

**EDGERTON CITY COUNCIL
MEETING AGENDA
CITY HALL, 404 EAST NELSON STREET
October 12, 2017**

Call to Order

1. **Roll Call** ____ Roberts ____ Longanecker ____ Crooks ____ Brown ____ Crist ____ Conus
2. **Welcome**
3. **Pledge of Allegiance**

Consent Agenda *(Consent Agenda items will be acted upon by one motion unless a Council member requests an item be removed for discussion and separate action)*

4. Agenda Approval
5. Approve Minutes from September 28, 2017
6. Approve Resolution No. 10-12-17A Waiving The City's Compliance With Generally Accepted Accounting Principles For Financial Reporting And Cause Such Reports To Be Prepared In Compliance With The Cash Basis And Budget Laws Of The State Of Kansas

Regular Agenda

7. **Public Comments.** Persons who wish to address the City Council regarding items not on the agenda and that are under the jurisdiction of the City Council may do so when called upon by the Mayor. Comments on personnel matters and matters pending before court or other outside tribunals are not permitted. Please notify the City Clerk before the meeting if you wish to speak. Speakers are limited to three (3) minutes. Any presentation is for informational purposes only. No action will be taken.
8. **Declaration.** At this time Council members may declare any conflict or communication they have had that might influence their ability to impartially consider today's issues.

Business Requiring Action

9. **CONSIDER A ONE-YEAR CONTRACT WITH VARNEY & ASSOCIATES, CPAS, LLC, TO PREPARE THE CITY'S FINANCIAL AUDIT FOR FISCAL YEAR 2017**

Motion: _____ Second: _____ Vote: _____

10. Report by the City Administrator

- o Report of Recovery for August 22, 2017 Flood
- o Discussion regarding November and December City Council meetings

11. Report by the Mayor

12. Future Meeting/Event Reminders:

- October 18th Noon – Senior Lunch
- October 26th 7:00 PM – City Council Meeting
- October 29th 4:00 PM – Halloween Party
- November 8th 6:30 to 8:30 PM – Final Downtown Edgerton Public Open House, Edgerton City Hall
- November 9th 7:00 PM – City Council Meeting

- November 14th 7:00 PM – Planning Commission
- November 15th Noon – Senior Lunch
- November 23rd and 24th City Offices Closed for Thanksgiving
- November 24th City Council meeting - TBD

**13. CONSIDER RECESSING INTO EXECUTIVE SESSION PURSUANT TO K.S.A. 75-4319
(b) (2) CONSULTATION WITH AN ATTORNEY DEEMED PRIVILEGED IN THE
ATTORNEY-CLIENT RELATIONSHIP TO INCLUDE CITY ATTORNEY AND CITY
ADMINISTRATOR**

Motion: _____ Second: _____ Vote: _____

RECONVENE INTO OPEN SESSION

14. Adjourn Motion: _____ Second: _____ Vote: _____

**City of Edgerton, Kansas
Minutes of City Council Regular Session
September 28, 2017**

A Regular Session of the City Council was held in the Edgerton City Hall, 404 E. Nelson Edgerton, Kansas on September 28, 2017. The meeting convened at 7:00 p.m. with Mayor Roberts presiding.

1. ROLL CALL

Ron Conus	present
Jody Brown	present
Darius Crist	present
Clay Longanecker	present
Cindy Crooks	absent

With a quorum present, the meeting commenced.

Staff in attendance:

- City Administrator Beth Linn
- Assistant City Administrator Scott Peterson
- City Attorney Lee Hendricks
- Public Works Superintendent Trey Whitaker
- Finance Director Karen Kindle
- Utility Superintendent Mike Mabrey
- Johnson County Fire District #1
- Johnson County Sheriff's Department

2. WELCOME

3. PLEDGE OF ALLEGIANCE

CONSENT AGENDA

- 4.** Agenda Approval was considered.
- 5.** Minutes from September 14, 2017 City Council Meeting were considered.
- 6.** Easement for Inland Port XXI and Inland Port XXII were considered.

Motion by Crist, seconded by Longanecker, to approve the consent agenda.

Motion was approved, 3-0.

