

Manitowoc County, Wisconsin
MANAGEMENT COMMUNICATIONS

December 31, 2019

Manitowoc County, Wisconsin

DECEMBER 31, 2019

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To the County Board
Manitowoc 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 Manitowoc County, Wisconsin (the "County") as of and for the year ended December 31, 2019, and have issued our report thereon dated July 13, 2020. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, Government Auditing Standards, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Guidelines, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Manitowoc County, Wisconsin are described in Note 1 to the financial statements.

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

Accounting estimates

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

- Management's estimate of the other postemployment benefits is based on an actuarial report. We evaluated the key factors and assumptions used to develop the other postemployment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the depreciable life of the capital assets is based upon analysis of the expected useful life of the capital assets. We evaluated 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, 2019, 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 (asset) and related deferred outflows/inflows of resources is based on information received from the Wisconsin Retirement System. We evaluated the key factors and assumptions used to develop the net pension liability (asset) and related deferred outflows/inflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of accumulated vacation and sick leave is based upon analysis of the employee's vacation and sick leave balance. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the accumulated vacation and sick leave in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the allowance for accounts receivable 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 is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

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

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

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatement of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate to the financial statements taken as a whole.

Corrected misstatements

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

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 our audit.

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated July 13, 2020.

Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

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

Other information in documents containing audited financial statements

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

With respect to the supplementary information accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated July 13, 2020.

The introductory and statistical sections accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

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



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
July 13, 2020

Summary Financial Information

GOVERNMENTAL FUND BALANCES

Presented below is a summary of the County's governmental fund balances on December 31, 2019 and 2018. This information is provided for assessing financial results for 2019 and for indicating financial resources available at the start of the 2020 budget year.

	<u>2019</u>	<u>2018</u>
General Fund		
Nonspendable for		
Delinquent property taxes	\$ 1,314,990	\$ 1,497,546
Loans receivable	99,000	99,000
Inventories and prepaid items	190,257	193,128
Restricted for		
Public health	2,860	3,066
Veterans service	40,761	41,041
Utility conservation	303,883	540,699
Land record modernization	252,666	279,673
Register of deeds redaction	85,812	85,812
UW Extension	1,453	1,960
Committed for		
Aerial mapping	95,475	82,620
Area wide planning	145,096	133,187
PZ Costal Grant	10,316	-
Parks tree planting	25,000	4,748
Vehicle replacement	111,179	111,179
ROD	-	20,000
District attorney's office	10,000	10,000
Emergency management HAZMAT	185,397	158,925
Personnel	8,059	5,559
System updates	35,000	-
PW Continuing PR	33,122	-
Elections	111,232	81,232
Treasurer outlay	25,000	-
Communications E-911	203,450	277,712
PW-PBX phone systems	133,519	101,382
Assigned		
Subsequent years' budget	417,282	-
Unassigned	1,768,297	1,375,623
Total General Fund Balance	<u>5,609,106</u>	<u>5,104,092</u>
Debt Service Fund		
Restricted for debt service	<u>1,278,781</u>	<u>601,977</u>

(Continued)

	<u>2019</u>	<u>2018</u>
Special Revenue Funds		
Nonspendable for inventories and prepaid items		
Human services	15,350	15,350
Aging	823	448
Expo	2,115	1,884
Soil and water conservation	-	1,588
Restricted for		
Soil and water conservation	148,208	132,682
Sheriff K-9 unit	24,272	33,387
Revolving loan	1,674,037	1,657,539
Committed for		
Recycling	83,493	144,727
Solid waste disposal	327,705	319,663
Aging	583,738	831,251
Forestry tree planting	17,152	17,032
Expo	2,028,500	2,703,188
County roads and bridges	-	45,082
Assigned		
Human services	1,034,081	169,128
Unassigned (Deficit)		
County roads and bridges	(22,845)	-
Total Special Revenue Funds	<u>5,916,629</u>	<u>6,072,949</u>
Capital Projects Funds		
Restricted for		
Jail assessment project	50,391	74,427
Committed for		
Economic development projects	866,756	178,862
Park acquisition development projects	10,227	10,227
UW Manitowoc remodel	2,517	3,599
Total Capital Projects Funds	<u>929,891</u>	<u>267,115</u>
Total governmental fund balances	<u>\$ 13,734,407</u>	<u>\$ 12,046,133</u>

COMPARATIVE SUMMARY OF HIGHWAY FUND

A comparative summary of the highway fund's change in net position for the years ended December 31, 2019 and 2018 appears below:

