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The Honorable Mayor and Members of City Council
City of Peoria, Arizona
Peoria, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Peoria, Arizona (City) as of and for the year ended June 30, 2023, and have issued our report thereon dated January 23, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Peoria, Arizona are described in Note 1 to the financial statements.

As described in Note 1, the City changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards Board Statement (GASB Statement) No. 96 – *Subscription-based Information Technology Agreement*, in fiscal year 2023.

We noted no transactions entered into by the City 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

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 most sensitive estimates affecting the financial statements were:

- Management's estimate of the fair value disclosures is based on quoted market prices of the investments. We evaluated the key factors and assumptions used to determine the fair value of investments in determining they are reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the allowance for doubtful accounts is based on historical court, sales tax, water, sewer, and solid waste revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the insurance claims payable is based on total claims paid during the year and actual claims paid out subsequent to year-end, as well as actuarial figures and assumptions of a third-party actuary. We evaluated the key factors and assumptions used to develop the claims liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the pension and other postemployment benefits liability is based on actuarial figures and assumptions of a third-party actuary. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive financial statement disclosures are Note 8 related to the City's risk financing activities and Note 11 related to the City's pensions and other postemployment benefits.

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.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 auditors' report.

Circumstances that affect the form and content of the auditors' report

Our Auditors' Report included an emphasis of a matter paragraph for the implementation of Governmental Accounting Standards Board Statement (GASB Statement) No. 96 – *Subscription-based Information Technology Agreement*.

Management representations

We have requested certain representations from management that are included in the management representation letter dated January 23, 2024.

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 City's financial statements or a determination of the type of auditors' 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.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the nonmajor combining statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, 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 or the reasons for such changes, 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. We have issued our report thereon dated January 23, 2024.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory and statistical sections. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinions on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

The introductory and statistical sections accompanying the financial statements, which are of a nonaccounting nature and which are the responsibility of management, were prepared for purposes of additional analysis and are not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

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

CliftonLarsonAllen LLP

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Phoenix, Arizona
January 23, 2024

Passed, Unrecorded Adjustments

Account	Description	Debit	Credit
Proposed Journal Entries			
NonBond Capital Projects Fund			
Proposed Journal Entries JE # 1			
Recommend following PAJE to correct prior year receivable after payment being received in another fund.			
4810-260320	Restr Fd Bal-Grant Purposes	124,297.00	
4810-4810-524010-ADJ	Accounts Receivable Misc.		124,297.00
Total		**124,297.00**	**124,297.00**
Aggregate Remaining Fund Information			
Proposed Journal Entries JE # 2			
To reverse prior year PAJE to accurately record accounts payable.			
3000-3420-520012	Contract Labor		567,867.00
3000-250000	Unreserved Net Position	567,867.00	
Total		**567,867.00**	**567,867.00**
Proposed Journal Entries JE # 3			
To pass on adjustment for PY ISF additions that should have been added.			
3300-81100	Bldgs & Improvements	348,449.00	
3300-81300-ADJ	Equipment	291,471.00	
3300-250000	Unreserved Net Position		639,920.00
Total		**639,920.00**	**639,920.00**
Government-Wide			
Proposed Journal Entries JE # 4			
To pass on recording EORP net pension liability and related items			
CLA-2	EORP Assets	139,134.00	
CLA-3	EORP Net Position	1,302,287.00	
CLA-4	EORP Expense	52,677.00	
CLA-1	EROP Net Pension Liability		1,494,098.00
Total		**1,494,098.00**	**1,494,098.00**