CITY OF CENTRALIA, MISSOURI SUMMARY AUDIT REPORT MARCH 31, 2019

2005 West Broadway, Suite 100, Columbia, MO 65203 OFFICE (573) 442-6171 FAX (573) 777-7800 3220 West Edgewood, Suite E, Jefferson City, MO 65109 OFFICE (573) 635-6196 FAX (573) 644-7240 www.williamskeepers.com

November 15, 2019

To the Honorable Mayor and Board of Aldermen of the City of Centralia, Missouri

We appreciate the opportunity to assist the Honorable Mayor and the Board of Aldermen of the City of Centralia (the City) in its governance and oversight function by providing annual audit services. Our audit reports for the year ended March 31, 2019, have been provided to management and include the following:

Financial Statements

This document contains the City's financial statements for the fiscal year ended March 31, 2019, along with our report on those statements. Highlights are as follows:

- We issued an "unmodified" or "clean" opinion on the financial statements. In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of March 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles (GAAP).
- Management is responsible for the preparation and fair presentation of the financial statements, including the design and implementation of internal control. We prepared the financial statements, which were reviewed and approved by management.
- We used our judgment in determining how to audit the City. That judgment was based on our risk assessment performed on the City's balances, transactions, processes, and controls. We focused our attention on areas where the financial statements might potentially be misstated.
- We evaluated the appropriateness of accounting policies, the reasonableness of significant accounting estimates, and the overall financial statement presentation.
- The financial statements include 2 different sets of financial statements:
 - O Government-wide financial statements, which are full accrual and include all funds as well as capital assets and long-term debt and other liabilities, and
 - o Fund financial statements, which are separated into governmental funds (revenue from taxes and other general sources and use modified accrual) and proprietary funds (revenue from user charges and full accrual).

• The following summarizes the highlights from the financial statements as of and for the years ended March 31, 2019 and 2018.

	Governmental Activities					Business-type Activities				Total				
		2018	2019		2018		2019		2018		2019			
Current and other assets Capital assets	\$	3,540,718 9,206,126	\$	3,562,556 9,644,347	\$	3,520,694 5,143,441	\$	3,555,861 6,175,994	\$	7,061,412 14,349,567	\$	7,118,417 15,820,341		
Total assets		12,746,844		13,206,903		8,664,135		9,731,855		21,410,979		22,938,758		
Deferred outflows of resources		218,298		120,052		64,189		35,326		282,487		155,378		
Current liabilities Long-term liabilities		125,909 2,239,540		197,727 2,704,272		288,976 946,642		322,117 1,580,516		414,885 3,186,182		519,844 4,284,788		
Total liabilities		2,365,449		2,901,999		1,235,618		1,902,633		3,601,067		4,804,632		
Deferred inflows of resources		86,991		160,044		25,572		47,034		112,563		207,078		
Net position Net investment in capital assets Restricted Unrestricted		7,031,173 2,318,329 1,163,200		7,007,394 2,348,360 909,158		4,319,222 218,171 2,929,741		4,714,776 217,100 2,885,638		11,350,395 2,536,500 4,092,941		11,722,170 2,565,460 3,794,796		
Total net position	\$	10,512,702	\$	10,264,912	\$	7,467,134	\$	7,817,514	\$	17,979,836	\$	18,082,426		

- o Current and other assets were stable.
- O Capital assets increased by approximately \$1.5M, due to additions totaling approximately \$2.4M, offset by depreciation expense totaling approximately \$944K.
- O Deferred outflows of resources are related to the City's participation in LAGERS and will be recognized as pension expense in the future. The decrease of approximately \$127K is related to differences between expected and actual experience, changes in assumptions, and contributions made subsequent to the measurement date.
- O Total liabilities increased by approximately \$1.2M, due to new bonds and leases payable.
- O Deferred inflows of resources are also related to the City's participation in LAGERS and will reduce pension expense in the future. The increase of approximately \$95K is related to differences between expected and actual experience and differences between projected and actual earnings on investments.

