

**City of Sodaville**

**Special Session Agenda**

**June 23, 2022**

**7:00 PM – City Hall**

**Call to Order**

**Pledge of Allegiance**

**Roll Call**

**Visitors**

**New Business**

- 2020-2021 Audit

**Adjourn**

**PUBLIC COMMENT** There are two times at every regular City Council meeting when the public has an opportunity to address the City Council. The first time is reserved for questions or statements regarding items appearing on the agenda, except public hearings and the merits of land use issues. The second time is at the end of the agenda. At this time, you can address the City Council on any matter of public concern, other than an agenda item. The Mayor will announce the time for public comment, and invite persons to address the City Council. Each person has three minutes to address the City Council. ***PUBLIC COMMENT is not accepted during the meeting other than at those times.***

Individuals needing special accommodations such as sign language, foreign language interpreters or equipment for the hearing impaired must request such services at least 48 hours prior to the City Council meeting by calling 541-258-8882.

*“The City of Sodaville is an equal opportunity provider and employer.”*

## 2020-2021 Audit

### Staff Summary

The City Council must approve three letters drafted by the City's auditors:

- 20-21 Journal Entry Approval Form
- 20-21 Legal Letter
- 20-21 Representation Letter.

The City Council received a presentation of the draft audit presented by Koontz, Blasquez, & Associates, P.C. at the June 16, 2022 meeting. A timeline of the audit process is provided by the auditors below.

**Suggested Motion:** *I move to approve the 2020-2021 audit and letters.*

The timeline is as follows:

1. City Council approves draft (if desired), documents are signed.
2. We receive signed documents (Journal Entry approve, Management Rep letter, No Legal Counsel) by June 27<sup>th</sup>.
3. We produce the final copy. This includes an electronic copy of the financial statement and letters along with bound copies (generally 7 unless you request a different number).
4. We submitted a copy to the state along with all the necessary forms by June 30<sup>th</sup>.
5. You will need to submit the Secretary of State payment (\$150 – we will provide with instructions on how this is done).
6. We will provide you with a plan of action draft. You will need to update your response. The Plan of Action was a new Oregon regulations from 4-5 years ago. It requires each organization to address how they will respond to each material or significant control concern. The plan of action must be approved by the City Council and submitted to the Secretary of State within 30 days of the financial statements being released.
7. City Council received copy of financials and letters, approves audit (if desired – general either draft or final approved by Council, not both, but up to you), approves Plan of Action.
8. Plan of Action submitted to Secretary of State (copy provide to auditor)

## Journal Entry Approval Form

**Client:** City of Sodaville

**Date of Financial Statements:** June 30, 2021

We approve all the journal entries proposed in the attached schedule for our financial statements referred to above.

\_\_\_\_\_  
Roger Perry, Mayor

\_\_\_\_\_  
Date



Client: **M000245 - City of Sodaville**  
 Period Ending: **6/30/2021**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries</b>			
<b>To correct prior year adjusting journal entries posted to incorrect accounts by client</b>			
		6,314.00	
100-3000	Unrestricted General Fund	81,490.00	
500-3000	Water Fund-Beg. Fund Balance		81,490.00
100-3000	Unrestricted General Fund		6,314.00
200-1050	Cash Due To/From General Fund		
<b>Total</b>		<b>87,804.00</b>	<b>87,804.00</b>
<b>To reconcile equity</b>			
		6,365.00	
100-1050	Cash Due to/From Street Fund	22,619.00	
100-1090	Cash Due To/From Water Fund	3.00	
100-3000	Unrestricted General Fund	6,365.00	
200-3000	Street Fund -Unrestricted Fund	551.00	
200-3200	Retained Earnings	22,619.00	
500-3000	Water Fund-Beg. Fund Balance		28,984.00
100-3000	Unrestricted General Fund		3.00
100-5801	Unaccounted Expense		6,365.00
200-1050	Cash Due To/From General Fund		551.00
200-5900	Transfers Out		22,619.00
500-1090	Cash Due To/From General Fund		
<b>Total</b>		<b>58,522.00</b>	<b>58,522.00</b>
<b>To balance funds</b>			
		1,838.00	
100-1050	Cash Due to/From Street Fund	11,606.00	
500-1090	Cash Due To/From General Fund		11,606.00
100-1090	Cash Due To/From Water Fund		1,838.00
200-1050	Cash Due To/From General Fund		
<b>Total</b>		<b>13,444.00</b>	<b>13,444.00</b>
<b>To adjust payroll liability and expenses to actual</b>			
		1,612.00	
100-1001	Chase	127.00	
100-2100	Payroll Liabilities	403.00	
200-1050	Cash Due To/From General Fund	8,154.00	
200-2100	Payroll Liabilities	967.00	
500-1090	Cash Due To/From General Fund	491.00	
500-2100	Payroll Liabilities		403.00
100-1050	Cash Due to/From Street Fund		967.00
100-1090	Cash Due To/From Water Fund		127.00
100-5503	City Administrator		242.00
100-5504	Payroll Taxes & SAIF		8,154.00
200-5503	City Administrator		403.00
200-5504	Payroll Taxes & SAIF		491.00
500-5501	Utility Admin		967.00
500-5504	Payroll Taxes & SAIF		
<b>Total</b>		<b>11,754.00</b>	<b>11,754.00</b>
<b>Total Adjusting Journal Entries</b>		<b>171,524.00</b>	<b>171,524.00</b>

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

This letter is to inform you that the City of Sodaville has not consulted a lawyer regarding litigation, claims, or assessments for the year ended June 30, 2021. In addition, the City is not aware of any pending or threatened litigation, claims, or assessments or any 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*.

Sincerely,

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Roger Perry, Mayor

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Date



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, 2021 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to 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 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 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 June 15, 2021, 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 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.
8. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
9. 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.
10. 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.
11. 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.
12. 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.
13. All funds and activities are properly classified.
14. 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.
15. All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
16. 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.
17. 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.

18. 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.
19. All interfund and intra-entity transactions and balances have been properly classified and reported.
20. Deposit and investment risks have been properly and fully disclosed.
21. Provisions for uncollectible receivables have been properly identified and recorded.
22. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
23. 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.
24. 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.
25. All required supplementary information is measured and presented within the prescribed guidelines.
26. 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.
27. 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.

28. 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.

### **Information Provided**

29. 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.
30. All transactions have been recorded in the accounting records and are reflected in the financial statements.
31. 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.
32. 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.
33. 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.
34. 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.
35. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.
36. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, accounting, internal control, or financial reporting practices.