	<u>2019</u>	<u>2018</u>
Operating revenues		
Public charges for services	\$ 56,756	\$ 98,660
Intergovernmental charges for services	3,455,211	2,987,440
Interdepartmental charges for services	9,489,247	5,198,838
Miscellaneous	39,594	20,607
Total operating revenues	<u>13,040,808</u>	<u>8,305,545</u>
Operating expenses		
Operation and maintenance	12,324,774	7,545,494
Depreciation and depletion	720,033	705,996
Total operating expenses	<u>13,044,807</u>	<u>8,251,490</u>
Operating income (loss)	<u>(3,999)</u>	<u>54,055</u>
Nonoperating revenues		
Insurance refunds	10,321	12,503
Gain (loss) on disposal of capital assets	(26,265)	63,237
Rental income	96,334	96,334
Total nonoperating revenues	<u>80,390</u>	<u>172,074</u>
Income before transfers	76,391	226,129
Transfers out	<u>(31,180)</u>	<u>-</u>
Change in net position	45,211	226,129
Net position - January 1	9,609,679	9,383,550
Net position - December 31	<u>\$ 9,654,890</u>	<u>\$ 9,609,679</u>

As shown above, the Highway Fund produced operating loss of \$3,999 in 2019 compared to an operating income of \$54,055 in 2018. The fluctuation in operating results is largely due to increased revenue from interdepartmental charges.

SUMMARY OF MACHINERY OPERATIONS COST POOL

Cost pools are used to accumulate costs of the highway department where the intent is to recover expenses of operations, including depreciation on highway buildings and equipment, directly from user charges for service. The cost pool accounting system is designed to match all revenues and expenses of a particular operation and aid management in determining the adequacy of rates being charged and the cost effectiveness of each operation. Presented below is a summary of the machinery operations cost pool of the highway department fund for the past two years:

	<u>2019</u>	<u>2018</u>
Operating revenues		
Charges for services	\$ 2,284,912	\$ 1,902,429
Operating expenses		
Labor and fringe benefits	362,082	339,821
Fuel	348,981	332,328
Materials and supplies	357,089	236,197
Overhead	349,647	335,494
Sundry	65,728	58,283
Depreciation	455,374	408,061
Total operating expenses	<u>1,938,901</u>	<u>1,710,184</u>
Operating income	<u>\$ 346,011</u>	<u>\$ 192,245</u>

COMPARATIVE SUMMARY OF COUNTY ROADS AND BRIDGES SPECIAL REVENUE FUND

A comparative summary of the County roads and bridges special revenue fund's change in fund balance for the years ended December 31, 2019 and 2018 appears below:

	<u>2019</u>	<u>2018</u>
Revenues		
Property taxes	\$ 2,233,928	\$ 2,231,219
Intergovernmental		
State aid - highways	1,254,320	1,251,319
Total revenues	<u>3,488,248</u>	<u>3,482,538</u>
Expenditures		
Routine and winter maintenance	2,967,383	2,709,007
Road and bridge construction	6,521,865	2,489,857
Town bridge aid	279,427	270,918
Total expenditures	<u>9,768,675</u>	<u>5,469,782</u>
Excess of revenues over (under) expenditures	<u>(6,280,427)</u>	<u>(1,987,244)</u>
Other financing sources		
Long-term debt issued	6,212,500	1,150,000
Transfers in	-	820,000
Total other financing sources	<u>6,212,500</u>	<u>1,970,000</u>
Net change in fund balance	(67,927)	(17,244)
Fund balance - January 1	45,082	62,326
Fund balance - December 31	<u>\$ (22,845)</u>	<u>\$ 45,082</u>

COMPARATIVE SUMMARY OF HUMAN SERVICES SPECIAL REVENUE FUND

A comparative summary of the human services special revenue fund's change in fund balance for the years ended December 31, 2019 and 2018 appears below:

	<u>2019</u>	<u>2018</u>
Revenues		
County tax levy	\$ 7,378,918	\$ 7,288,470
State aid	10,440,771	9,708,501
Department collections and other revenue	3,341,843	2,573,940
Total revenues	<u>21,161,532</u>	<u>19,570,911</u>
Expenditures		
Administration and aid programs	20,291,591	19,171,896
Capital outlay	9,538	7,343
Total expenditures	<u>20,301,129</u>	<u>19,179,239</u>
Excess of revenues over (under) expenditures	<u>860,403</u>	<u>391,672</u>
Other financing sources		
Proceeds from sale of capital assets	4,550	-
Transfers in	-	7,000
Total other financing sources	<u>4,550</u>	<u>7,000</u>
Net change in fund balance	864,953	398,672
Fund balance - January 1	184,478	(214,194)
Fund balance - December 31	<u>\$ 1,049,431</u>	<u>\$ 184,478</u>

COMPARATIVE SUMMARY OF SELF INSURANCE FUND - HEALTH

A comparative summary of the health self insurance fund's change in net position for the years ended December 31, 2019 and 2018 appears below:

