

# City Of Wildwood, Missouri



## Report To Governance On The Results Of The Annual Audit



for the year ended  
December 31, 2019

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Honorable Mayor, Council Members,  
and Members of Management  
City of Wildwood, Missouri

We are pleased to have the opportunity to present to you the results of our audit engagement of the City of Wildwood, Missouri for the year ended December 31, 2019. The accompanying report summarizes the results of our engagement and presents information regarding the scope of our audit and other matters.

We thank you for the opportunity to be of continued service to the City. We have received excellent cooperation and assistance from both management and staff with respect to access to records, supporting documentation and responses to inquiries. No limitations were placed upon our ability to perform the audit.

*RubinBrown LLP*

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# Auditor Communications

City of Wildwood, Missouri

Honorable Mayor, Council Members  
and Members of Management  
City of Wildwood, Missouri

We have audited the financial statements and compliance of major federal programs of the City of Wildwood, Missouri, (the City) for the year ended December 31, 2019. Our audit was performed in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Auditor Requirements for Federal Awards* (Uniform Guidance). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and presented in accordance with accounting principles generally accepted in the United States of America and the City complied, in all material respects, with the applicable compliance requirements of its major federal programs. Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. We also evaluated the appropriateness of accounting policies used by the City and the reasonableness of significant accounting estimates made by the City's management, as well as evaluated the overall presentation of the financial statements.

Auditing standards require the auditor to ensure that those charged with corporate governance receive additional information regarding the scope and results of the audit that may assist the governing body in overseeing the financial reporting and disclosure process for which management is responsible. The following section describes matters which are required to be reported to you.

This information is intended solely for the use of the Honorable Mayor, Council Members and Members of Management and is not intended to be and should not be used by anyone other than these specified parties.

*RubinBrown LLP*

June 24, 2020

For The Honorable Mayor, Council Members And  
Management Use Only

# Auditor Communications *(Continued)*

| AREA   | COMMENTS  |
|--|---|
| <p><b>Auditors' Responsibility Under U.S. Generally Accepted Auditing Standards and <i>Government Auditing Standards</i></b></p> <p>Our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with our assistance 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 responsibility for the accuracy of the financial statements.</p> <p>Professional standards also require that we obtain an understanding of the City's internal control. However, such understanding is required for the purpose of assessing the risks of material misstatement of the financial statements and to design the nature, timing and extent of our audit procedures and not to provide any assurance concerning such internal control. Accordingly, we express no such assurance.</p> | <p>We have issued:</p> <ul style="list-style-type: none"> <li>■ Unmodified opinions on the City's financial statements for the year ended December 31, 2019.</li> <li>■ A report on compliance and on internal control over financial reporting based on an audit of the financial statements in accordance with <i>Government Auditing Standards</i>.</li> <li>■ An unmodified opinion on compliance and a report on internal controls over federal financial assistance in accordance with Uniform Grant Guidance.</li> </ul> |
| <p><b>Other Information In Documents Containing Audited Financial Statements</b></p>   | <p>To our knowledge the 2019 financial statements are not included with any other document.</p>   |

# Auditor Communications *(Continued)*

| AREA  | COMMENTS   |
|---|--|
| <p><b>Planned Scope And Timing Of The Audit</b></p>   | <p>We performed the audit as stated in our engagement letter dated January 17, 2020 regarding the nature, timing and extent of our audit procedures.</p>   |
| <p><b>Qualitative Aspects Of Accounting Practices</b><br/>           Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about appropriateness of accounting policies and their application.</p> | <ul style="list-style-type: none"> <li>■ Significant accounting policies are described in Note 1.</li> <li>■ During 2019, the City adopted GASB Statement No. 84, <i>Fiduciary Activities</i>. There was no impact to the financial statements due to this adoption.</li> <li>■ Except as noted above, no new accounting policies were adopted and the application of existing policies was not changed.</li> <li>■ We noted no transactions entered into during the year for which there was a lack of authoritative guidance or consensus.</li> <li>■ No significant transactions have been recognized in a different period than when the transactions occurred.</li> </ul> |