Revenues: 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019 2018 2019			Governmental Activities				Business-ty	ctivities	Total				
Program revenues: S 88,8,392 S 860,585 S 4,918,436 S 5,132,909 S 7,726 130,746 Capital grants 79,726 80,837 2,861 8,374 172,183 171,149 General revenues: Property taxes 558,086 557,545 - - 558,086 557,545 Sales taxes 889,892 858,086 - - 558,086 557,545 Gross receipts 495,131 446,364 - - 495,131 446,364 Surcharge 130,066 121,415 - - 130,066 121,415 Gas and motor fuel tax 109,141 104,615 - - 109,141 104,615 County payments 64,408 66,121 - - 64,208 66,121 County payments 64,408 66,121 - - 64,408 66,121 Contributed capital 350,337 345,956 - - 64,408 66,121	Revenues:										2018		2019
Charges for services \$ 838,392 \$ 860,585 \$ 4,918,436 \$ 5,132,099 \$ 5,756,828 \$ 5,993,494 Capital grants 19,222 8,775 2,861 8,374 172,183 171,49 General revenues: Property taxes 558,086 557,545 - - 558,086 557,545 Sales taxes 889,892 885,086 - - 495,131 446,364 Gross receipts 495,131 446,364 - - 495,131 446,364 Surcharge 130,066 121,415 - - 109,141 104,516 Gas and motor fuel tax 109,141 104,615 - - 109,141 104,615 Miscellaneous 144,178 52,476 16,949 75,241 161,127 127,717 County payments 64,408 66,121 - - 440,80 66,121 County bayments 64,408 66,121 - - 44,949 75,241 161,227 Increst income <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th>_</th> <th></th> <th></th> <th></th> <th></th> <th></th>								_					
Capital grants 79,726 80,837 - 49,909 79,726 130,746 Operating grants 169,322 8,775 2,861 8,374 172,183 17,149 General revenues: 557,545 - - 558,086 557,545 Sales taxes 889,892 858,086 - - 889,892 858,086 Gross receipts 495,131 446,364 - - 130,066 121,415 Gas and motor fuel tax 109,141 104,615 - - 109,141 104,615 Miscellaneous 144,178 52,476 16,949 75,241 161,127 127,717 County payments 64,408 66,121 - - 40,408 66,121 Contributed capital 350,337 345,956 - - 350,337 345,956 Gain on sale of capital assets Interest income 27,863 47,096 23,910 41,549 51,773 88,645 Net transf		\$	838,392	\$	860,585	\$	4,918,436	\$	5,132,909	\$	5,756,828	\$	5,993,494
Operating grants 169,322 8,775 2,861 8,374 172,183 17,149 General revenues: 870perty taxes 558,086 557,545 - - 558,086 557,545 Sales taxes 889,892 858,086 - - 489,131 446,364 - - 489,131 446,364 - - 130,066 121,415 - - 130,066 121,415 - - 109,141 104,615 - - 109,141 104,615 - - 109,141 104,615 - - 109,141 104,615 - - 109,141 104,615 - - 109,141 104,615 - - 109,141 104,615 - - 109,141 104,615 - - 109,141 104,615 - - 64,408 66,121 - - 64,408 66,121 - - 60,408 66,121 - - - - - - -			79,726		80,837		- · · · · -		49,909		79,726		130,746
Property taxes S58,086 S57,545 S68,086 S57,545 S68,086 S57,545 S68,086 S67,086 S67,086 S67,086 S68,086 S67,086 S67,086 S68,086 S67,086			169,322		8,775		2,861		8,374		172,183		17,149
Sales taxes 889,892 858,086 889,892 858,086 Gross receipts 495,131 446,364 - 495,131 446,364 Surcharge 130,066 121,415 - - 130,066 121,415 Gas and motor fuel tax 109,141 104,615 - 109,141 104,615 Miscellaneous 144,178 52,476 16,949 75,241 161,127 127,717 County payments 64,408 66,121 - - 64,408 66,121 Contributed capital 350,337 345,956 - - 64,408 66,121 Contributed capital assets -<			,										