	<u>2019</u>	<u>2018</u>
Operating revenues		
Intergovernmental charges for services	\$ 4,449,078	\$ 4,477,266
Operating expenses		
Claims	3,778,144	4,129,465
Operating income	670,934	347,801
Income before transfers	670,934	347,801
Transfers out	(383,388)	-
Change in net position	287,546	347,801
Net position - January 1	2,083,936	1,736,135
Net position - December 31	<u>\$ 2,371,482</u>	<u>\$ 2,083,936</u>

COMPARATIVE SUMMARY OF SELF INSURANCE FUND - WORKERS COMPENSATION

A comparative summary of the workers compensation self insurance fund's change in net position for the years ended December 31, 2019 and 2018 appears below:

	<u>2019</u>	<u>2018</u>
Operating revenues		
Intergovernmental charges for services	\$ 619,672	\$ 595,395
Miscellaneous	3	7
Total operating revenues	<u>619,675</u>	<u>595,402</u>
Operating expenses		
Claims	321,774	345,501
Change in net position	297,901	249,901
Net position - January 1	1,640,775	1,390,874
Net position - December 31	<u>\$ 1,938,676</u>	<u>\$ 1,640,775</u>

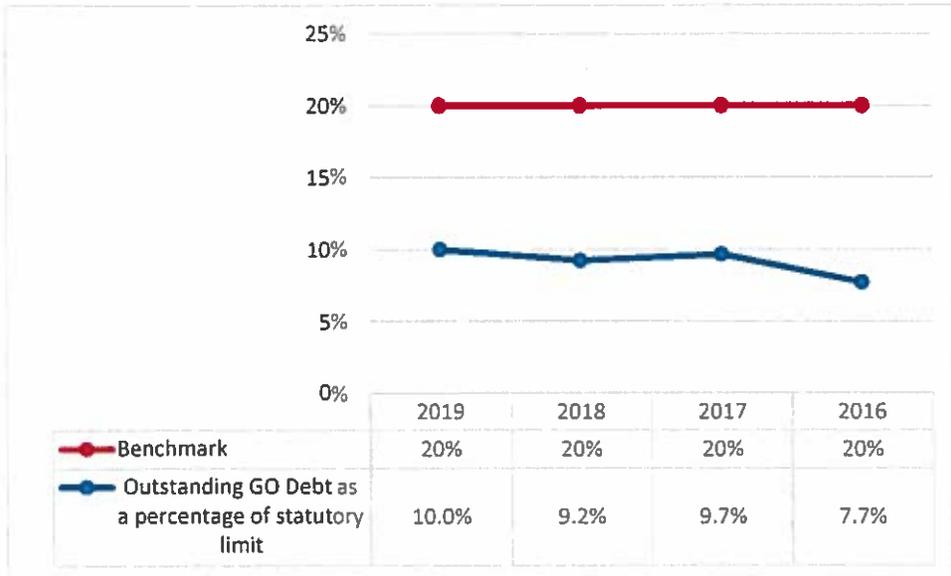
COMPARATIVE SUMMARY OF SELF INSURANCE FUND - DENTAL

A comparative summary of the dental self insurance fund's change in net position for the years ended December 31, 2019 and 2018 appears below:

	<u>2019</u>	<u>2018</u>
Operating revenues		
Intergovernmental charges for services	\$ 320,312	\$ 314,165
Operating expenses		
Claims	246,595	258,828
Change in net position	73,717	55,337
Net position - January 1	246,922	191,585
Net position - December 31	<u>\$ 320,639</u>	<u>\$ 246,922</u>

GENERAL OBLIGATION DEBT

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



The County's general obligation debt limitation was \$286,860,705 and the legal margin for new debt was \$259,474,486 as of yearend. The County's overall outstanding debt continues to be very low in comparison to statutory limits and as of yearend the County's actual outstanding general obligation debt represents approximately 10% of the statutory limit.

APPENDIX



Manitowoc County Comptrollers Office
1110 S. Ninth Street
Manitowoc, Wisconsin 54220

Phone (920) 683-4080 Fax (920) 683-2727

Todd H. Reckelberg CGFM, Comptroller/Auditor

E-mail: toddreckelberg@co.manitowoc.wi.us

July 13, 2020

CliftonLarsonAllen LLP
712 Riverfront Drive, Suite 301
Sheboygan, WI 53081

This representation letter is provided in connection with your audit of the financial statements of Manitowoc County, Wisconsin, 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, 2019, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

We confirm, to the best of our knowledge and belief, as of July 13, 2020, the following representations made to you during your audit of the financial statements as of and for the year ended December 31, 2019.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 31, 2019, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We acknowledge and have fulfilled our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable

5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.
6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events occurring subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.