Councilmember Brown arrived at 7:05pm.

7. PUBLIC COMMENTS

Pam Sill, 20468 Co-op Road, Edgerton Kansas 66021 was present to discuss her water leak and water bill. Ms. Sill stated that she received an e-mail message from Mike Mabrey, Utility Superintendent today that her water was shut off due to a leak. She says that Mr. Mabrey told her

there is two and a half gallons per minute going through her meter. She was told to call City Hall for more information. When Ms. Sill called City Hall she was told about the leak adjustments that the City of Edgerton offers and about a payment plan. Mayor Roberts indicated any public comment is for informational purposes only. He would like to discuss this matter with her after the meeting or by phone.

8. DECLARATION

NONE

BUSINESS REQUIRING ACTION

8.5 EXECUTIVE SESSION

Motion by Longanecker, seconded by Brown, to recess into executive session for five minutes, under the attorney/client privilege regarding ordinance violations, to include City Attorney and City Administrator.

Motion was approved, 4-0.

Meeting recessed at 7:15 pm.

Motion by Crist, seconded by Brown, to reconvene regular meeting, no action taken.

Motion was approved, 4-0.

Meeting reconvened at 7:22 pm.

ORDINANCE NO. 1065 SEPARATION REQUIREMENTS FOR LIQUOR LICENSE

9. ORDINANCE NO. 1065 AMENDING ARTICLE 3 OF THE EDGERTON MUNICIPAL CODE TO MATCH THE SEPARATION REQUIREMENTS OF THE STATE OF KANSAS FOR A LIQUOR LICENSE FROM A CHURCH OR SCHOOL WAS CONSIDERED.

Scott Peterson, Assistant City Administrator, presented information on Ordinance No. 1065. Current City of Edgerton code reads "No retail package liquor nor any alcoholic liquor shall be sold or served by a person holding a license or permit from the city whose place of business or other premises are located within 300 feet of any church, school, nursing home, library, or hospital." Ordinance No. 1965 would amend Article 3 of the Edgerton Municipal Code that would adopt state regulations for the licensing and sale of alcoholic liquor within the city limits, which would reduce the setback requirement for a liquor license from a church, school, or library to 200 feet.

Motion by Crist, seconded by Brown, to approve Ordinance No. 1065.

Motion was approved, Aye; Conus, Brown, Crist. Nay; Longanecker (3-1)

RATE STUDY REGARDING WHOLESALE O & M RATE

10. A RATE STUDY PERFORMED BY RAFTELIS FINANCIAL CONSULTANTS REGARDING WHOLESALE O & M RATE FOR CITY OF GARDNER WAS CONSIDERED.

Karen Kindle, Finance Director for the City of Edgerton, and Thomas A Beckly, Senior Manager for Raftelis Financial Consultants Incorporated, presented the results of the wholesale sewer rate study. This is the first wholesale rate study completed since the Big Bull Creek Wastewater Treatment Plant opened in October 2013. The settlement terms from March 9, 2017, included a temporary rate of \$2.00 per 1,000 gallons, retroactive to the November 1, 2016 bill. This is the rate currently charged to the City of Gardner pending the completion of the wholesale rate study. The wholesale rate study is now complete. The report recommends increasing the wholesale sewer rate to \$3.29 per 1,000 gallons. There are two key reasons for the change in the rate; the current study is based on actual operating expenses for the plant and actual billable flow data, which is substantially different than what was projected by the Springsted report in 2012. The Big Bull Creek Wastewater Treatment Plant opened in October 2013.

Motion by Longanecker, seconded by Brown, to approve the rate study.

Motion was approved, 4-0.

10.5 NEW SEWER RATE TO BE IN EFFECT WITH THE NOVEMBER 1ST BILLING WAS CONSIDERED.

Discussion about notifying the City of Gardner and when to put the new rate into effect was presented by Beth Linn, City Administrator. After discussion and questions the decision is to put the new sewer rate for the City of Gardner in effect with the November 1st 2017 billing. Recommendation was made to have a yearly rate study.

Motion by Longanecker, seconded by Crist, to approve the New Sewer Rate in effect on the first of November 2017.

