

Koontz, Blasquez & Associates, P.C.
P.O. Box 605
Albany, Oregon 97321

This representation letter is provided in connection with your audit of the governmental activities, business-type activities, and each major fund of the City of Sodaville as of June 30, 2022 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the City of Sodaville in accordance with accounting principles generally accepted in the United States of America.

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 such that, in light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of signature of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 1, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with accounting principles generally accepted in the United States of America.
2. 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.

6. We have a process to track the status of audit findings and recommendations.
7. We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.
8. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
9. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
10. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America.
11. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed.
12. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
13. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
14. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (FASB Accounting Standards Codification (ASC) 450, *Contingencies*), and we have not consulted a lawyer concerning litigation, claims, or assessments.
15. All funds and activities are properly classified.
16. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
17. All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.

18. Our 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/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
19. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
20. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
21. All interfund and intra-entity transactions and balances have been properly classified and reported.
22. Deposit and investment risks have been properly and fully disclosed.
23. Provisions for uncollectible receivables have been properly identified and recorded.
24. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
25. The possibility exists that the value of specific capital assets or certain identifiable intangibles may be impaired. We have reviewed capital assets, including certain identifiable intangibles for impairment, whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable, and have appropriately recorded the adjustment.
26. We believe that the actuarial assumptions and methods used to measure other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
27. All required supplementary information is measured and presented within the prescribed guidelines.
28. With respect to the required and other supplementary information accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the required and other supplementary information in accordance with accounting principles generally accepted in the United States of America.
 - b. We believe the required and other supplementary information, including form and content, are measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior year.
29. With regard to investments and other instruments reported at fair value:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.

- b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair value are complete, adequate, and in accordance with accounting principles generally accepted in the United States of America.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
30. With respect to the preparation of financial statements, calculation of depreciation, and calculation of other postemployment benefit related amounts performed by you, we have performed the following:
- a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the results of the services performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.
31. We have adequately considered the qualifications of specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records related to other postemployment benefits. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
32. There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.

Information Provided

33. 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 of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
34. All transactions have been recorded in the accounting records and are reflected in the financial statements.

35. 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.
36. We have provided to you our analysis of the City's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans and our ability to achieve those plans.
37. We have no knowledge of any fraud or suspected fraud that affects the City and involves management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements.
38. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, vendors, regulators, or others.
39. We have disclosed to you the identity of all the City's related parties and the nature of all the related party relationships and transactions of which we are aware.
40. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, accounting, internal control, or financial reporting practices.
41. The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
42. We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.
43. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
44. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
45. Except as disclosed to you, there are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.

46. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
47. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Roger Perry, Mayor

Date

City of Sodaville
Summary of Uncorrected Financial Statement Misstatements
June 30, 2022

Description	Assets	Liabilities	Equity	Change in Fund Balance
To remove duplicate and voided transactions from Chase	<u>\$ 2,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,484</u>