Sales taxes 889,892 888,086 - - 889,892 858,086 Gross receipts 495,131 446,364 - - 495,131 446,364 Surcharge 130,066 121,415 - - 130,066 121,415 Gas and motor fuel tax 109,141 104,615 - - 109,141 104,615 Miscellaneous 144,178 52,476 16,949 75,241 161,127 127,717 County payments 64,408 66,121 - - 64,408 66,121 Contributed capital 350,337 345,956 - 350,337 345,956 Gain on sale of capital assets -	Property taxes		558,086		557,545		-		_		558,086		557,545
Gross receipts 495,131 446,364 - - 495,131 446,364 Surcharge 130,066 121,415 - - 130,066 121,415 Gas and motor fuel tax 109,141 104,615 - - 109,141 104,615 Miscellaneous 144,178 52,476 16,949 75,241 161,127 127,717 Country payments 64,408 66,121 - - 64,408 66,121 Contributed capital 350,337 345,956 - - 64,408 66,121 Contributed capital assets - <	, ,		889,892		858,086		-		_		889,892		858,086
Surcharge 130,066 121,415 - - 130,066 121,415 Gas and motor fuel tax 109,141 104,615 - - 109,141 104,615 Miscellaneous 144,178 52,476 16,949 75,241 161,127 127,717 County payments 64,408 66,121 - - 64,408 66,121 County bayments 64,408 66,121 - - 64,408 66,121 County bayments 64,408 66,121 - - 64,408 66,121 Contributed capital 350,337 345,956 -<			495,131		446,364		-		_		495,131		446,364
Gas and motor fuel tax Miscellaneous 109,141 104,615 16,949 75,241 161,127 127,717 109,141 127,717 104,615 12,717 109,141 127,717 104,615 12,717 109,141 127,717 127,717 109,141 127,717 127,717 101,127 127,717 127,717 101,127 127,717 127,717 101,127 127,717 101,127 127,717 101,127 127,717 101,127 127,717 101,127 127,717 101,127 127,717 101,127 127,717 101,127 127,717 101,127 127,717 101,127 127,717 64,408 66,121 127 66,121 127 101,127 127,717 350,337 345,956 35,956 350,337 345,956 35,956 350,337 345,956 35,956 350,337 345,956 35,956 350,337 345,956 35,956 350,337 345,956 35,956 35,957 350,337 345,956 35,957 350,337 345,956 35,957 350,337 345,956 35,957 350,337 345,956 35,957 351,77,105 35,937 317,358 35,956 35,957 351,77,105 35,957 38,8649 35,758,353 350,337 345,956 35,957 350,337 345,956 35,957 350,377,105 35,957 350,206 35,957 350,206 35,957 350,206 35,957 350,206 35,957 350,206 35,957 350,206 35,957 350,206 35,957 350,2	•		130,066		121,415		-		-		130,066		121,415
Miscellaneous 144,178 52,476 16,949 75,241 161,127 127,717 County payments 64,408 66,121 - - 64,408 66,121 Contributed capital 350,337 345,956 - 350,337 345,956 Gain on sale of capital assets Interest income 27,863 47,096 23,910 41,549 51,773 88,645 Net transfers in (out) 139,575 230,877 (139,575) (230,877) - - Total revenues 3,996,117 3,780,748 4,822,581 5,077,105 8,818,698 8,857,853 Expenses: Separate 508,206 880,704 - - 508,206 880,704 Public safety 1,153,378 1,104,758 - - 502,206 880,704 Public works 602,156 973,203 - - 602,156 973,203 Community planning and economic development 42,102 22,887 - - 42,102 22,887 Culture and recreatio							_		-		109,141		104,615
County payments 64,408 66,121 - 64,408 66,121 Contributed capital 350,337 345,956 350,337 345,956 Gain on sale of capital assets Interest income 27,863 47,096 23,910 41,549 51,773 88,645 Net transfers in (out) 139,575 230,877 (139,575) (230,877) - - - Total revenues 3,996,117 3,780,748 4,822,581 5,077,105 8,818,698 8,857,853 Expenses: 6eneral government 508,206 880,704 - - 508,206 880,704 Public safety 1,153,378 1,104,758 - - 508,206 880,704 Public works 602,156 973,203 - - 602,156 973,203 Community planning and economic development 42,102 22,887 - 42,102 22,887 Culture and recreation 750,296 908,085 - - 750,296 908,085 Interest expense 84,603			,		•		16,949		75,241		161,127		127,717
