

City of Merrill, Wisconsin
MANAGEMENT COMMUNICATIONS

December 31, 2019

City of Merrill, Wisconsin

DECEMBER 31, 2019

Table of Contents

COMMUNICATION TO THE CITY COUNCIL	1
SUMMARY FINANCIAL INFORMATION	
Governmental Fund Balances	4
Water Utility	5
Sewer Utility	7
NEW ACCOUNTING STANDARDS	
Accounting and Reporting for Leases	8
APPENDIX	
Management Representation Letter	



To the City Council
City of Merrill, 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 City of Merrill as of and for the year ended December 31, 2019, and have issued our report thereon dated September 8, 2020. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, 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 City of Merrill are described in Note 1 to the financial statements.

As described in Note 1.B , the City changed accounting policies related to fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84 , *Fiduciary Activities*, in 2019. As a result, the City established a custodial fund for taxes and special charges collected for other governments.

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, except as disclosed in Note 4.F, 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 unbilled water and sewer charges is based upon analysis of billings in the first quarter of 2020. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the unbilled water and sewer charges 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 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 sick leave is based upon analysis of the employees sick leave balance. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

- 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.

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. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

The following material misstatements detected as a result of audit procedures were corrected by management:

- Adjusted deferred inflows/outflows and net pension liability in the Water and Sewer Utility based on WRS provided data
- Adjusted deferred inflows/outflows and other postemployment benefits liability in the Water and Sewer Utility based on WRS provided date
- Recorded depreciation expense in Water and Sewer Utility
- Recorded prior period adjustment for library trust received in prior year

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 September 8, 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.

We have provided a separate letter to you dated September 8, 2020, communicating internal control related matters identified during the audit.

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 combining nonmajor governmental funds statements (collectively, 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 September 8, 2020.

* * *

This communication is intended solely for the information and use of the City Council and management of City of Merrill and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
September 8, 2020

Summary Financial Information

GOVERNMENTAL FUND BALANCES

Presented below is a summary of the City'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>12/31/19</u>	<u>12/31/18</u>
General Fund		
Nonspendable for		
Inventories and prepaid items	\$ 169,094	\$ 158,781
Restricted for		
Capital improvements	311,252	380,014
Committed for		
Nonlapsing reserves	842,619	808,223
Unassigned	1,696,353	1,699,745
Total General Fund Balance	<u>3,019,318</u>	<u>3,046,763</u>
Debt Service Fund		
Restricted for debt service	<u>1,038</u>	<u>53,163</u>
Special Revenue Funds		
Restricted for		
Community development	537,010	516,643
Library	443,521	405,798
Library trust	1,381,055	1,155,292
Remedial action	358,878	384,896
Total Special Revenue Funds	<u>2,720,464</u>	<u>2,462,629</u>
Capital Projects Funds		
Restricted for TID project plan		
TIF No. 3	-	533,870
TIF No. 4	150,500	14,529
TIF No. 5	22,220	7,680
TIF No. 12	115,796	-
Unassigned		
TIF No. 3	(119,599)	-
TIF No. 6	(564,263)	(504,491)
TIF No. 7	(139,629)	(45,237)
TIF No. 8	(599,123)	(476,247)
TIF No. 9	(567,672)	(545,093)
TIF No. 10	(31,517)	(31,387)
TIF No. 11	(162,174)	(154,338)
TIF No. 12	-	(13,031)
Total Capital Projects Funds	<u>(1,895,461)</u>	<u>(1,213,745)</u>
Total Governmental Fund Balances	<u>\$ 3,845,359</u>	<u>\$ 4,348,810</u>

Overall the general fund decreased by \$27,445 with unassigned fund balance of \$1,696,353. The general fund, as reported, incorporates both operating and capital components, as summarized below:

	<u>12/31/19</u>	<u>12/31/18</u>
General Fund		
General operations	\$ 1,851,194	\$ 1,845,600
Nonlapsing reserve	842,619	808,223
School resource officer	-	372
Merrill festival grounds	5,275	5,274
Airport aviation fuel	8,978	7,280
Capital improvements	<u>311,252</u>	<u>380,014</u>
Total	<u>\$ 3,019,318</u>	<u>\$ 3,046,763</u>

The general fund is currently advancing funds to TID capital projects funds with deficit cash positions, providing the financing source for project plan expenditures. If these advances are not anticipated to be repaid within a year, or borrowing reimbursements made portions of general fund balance should be segregated and shown as not available for appropriation, as they are committed to covering cash deficits of these funds.

