

City Of Independence, Missouri



Auditor Communications And Other Considerations Resulting From Financial Audit



for the year ended
June 30, 2019

Letter To Council

City Of Independence, Missouri

Honorable Mayor, Members of City Council
and Members of Management
City of Independence, Missouri

We are pleased to have the opportunity to meet with you to discuss the results of our audit engagement of the City of Independence, Missouri (the City) for the year ended June 30, 2019. The accompanying report, which summarizes the results of our audit engagement, presents information regarding the scope of our audit and other matters.

We thank you for the opportunity to be of service to the City. No limitations were imposed on our audit procedures or the extent of our audit.

RubinBrown LLP

May 1, 2020

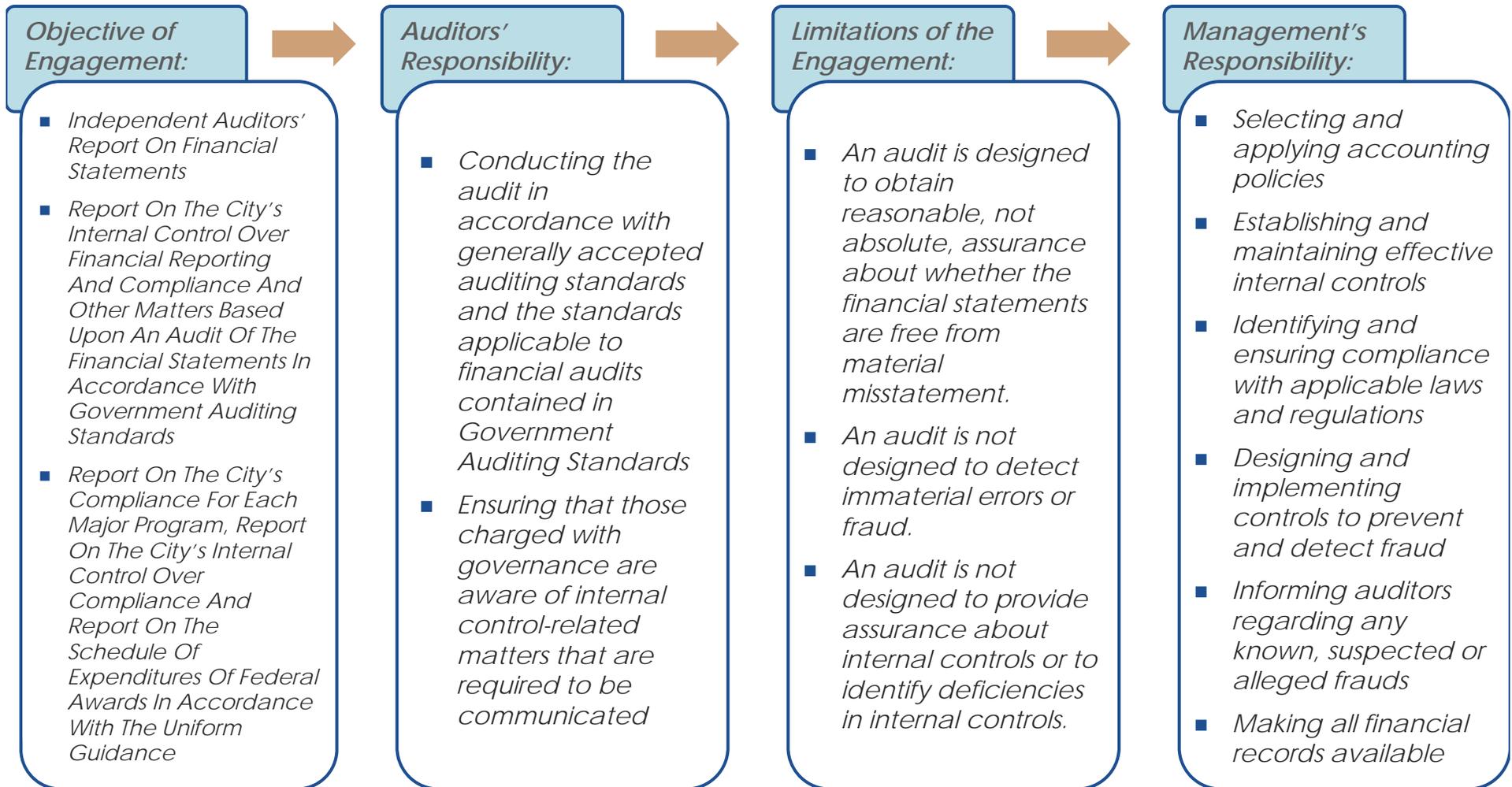
*For the Honorable Mayor, City Council, And
Management Use Only*



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Objective And Scope Of Services



Auditor Communications

City Of Independence, Missouri

Honorable Mayor, Members of City Council
and Members of Management
City of Independence, Missouri

We have audited the financial statements of the City of Independence, Missouri (the City) for the year ended June 30, 2019. Our audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the Office of Management and Budget (OMB) Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and presented in accordance with accounting principles generally accepted in the United States of America, and that the City complied, in all material respects, with the applicable compliance requirements of its major federal programs. Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. We also evaluated the appropriateness of accounting policies used by the City and the reasonableness of significant accounting estimates made by the City's management as well as evaluated the overall presentation of the financial statements.

Auditing Standards require the auditor to ensure that those charged with corporate governance receive additional information regarding the scope and results of the audit that may assist the governing body in overseeing the financial reporting and disclosure process, for which management is responsible. The following information on pages 3 through 7 describes matters which are required to be reported to you.

