

August 27, 2020
City Council of John Day

Dear Councilors:

This letter is provided in connection with our engagement to audit the financial statements of the City of John Day as of and for the year ended June 30, 2020. Professional standards require that we communicate with you certain items including our responsibilities with regard to the financial statement audit and the planned scope and timing of our audit.

Our Responsibilities

As stated in our engagement letter dated August 27, 2020, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming and expressing an opinion(s) about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit does not relieve you or management of your respective responsibilities.

Our responsibility as it relates to Management Discussion and Analysis, budgetary comparison schedules, PERS pension schedules, combining schedules, and Auditor's report required by Oregon minimum standards, is to evaluate its presentation for the purpose of forming and expressing an opinion as to whether the information is fairly stated in all material respects in relation to the financial statements as a whole.

Planned Scope of the Audit

Our audit will include 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 is designed to provide reasonable, but not absolute, assurance about whether the financial statements as a whole are free of material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations. Because of this concept of reasonable assurance and because we will not examine all transactions, there is a risk that material misstatements may exist and not be detected by us.

Our audit will include obtaining an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures. However, we will communicate to you at the conclusion of our audit, significant matters that are relevant to your responsibilities in overseeing the financial reporting process, including any material weaknesses, significant deficiencies, and violation of laws or regulations that come to our attention.

The timing of our audit will be scheduled for performance and completion as follows:

| | <i>Begin</i> | <i>Complete</i> |
|-----------------------------------|--------------|-----------------|
| Perform year-end audit procedures | 9/9/20 | 10/15/20 |
| Issue audit report | NA | 10/25/20 |

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

Respectfully,

Robert Gaslin

Baker City, Oregon

8/27/20