WATER UTILITY

A comparative summary of the Water Utility's change in net position for the years ended December 31, 2019 and 2020 appears below:

	<u>2019</u>	<u>2018</u>
Operating revenues		
Charges for services	\$ 1,466,772	\$ 1,505,277
Other	125,190	141,234
Total operating revenues	<u>1,591,962</u>	<u>1,646,511</u>
Operating expenses		
Operation and Maintenance	794,222	795,510
Depreciation	449,737	418,284
Taxes	17,591	16,846
Total operating expenses	<u>1,261,550</u>	<u>1,230,640</u>
Operating income	<u>330,412</u>	<u>415,871</u>
Nonoperating revenues (expenses)		
Interest income	10,908	8,913
Interest and fiscal charges	(41,801)	(26,403)
Other income	4,682	16,265
Total nonoperating revenues (expenses)	<u>(26,211)</u>	<u>(1,225)</u>
Income before contributions and transfers	304,201	414,646
Capital contributions	31,588	142,689
Transfer in	33,628	
Transfers out - payment in lieu of taxes	<u>(370,793)</u>	<u>(374,442)</u>
Change in net position	<u>\$ (1,376)</u>	<u>\$ 182,893</u>

The City's water utility reported an operating income of \$330,412 compared to \$415,871 for the prior year. To further evaluate the operating activities, we have calculated the water utility's rate of return below.

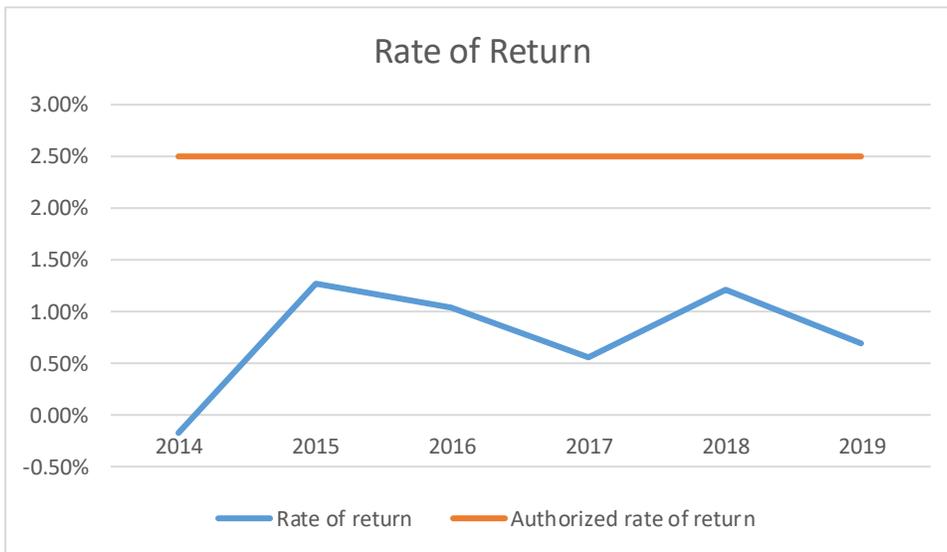
Rate of Return: The Public Service Commission of Wisconsin (PSC) determines rates charged to customers of the water utility by calculating rate of return on the water utility's average net rate base. Presented below is the calculation of the rates of return for 2019 and 2018 for the water utility based on the format used by the PSC: The PSC operating income differs from the above operating income by the following items:

- ▶ The PSC considers the property tax equivalent to be an expense in the year accrued while the property tax equivalent is considered an expense for financial reporting purposes in the year transferred to the City.
- ▶ The PSC no longer allows the water utility to recover depreciation on contributed plant from current rates; therefore, this depreciation expense is removed from PSC operating income.

	2019	2018
Rate of Return	0.69%	1.21%

Rate of Return

An analysis of rate of return for the last five years follows:



Summary Comment: The rate of return generated was lower than the authorized rate of return (2.50%). The water utility reported a cash and investment balance at December 31, 2019 of \$761,177, compared to a balance of \$804,817 at December 31, 2018. The water utility generated cash flows from operations of \$891,636 in 2019 compared to \$849,875 in 2018 and a negative net cash inflow from all activities of \$43,640 in 2019 compared to a positive \$304 in 2018.

SEWER UTILITY

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

	<u>2019</u>	<u>2018</u>
Operating revenues		
Charges for services	\$ 1,495,758	\$ 1,495,239
Other	159,404	138,376
Total operating revenues	<u>1,655,162</u>	<u>1,633,615</u>
Operating expenses		
Operation and maintenance	983,494	1,100,279
Depreciation	409,810	392,036
Taxes	45,691	42,401
Total operating expenses	<u>1,438,995</u>	<u>1,534,716</u>
Operating income	<u>216,167</u>	<u>98,899</u>
Nonoperating revenues (expenses)		
Interest income	24,871	14,090
Interest expense	(7,027)	(10,836)
Other income	1,206	4,444
Total nonoperating revenues (expenses)	<u>19,050</u>	<u>7,698</u>
Income before contributions	235,217	106,597
Capital contributions	-	107,673
Transfer out	<u>(33,628)</u>	<u>-</u>
Change in net position	<u>\$ 201,589</u>	<u>\$ 214,270</u>

Because the sewer utility is not regulated by the PSC and treatment plants are typically capital intensive with depreciation expense being a significant component of operating expenses, it is important to consider cash flows when evaluating the sewer utility operating results. For the year ended December 31, 2019, the cash generated by operating activities totaled \$611,780 compared to \$495,529 for 2018. As of December 31, 2019, the sewer utility had cash from operations of \$0, a decrease of \$62,022 from the prior year, and restricted cash and investment balance of \$1,294,223.

