to the prior year, is presented below:

	<u>2017</u>	<u>2016</u>
Revenues		
Interest income	\$ 46	\$ 79
Lease revenue	2,908,330	2,935,789
Donations and other miscellaneous revenues	6,695	4,380
Total revenues	<u>2,915,071</u>	<u>2,940,248</u>
Expenditures		
Current		
General government	8,314	12,536
Debt service		
Principal	1,940,000	1,935,000
Interest and fiscal charges	968,330	1,000,789
Total expenditures	<u>2,916,644</u>	<u>2,948,325</u>
Net change in fund balance	(1,573)	(8,077)
Fund balance - January 1	<u>104,351</u>	<u>112,428</u>
Fund balance - December 31	<u>\$ 102,778</u>	<u>\$ 104,351</u>

APPENDIX

DEPARTMENT OF FINANCE & INFORMATION TECHNOLOGY
Gregory B. Wenholtz
Director of Finance
gwenholtz@ashwaubenon.com



June 29, 2018

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

This representation letter is provided in connection with your audit of the financial statements of Village of Ashwaubenon, Wisconsin (the "Village"), which comprise the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information as of December 31, 2017, and the respective changes in the financial position and where applicable, cash flows for the year then ended, and the related notes to the financial statements for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 29, 2018, the following representations made to you during your audit.

FINANCIAL STATEMENTS

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 14, 2017 including our responsibility for the preparation and fair presentation of the financial statements in accordance with U. S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. In regards to accounting estimates:
 - ▶ The measurement processes used by management in determining accounting estimates is appropriate and consistent.
 - ▶ The assumptions appropriately reflect management's intent and ability to carry out specific courses of action.
 - ▶ The disclosures related to accounting estimates are complete and appropriate.
 - ▶ No subsequent event has occurred that would require adjustment to the accounting estimates or disclosures included in the financial statements.
7. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
8. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
9. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Village's accounts.
10. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the Village is contingently liable, if any, have been properly recorded or disclosed.

INFORMATION PROVIDED

12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Village from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of meetings of the Village Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We made an assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have disclosed the results of our assessment as follows:
 - a. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - i. Management,
 - ii. Employees who have significant roles in internal control, or

- iii. Others where the fraud could have a material effect on the financial statements.
 - b. We have no knowledge of any allegations of fraud or suspected fraud affecting the Village's financial statements communicated by employees, former employees, regulators, or others.
15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the Village's related parties and all the related party relationships and transactions of which we are aware.

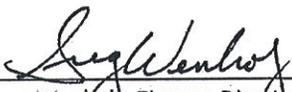
GOVERNMENT - SPECIFIC

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
20. The Village has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred inflows/outflows of resources, or equity.
21. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
22. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
23. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
24. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
25. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
26. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

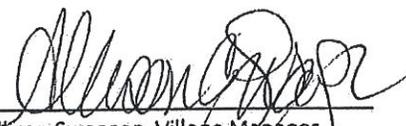
27. The Village has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
28. The Village has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
29. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
30. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
31. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
32. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
33. Components of net position (net investment in capital assets, restricted, and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
34. Provisions for uncollectible receivables have been properly identified and recorded.
35. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
36. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
37. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
38. Deposits and investment securities and derivative transactions are properly classified as to risk and are properly disclosed.
39. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
40. Joint ventures, jointly governed organizations, and other related organizations have been properly disclosed in the financial statements.
41. We have appropriately disclosed the Village's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
42. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
43. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

44. We acknowledge our responsibility for presenting the nonmajor fund combining statements, individual fund statements, supporting schedules, and statistical data (the supplementary information) in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
45. We agree with the findings of specialists in evaluating the pension benefits and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.
46. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the Village's name" during the period significantly exceeded the amounts in those categories as of the balance sheet was properly disclosed in the financial statements.
47. The methods and significant assumptions used to determine fair values of financial instruments are as follows: Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.
48. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
49. Capital assets, including intangible assets, have been evaluated for impairment as a result of significant and unexpected decline in service utility.
50. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
51. We do not plan to make frequent amendments to our pension benefit plans.
52. We have not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board (GASB) Statements No. 84, *Fiduciary Activities*, No. 87, *Leases*, as discussed in Note 4.F. The Village is therefore unable to disclose the impact that adopting these GASB Statements will have on its financial position and the results of its operations when the Statements are adopted.
53. We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and though the date of this letter that would require adjustment to or disclose in the aforementioned financial statements or in the schedule of findings and questioned costs.

Signed:


Greg Wenholz, Finance Director

Signed:


Allison Swanson, Village Manager