Motion was approved, 4-0.

EXHIBIT E FOR 181ST STREET

11. EXHIBIT E PUBLIC INFRASTRUCTURE IMPROVEMENT NOTICE FOR 181ST STREET PHASE 1 WAS CONSIDERED.

In July 2015, the City of Edgerton executed the Amended and Restated Public Infrastructure Financing Plan with BNSF and Edgerton Land Holding Company (ELHC), LLC. This agreement included as Exhibit B a list of approved infrastructure projects associated with Logistics Park Kansas City. Edgerton Land Holding Company has submitted Exhibit E. for 181st Street. Actual cost of construction was \$432,831.00, this cost was borne entirely by ELHC. If the project is approved, staff will work with Intermodal Bond Counsel and ELHC to include the project in the next Home Rule Revenue Bond series.

Motion by Longanecker, seconded by Brown, to approve Exhibit E.

Motion was approved, 4-0.

EXHIBIT E FOR 183RD STREET

12. EXHIBIT E PUBLIC INFRASTRUCTURE IMPROVEMENT NOTICE FOR 183RD STREET (MONTROSE STREET EAST TO CITY LIMITS) WAS CONSIDERED.

Edgerton Land Holding Company has submitted Exhibit E for 183rd Street from Montrose Street east to the city limits. Construction cost is estimated at \$1,446,000, this cost will be borne entirely by ELHC until such time the project is converted to funding from Home Rule Revenue Bonds. If the project is approved, staff will work with Intermodal Bond Counsel and ELHC to include the project in the next Home Rule Revenue Bond series.

Motion by Brown, seconded by Longanecker, to approve Exhibit E. for 183rd Street.

Motion was approved, 4-0.

13. REPORT BY THE CITY ADMINISTRATOR

Report of Recovery for August 22, 2017 flood includes that 45 claims are still being worked on at this time. Ten claims have been closed. There is a new Dump Truck parked outside city hall tonight with a snow plow. Wonderful news!!

Contract for Solid Waste Services was discussed, several questions and comments, Beth Linn to talk with Gardner Disposal about the contract.

Johnson County is re-opening 199th street on the 6th of October, 2017.

The 8th street project continues with sod and seeding, with 21 days of watering, should be complete by last of October or first of November.

Little Joe's Asphalt, inc. rescheduled to October 10th to finish the asphalt on McCarty and Hulett Streets.

Scott Peterson Assistant City Administrator presented a preview of the new website for The City of Edgerton. The new website will launch within the next two weeks, or perhaps the next council meeting. There was lots of discussion and questions and comments. Mr. Peterson is going to look into some changes and have answers at the next meeting.

There was lots of discussion about the A T & T antennas on the 50,000 gallon tank at First Street and Martin. There are currently nine antennas on the tower. There was discussion about the tower itself and all the antennas on top of it. Mayor Roberts stated that we should do away with the 50,000 gallon tank and the antennas. After many questions and comments it was decided that this topic needs to come back to another meeting.

14. REPORT BY THE MAYOR

None

15. FUTURE MEETING/EVENT REMINDERS;

- ✓ October 9th City Offices Closed for Columbus Day
- ✓ October 10th 7:00 pm – Planning Commission Meeting
- ✓ October 12th 7:00 pm – City Council Meeting
- ✓ October 18th Noon – Senior Lunch
- ✓ October 26th 7:00 pm- City Council Meeting

16. ADJOURN MOTION: 1st Longanecker 2nd Brown Vote: 4-0

The meeting adjourned at 8:45 pm.

Janeice L. Rawles
City Clerk

Approved by the Governing Body on

AGENDA ITEM INFORMATION FORM

Agenda Item: Consider Approval of Resolution No. 10-12-17A Waiving the City's Compliance with Generally Accepted Accounting Principles for Financial Reporting and Cause Such Reports to be Prepared in Compliance with the Cash Basis and Budget Laws of the State of Kansas

Department: Administration

Background/Description of Item: Each year the City of Edgerton requests that the financial statements and financial reports of the City of Edgerton for the year ending December 31st be prepared in compliance with the Cash Basis and Budget Laws of the State of Kansas and requests waiver of the requirements of K. S. A. 75-1120a (a).