# Auditor Communications *(Continued)*

| AREA  | COMMENTS   |
|---|--|
| <p><b>Management Judgments And Accounting Estimates</b><br/>                     The preparation of the financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management’s expectations.</p> <p>We evaluated the key factors and assumptions used to develop the estimates noted at right in determining that these amounts are reasonable in relation to the financial statements taken as a whole.</p> | <ul style="list-style-type: none"> <li>■ Estimated useful lives of capital assets</li> <li>■ Fair value of investments</li> <li>■ Allowance for uncollectible accounts receivable</li> </ul>   |
| <p><b>Financial Statement Disclosures</b><br/>                     The disclosures are neutral, consistent and clear. Certain disclosures are particularly sensitive because of their significance to the financial statements users.</p>   | <p>The most sensitive disclosures affecting the financial statements are:</p> <ul style="list-style-type: none"> <li>■ Note 2 - Deposits and investments</li> <li>■ Note 4 - Long-term liabilities</li> <li>■ Note 8 - Commitments and contingencies</li> </ul>  |
| <p><b>Difficulties Encountered In Performing The Audit</b></p>  | <p>There were no difficulties encountered in dealing with management related to the performance of the audit.</p>  |
| <p><b>Corrected And Uncorrected Misstatements</b><br/>                     Professional standards require us to accumulate all factual, judgmental and projected misstatements identified during the audit, other than those that are trivial, communicate them to the appropriate level of management, and request their correction.</p>   | <p>We did not detect any material misstatements and did not propose any audit adjustments that, in our judgment could have a material effect, either individually or in the aggregate, on the City’s financial statements.</p> <p>There were also no uncorrected misstatements noted during the audit.</p> |

# Auditor Communications *(Continued)*

| AREA  | COMMENTS  |
|---|---|
| Disagreements With Management                               | None  |
| Management Representations                                  | Management representation letter dated June 24, 2020 is included as an exhibit.   |
| 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 an 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. |
| 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 City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.   |

# Statistical Comparison For Wildwood

ST. LOUIS METROPOLITAN AREA

← MORE FAVORABLE      LESS FAVORABLE →

|   | First    | Quartile   | Second   | Median    | Third    | Quartile    | Fourth   | Median    | Wildwood  |           |
|---|----------|------------|----------|-----------|----------|-------------|----------|-----------|-----------|-----------|
|   | Quartile | Breakpoint | Quartile |           | Quartile | Breakpoint  | Quartile |           | 2019      | 2018      |
| <b>Government-Wide Ratios</b>   |          |            |          |           |          |             |          |           |           |           |
| <b>General Ratios</b>   |          |            |          |           |          |             |          |           |           |           |
| Change in net position as a percent of net position (%)                                       |          | 10.1%      |          | 3.3%      | ✓        | 0.8%        |          | 3.3%      | 1.3%      | 4.9%      |
| Revenue coverage ratio (times)  |          | 1.16       | ✓        | 1.09      |          | 1.03        |          | 1.09      | 1.06      | 1.29      |
| Accumulated depreciation as a percentage of depreciable capital assets (%)                    | ✓        | 38.3%      |          | 47.9%     |          | 55.7%       |          | 47.9%     | 31.4%     | 30.3%     |
| <b>Liquidity Ratio</b>  |          |            |          |           |          |             |          |           |           |           |
| Liquidity ratio (times)   | ✓        | 3.85       |          | 2.63      |          | 1.65        |          | 2.63      | 5.34      | 7.53      |
| <b>Debt Ratios</b>  |          |            |          |           |          |             |          |           |           |           |
| Debt to assets leverage ratio (%)   | ✓        | 4.9%       |          | 17.6%     |          | 33.6%       |          | 17.6%     | 0.1%      | 0.1%      |
| Total debt per capita (\$ per citizen)  | ✓        | \$ 201.25  |          | \$ 725.63 |          | \$ 1,674.58 |          | \$ 725.63 | \$ 25.19  | \$ 29.09  |
| <b>Revenue Ratios</b>   |          |            |          |           |          |             |          |           |           |           |
| Tax revenues per capita (\$ per citizen)  | ✓        | \$ 756.07  |          | \$ 904.12 |          | \$ 1,278.89 |          | \$ 904.12 | \$ 354.25 | \$ 362.91 |
| Total grants, contributions and intergovernmental revenues as a percent of total revenues (%) |          | 4.4%       |          | 9.3%      |          | 14.1%       | ✓        | 9.3%      | 34.3%     | 25.7%     |

