

Forvis Mazars Planning Communication to the Honorable Mayor and Members of City Council

City of Westminster

December 31, 2024

Thank You for Selecting Forvis Mazars

We are grateful for the opportunity to serve the City of Westminster and gain insight into your operations. This communication provides useful information relevant to your role as those charged with governance of the City, including summarized information required by professional standards, such as the planned scope and timing of the audit.

Our goal is to establish a foundation for effective two-way communication throughout the audit. We are available at your convenience to discuss this information and answer questions as we begin our audit.

Contacts During the Engagement

We understand the appropriate person in the governance structure with whom to communicate is:

- Nancy McNally, Mayor

Your audit leader for any questions or communications is:

- Karmyn Jeffries | karmyn.jeffries@us.forvismazars.com | 303.831.4545 office

Overview & Responsibilities

Matter	Description of Audit Area
Scope of Our Audit	<p>We have been engaged to audit the financial statements and compliance with Federal awards of City of Westminster for the year ended December 31, 2024.</p> <p>Please refer to our contract dated October 7, 2024 for additional information and the terms of our engagement.</p>
Expected Opinion Modifications	<p>An emphasis-of-matter paragraph will be included for the implementation of GASB Statements 100 and 101.</p>

Matter	Description of Audit Area
Audit Standards & Materiality	<p>We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial statement audits contained in <i>Government Auditing Standards</i> (GAGAS) issued by the Comptroller General of the United States, and Title 2 U.S. <i>Code of Federal Regulations</i> (CFR) Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance).</p> <p>Those standards require that we plan and perform the audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud; and the audit of compliance with the types of compliance requirements described in the U.S. Office of Management and Budget, <i>Compliance Supplement</i> that are applicable to each major federal award program to obtain reasonable rather than absolute assurance about whether noncompliance having a direct and material effect on a major federal award program occurred.</p> <p>References to items that are material refer to misstatements, including omissions, that could, in our professional judgment, reasonably be expected.</p>
Our Responsibilities	<p>We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework.</p>
Your Responsibilities	<p>Our audit of the financial statements does not relieve you or management of your responsibilities.</p>
Distribution Restriction	<p>This communication is intended solely for the information and use of those charged with governance, the Honorable Mayor, and Members of City Council and, if appropriate, management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.</p>

Other Information Accompanying the Audited Financial Statements

Management is responsible for the other information included in the annual comprehensive financial report.

The other information comprises the information included in the annual comprehensive financial report but does not include the financial statements and our auditor's report thereon.

We will not subject such information to the auditing procedures applied in the audit of the financial statements and, accordingly, we will not express an opinion or provide any assurance on it. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or whether there is an indication that the other information appears to be materially misstated or misleading. We will respond appropriately when we identify material inconsistencies or when we otherwise become aware that information appears to be materially misstated.

In the event we issue a disclaimer of opinion on the financial statements, our auditor's report will not make any reference to the annual comprehensive financial report or to any procedures that may have been performed.

Drafts of the annual comprehensive financial report should be provided to us by April 21, 2025, in order to provide us with adequate time to read the documents for the purposes described above.

Planned Timing of the Engagement

We succeed in our engagements by collaborating with management through frequent communication. We require the assistance of management and staff to prepare supporting documents, schedules and analysis and depend on those items to be ready no later than the dates that we mutually agree will meet your deadlines.



We began our interim procedures December 9, 2024 and expect to begin our final audit procedures on approximately April 14, 2025. We anticipate that our team will be performing activities, both on site and remotely during these dates. We anticipate being on site the weeks of April 14th through May 9th.

Draft financial statements are expected to be ready April 21, 2025, and we will issue our report on approximately May 29, 2025.

Planned Audit Scope

We welcome any input you may have regarding the information discussed below. We also welcome any insight you have related to any other risk areas or other significant risk areas you believe warrant particular attention.

Extent of Testing

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Establishing Our Understanding

An audit also includes obtaining an understanding of the City 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, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we will express no such opinion.

Communicating Deficiencies or Significant Matters

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate internal control related matters that are required to be communicated under professional standards.

We will also communicate significant matters arising during the audit of the financial statements that are relevant to you in overseeing the financial reporting process as required by professional standards.

Significant Risks of Material Misstatement

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and of material noncompliance and propose to address these areas as described:

Risk Area(s)	Audit Approach
Management override of controls	Review accounting estimates for bias, review journal entries and evaluate business rationale for unusual transactions.
Revenue recognition	Test grant, property and sales tax revenues and review for proper cut-off and compliance with requirements and determining recognition.

Other Procedures to Be Performed

We may also request written representations from the City's attorneys as part of the engagement, and they may bill the City for responding to this inquiry.



At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

We may identify additional significant risks as we complete our procedures.

Use of Resources

We plan to use the following in our audit:

- The following specialists or experts in our audit:
 - Harvest Investments will be used to test the valuation of the investments held by the City

Adoption of New Accounting Standards

The City must adopt GASB 100, Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62 as of January 1, 2024. GASB 100 updates accounting and financial reporting requirements for accounting changes and error corrections to address current diversity in practice by amending GASB Statement No. 62. For each type of accounting change and error correction, GASB 100 addresses accounting and reporting requirements, display, including display in the financial statements, note disclosures, and impact on required supplementary information (RSI) and supplementary information (SI).

The City must adopt GASB 101, Compensated Absences, as of January 1, 2024. Implementation of this standard includes selection of a transition method for the City, election of certain practical expedients, and adoption of new policies. In addition, implementation of this standard may affect internal controls over financial reporting. We encourage you to communicate with management regularly regarding the policy elections made, recognition of new financial statement amounts, and disclosures upon transition.

Consideration of Error or Fraud

One of the most common questions we receive from audit committees OR governing bodies is, "How do you address fraud in a financial statement audit?" Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

- Engagement team brainstorming
- Inquiries of management and others
- Reviewing accounting estimates for bias