

Date Rep Letter Signed, 2022

City Council  
City of Sodaville  
Lebanon, Oregon 97355

We have audited the financial statements of the City of Sodaville as of and for the year ended June 30, 2022, and have issued our report thereon dated Date Rep Letter Signed, 2022. Professional standards require that we advise you of the following matters relating to our audit.

***Our Responsibility in Relation to the Financial Statement Audit***

As communicated in our engagement letter dated July 1, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Sodaville solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting, material weaknesses, material noncompliance, and other matters noted during our audit in a separate letter to you dated Date Rep Letter Signed, 2022.

***Planned Scope and Timing of the Audit***

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

***Compliance with All Ethics Requirements Regarding Independence***

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

## ***Qualitative Aspects of the City's Significant Accounting Practices***

### ***Significant Accounting Policies***

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Sodaville is included in Note I to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### ***Significant Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimates of depreciable lives and salvage values of capital assets, which are based on expected useful lives of the assets and current market conditions. We evaluated the key factors and assumptions used to develop the depreciable lives and salvage values and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### ***Financial Statement Disclosures***

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City of Sodaville's financial statements relate to postemployment benefits.

### ***Significant Difficulties Encountered During the Audit***

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### ***Uncorrected and Corrected Misstatements***

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current period, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements that we identified as a result of our audit procedures are summarized in the attached schedule and were brought to the attention of, and corrected by, management.

### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the City of Sodaville's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### ***Representations Requested from Management***

We have requested certain written representations from management, which are included in the attached letter dated **Date Rep Letter Signed**, 2022.

### ***Management's Consultations with Other Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### ***Other Significant Matters, Findings, or Issues***

In the normal course of our professional association with the City of Sodaville, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

This report is intended solely for the information and use of the city council and management of the City of Sodaville and is not intended to be and should not be used by anyone other than these specified parties.

Debra L. Blasquez, CPA  
Koontz, Blasquez & Associates, P.C.

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

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

**City of Sodaville**  
**Proposed Audit Adjustments to be Recorded by Client**  
**June 30, 2022**

<b>Description</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Equity</b>
To reconcile equity and balance funds:					
General Fund	\$ 66,175	\$ -	\$ -	\$ 123	\$ 135,888
Street Fund	1,638	-	-	197	(7,595)
Water Enterprise Fund	(67,813)	-	-	473	(127,500)
To adjust payroll expense to actual:					
General Fund	-	1,673	-	1,673	-
Street Fund	-	(3,464)	-	(3,464)	-
Water Enterprise Fund	-	259	-	259	-
To adjust accounts receivable and power franchise fees to actual:					
General Fund	3,614	-	3,614	-	-
To reclassify and adjust grant income and other revenue:					
General Fund	(60,000)	-	(60,000)	-	-
Water Enterprise Fund	60,000	-	60,000	-	-
To reclassify machine and equipment asset account:					
Water Enterprise Fund	(41,139)	-	-	41,139	-