✓ Represents the City's quartile ranking  
 Obtained from 2019 Public Sector Stats issued by RubinBrown for municipalities with fiscal years ending in 2018

# Statistical Comparison For Wildwood *(Continued)*

FISCAL YEARS ENDING IN 2018  
ST. LOUIS METROPOLITAN AREA



|  | First<br>Quartile | Quartile<br>Breakpoint | Second<br>Quartile | Median      | Third<br>Quartile | Quartile<br>Breakpoint | Fourth<br>Quartile | Average     | Wildwood  |           |
|--|-------------------|------------------------|--------------------|-------------|-------------------|------------------------|--------------------|-------------|-----------|-----------|
|  |                   |                        |                    |             |                   |                        |                    |             | 2019      | 2018      |
| <b>Government-Wide Ratios <i>(Continued)</i></b>                                   |                   |                        |                    |             |                   |                        |                    |             |           |           |
| <b>Expense Ratios</b>  |                   |                        |                    |             |                   |                        |                    |             |           |           |
| Total expenses per capita (\$ per citizen)   | ✓                 | \$ 901.22              |                    | \$ 1,201.37 |                   | \$ 1,474.70            |                    | \$ 1,201.37 | \$ 560.68 | \$ 420.38 |
| Total general government (administration) expenses per capita (\$ per citizen)     | ✓                 | \$ 114.23              |                    | \$ 157.87   |                   | \$ 247.52              |                    | \$ 157.87   | \$ 55.60  | \$ 59.17  |
| Total public safety expenses per capita (\$ per citizen)                           | ✓                 | \$ 291.07              |                    | \$ 461.84   |                   | \$ 673.59              |                    | \$ 461.84   | \$ 147.69 | \$ 117.89 |
| Total interest expenses per capita (\$ per citizen)                                | ✓                 | \$ 6.74                |                    | \$ 26.40    |                   | \$ 66.28               |                    | \$ 26.40    | \$ 0.54   | \$ 0.58   |
| <b>Governmental Fund Ratios</b>  |                   |                        |                    |             |                   |                        |                    |             |           |           |
| <b>Expenditure Ratios</b>  |                   |                        |                    |             |                   |                        |                    |             |           |           |
| Debt service expenditures as a percent of total revenues                           | ✓                 | 3.7%                   |                    | 9.2%        |                   | 13.6%                  |                    | 9.2%        | 0.9%      | 0.9%      |
| Capital outlay expenditures as a percent of total expenditures                     | ✓                 | 28.2%                  |                    | 17.3%       |                   | 10.0%                  |                    | 17.3%       | 36.8%     | 20.1%     |
| <b>General Fund Ratios</b>   |                   |                        |                    |             |                   |                        |                    |             |           |           |
| <b>Financial Position Ratio</b>  |                   |                        |                    |             |                   |                        |                    |             |           |           |
| Unrestricted fund balance as a percent of total expenditures, net of transfers (%) | ✓                 | 77.9%                  |                    | 47.1%       |                   | 35.6%                  |                    | 47.1%       | 112.8%    | 141.8%    |
| <b>Revenue Ratios</b>  |                   |                        |                    |             |                   |                        |                    |             |           |           |
| Operating margin (%)   |                   | 9.4%                   |                    | 1.6%        | ✓                 | -3.5%                  |                    | 1.6%        | -2.4%     | 14.9%     |
| Transfers in as a percent of total revenues and transfers in (%)                   |                   | 0.0%                   | ✓                  | 0.3%        |                   | 4.4%                   |                    | 0.3%        | 0.3%      | 0.3%      |