Contributed capital Gain on sale of capital assets Interest income 350,337 345,956 350,337 345,956 Gain on sale of capital assets Interest income 27,863 47,096 23,910 41,549 51,773 88,645 Net transfers in (out) 139,575 230,877 (139,575) (230,877) - - - Total revenues 3,996,117 3,780,748 4,822,581 5,077,105 8,818,698 8,857,853 Expenses: General government 508,206 880,704 - - 508,206 880,704 Public safety 1,153,378 1,104,758 - - 1,153,378 1,104,758 Public works 602,156 973,203 - - 602,156 973,203 Community planning and economic development 42,102 22,887 - 42,102 22,887 Culture and recreation 750,296 908,085 - - 43,984 36,736 Cemetery 43,984 36,736 - 43,984 36,736 Incress expense					66,121				-		64,408		66,121
Gain on sale of capital assets Interest income 27,863 47,096 23,910 41,549 51,773 88,645 Net transfers in (out) 139,575 230,877 (139,575) (230,877) - - - Total revenues 3,996,117 3,780,748 4,822,581 5,077,105 8,818,698 8,857,853 Expenses: 80,704 - - - 508,206 880,704 Public safety 1,153,378 1,104,758 - - 1,153,378 1,104,758 Public works 602,156 973,203 - - 602,156 973,203 Community planning and economic development 42,102 22,887 - - 42,102 22,887 Culture and recreation 750,296 908,085 - - 750,296 908,085 Cemetery 43,984 36,736 - - 43,984 36,736 Interest expense 84,603 102,165 - - 8,603 102,165 Electric <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>350,337</td><td></td><td>345,956</td></td<>											350,337		345,956
Interest income 27,863 47,096 23,910 41,549 51,773 88,645 Net transfers in (out) 139,575 230,877 (139,575) (230,877)			, <u>-</u>				-		-		-		-
Net transfers in (out) 139,575 230,877 (139,575) (230,877) — — Total revenues 3,996,117 3,780,748 4,822,581 5,077,105 8,818,698 8,857,853 Expenses: General government 508,206 880,704 — — 508,206 880,704 Public safety 1,153,378 1,104,758 — — 1,153,378 1,104,758 Public works 602,156 973,203 — — 602,156 973,203 Community planning and economic development 42,102 22,887 — — 42,102 22,887 Culture and recreation 750,296 908,085 — — 750,296 908,085 Cemetery 43,984 36,736 — — 43,984 36,736 Interest expense 84,603 102,165 — — 84,603 102,165 Electric — — 3,068,142 3,177,588 3,068,142 3,177,588 Water —			27,863		47.096		23,910		41,549		51,773		88,645
Expenses: General government Sor, 206 Sor, 206 Public safety Public safety Public works Sor, 206 Sor, 207 Community planning and economic development Culture and recreation Cemetery Sor, 207 Sor, 208 S							(139,575)		(230,877)				
General government 508,206 880,704 - 508,206 880,704 Public safety 1,153,378 1,104,758 - - 1,153,378 1,104,758 Public works 602,156 973,203 - - 602,156 973,203 Community planning and economic development 42,102 22,887 - - 42,102 22,887 Culture and recreation 750,296 908,085 - - 750,296 908,085 Cemetery 43,984 36,736 - - 43,984 36,736 Interest expense 84,603 102,165 - - 84,603 102,165 Electric - - 3,068,142 3,177,588 3,068,142 3,177,588 Water - - 652,008 590,868 652,008 590,868 Wastewater - - 342,011 438,085 342,011 438,085 Sanitation - - 516,513 422,629 516,513	Total revenues		3,996,117		3,780,748		4,822,581	_	5,077,105		8,818,698		8,857,853
General government 508,206 880,704 - 508,206 880,704 Public safety 1,153,378 1,104,758 - - 1,153,378 1,104,758 Public works 602,156 973,203 - - 602,156 973,203 Community planning and economic development 42,102 22,887 - - 42,102 22,887 Culture and recreation 750,296 908,085 - - 750,296 908,085 Cemetery 43,984 36,736 - - 43,984 36,736 Interest expense 84,603 102,165 - - 84,603 102,165 Electric - - 3,068,142 3,177,588 3,068,142 3,177,588 Water - - 652,008 590,868 652,008 590,868 Wastewater - - 342,011 438,085 342,011 438,085 Sanitation - - 516,513 422,629 516,513	Evnenses:												
