



December 16, 2021

Board of Trustees
Greater Salt Lake Municipal Services District
Salt Lake City, Utah

We are pleased to confirm our understanding of the services we are to provide Greater Salt Lake Municipal Services District (the District).

We will audit the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Greater Salt Lake Municipal Services District as of December 31, 2021 and for the year ended, and the related notes to the financial statements, which collectively comprise the basic financial statements.

We will also audit the District's compliance over state compliance requirements for the year ended December 31, 2021.

Our audits will be conducted with the objectives of our expressing an opinion on each opinion unit and an opinion on compliance regarding the District's compliance over state compliance requirements. The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS), and in accordance with *Government Auditing Standards*, will always detect a material misstatement when it exists.

Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objective of our compliance audit is to obtain sufficient appropriate audit evidence to form an opinion and report at the level specified in the governmental audit requirement about whether the entity complied in all material respects with the applicable compliance requirements and identify audit and reporting requirements specified in the governmental audit requirement that are supplementary to GAAS and *Government Auditing Standards*, if any, and perform procedures to address those requirements.

Accounting principles generally accepted in the United States of America expect that required supplementary information (RSI) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's discussion and analysis

Supplementary information other than RSI will accompany the District's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole.

- Combining and individual fund financial statements and schedules

As part of the financial audit, we will also provide the following nonaudit services:

- Propose adjustments and reclassifications
- Assist with the preparation of financial statements and related note disclosures

Engagement Administration and Fees

The timing of our audit will be scheduled for performance from January 2021 to May 2021. We plan to issue our reports by their due dates.

Matthew A. Geddes, CPA is the engagement partner for the audit services specified in this letter. The engagement partner's responsibilities include supervising our services performed as part of this engagement and signing the audit reports.

We estimate that our fees for these services and related costs will be \$20,000 for the audit and related services. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Finance charges of 1½ percent per month will be assessed on unpaid balances over 30 days old.

Events that might affect our fee include *changes* in the following areas:

- District accounting procedures, policies, or principles;
- District personnel and assignments;
- District operations or level of activities;
- Degree of assistance from District management and accounting personnel;
- Accounting, auditing, and reporting standards;
- Regulatory or industry requirements, including federal and state audit requirements; and/or
- Expected risk of material misstatement due to fraud.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

If any difference arises between the District and our firm related to services performed by us that cannot be resolved, you and we agree first to try in good faith to settle the difference by mediation. Costs of any mediation proceeding shall be shared equally by all parties.

Audit of the Financial Statements

We will conduct our audits in accordance with GAAS, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As part of an audit of financial statements in accordance with GAAS, and in accordance with *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the District's basic financial statements. Our report will be addressed to Board of Trustees of the District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to

form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

Audit of State Compliance

Our audit of the District's compliance over state compliance requirements will be conducted in accordance with the requirements of the *State Compliance Audit Guide* issued by the Office of the Utah State Auditor and will consist of performing the applicable procedures described in the *State Compliance Audit Guide* to enable us to express an opinion on compliance and to render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

As required by the *State Compliance Audit Guide*, we will obtain an understanding of the District's internal control over applicable state compliance requirements. However, our evaluation will be less in scope than would be necessary to render an opinion on these controls.

We will issue a report on compliance that will include an opinion or disclaimer of opinion regarding the District's compliance over applicable state compliance requirements and a report on internal controls over compliance that will report any significant deficiencies and material weaknesses identified; however, this report will not express an opinion on internal control.

Management Responsibilities

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility for:

- The preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements;
- Maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- The design, implementation, and maintenance of internal control over compliance;
- Identifying, in its accounts, all awards received and expended during the period and the programs under which they were received;
- Including the auditor's report in any document containing financial statements that indicates that such financial statements have been audited by the District's auditor;
- Identifying and ensuring that the District complies with laws, regulations, and the terms and conditions of award programs and implementing systems designed to achieve compliance with applicable laws, regulations, and the terms and conditions of award programs;
- Resolving and taking corrective action on reported audit findings from prior periods;
- Resolving and taking corrective action on current year audit findings and preparing a corrective action plan for such findings;
- Submitting the financial reports, schedules, and forms to the appropriate parties;

- Making us aware of any significant contractor relationships where the contractor is responsible for program compliance;
- Adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
- Informing us of any known or suspected fraud affecting the District involving management, employees with significant role in internal control, and others where fraud could have a material effect on compliance;
- The accuracy and completeness of all information provided; and
- Providing us with:
 - Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - Additional information that we may request from management for the purpose of the audit; and
 - Unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.