K.S.A. 75-1120a (a) is the uniform system of fiscal procedure, accounting and reporting for municipalities; it requires the use of generally accepted accounting principles. The governing body can, by resolution, each year make a finding that the financial statements and financial reports prepared in conformity with the requirements of GAAP are of no significant value to the governing body or members of the general public of the municipality. The governing body can then request a waiver from the Director of Accounts and Reports to prepare the City's financial statement on the basis of cash receipts and disbursements as adjusted to show compliance with the cash basis and budget laws of this State.

Another requirement to receive the waiver; the City of Edgerton may not have any bond ordinances or other ordinances or resolutions which require financial statements or reports to be prepared in conformity with K.S.A. 75-1120a (a). The City of Edgerton currently does not have any such ordinances or resolutions.

Enclosure: Draft Resolution 10-12-17A

Related Ordinance(s) or Statute(s): K.S.A. 75-1120a

Recommendation: Approve Resolution 10-12-17A Waiving the City's Compliance with Generally Accepted Accounting Principles for Financial Reporting and Causes Such Reports to Be Prepared in Compliance with the Cash Basis and Budget Laws of the State of Kansas.

Funding Source: N/A

Prepared by: Karen Kindle, Finance Director
Date: September 28, 2017

RESOLUTION NO. 10-12-17A

A RESOLUTION WAIVING THE CITY'S COMPLIANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES FOR FINANCIAL REPORTING AND CAUSES SUCH REPORTS TO BE PREPARED IN COMPLIANCE WITH THE CASH BASIS AND BUDGET LAWS OF THE STATE OF KANSAS

WHEREAS, the City of Edgerton, Kansas, prepares its financial statements and financial reports for the year ended December 31, 2017 to be prepared in conformity with the cash basis and budget laws of this state and

WHEREAS, K.S.A. 75-1120a (a) requires the financial statements be prepared in conformity with generally accepted accounting principles and

WHEREAS, K.S.A. 75-1120a (a) the governing body, by resolution, annually shall make a finding that financial statements and financial reports prepared in conformity with the requirements of subsection (a) are not relevant to the requirements of the cash-basis and budget laws of this state and are of no significant value to the governing body or members of the general public of the municipality.

WHEREAS, there are no revenue bond ordinances or other ordinances or resolutions of the municipality which require financial statements and financial reports to be prepared in conformity with K. S. A. 75-1120a (a) for the year ended December 31, 2017.

NOW, THEREFORE BE IT RESOLVED, by the Governing Body of the City of Edgerton, Kansas, in regular meeting duly assembled requests that the Director of Accounts and Reports waive the requirements of K. S. A. 75-1120a (a) as they apply to the City of Edgerton, Kansas for the year ended December 31, 2017.

BE IT FURTHER RESOLVED that the Governing Body shall cause the financial statements and financial reports of the City of Edgerton to be prepared on the basis of cash receipts and disbursements as adjusted to show compliance with the cash basis and budget laws of this State.

ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF EDGERTON, KANSAS ON THE 12TH DAY OF OCTOBER, 2017.

ATTEST:

CITY OF EDGERTON, KANSAS

Janeice Rawles, City Clerk

By: _____
Donald Roberts, Mayor

APPROVED AS TO FORM:

Lee Hendricks, City Attorney

AGENDA ITEM INFORMATION FORM

Agenda Item: Consider a One-Year Contract with Varney & Associates, CPAs, LLC, to prepare the City's Financial Audit for Fiscal Year 2017

Department: Administration

Background/Description of Item:

In 2015, the City of Edgerton conducted an RFP for audit services and selected Varney & Associates, CPAs, LLC, to perform the annual audit of the City's financial statements. Please find attached a copy of the Engagement Letter detailing the work to be performed by Varney & Associates, CPAs, LLC, as part of the audit of the financial statements.

The fee for the regular financial audit shall not exceed \$8,000. This is the same amount charged for the 2016 audit, in accordance with the cost proposal submitted in response to the RFP. The 2018 Budget includes funding for the regular financial audit totaling \$8,000.

