

# ***Denning, Downey & Associates, P.C.***

## ***CERTIFIED PUBLIC ACCOUNTANTS***

*P.O. Box 1957 Kalispell, MT 59903-1957*

*(406) 756-6879 • FAX (406) 257-7879 • E-Mail [dda@ddaudit.com](mailto:dda@ddaudit.com)*

*Robert K. Denning, CPA, CGFM, CFF, CITP*

---

May 8, 2023

City Council  
Jessi Redfield, City Clerk

City of Sidney  
115 2<sup>nd</sup> Street SE  
Sidney, MT 59270

We are engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sidney for the year ended June 30, 2022. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

### Our Responsibility under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*

As stated in our engagement letter dated August 17, 2020, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of the City of Sidney. Such considerations will be solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the City of Sidney's financial statements are free of material misstatements, we will perform tests of the City of Sidney's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

We are also responsible for communicating particular matters required by law, regulation, agreement, or other requirements applicable to the engagement.

We gave significant consideration to particular circumstances or relationships such as financial interests, business, or family relationships, or non-attest/non-audit services provided or expected to be provided, and have implemented safeguards to ensure independence.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to Budgetary Comparison Schedule and Budget-to-GAAP Reconciliation, Management's Discussion and Analysis (MD&A), Schedule of Changes in the Entity's Total OPEB Liability and Related Ratios, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Contributions, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

Planned Scope, Timing of the Audit, and Other

An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding to the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to the acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit on approximately September 22, 2022 and issue our report on approximately June 30, 2023. Robert Denning is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

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

Very truly yours,  
Tica Hall

Denning, Downey & Associates, P.C.