✓ Represents the City's quartile ranking

# Description Of Ratios

| RATIO   | FORMULA   | INTERPRETATION  |
|---|---|---|
| <b><u>Government-Wide General Ratios</u></b>                        |   |   |
| Change in net position as a percent of net position                 | $\frac{\text{Increase (decrease) in governmental activities' net position}}{\text{Governmental activities' net position beginning of year}}$  | The ratio measures the change in the municipality's financial condition for the year. A positive ratio indicates that the financial condition has improved; a negative ratio indicates a deteriorating financial condition.   |
| Revenue coverage ratio  | $\frac{\text{Governmental activities' current year revenue}^*}{\text{Governmental activities' current year expense}}$ <p>*Current revenue includes both program and general revenue but excludes gains, losses, contributions, special and extraordinary gains or losses and transfers.</p> | The ratio measures interperiod equity - whether current year revenue covers the cost, including depreciation, of providing current year services. A ratio greater than 1.0 indicates positive interperiod equity; current year taxpayers are providing adequately for current year services. When the ratio falls below 1.0, either prior year revenues were used to fund a portion of current year services or future citizens are being burdened with some of the cost for providing services consumed currently. A higher value for the ratio usually is considered favorable. However, an extremely high ratio may indicate that the municipality is not providing services commensurate with the current revenues being generated from its tax base. |
| Accumulated depreciation as a percent of depreciable capital assets | $\frac{\text{Governmental activities' accumulated depreciation, end of year}}{\text{Governmental activities' depreciable capital assets, end of year}}$   | The ratio is a measure of the relative age of depreciable capital assets compared to the assets' economic lives. Lower ratios are considered to be more favorable; the municipality will not face significant replacement cost in the near future.  |

# Description Of Ratios *(Continued)*

| RATIO   | FORMULA  | INTERPRETATION   |
|---|--|--|
| <b><u>Government-Wide Liquidity Ratio</u></b> |  |  |
| Liquidity ratio                               | $\frac{\text{Governmental activities' liquid assets}^*}{\text{Governmental activities' current liabilities}}$ <p>*Cash and short-term investments, excluding any restricted assets</p>   | The ratio measures the municipality's ability to meet current obligations from existing cash and short-term investment balances. A higher ratio is considered favorable, indicating that the municipality will be able to pay current liabilities as they become due.              |
| <b><u>Government-Wide Debt Ratios</u></b>     |  |  |
| Debt to assets leverage ratio                 | $\frac{\text{Government activities' total debt}^*}{\text{Governmental activities' total assets}}$ <p>*Total long-term liabilities, excluding operating liabilities such as accrued compensated absences, claims and judgments payable, and pension obligations. Short-term operating debt is also not included</p> | The ratio is a measure of the degree to which the municipality's total assets have been funded with debt. A lower ratio is considered favorable, indicating that the government does not have significant creditor claims against its assets and has less risk of default on debt. |
| Total debt per capita                         | $\frac{\text{Governmental activities' total debt}^*}{\text{Population}}$ <p>*Total long-term liabilities, excluding operating liabilities such as accrued compensated absences, claims and judgments payable, and pension obligations.</p>   | The ratio is a measure of the debt burden to citizens. A lower ratio is considered favorable, indicating that the citizens are less heavily burdened. The municipality has the ability to issue future debt at a lower cost.   |
| <b><u>Government-Wide Revenue Ratios</u></b>  |  |  |
| Tax revenue per capita                        | $\frac{\text{Governmental activities tax revenue}}{\text{Population}}$   | The ratio is a measure of the tax burden to citizens. A lower ratio is considered favorable, indicating that current citizens are paying less tax. Therefore the municipality has a greater ability to increase taxes to meet future needs.  |

