

June 30, 2025

Honorable Mayor and Members
of the City Council
City of Spring Lake Park, Minnesota

In planning and performing our audit of the basic financial statements of City of Spring Lake Park as of and for the year ended December 31, 2024, 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, we considered City of Spring Lake Park's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Spring Lake Park's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, 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. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the entity's internal control to be a significant deficiency:

Material Audit Adjustments

The City currently relies upon its independent accountants to assist with adjustments to and preparation of the City's unaudited trial balance. Therefore, there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis by City personnel. Management should attempt to develop a financial accounting reporting staff and an accounting procedures manual to assist with ensuring that all information necessary to prepare an accurate unaudited trial balance is gathered in an organized and efficient manner. This will help ensure that any potential material misstatements are detected and corrected on a timely basis.

The identified deficiency in internal control listed above is not considered to be a material weakness.

This communication is intended solely for the information and use of the Honorable Mayor and Members of the City Council, and management of the City of Spring Lake Park, the Minnesota State Auditor's Office and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Smith, Schaff and Associates, Ltd.

Minneapolis, Minnesota