Regarding the supplementary information referred to above, you acknowledge and understand your responsibility for:

- Preparing the supplementary information in accordance with the applicable criteria;
- Providing us with the appropriate written representations regarding supplementary information;
- Including our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and
- Presenting the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

With respect to any nonaudit services we perform, management is responsible for:

- Assuming all management responsibilities;
- Designating an individual who possesses suitable skill, knowledge, and/or experience by overseeing the services;
- Evaluating the adequacy and results of the services performed; and
- Accepting responsibility for the results of the services.

We will also assist with preparation of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and the related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and the related notes and that you have reviewed and approve the financial statements and the related notes prior to their issuance and have accepted responsibility for them.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

The procedures we will perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. In view of the foregoing, you agree to release our firm and its personnel from any liability and costs relating to our services under this letter resulting from false or misleading representations made to us by any member of your management.

Other Audit Matters

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

We understand that you will assemble or prepare the following items for the audit:

- A trial balance and a detailed general ledger;
- An organizational chart and a list of those charged with governance and management;
- A chart of accounts;
- Minutes of meetings of those charged with governance held during the period under audit;
- The annual budget and amendments;
- All contracts and agreements entered by the District, including loans, leases, and amendments to entity documents;
- Related party transactions;
- List of bank accounts, including bank reconciliations and related bank statements at the end of the period;
- List of investments, including purchases, sales, gains, and losses for the period;
- Schedule of insurance policies;
- Schedule of inventories held at year end;
- Schedule of prepaid items and deposits at the end of the period;
- List of capital assets, including acquisitions and dispositions for the period and allocation of depreciation by function;
- An accounts receivable aging schedule and an unearned revenue schedule at year end;
- Schedule of deferred outflows of resources and deferred inflows of resources at the end of the period;
- List of outstanding accounts payable and accrued expenditures/expenses at year end;
- Payroll summaries, including quarterly and annual reports filed with the IRS and state agencies during the period;
- Schedule of outstanding long-term liabilities (bonds, notes, capital lease obligations, compensated absence obligations, other employee benefit obligations, etc.) for the period;
- Names and addresses of attorneys;
- Cash, accounts receivable, and other confirmations we request;
- Documents selected by us for testing;
- Summary of restricted net position balances and nonspendable, restricted, committed, assigned, and unassigned fund balances at year end;
- Correspondence with, or reports to, grantor and cognizant or oversight agencies;
- Audit guides of grantor and regulatory agencies, e.g. federal or state grantor agencies; [and]

- Reconciliation of tax revenues by fund with tax collections; and
- Allocation of program revenues by function for statement of activities.

The audit documentation for this engagement is the property of Squire & Company, PC and constitutes confidential information. However, we may be requested to make certain audit documentation available to a federal or state agency providing direct or indirect funding, the Office of the Utah State Auditor, and the U.S. Government Accountability Office pursuant to authority given to them by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Squire & Company, PC's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

If you intend to publish or otherwise reproduce the financial statements and refer to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

We agree to retain our audit documentation or work papers for at least seven years from the date of our report.

At the end of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the District's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

In accordance with the requirements of *Government Auditing Standards*, our most recent external peer review report can be viewed in the public file at www.aicpa.com.

Please sign and return this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements and compliance over state compliance requirements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your personnel.

Respectfully,

Squire & Company, PC

Squire & Company, PC

RESPONSE:

This letter correctly sets forth our understanding. Acknowledged and agreed on behalf of Greater Salt Lake Municipal Services District by:

Signature: _____

Title: _____

Date: _____