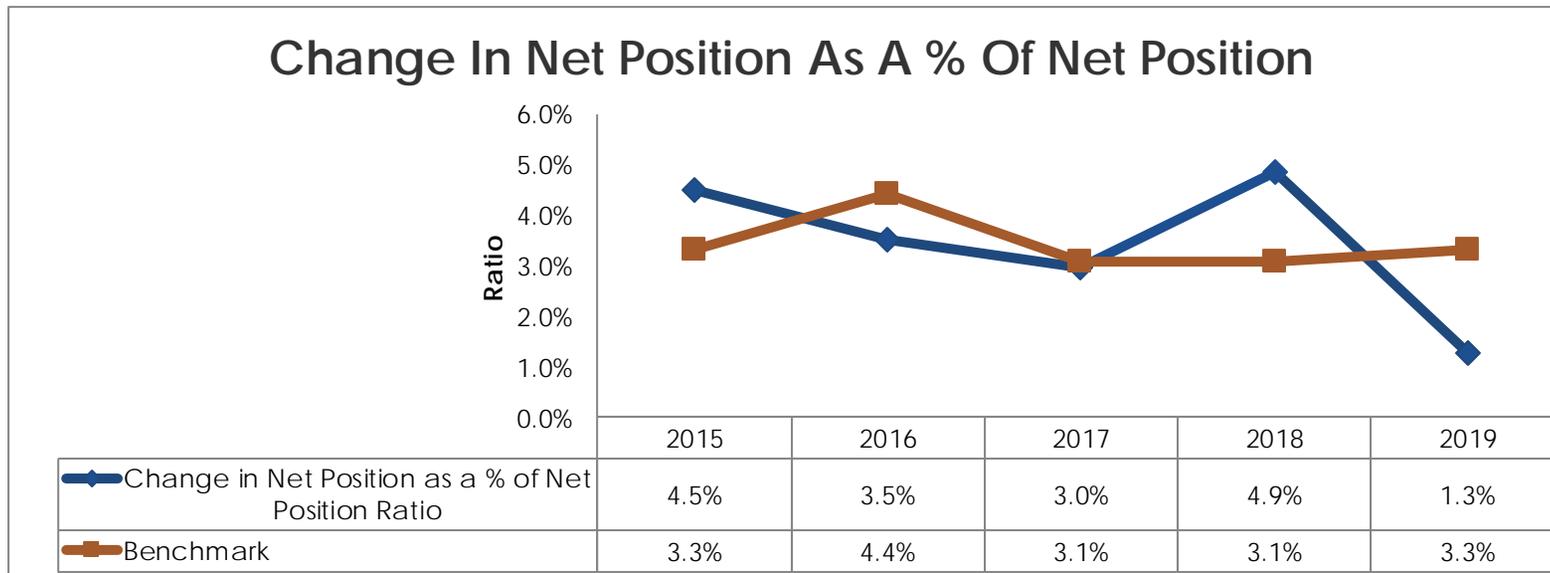
# Description Of Ratios *(Continued)*

| RATIO   | FORMULA   | INTERPRETATION   |
|---|---|--|
| Total grants, contributions and other intergovernmental revenue as a percent of total revenue | $\frac{\text{(Governmental activities' total operating grants and contributions + total capital gains and contributions + other intergovernmental revenue)}}{\text{Governmental activities' total revenue*}}$ <p>*Current revenue includes both program and general revenue but excludes gains, losses, contributions, special and extraordinary gains or losses and transfers.</p> | The ratio measures the municipality's reliance on grants, contributions and other intergovernmental revenue. A lower ratio is considered favorable, indicating that the municipality is less reliant on external sources that are beyond its control.  |
| <b><u>Government-Wide Expense Ratios</u></b>  |   |  |
| Total expense per capita  | $\frac{\text{Government-wide total expense}}{\text{Population}}$  | Expense ratios measure the current-period cost of providing services to citizens, or current-period financing cost. Functional expense categories, including depreciation, measure the cost of using capital assets to provide current-year services. Low ratios are depicted as favorable. However, the amount of expense incurred is not necessarily commensurate with the quality, efficiency or effectiveness of the service provided. |
| Total general government (administration) expense per capita                                  | $\frac{\text{Government-wide general government (administration) expense}}{\text{Population}}$  | See previous comments.   |
| Total public safety expense per capita  | $\frac{\text{Government-wide public safety expense}}{\text{Population}}$  | See previous comments.   |
| Total interest expense per capita   | $\frac{\text{Government-wide interest expense}}{\text{Population}}$   | See comments above. Lower interest expense is considered favorable. The municipality has incurred lower debt and therefore less financial risk.  |

