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Member American Institute of
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CITY OF PARKVILLE, MISSOURI

MANAGEMENT LETTER

DECEMBER 31, 2011

BRUCE D. CULLEY, CPA, P.C.
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Gladstone, MO 64119
816-453-1040 - Fax 816-453-0721

August 15, 2012

Honorable Mayor and Board of Aldermen
City of Parkville
Parkville, Missouri

As part of my audit of the financial statements of the City of Parkville as of and for the year ended December 31, 2011, I wish to communicate the following to you.

Audit Scope and Results

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, I establish scopes of audit tests in relation to the financial statements taken as a whole. My engagement does not include a detailed audit of every transaction. My engagement letter more specifically describes my responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. My engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The City's significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

- No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which I am prepared to discuss management's estimation process and my procedures for testing the reasonableness of those estimates:

- Allowance for uncollectible accounts receivable
- Allowance for uncollectible taxes receivable
- Depreciable lives for property and equipment
- Allocation of expenses to departments

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which I am prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- New disclosures about fair value of assets and liabilities

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates my proposal and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated.

Areas in which adjustments were proposed include:

Proposed Audit Adjustments Recorded

- To record depreciation expense
- To accrue interest on bonds
- To correctly capitalize fixed assets
- To accrue accounts payable at year end
- To accrue accounts receivable for the sewer fund

Proposed Audit Adjustments Not Recorded

- None

Auditor's Judgments About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Organization's application of accounting principles:

- None

Disagreements with Management

- No matters are reportable.

Significant Issues Discussed with Management

- No matters are reportable.

Difficulties Encountered in Performing the Audit

My audit requires cooperative effort between management and the audit team. I found management cooperative and helpful throughout my audit engagement.

Other Material Written Communications

Listed below are other material written communications between management and us related to the audit:

- Management representation letter

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, of the City of Parkville as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, I considered the City's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control. As such, my consideration of internal controls would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements of the City's financial statements on a timely basis. A control deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective is not always met. A control deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal controls.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the City's financial statements will not be prevented or detected by the City's internal controls. I identified no matters considered to be material weaknesses.

Other Matters

Although not considered a material weakness, significant deficiencies or other control deficiencies in internal control over financial reporting, I observed the following matters and offer these comments and suggestions with respect to the matter which came to my attention during the course of the audit of the financial statements. My audit procedures are designed primarily to enable me to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving accounting controls and the financial and administrative practices and procedures. I can discuss this matter further at your convenience.

Fixed Asset Accounting System

The City has a large number of depreciable assets that are difficult to maintain on the manual accounting system in use. The City has purchased a fixed asset accounting module to track depreciable assets. The City needs to make an effort to implement the system by year end.

Statement of Activities

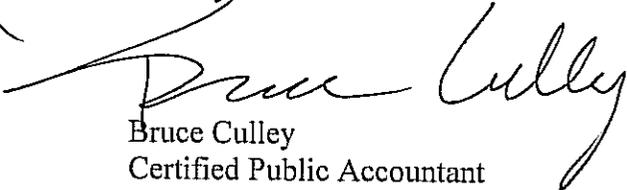
The audit is required to present a statement titled "Statement of Activities". This statement is capable of being created by the software. I would like to see this statement created by the software and could be presented to the board as part of the monthly financial report.

Annual Audit Adjustments for the Accrual Method of Accounting

All of the audit adjustments to convert the books to full accrual basis of accounting system are not recorded on the City's books. The books are maintained on the cash basis of accounting and although some adjustments are made for a full accrual, the accrual entries are incomplete. An improvement was made from 2010 in that more accrual adjustments were recorded by the staff prior to the audit. The auditor has to analyze the records to insure that all accrual entries have been recorded and record the necessary adjustments.

Government Accounting Seminars

There have been many changes made in governmental accounting standards and these continue at an accelerated pace. It would be beneficial to the accounting staff to receive some continuing education through the Missouri Society of CPA's.


Bruce Culley
Certified Public Accountant