Public safety 1,153,378 1,104,758 - - 1,153,378 1,104,758 Public works 602,156 973,203 - - 602,156 973,203 Community planning and economic development 42,102 22,887 - - 42,102 22,887 Culture and recreation 750,296 908,085 - - 750,296 908,085 Cemetery 43,984 36,736 - - 43,984 36,736 Interest expense 84,603 102,165 - - 44,984 36,736 Heterst expense 84,603 102,165 - - 48,603 102,165 Electric - - - 3,068,142 3,177,588 3,068,142 3,177,588 Water - - - 652,008 590,868 652,008 590,868 Wastewater - - - 342,011 438,085 342,011 438,085 Sanitation - -	•		508.206		880,704		_		-		508,206		880,704
Public works 602,156 973,203 - - 602,156 973,203 Community planning and economic development 42,102 22,887 - - 42,102 22,887 Culture and recreation 750,296 908,085 - - 750,296 908,085 Cemetery 43,984 36,736 - - 43,984 36,736 Interest expense 84,603 102,165 - - 84,603 102,165 Electric - - - 3,068,142 3,177,588 3,068,142 3,177,588 Water - - - 652,008 590,868 652,008 590,868 Wastewater - - - 342,011 438,085 342,011 438,085 Sanitation - - - 516,513 422,629 516,513 422,629 Total expenses 3,184,725 4,028,538 4,578,674 4,629,170 7,763,399 8,657,708 Increase in net position, b							_		-		1,153,378		1,104,758
Community planning and economic development 42,102 22,887 - - 42,102 22,887 Culture and recreation 750,296 908,085 - - 750,296 908,085 Cemetery 43,984 36,736 - - 43,984 36,736 Interest expense 84,603 102,165 - - 84,603 102,165 Electric - - - 3,068,142 3,177,588 3,068,142 3,177,588 Water - - - 652,008 590,868 652,008 590,868 Wastewater - - - 342,011 438,085 342,011 438,085 Sanitation - - - 516,513 422,629 516,513 422,629 Total expenses 3,184,725 4,028,538 4,578,674 4,629,170 7,763,399 8,657,708 Increase in net position 811,392 (247,790) 243,907 447,935 1,055,299 200,145 <td< td=""><td></td><td></td><td>, ,</td><td></td><td></td><td></td><td>_</td><td></td><td>-</td><td></td><td>602,156</td><td></td><td>973,203</td></td<>			, ,				_		-		602,156		973,203
economic development 42,102 22,887 - - 42,102 22,887 Culture and recreation 750,296 908,085 - - 750,296 908,085 Cemetery 43,984 36,736 - - 43,984 36,736 Interest expense 84,603 102,165 - - 84,603 102,165 Electric - - 3,068,142 3,177,588 3,068,142 3,177,588 Water - - 652,008 590,868 652,008 590,868 Wastewater - - - 342,011 438,085 342,011 438,085 Sanitation - - - 516,513 422,629 516,513 422,629 Total expenses 3,184,725 4,028,538 4,578,674 4,629,170 7,763,399 8,657,708 Increase in net position 811,392 (247,790) 243,907 447,935 1,055,299 200,145 Net position, beginning 9,701,310					,								
Culture and recreation 750,296 908,085 - - 750,296 908,085 Cemetery 43,984 36,736 - - 43,984 36,736 Interest expense 84,603 102,165 - - 84,603 102,165 Electric - - 3,068,142 3,177,588 3,068,142 3,177,588 Water - - 652,008 590,868 652,008 590,868 Wastewater - - 342,011 438,085 342,011 438,085 Sanitation - - 516,513 422,629 516,513 422,629 Total expenses 3,184,725 4,028,538 4,578,674 4,629,170 7,763,399 8,657,708 Increase in net position 811,392 (247,790) 243,907 447,935 1,055,299 200,145 Net position, beginning 9,701,310 10,512,702 7,223,227 7,369,579 16,924,537 17,882,281	, . J		42,102		22,887		_		-		42,102		22,887