# Description Of Ratios *(Continued)*

| RATIO  | FORMULA   | INTERPRETATION   |
|--|---|--|
| <b>Governmental Fund Ratios</b>  |   |  |
| Total debt service expenditures as a percent of total revenues                 | $\frac{\text{Governmental fund debt service expenditures}}{\text{Governmental fund total revenue}}$   | This ratio measures the amount of current revenue that is devoted to meeting the year's debt service requirements. Significant debt service requirements potentially lower the amount that can be used for providing current services. A low ratio is considered favorable.  |
| Capital outlay expenditures as a percent of total expenditures                 | $\frac{\text{Governmental fund capital outlay expenditures}}{\text{Governmental fund total expenditures}}$  | The ratio measures whether the municipality is adequately providing for capital asset additions and improvements. A high ratio is considered favorable, indicating that the municipality is providing adequately for its capital asset needs.  |
| <b>General Fund Ratios</b>   |   |  |
| Unrestricted fund balance as a percent of total expenditures, net of transfers | $\frac{\text{General Fund unrestricted fund balance}^*}{\text{General Fund total expenditures (net of transfers)}}$ <p>*Includes both assigned and unassigned fund balance.</p> | The ratio shows the relationship between available fund balance and expenditures and more specifically the amount of available fund balance there is to cover future expenditures without reliance on corresponding revenues. It also measures the ability of the general fund to continue operations if its revenue is temporarily interrupted or declines. This is a measure of the general fund operating cushion. Municipalities may set a target for this ratio. The GFOA recommends a minimum of 2 month's reserves or a ratio of around 16.7%. A higher ratio is usually considered favorable. However, an extremely high ratio may indicate that the municipality is not providing the level of services commensurate with its revenue stream. |
| Operating margin   | $\frac{(\text{General fund total revenue} - \text{General fund total expenditures (net of transfers)})}{\text{General Fund total revenue}}$                                     | This ratio indicates the amount contributed to the government's change in fund balances (bottom line) for every \$1 generated in revenue. This ratio is similar to the revenue coverage ratio above but just for the general fund. A positive ratio reflects revenues that are greater than expenditures (net of transfers) and is a measure of sustainability. There are many reasons a government may have a negative ratio meaning more expenditures than revenues so this ratio should be looked at over a period of time. Results should be positive more often than negative over time to reflect fiscal sustainability.   |
| Transfers in as a percent of total revenues and transfers in                   | $\frac{\text{General Fund transfers in}}{\text{General Fund total revenues and transfers in}}$  | The ratio measures the reliance of the General Fund on transfers from other funds. To the extent the transfers are from enterprise funds, the users enterprise services may be subsidizing General Fund operations. A low ratio is considered favorable, indicating that the General Fund is not dependent on transfers.   |