9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. 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.
11. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
12. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.
13. We believe that all material expenditures that have been deferred to future periods will be recoverable
14. Participation in a public entity risk pool has been properly reported and disclosed in the financial statements.
15. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefits (OPEB) liabilities and costs for financial accounting purposes are appropriate in the circumstances
16. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

Information Provided

1. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - e. Access to all audit or relevant monitoring reports, if any, received from funding sources.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse whose effects should be considered when preparing financial statements.
7. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
9. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
11. We have a process to track the status of audit findings and recommendations.
12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
13. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to Manitowoc County, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

14. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
15. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.
16. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
17. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
18. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.
19. The financial statements properly classify all funds and activities.
20. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
21. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
22. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
23. Provisions for uncollectible receivables have been properly identified and recorded.
24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
25. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
27. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
28. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
29. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

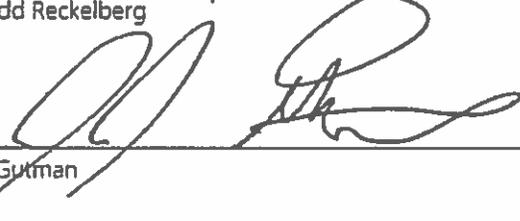
30. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
31. We acknowledge our responsibility for presenting the nonmajor fund combining statements, individual fund statements, and supporting schedules (the supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.
32. As part of your audit, you prepared the draft financial statements and related notes, state financial report, schedule of expenditures of federal awards, and schedule of expenditures of state awards. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, state financial report, schedule of expenditures of federal awards, and schedule of expenditures of state awards. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.
33. We agree with the findings of specialists in evaluating the other postemployment benefits, 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 specialist.
34. With respect to federal and state award programs:
 - a. We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration including requirements relating to preparation of the schedule of expenditures of federal and state awards.
 - b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance and the schedule of expenditures of state awards (SESA) in accordance with the requirements of the *State Single Audit Guidelines*, and we believe the SEFA and SESA, including its form and content, are fairly presented in accordance with the Uniform Guidance and the *State Single Audit Guidelines*. The methods of measurement and presentation of the SEFA and SESA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA and SESA.
 - c. If the SEFA and SESA 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 SESA no later than the date we issued the SEFA and SESA and the auditors' report thereon.

- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and *State Single Audit Guidelines* compliance audit, and included in the SEFA and SESA expenditures made during the audit period for all awards provided by federal and state agencies in the form of federal or state awards, federal or state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal and 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 provides reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a material effect on our federal 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, including when applicable, those set forth in the *OMB Compliance Supplement* and the *State Single Audit Guidelines*, relating to federal and state awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal and state awards.
- j. We have disclosed to you any communications from federal 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).
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.

- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- q. We have disclosed to you whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and/or material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.
- r. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- s. The copies of federal and state program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.
- t. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal and state statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance and *State Single Audit Guidelines*.
- u. We have issued management decisions for audit findings that relate to federal and state awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.
- v. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w. We have charged costs to federal awards in accordance with applicable cost principles.
- x. 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 *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.
- y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

aa 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 *State Single Audit Guidelines*.

Signature:  Title: Comptroller
Todd Reckelberg

Signature:  Title: Assistant Comptroller/Auditor
JJ Gutman

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
Manitowoc County, Wisconsin
Governmental Activities
Year Ended December 31, 2019

UNCORRECTED ADJUSTMENTS

Effect of misstatements on:

Description	Assets	Liabilities	Fund Balance / Net Assets	Net Expense/Revenue and Change in Net Assets / Fund Balance
Understated Health Insurance Claims Payable		\$ (94,919)	\$ 94,919	\$ 60,067
Net current year misstatements (Iron Curtain Method)	-	(94,919)	94,919	60,067
Financial statement totals		\$ (46,353,081)	\$ (87,641,017)	\$ 66,396,705
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	#DIV/0!	0%	0%	0%

INADEQUATE DISCLOSURES

Description	Amount (If Applicable)

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
Manitowoc County, Wisconsin
Aggregate Remaining Funds
Year Ended December 31, 2019

UNCORRECTED ADJUSTMENTS

Effect of misstatements on:

Description	Assets	Liabilities	Fund Balance / Net Assets	Net Expense/Revenue and Change in Net Assets / Fund Balance
Understated Health Insurance Claims Payable		\$ (94,919)	\$ 94,919	\$ 60,067
Net current year misstatements (Iron Curtain Method)	-	(94,919)	94,919	60,067
Financial statement totals		<u>\$ 3,048,862</u>	<u>\$ 14,184,477</u>	<u>\$ 13,625,182</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	#DIV/0!	-3%	1%	0%

INADEQUATE DISCLOSURES

Description	Amount (If Applicable)