Cemetery 43,984 36,736 - - 43,984 36,736 Interest expense 84,603 102,165 - - 84,603 102,165 Electric - - 3,068,142 3,177,588 3,068,142 3,177,588 Water - - 652,008 590,868 652,008 590,868 Wastewater - - 342,011 438,085 342,011 438,085 Sanitation - - 516,513 422,629 516,513 422,629 Total expenses 3,184,725 4,028,538 4,578,674 4,629,170 7,763,399 8,657,708 Increase in net position 811,392 (247,790) 243,907 447,935 1,055,299 200,145 Net position, beginning 9,701,310 10,512,702 7,223,227 7,369,579 16,924,537 17,882,281	•						-		-		750,296		908,085
Interest expense 84,603 102,165 - 84,603 102,165 Electric - - 3,068,142 3,177,588 3,068,142 3,177,588 Water - - 652,008 590,868 652,008 590,868 Wastewater - - 342,011 438,085 342,011 438,085 Sanitation - - 516,513 422,629 516,513 422,629 Total expenses 3,184,725 4,028,538 4,578,674 4,629,170 7,763,399 8,657,708 Increase in net position 811,392 (247,790) 243,907 447,935 1,055,299 200,145 Net position, beginning 9,701,310 10,512,702 7,223,227 7,369,579 16,924,537 17,882,281							-		-		43,984		36,736
Electric - - 3,068,142 3,177,588 3,068,142 3,177,588 Water - - 652,008 590,868 652,008 590,868 Wastewater - - 342,011 438,085 342,011 438,085 Sanitation - - 516,513 422,629 516,513 422,629 Total expenses 3,184,725 4,028,538 4,578,674 4,629,170 7,763,399 8,657,708 Increase in net position 811,392 (247,790) 243,907 447,935 1,055,299 200,145 Net position, beginning 9,701,310 10,512,702 7,223,227 7,369,579 16,924,537 17,882,281					102,165				-		84,603		102,165
Water Wastewater Sanitation - - 652,008 590,868 652,008 590,868 590,868 652,008 390,868 Sanitation - - - 342,011 438,085 342,011 438,085 342,011 438,085 Total expenses 3,184,725 4,028,538 4,578,674 422,629 516,513 422,629 516,513 422,629 8,657,708 Increase in net position Net position, beginning 811,392 (247,790) 243,907 447,935 1,055,299 200,145 1,055,299 200,145 Net position, beginning 9,701,310 10,512,702 7,223,227 7,369,579 16,924,537 17,882,281 17,882,281	•						3,068,142		3,177,588		3,068,142		3,177,588
Wastewater Sanitation - - - 342,011 438,085 342,011 422,629 438,085 342,011 422,629 Total expenses 3,184,725 4,028,538 4,578,674 4,629,170 7,763,399 7,763,399 8,657,708 Increase in net position Net position, beginning 811,392 (247,790) 243,907 447,935 1,055,299 200,145 1,055,299 16,924,537 17,882,281			_		_		652,008		590,868		652,008		590,868
Sanitation - - 516,513 422,629 516,513 422,629 Total expenses 3,184,725 4,028,538 4,578,674 4,629,170 7,763,399 8,657,708 Increase in net position Net position, beginning 811,392 (247,790) 243,907 447,935 1,055,299 200,145 Net position, beginning 9,701,310 10,512,702 7,223,227 7,369,579 16,924,537 17,882,281			-		_		342,011		438,085		342,011		438,085
Increase in net position 811,392 (247,790) 243,907 447,935 1,055,299 200,145 Net position, beginning 9,701,310 10,512,702 7,223,227 7,369,579 16,924,537 17,882,281			-				516,513		422,629		516,513		422,629
Net position, beginning 9,701,310 10,512,702 7,223,227 7,369,579 16,924,537 17,882,281	Total expenses		3,184,725		4,028,538		4,578,674		4,629,170		7,763,399		8,657,708
Net position, beginning 9,701,310 10,512,702 7,223,227 7,369,579 16,924,537 17,882,281	Increase in net position		811.392		(247,790)		243,907		447,935		1,055,299		200,145
Net position, ending \$ 10,512,702 \$ 10,264,912 \$ 7,467,134 \$ 7,817,514 \$ 17,979,836 \$ 18,082,426									7,369,579		16,924,537		17,882,281
	Net position, ending	\$	10,512,702	\$	10,264,912	\$	7,467,134	\$	7,817,514	\$	17,979,836	\$	18,082,426