As of December 31, 2019, the future debt services are as follows:

Year Ended	General		
December 31	Obligation	Interest	Total
2020	\$ 38,744	\$ 2,920	\$ 41,664
2021	10,000	3,075	13,075
2022	10,000	2,925	12,925
2023	10,000	2,775	12,775
2024	10,000	2,625	12,625
2025-2029	50,000	10,875	60,875
2030-2034	55,000	7,013	62,013
2035-2039	75,000	1,487	76,487
	<u>\$ 258,744</u>	<u>\$ 33,695</u>	<u>\$ 292,439</u>

New Accounting Standard

ACCOUNTING AND REPORTING FOR LEASES

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases* which establishes a single model for lease accounting and revises reporting requirements.

Lease accounting is required when a government contracts to use another entity's equipment, building, or other nonfinancial assets for a specific period of time. Under the new guidance, a lease asset and a lease liability are recorded in the government-wide and proprietary financial statements for this contract. The lease liability is calculated by including the following: fixed payments, variable payments, interest rate, purchase options, residual value guarantees, and termination or extension options. The lease liability is discounted and is amortized over the lease term. The lease asset is calculated by starting with the lease liability amount and adjusting for incentives and other costs and is amortized over the shorter of the lease term or the useful life of the underlying asset. The lease asset is reported in the financial statements as an intangible right to use asset, rather than a capital asset under current guidance. Footnote disclosures including lease assets by asset class and related accumulated amortization and future minimum payments among other details are required under the new Statement.

When the government is leasing one of its assets to another entity, a lease receivable and deferred inflow of resources related to the lease receivable is recorded. The lease receivable is calculated similar to the lease asset described above. The lease receivable is discounted and is amortized over the lease term. The deferred inflow of resources is calculated by starting with the lease receivable and adjusting for incentives and other payments. The deferred inflow would be recognized as an inflow of resources in a systematic and rational manner over the lease term.

Some contracts include a nonlease component such as maintenance services. The government will need to allocate the contract cost between the lease component and the nonlease component, unless it is not practicable to do so. If it is not practicable, the entire contract should be treated as a lease.

This new standard is effective for fiscal years beginning after June 15, 2021. Early adoption is encouraged by GASB. We recommend the City review the new standard, gather all lease contracts, and identify the terms and conditions of each contract, noting the lease term, all payments, and options in order to properly determine the value of each lease. The City should also review contracts that have both lease and nonlease components to determine if a price allocation is practicable.

APPENDIX



City of Merrill

Kathy Unertl, Finance Director

1004 East 1st Street • Merrill, Wisconsin • 54452
Phone: 715.536.5594 • Fax: 715.539.2668
e-mail: Kathy.Unertl@ci.merrill.wi.us

September 8, 2020

CliftonLarsonAllen LLP
2200 Riverside Drive
P.O. Box 23819
Green Bay, WI 54305-3819

This representation letter is provided in connection with your audit of the financial statements of City of Merrill, 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 September 8, 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 January 3, 2020, 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. 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.

6. 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..
7. 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.

We have not identified or been notified of any uncorrected financial statement misstatements.
8. 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 U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
9. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
10. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.
11. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the entity's name" during the period significantly exceeded the amounts in those categories as of the financial statement date was properly disclosed in the financial statements.
12. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
13. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
14. 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.
15. We are unable to determine the possibility of a withdrawal liability in a multiple-employer benefit plan.
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.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
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, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or abuse whose effects should be considered when preparing financial statements.
7. 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 U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
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 have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to City of Merrill, 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.

15. 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.
16. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
17. We are responsible for determining whether we have received, expended, or otherwise been the beneficiary of any federal awards during the period of this audit. No federal award, received directly from federal agencies or indirectly as a subrecipient, was expended in an amount that cumulatively totals from all sources \$750,000 or more. For this representation, "award" means financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, user grants, or contracts used to buy goods or services from vendors.
18. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
19. 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.
20. The financial statements properly classify all funds and activities.
21. 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.
22. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
23. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
24. Provisions for uncollectible receivables have been properly identified and recorded.
25. 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.
26. 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.
27. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
28. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
29. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

30. 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.
31. 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.
32. As part of your audit, you prepared the draft financial statements and related notes. 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. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.
33. We have evaluated the adequacy and results of the depreciation services performed and accept responsibility for the results. We acknowledge our responsibility for our depreciation schedules and have determined the methods and rates of depreciation and the salvage values used in the calculations. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your depreciation services; have made all significant management judgments and decisions; and have assumed all management responsibilities. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.

Signature: Katherine Hreeth Title: Finance Director

Signature: Paul Johnson Title: City Administrator