



To the County Board
Monroe County, Wisconsin
Sparta, 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 Monroe County, Wisconsin (the "County") for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and *Wisconsin 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.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America, Government Auditing Standards Issued by the Comptroller General of the United States, the Uniform Guidance and Wisconsin State Single Audit Guidelines

As stated in our engagement letter dated December 6, 2023, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, schedule of changes in total OPEB liability and related ratios, statement of revenues, expenditures and change in fund balance – budget and actual – general fund and statement of revenues, expenditures and change in fund balance – budget and actual – human services fund as indicated in the financial statement's table of contents, which supplement the basic financial statements, was to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures did not provide us with sufficient evidence to express an opinion or provide any assurance, we did not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds, combining statement of net position – internal service funds, combining statement of revenues, expenses, and changes in net position (deficit) – internal service funds, combining statement of cash flows – internal service funds, combining statement of net position – custodial funds, combining statement of changes in net position – custodial funds, schedule of expenditures of federal awards and schedule of expenditures of state awards as indicated in the financial statement's table of contents, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information as described by professional standards, was to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information was fairly stated, in all material respects, in relation to the financial statements as a whole.

Audit Scope, Significant Risks and Other

Our audit included examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures.

Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Any internal control related matters that are required to be communicated under professional standards are included later in this letter.

Significant Audit Matters

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 1 to the financial statements. As discussed in Note 1, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 96 – *Subscription Based Information Technology Agreements* as of and for the year ended December 31, 2023. We noted no transactions entered into by the County 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 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 County's financial statements were:

Management's estimate of the net pension liability for the County's participation in the Wisconsin Retirement System (WRS) and related deferred outflows/inflows is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the net pension liability and related deferred outflows/inflows in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of the other post-employment benefit liability related to the healthcare benefits provided to employees in retirement are based on actuarially determined amounts. We evaluated the key factors and assumptions used to develop the other post-employment benefit liabilities and related deferred outflows/inflows in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of the useful lives of the capital assets is based on industry standards. We evaluated the key factors and assumption used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the fair value of investments is based on ending market values as of December 31, 2023 as reported by the investment managers. We evaluated the key factors and assumptions used to develop the investment valuation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued compensated absences liability is based upon the number of vested employee hours available and is calculated based on the current wage rates. We evaluated the key factors and assumptions used to calculate the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the closure/postclosure liability for the landfill is based upon consultation with the Wisconsin Department of Natural Resources. We evaluated the key factors and assumptions used to calculate the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of deposits and investments and the related risk associated with them in Note 2 to the financial statements. The footnote was prepared based on the requirements of the Governmental Accounting Standards Board and is intended to inform readers as to the risk associated with the County's cash and investments.

The disclosure of the net pension liability for WRS and the other post-employment benefits liability as well as the related deferred inflows and outflows of resources and the related risk associated with it are referenced as Notes 10 and 11, respectively. The footnotes were prepared based on the requirements of the Governmental Accounting Standards Board and are intended to inform readers as to the risks associated with the County's participation in the Wisconsin Retirement System, as well as the other post-employment benefits related to healthcare provided to retired employees of the County.

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. 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.

The attached schedule summarizes the uncorrected misstatement of the financial statements. Management has determined that its effect is immaterial to the financial statements taken as a whole. The uncorrected misstatement or the matters underlying it could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such an uncorrected misstatement is immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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. We are pleased to report that 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 19, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the County’s financial statements or a determination of the type of auditor’s 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 Monroe County, Wisconsin’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control Over Financial Reporting

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, 2023, 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 our auditing 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.

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 entity’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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described below that we consider to be a significant deficiency.

Financial Reporting – One of the components of internal control over financial reporting is that employees of an organization be sufficiently knowledgeable to prepare the entity’s annual financial report, including the related notes, in accordance with generally accepted accounting principles. The County’s employees collectively do not possess sufficient expertise in this technical area, so the County relies on us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to prepare the annual financial report in an efficient manner. However, the County’s Financial Director thoroughly reviews the annual report and accepts responsibility for its completeness and accuracy. This matter is common in many organizations since they do not have the resources to devote to this area of internal control.

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Closing

We thank you for allowing us to be of service to Monroe County. We received complete cooperation and appreciate your consideration of our comments and your implementation of suggestions.

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

KerberRose SC

KerberRose SC
Certified Public Accountants
Green Bay, Wisconsin
June 19, 2024

ALG-CX-12.2: Audit Difference Evaluation Form

Governmental Unit:

Financial Statement Date:

Completed by:

Date:

Opinion Unit:

A Listing of Known Audit Differences Over:

Instructions: This form may be used to accumulate audit differences (AD) that are not considered trivial in amount, nature, or circumstances (documented at Step 5 of ALG-CX-2.1). This form should not include normal closing entries. At the end of the audit, evaluate all uncorrected audit differences, individually and in the aggregate, in the context of individual opinion units and conclude on whether they materially misstate the financial statements of an opinion unit taken as a whole. This form also provides a space to document any misstatements of disclosures (including quantitative and qualitative misstatements) that are considered when evaluating misstatements in the aggregate. Before evaluating the effect of uncorrected misstatements, reassess whether materiality is still appropriate based on the entity's actual financial results. The notes following the table provide explanations and a listing of qualitative considerations in evaluating materiality. The form allows for quantifying the effect of misstatements, using both the rollover and iron curtain methods, as appropriate. You need to be familiar with the guidance in section 1010 before completing this form.

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	W/P Ref.	Financial Statement Effect - Amount of Over- (Under-) Statement of:						Change in Fund Balance/Net Position
				Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Position	Revenues	Expenditures	
Implementation of GASB 96	F	SBITAs	G-3	41,306	(41,306)					

Total	41,306	(41,306)	-	-	-	-	-
Less audit adjustments subsequently booked							
Net unadjusted AD—current year (iron curtain method)	41,306	(41,306)	-	-	-	-	-
Effect of unadjusted AD—prior years							
Combined current year and prior year AD (rollover method)	41,306	(41,306)	-	-	-	-	-
Financial statement caption totals							
Current year AD as % of F/S captions (iron curtain method)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Current and prior year AD as % of F/S captions (rollover method)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Qualitative Factors: Describe qualitative factors that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the opinion unit financial statements as a whole, and the reasons why.

Misstatements of Disclosures: Accumulate and describe any misstatements of disclosures, including qualitative and quantitative disclosures, that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the opinion unit financial statements as a whole.

Conclusion: Based on the results of the evaluation performed above, as well as the consideration of qualitative factors and misstatements by nature or circumstances, uncorrected audit differences, individually and in the aggregate,

	Do
x	Do Not

cause the financial statements of opinion unit taken as a whole to be materially misstated.