Enclosure: Engagement Letter with Varney & Associates, CPAs, LLC

Related Ordinance(s) or Statute(s): K.S.A. 44-1030

Recommendation: Approve a One-Year Contract with Varney & Associates, CPAs, LLC, to prepare the City's Financial Audit for Fiscal Year 2017.

Funding Source: The 2018 Budget includes the following funding for the audit: General Fund \$6,125, Water Fund \$942 and Sewer Fund \$933 for a total of \$8,000.

Prepared by: Karen Kindle, Finance Director
Date: September 28, 2017



September 26, 2017

City of Edgerton, Kansas
PO Box 255
Edgerton, KS 66021

The following represents our understanding of the services we will provide the City of Edgerton, Kansas.

You have requested that we audit the statement of regulatory basis receipts, expenditures and unencumbered cash balances of the City of Edgerton, Kansas (the City), as of December 31, 2017, and for the year then ended and the related notes to the financial statement, which collectively comprise the City's basic financial statement as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the basic financial statement.

Regulatory-Required Supplementary Information

Regulatory-required supplementary information other than RSI will accompany the City's basic financial statement. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statement and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and additional procedures in accordance with U.S. GAAS. We intend to provide an opinion on the following supplementary information in relation to the basic financial statement as a whole:

- Schedule of expenditures – actual and budget (regulatory basis)
- Schedule of individual fund receipts and expenditures – actual and budget (regulatory basis)

Auditor Responsibilities

We will conduct our audit in accordance with U.S. GAAS and the *Kansas Municipal Audit and Accounting Guide* (KMAAG). Those standards and KMAAG require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statement is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statement, whether due to fraud or error, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statement. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the basic financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS and KMAAG.

Auditor Responsibilities (Continued)

In making our risk assessments, we consider internal control relevant to the City's preparation and fair presentation of the basic financial statement 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 City'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 basic financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinion on the basic financial statement is 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 an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statement is free of material misstatement, we will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the basic financial statement in accordance with KMAAG;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic 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; and
- c. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit; and
 - iii. Unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence.
- d. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by the City's auditor;
- e. For identifying and ensuring that the City complies with the laws and regulations applicable to its activities;
- f. For adjusting the basic 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 basic financial statements as a whole; and
- g. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.

With regard to the regulatory-required supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include 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 (d) to

Management Responsibilities (Continued)

present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic 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.

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

Reporting

We will issue a written report upon completion of our audit of the City's basic financial statement. Our report will be addressed to the governing body of the City. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

Other

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If you intend to publish or otherwise reproduce the basic financial statement and make reference 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.

Provisions of Engagement Administration, Timing and Fees

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

April G. Swartz, CPA, is the engagement principal for the audit services specified in this letter. Her responsibilities include supervising Varney & Associates, CPAs, LLC's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

With respect to any nonattest services we perform, the City's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. Nonattest services will include assistance with financial statement preparation.

Our fees are based on the amount of time required at various levels of responsibility, not to exceed \$8,000. We will notify you immediately of any circumstances we encounter that could significantly affect this initial fee estimate. Whenever possible, we will attempt to use the City's personnel to assist in the preparation of schedules and analyses of accounts. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit. Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of 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.

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

Provisions of Engagement Administration, Timing and Fees (Continued)

We agree to retain our audit documentation or work papers for a period of at least five year from the date of our report.

At the conclusion of our audit engagement, we will communicate to the governing body the following significant findings from the audit:

- Our view about the qualitative aspects of the City'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.

The audit documentation for this engagement is the property of Varney & Associates, CPAs, LLC and constitutes confidential information. However, we may be requested to make certain audit documentation available to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Varney & Associates, CPAs, LLC's personnel.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the basic financial statements including our respective responsibilities.

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

Sincerely,

Varney & Associates, CPAs, LLC

Certified Public Accountants

Encls. (as noted)

RESPONSE:

This letter correctly sets forth our understanding of the City of Edgerton, Kansas.

Acknowledged and agreed on behalf of the City of Edgerton, Kansas by:

Title: _____