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

RubinBrown LLP

May 1, 2020

*For the Honorable Mayor, City Council, And
Management Use Only*

Auditor Communications *(Continued)*

AREA	COMMENTS
<p>Auditors' Responsibility Under U.S. Generally Accepted Auditing Standards And <i>Government Auditing Standards</i></p> <p>Our responsibility, as described by professional standards, is to express opinions about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and that City of Independence, Missouri (the City) complied in all material respects with the applicable compliance requirements of its major federal programs. Our audit of the financial statements does not relieve management of responsibility for the accuracy of the financial statements.</p> <p>Professional standards also require that we obtain an understanding of the City's internal control to plan the audit. However, such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.</p>	<p>We have audited the financial statements of the City for the year ended June 30, 2019. We expect to issue:</p> <ul style="list-style-type: none"> ■ An unmodified opinion on the City's financial statements for the year ended June 30, 2019. ■ A report on compliance and on internal control over financial reporting based on an audit of the financial statements in accordance with <i>Government Auditing Standards</i>. ■ An unmodified opinion on compliance and a report on internal controls over federal financial assistance in accordance with Uniform Guidance.

Auditor Communications *(Continued)*

AREA	COMMENTS
<p>Other Information In Documents Containing Audited Financial Statements</p>	<ul style="list-style-type: none"> ■ To our knowledge, the 2019 audited financial statements are not included within any other document.
<p>Planned Scope And Timing Of The Audit</p>	<ul style="list-style-type: none"> ■ We performed the audit according to the planned scope previously communicated to you in our engagement letter regarding the nature, timing and extent of our audit procedures. The completion of the audit is later than the date originally planned.
<p>Qualitative Aspects Of Accounting Practices</p> <p>Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about appropriateness of accounting policies and their application.</p>	<ul style="list-style-type: none"> ■ Significant accounting policies are described in Note 1. ■ During the year ended June 30, 2019, the City adopted no new accounting policies. The application of one existing policy was changed. During the year, the City adjusted its accounting for TIF developer obligations, which resulted in a prior period adjustment. During the year, the City also added a new fund to reflect the assets held at the Truman Heartland Community Foundation. ■ We noted no transactions entered into during the year for which there was a lack of authoritative guidance or consensus. ■ No significant transactions have been recognized in a different period than when the transactions occurred.

Auditor Communications *(Continued)*

AREA	COMMENTS
<p>Management Judgments And Accounting Estimates</p> <p>The preparation of the financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management’s expectations.</p> <p>We evaluated the key factors and assumptions used to develop the estimates noted to the right in determining that these amounts are reasonable in relation to the financial statements taken as a whole.</p>	<ul style="list-style-type: none"> ■ Depreciable lives of capital assets. ■ Estimated collectability of property taxes and other receivables. ■ Actuarial assumptions in the calculation of annual pension and other post-employment benefit costs. ■ Estimated contingencies related to the City’s risk management programs. ■ Fair value of investments.
<p>Financial Statement Disclosures</p>	<p>The disclosures are neutral, consistent and clear. Certain disclosures are particularly sensitive because of their significance to the financial statements’ users. The most sensitive disclosures affecting the financial statements are:</p> <ul style="list-style-type: none"> ■ (2) Deposits and Investments ■ (3) Tax Revenue ■ (7) Long-Term Obligations ■ (10) Post-Employment Health Benefits ■ (15) Prior Period Adjustment

Auditor Communications *(Continued)*

AREA	COMMENTS
<p>Difficulties Encountered In Performing The Audit</p>	<p>The audit was impacted by the following items:</p> <ul style="list-style-type: none"> ■ Auditor findings are included as a part of the report on compliance and on internal control over financial reporting based on an audit of the financial statements in accordance with <i>Government Auditing Standards</i> and in the report on internal controls over federal financial assistance in accordance with Uniform Guidance ■ COVID-19 Pandemic
<p>Corrected And Uncorrected Misstatements</p>	<p>Professional standards require us to accumulate factual, judgmental and projected misstatements identified during the audit, other than those that are trivial, communicate them to the appropriate level of management, and request their correction. Corrected and Uncorrected Misstatements are included at the end of this communication with the management representation letter.</p>

Auditor Communications *(Continued)*

City Of Independence, Missouri	
AREA	COMMENTS
Disagreements With Management	None
Management Representations	We will request certain representations from management that are included in the management representation letter. A copy of a draft of the representation letter is attached.
Management Consultations With Other Independent Accountants	None
Other Audit Findings Or Issues	<p>There were no matters of significant discussion that affected our retention as the City's auditors.</p> <p>This City adjusted its benefits for Other Post Employment Benefits prior to the end of the fiscal year. The impact of this change is shown as a Special Item in the financial statements.</p> <p>The report on compliance and on internal controls over financial reporting based on an audit of the financial statements in accordance with <i>Government Auditing Standards</i> references certain matters reported to management in a separate letter. The matters referenced include:</p> <ul style="list-style-type: none"> ■ Prior period adjustment related to TIF Developer Obligations ■ Certain IT controls related to MUNIS ■ Capital Asset expenditure schedule formatting ■ Approach to market value adjustments of investments ■ Approach to Water Fund clearing account

New Accounting Pronouncements

Note: the following effective dates assume the GASB provides the timing relief that is currently included as an Exposure Draft.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

- This guidance will provide additional information in the debt disclosures.
- Effective for reporting periods starting after June 15, 2019 (the June 30, 2020 financial statements)

GASB Statement No. 84, *Fiduciary Activities*

- This guidance will update the presentation of how the City's Fiduciary Funds are being reported.
- Effective for reporting periods starting after December 15, 2019 (the June 30, 2021 financial statements)

GASB Statement No. 87, *Leases*

- The guidance will update the presentation of how the City's Leases will be reported.
- Effective for reporting periods starting after December 15, 2020 (the June 30, 2022 financial statements)