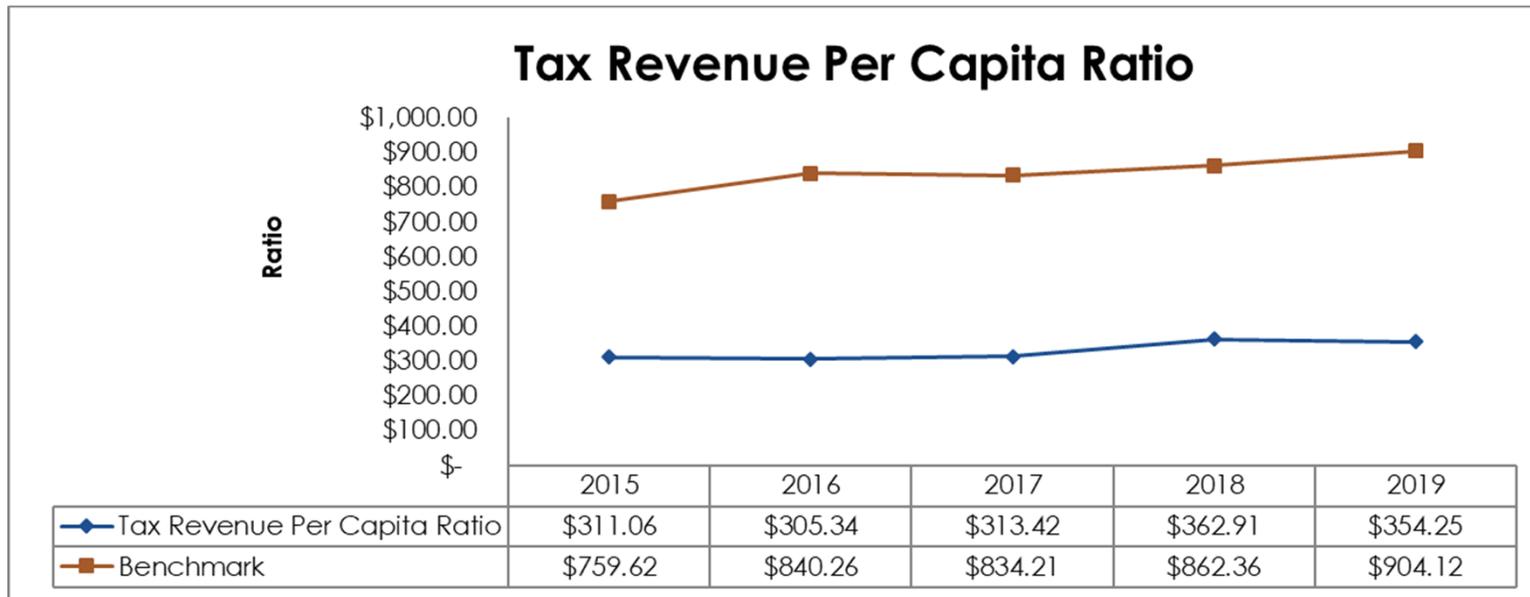
# Financial Health Information



## Ratio Analysis:

- The ratio measures the change in the municipality's financial condition for the year. A positive ratio indicates that the financial condition has improved; a negative ratio indicates a deteriorating financial condition.
- The benchmark represents the yearly median percentage for St. Louis Metropolitan Area Municipalities. Benchmark Data Source: 2019 RubinBrown Public Sector Stats

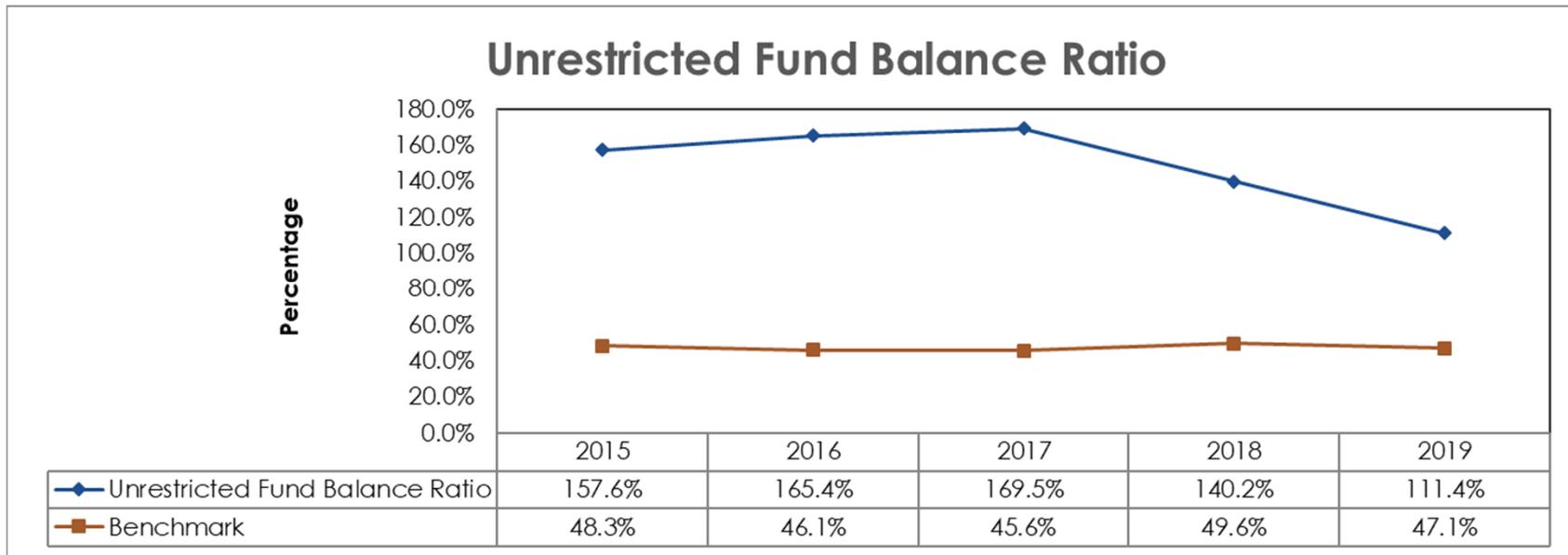
# Financial Health Information *(Continued)*



