

**CITY OF SANTAQUIN, UTAH**  
**COMMUNICATION WITH THOSE CHARGED WITH**  
**GOVERNANCE**  
**(MANAGEMENT LETTER)**  
**JUNE 30, 2020**

**CITY OF SANTAQUIN, UTAH**  
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The Honorable Mayor and  
Members of the City Council  
City of Santaquin, Utah

Mayor and Council Members:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santaquin City for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and The Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 3, 2020. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Santaquin City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 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.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

##### *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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 20, 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 governmental unit's financial statements or a determination of the type of auditor's 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.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Other Matters*

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, and the supplement on the Modified Approach for Infrastructure Reporting, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements of nonmajor funds, which accompany the financial statements but are not RSI. With respect to this supplementary information, 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, 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.

### *Restriction on Use*

This information is intended solely for the use of Santaquin City, management of Santaquin City, and other various Federal and State funding and auditing agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

***Larson & Company, PC***

Larson & Company, PC

Spanish Fork, Utah

November 20, 2020

## **SCHEDULE OF FINDINGS**

Internal Control Finding(s) – Current Year

**No Internal Control Findings Noted in Current Period**

State Compliance Finding(s) – Current Year

**No State Compliance Findings Noted in Current Period**

Other Compliance Finding(s) – Current Year

**No Other Compliance Findings Noted in Current Period**

Status of Internal Control Finding(s) – Prior Year

**No Internal Control Findings Noted in Prior Period**

State Compliance Finding(s) – Current Year

**SC 2019.1 Open and public meetings**

**Condition:** All public meeting minutes were not uploaded to the Utah Public Notice Website (the website) within the required three days after approval.

**Criteria:** *Utah Code 52-4-2(e)(ii)* states that “within three business days after approving written minutes of an open meeting [a public body shall]:

- (A) Post to the state website a copy of the approved minutes of an open meeting;
- (B) Make the approved minutes and public materials available to the public at the public body’s primary office; and
- (C) If the public body provides online minutes. Post approved minutes and public materials on the public body’s website.

**Status of finding:** Finding appears to have been addressed and corrected.

Other Compliance Finding(s) – Current Year

**OC 2019.1 Bond Compliance**

**Condition:** Sewer operating revenue was not sufficient to meet 120% revenue requirement as listed in bond covenants.

**Criteria:** Operating revenues should exceed operating expenditures by 120% including principle and interest on bonds.

**Cause of condition:** Significant repairs and maintenance during the period caused a net loss in operating income.

**Status of Finding:** Finding appears to have been addressed and corrected.