- o Total revenues were stable.
- o Total expenses increased by approximately \$894K, due to increases in general government, public works, and culture and recreation spending.

Auditors' Communications Letter

This letter consists of comments about the audit process and its results that are required under our professional standards to be communicated to an audit or similar committee of the governing board of an organization or entity. Highlights are as follows:

- We noted no transactions that we considered both unusual and significant, and there was no change in accounting policies during the year.
- We evaluated the estimates affecting the financial statements and found them reasonable in relation to the financial statements as a whole.
- We evaluated the disclosures in the financial statements and found them to be neutral, consistent and clear. All required disclosures are included.

- We encountered no significant difficulties in dealing with management in performing our audit. However, the completion of our audit was delayed due to several factors, including delays in commencing audit fieldwork, delays in providing adjusting entries to convert the City's books from its cash basis of accounting to the modified accrual basis for governmental funds and the accrual basis for proprietary funds (and to convert the fund financial statements to the full accrual basis for the GASB 34 government-wide presentation), and delays in providing schedules and supporting documentation.
- We had no disagreements with management on accounting or auditing issues.

Management Letter

This letter is used to communicate any findings we may have about the City's internal controls and certain other matters that are, in our opinion, significant enough to warrant your attention. Highlights are as follows:

- Although the scope of our engagement was not directed towards an opinion on the adequacy of internal control, we considered internal control as a basis for designing our audit procedures.
- A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any material weaknesses.
- A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified bank reconciliations (current year recommendation), preparation of financial statements (continuing recommendation), and network access (continuing recommendation) to be significant deficiencies.
- We also made other recommendations to help strengthen internal control and improve operating deficiency for the City to consider: Summit general ledger fund accounting issues and interfund balances.

We wish to thank the City and its personnel for their cooperation and assistance during our audit. The information in this audit report is intended solely for the use of the members and management of the City.

Sincerely,

WILLIAMS-KEEPERS LLC

Williams Keepers UC