## Ratio Analysis:

- The ratio is a measure of the tax burden to citizens. A lower ratio is considered favorable indicating that current citizens are paying lower taxes. Therefore the municipality has greater ability to increase taxes to meet future needs.
- The benchmark represents the yearly dollar median for St. Louis Metropolitan Area Municipalities. Benchmark Data Source: 2019 RubinBrown Public Sector Stats

# Financial Health Information *(Continued)*



## Ratio Analysis:

- The ratio shows the relationship between available fund balance and expenditures and more specifically the amount of available fund balance there is to cover future expenditures without reliance on corresponding revenues. It also measures the ability of the general fund to continue operations if its revenue is temporarily interrupted or declines. This is a measure of the general fund operating cushion.
- The benchmark represents the yearly median percentage for St. Louis Metropolitan Area Municipalities. Benchmark Data Source: 2019 RubinBrown Public Sector Stats

# Independent Auditors' Report On Additional Information

City of Wildwood, Missouri

Honorable Mayor, Council Members,  
and Members of Management  
City of Wildwood, Missouri

Our report, dated June 24, 2020 on our audit of the basic financial statements of the City of Wildwood, Missouri (the City) for December 31, 2019 appears in the financial statements of the City. That audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The additional information presented on pages 6 through 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*RubinBrown LLP*

June 24, 2020

# Management Representation Letter



June 24, 2020

RubinBrown LLP  
One North Brentwood Boulevard  
Saint Louis, Missouri 63105

We are providing this letter in connection with your audit of the financial statements of the City of Wildwood, Missouri as of December 31, 2019 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Wildwood, Missouri, and the respective changes in financial position thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles.

We understand we are responsible for management decisions and functions, for designating a qualified employee to oversee any nonattest services you provide, for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

We confirm, to the best of our knowledge and belief 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.
2. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles 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 are reasonable.
6. 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 the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of

this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the city council is contingently liable, if any, have been properly recorded or disclosed.

### **Information Provided**

10. 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. Minutes of the meetings of City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
12. 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.
13. 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 where the fraud could have a material effect on the financial statements.
14. 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.
15. We have disclosed to you all known 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 entity's related parties and all the related party relationships and transactions of which we are aware.
18. We have made available to you all financial records and related data.

### **Government Specific**

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
22. 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 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.

23. 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.
24. As part of your audit, you assisted with preparation of the financial statements and the related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and the related notes.
25. The City 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.
26. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
27. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
28. 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.
29. The financial statements properly classify all funds and activities.
30. 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.
31. Components of net assets (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
32. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
33. Provisions for uncollectible receivables have been properly identified and recorded.
34. 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.
35. 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.
36. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
37. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
38. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
39. We have appropriately disclosed the City'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 assets are available and have determined that net assets were properly recognized under the policy.
40. 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.

41. With respect to the supplementary information.

- a. We acknowledge our responsibility for presenting 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.
- b. 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 auditor's report thereon.

42. With respect to federal award programs:

- a. We are responsible for understanding and complying with and have complied with the requirements the 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 OMB Compliance Supplement including requirements relating to preparation of the schedule of expenditures of federal awards.
- b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of the Uniform Guidance and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

43. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

- a. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- b. We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- c. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

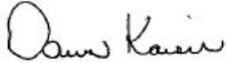
- d. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- e. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- f. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the Single Audit Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.
- g. We have disclosed any communications from grantors 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 auditor's report.
- h. 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 auditor's report.
- i. Amounts claimed or used for matching were determined in accordance with relevant guidance in the Uniform Guidance Section 200.306.
- j. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- k. We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- l. 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.
- m. There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- n. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited
- o. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- p. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- q. We have charged costs to federal awards in accordance with applicable cost principles.
- r. 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 we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

- s. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance
- t. We are responsible for preparing and implementing a corrective action plan for each audit finding.



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Sam Anselm, City Administrator



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Dawn Kaiser, Finance Officer