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August 29, 2014

To the Board of Alderman  
City of Parkville, Missouri  
Parkville, Missouri 64152

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Parkville, Missouri for the year ended December 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated August 16, 2012. 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 City of Parkville, Missouri 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 2013. 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 the form of journal entries.

### ***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 August 29, 2014.

### ***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**

With respect to the supplementary information accompanying the financial statements, 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.

### **Training of Accounting Personnel**

There continues to be changes in Government Accounting Standards. The City would find it beneficial if personnel had some knowledge of future accounting changes and their impact on Parkville's financial statements. There are several organizations that offer seminars and certain on-line classes are also available. It is encouraging that additional funds were added to the City's professional development budget in 2014 to allow the Finance/Human Resources Director to take advantage of municipal finance training.

### **Street Rating System**

Staff brought to our attention that the street rating system which was established several years ago needs to be reviewed. The rating system is designed so as long as the City adds a defined amount of new streets to the system each year that will positively impact the average street rating enough to avoid recording any depreciation and to potentially mask continued decline in older streets. The City's expenditures have been less than what was established for several years, yet the overall street rating remains strong.

**Comments on the 2012 management letter addressed by management:**

1. The court bank statements are being reviewed by the accounting personnel. Deposits and disbursements are being made from the bank account by court personnel and the bank statement examined.
2. As part of the audit, we were able to balance the court bond account to the outstanding bonds at year end. In 2013, computer issues prevented the bonds from being balanced to the bank account.
3. The separation of custody from record keeping in connection with sewer receivables has changed so if cash is received the cash is counted by two people and someone other than the billing clerk is depositing the funds. This satisfies our concern for the separation of duties.

**Comments on the 2012 management letter not addressed by management:**

1. The City has a schedule of fixed assets including items that are not on the depreciation schedule. However, a physical inventory was not completed in 2013. Staff should complete a physical inventory on a 3-year periodic basis.
2. The City has not yet completed the process to transition the fixed asset spreadsheet to the fixed asset module in InCode that will help maintain control of the fixed assets and prepare journal entries when assets are retired or sold.

We still believe these items are worthy of consideration.

Very truly yours,

Bruce Culley  
Certified Public Accountant